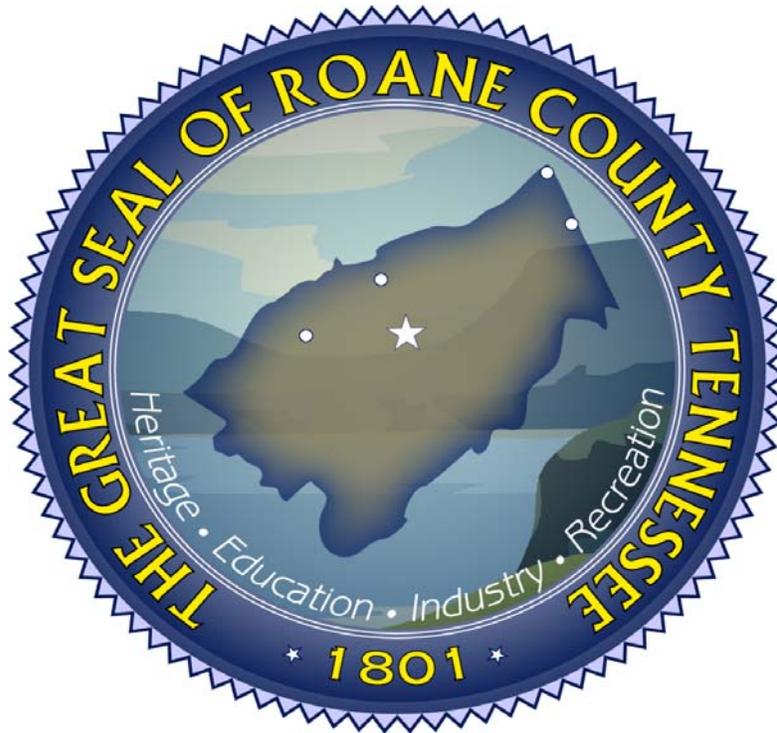


ANNUAL DEBT REPORT

As of July 1, 2011



Ron Woody, CPA, CGFM, CSBA, Roane County Executive

Kaley Walker, MBA, Director of Accounts and Budgets

Marti Higgins, AS Business, Debt Service Clerk

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**LETTERS
TO
STAKEHOLDERS**



Office of the County Executive Roane County Courthouse

June 20, 2011

To Our Stakeholders:

Subject: 2012 Debt Service Budgets

We are pleased to present the Debt Service Funds; 151 General, 152 Rural, and 156 Education for your consideration.

As of the publishing of this report, the Roane County Budget Committee has recommended changes in property tax rates for each of the above described funds. The adjustment to the tax rates in these funds will ensure that a sufficient tax rate has been levied to pay for current and future debt payments on monies previously borrowed. The tax rate changes are recommended as follows:

	<u>2011</u>	<u>Change</u>	<u>2012</u>
151 General Debt	.0969	.0431	.14
152 Rural Debt	.1589	(.0289)	.13
156 Education Debt	.04	(.02)	.02

The Debt Service Funds are in compliance with the Roane County Fund Balance Policy with the exception of Fund 156 which has excess fund balance. The Fund 156 tax rate is being recommended to be reduced to two pennies allowing us to approach compliance in future years. The two (2) pennies should be maintained until 2018, at which time the rate can be further reduced.

Fund 151 is being recommended to have an increase from ten pennies to 14 pennies in order to maintain compliance with the Fund Balance Policy. The 14 pennies shall be maintained through 2018, at which time a reduction in this rate can be made.

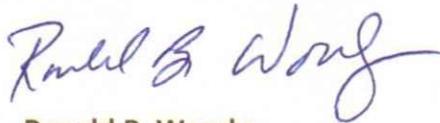
Fund 152 is being recommended to be reduced from 16 pennies to 13 pennies. The 13 pennies will be maintained until 2021, at which time the rate can be further reduced.

The multi-year Debt Service budgeted expenditures reflect only current debt obligations. Projected tax revenue is such that no future tax increases are necessary to meet current needs. Any additional debt considered for future projects will be reviewed independent of current debt load and property tax expense will be assigned individually.

The Pennies Graph section reflects the number of property tax pennies needed for each fund and a total for the combined Debt Service Funds through the year 2033.

Again, we are pleased to present this annual report and recognize that the 2012 Debt Budgets are currently being considered for adoption and minor changes could occur.

Sincerely,

A handwritten signature in blue ink that reads "Ronald B. Woody". The signature is written in a cursive style with a large, sweeping flourish at the end.

Ronald B. Woody
Roane County Executive



Office of the County Executive
Roane County Courthouse

June 20, 2011

To Our Stakeholders:

Subject: Annual Debt Report

The following report has been prepared in compliance with the Roane County Debt Policy, adopted March 11, 2011 by Resolution 03-11-23. The objectives of the policy are to provide a medium where decisions can be made and to assist the stakeholders in understanding Roane County's Debt and making future decisions related to debt management.

Financial Policies of Fund Balance and Capital Planning have also been adopted to assist Roane County in management of capital assets and debt related to certain capital assets.

This report, dated June, 2011, reflects data known and/or estimated for the time period ending June 30, 2011. Ratios reflect outstanding debt as of June 30, 2011. The multi-year budgets reflect estimated budget data through the year 2040.

Sincerely,

Ronald B. Woody

Roane County Executive

**OBJECTIVES
AND
METHODOLOGY**

OBJECTIVES OF THE ANNUAL DEBT REPORT:

- To comply with the Roane County Debt Management Policy, Resolution #03-11-23, adopted March 11, 2011, which should:
 - Enhance decision-making process and provide transparency
 - Identify all estimated expenditures of principal, interest, and annual costs

METHODOLOGY USED TO COMPILE THE REPORT:

- Obtain most recent Annual Audit which includes the Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds Payable dated June 30, 2010
- Create an Updated Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds Payable to include any new debt issuances and related expenditures incurred since the audit or anticipated approved projects or projects being considered by Commission through date of report
- Provide a straight line loan amortization schedule for potential new debt comparison
- Create a multi-year debt service budget for each debt service fund (General Debt Fund 151, Rural Debt Fund 152, Education Debt Fund 156) indicating all current debt obligations along with estimated revenues and projected beginning and ending fund balances in order:
 - Comply with the Roane County Fund Balance Policy, Resolution #04-11-32, adopted April 11, 2011. This policy is used in preparing the multi-year budgets

- Graph the multi-year debt budgets of Revenue, Expenditures, Ending Fund Balance, and Change in Fund Balance
 - Graph the property tax pennies needed to support the multi-year budgets
- Create and update an Input/Output Spreadsheet which will be used to:
 - Estimate Value of the Penny
 - Program total outstanding debt and net debt
 - Provide benchmark data
 - Calculate potential new debt cost
 - Perform benchmark calculations
- Provide individual and consolidated graphs of the number of pennies needed to support the Debt Service Budgets
- Graph a series of benchmarks compared to Roane County's data. This series of data will include the impact of any new debt

For New Debt:

- Create a Straight Line Loan Amortization Table
- Calculate estimated new tax needed for potential new debt based on the straight line amortization table
- Compare the straight line interest cost and tax rate to any other alternative payment schedule, if an alternative method is presented
- Combine potential new debt with existing debt to create a multi-year debt schedule
- Prepare and compare new ratios based on potential new debt

SECTION 1

ROANE COUNTY DEBT MANAGEMENT POLICY

Goal/Mission: To provide management with appropriate guidelines and direction to assist in making sound debt management decisions. To further demonstrate strong financial management practices for our county citizens, outside investors, and credit agencies.

Objectives:

1. Provide a synopsis of the types of financing available to Roane County; thereby, obtaining an understanding of the transaction and related cost and risk
2. Enhance decision making process transparency
3. Identify all expenditures of principal, interest, and annual costs along with issue specific transaction costs
4. Address hiring outside professionals and any potential conflict of interest issues
5. Specify requirements and decision making checklist for new debt

This policy references:

- Capital Asset Policy
- Capital Asset Plan
- An Annual Debt Report
- Specific New Issue Report
- Attachment A- State Form CT-0253
- Attachment B- Bench Marks
- Attachment C- Fund Balance Policy

1. Synopsis of the Types of Financing Anticipated for Roane County and Related Cost and Risk

All financing shall be approved by the Roane County Commission and the Tennessee Comptroller's Office within legal guidelines of Tennessee Law and regulations set forth by the comptroller's office.

Potential Financing Methods:

- **Tax/Revenue Anticipation Notes** – Used for cash flow purposes until annual revenues are received for a particular fund. All borrowing is required to be fully paid back by the end of the current fiscal year. Tax/Revenue Anticipation Notes shall be used on a limited basis and if the need arises it is the county's intent to have sufficient funds available with the Trustee to meet these cash flow needs with internal borrowing from the County Trustee or among individual funds.
 - Generally for funds operating on property tax or other revenue that is not received on a monthly basis.
 - Interest risk would be low since term of notes would be less than one year and interest would be paid back to the county
- **Lease Agreements**- Not anticipated to be used.

- **Capital Outlay Notes-** Used for capital borrowings which are 12 years or less in duration and which can be funded internally (borrowing from the Trustee or individual fund) or from a local financial institution as first choice. Roane County would not anticipate capital outlay notes from financial institutions outside of Roane County but in the event it would be from a non-local financial institution then the borrowing would be treated in this policy the same as a Long Term Loan or Bond. Generally Roane County's capital outlay notes will be less than \$1,000,000. Capital Outlay Notes cannot exceed the asset's life expectancy. It is the intent of Roane County not to borrow for a dollar amount less than \$400,000. The County should be able through a capital project plan to pay for these projects with cash. Thus Roane County's Capital Outlay Notes would generally be used for borrowing between \$400,000 and \$1,000,000. Capital outlay notes generally would be issued for medium capital assets as noted in the capital asset policy.
 - External cost of borrowing should be zero since debt would be internal borrowing or with a local financial institution.
 - Interest risk would be low since time of indebtedness would be relatively short; typically, five (5) to ten (10) years or less and could be paid back to the Trustee.
- **Long Term Loans and Bonds-** Used for indebtedness which would exceed 12 years for repayment and Roane County would anticipate borrowing in a dollar amount greater than \$1,000,000, but could be as low as \$400,000. Funds may be borrowed from the private sector, federal or state agency loan programs. In cases of loans or bonds the county will be provided specific legal debt resolutions which shall be approved by the county legislative body. In certain cases legal and bond counsel may be hired. Information within this policy gives guidance of disclosing the cost of these services and address as potential conflicts of interest. Long term loans and bonds would be anticipated on major capital assets as noted in the capital asset policy.
 - External cost would be anticipated and fully disclosed on State Form CT- 0253 **(Attachment A)** prior to the contract to secure the funding.
 - Interest risk would be anticipated due to the length of the indebtedness.

Cost of Issuance of New Debt

Roane County shall:

- Complete or have completed by external party State Form CT- 0253 in order to compare the cost for issuance of debt prior to contracting for funding.
- Compare at least two proposals of issuance cost and estimated interest rate cost.

2. Enhance transparency of decisions by way of Annual Debt Report, Annual Budgets, and Specific New Issue Report

Responsibilities for analysis and reporting shall be with the County Executive and the Director of Accounts and Budgets.

To insure transparency of decisions annual debt reports, annual budgets, and specific issuance debt reports shall be prepared and available for public review and comment.

The County legislative body may assign an ad hoc Debt Management Committee to review reports and study debt standards and ability to repay debt, but in the absence of a Debt Management Committee these duties will rest with the Budget Committee.

Annual Debt Report

An annual debt report shall be submitted to the county legislative body by June of each year, generally the report will be presented with the annual debt budget.

The annual report shall consist of but not be limited to:

- Multi-year annual budgets extending to the length of the longest issue and graphing the estimated revenue, expenditures, and fund balances each year.
- Net Debt Calculation (Total Principal outstanding less most recent year respective debt fund balance).
- Calculation of Net Debt per capita (net debt/population).
- Calculation of Net Debt as a percentage of estimated assessed value of taxable property (net debt/assessed property value).
- Ratio of debt service expenditures as a percent of governmental fund expenditures - Funds 101-156. (Calculated as total budget expenditures of funds 151,152,156 divided by total budget expenditures of funds 101 thru 156).
- Net Debt per capita as a percentage of income per capita (per capita income/net debt per capita).
- All calculations and ratios shall be compared to benchmark approved as **Attachment B**.
- Documentation of the most recent debt rating as available.
- Reports will reflect estimated fund balances which shall comply with a fund balance policy or specific explanation of variances. Fund Balance policy approved as **Attachment C**.
- Percentage of Fixed versus Variable Rate Debt.

Annual Debt Budgets

Annual Debt Budgets shall be adopted by the county legislative body and comply with legal notice and filings requirements for county budgets TCA 5-12.

Specific Issue Transaction

A specific issue transaction report shall be prepared before consideration of new debt. Details of the specific issue report are noted in the following section 3 of this policy.

3. Cost of Debt- Principal, Interest, Annual Management Cost, and New Issuance Cost

In order to assist the county in making better short and long term debt decisions and to reflect the cost of debt Roane County shall:

- Prepare a multi-year budget reflecting the current debt cost of principal, interest and estimated annual cost over the life of the existing debt. This data shall then be graphed, which will allow the county to determine if extra capacity exists to issue new debt, what the capacity maybe or if a revenue shortage is anticipated.
- Prepare a **Specific Issue Report** which shall include at minimum:
 - Straight line amortization repayment schedule of the proposed new debt.
 - Comparison of Straight line amortization repayment schedule to any other proposed repayment schedule to determine if the alternative repayment schedule provides for advanced payment of principal or back loaded payment of principal. Comparison shall reflect the difference in interest cost.
 - Any new debt cost of principal, interest and annual cost as if the debt exists by itself. This cost shall be graphed as a cost by itself and reflect the estimated tax needed to support the debt as if no other revenue or debt existed. This shall be an annual budget of the new debt by itself.
 - Combine the new debt annual budget proposed with the multi-year annual budget which exists for the current debt; thereby, determining any need for additional revenue to support the new proposed debt.
 - Reflect new ratios as noted in the Annual Debt Report (income/debt per capita)
- Insure that State Form CT- 0253 is complete for new issues.

4. Hiring outside professionals and any potential conflict of interest issues

Roane County shall:

- From time to time hire legal counsel, a financial advisor or underwriter to assist in issuance of debt.
- Require all professionals to disclose the estimated cost of their respective services including “soft” cost or compensations in lieu of direct payments.
- Require all professionals to enter into an engagement letter related to their proposed services, cost, and any potential conflict of interest.

5. Requirements and Decision Making Checklist for New Debt

Certain requirements must be met prior to the issuance of new debt. These requirements will be used as a checklist prior to issuing additional debt and are as follows:

- Annual Debt Report completed on existing debt. **Section 2**
- New Issuance Report which reflects the impact on the multi-year budget with the new debt. **Section 3**
- Borrowing only for assets in the current capital outlay plan or in emergency situations.
- Borrowing for major assets as outlined in the capital project policy.
- Borrowing for medium assets as outlined in the capital project policy where the assets are for emergencies or in cases that have been noted for borrowed funds in the capital outlay plan.
- Repayment schedule will not exceed the useful life of the asset.
- Repayment schedule uses the straight-line method of repayment (debt retirement similar to a conventional home loan) or wrapping principal which does not exceed 3 year. Any other repayment schedule must be approved by the comptroller's office in writing and fully disclose the additional interest cost compared to straight-line repayment. **Section 3**
- Compare the proposed repayment schedule with the straight-line method noted whether the new debt has an advanced repayment schedule, straight-line or back loaded schedule. **Section 3**
- Compare at least two proposals of issuances cost and estimated interest rate cost.
- Leases can be used only in very limited cases and where there is an imputed interest rate, amount, and term of the lease which is stated on the face of the document.
- Consider variable debt in the county's overall debt management plan. The county recognizes that the Trustee has investments from month to month which earn interest. Roane County also understands that the Trustee's investment interest rates fluctuate over time and the interest rate earning and interest rate debt expense should move in concert; therefore, Roane County will calculate and project the available idle funds based on fund balances. Roane County will consider that variable debt for the same amount of the invested fund should not impact the percentage of variable verse fixed rate indebtedness.
- Consider having the variable rate debt equal to the Trustee's invested idle funds, at minimum.
- Consider having variable rate debt which would not exceed 30% of total indebtedness; however, Roane County will consider the current debt market and anticipated direction of future interest rates before selecting variable rate instruments.
- In the event of variable interest debt, Roane County shall set aside an amount above the variable rate to protect the county in the event of an upswing in interest rates. Roane County shall budget at least 3% above the variable rate on the initial issuance.
- In the case of refinancing, an analysis report shall be provided which fully explains the reasons for the refinancing and the net savings and costs of the refinancing which will including not only interest charges but also the fees associated with the transaction.

- Insure that refinanced debt will not exceed an asset's useful life.
- Insure that no debt is issued which engages in interest swap agreements or complex financing arrangements.
- Complete State Form CT- 0253 prior to a new issue reflecting a preliminary estimated cost of issuance.

Preparing a multi-year budget is considered the key element in gaining an understanding of how a new issue impacts the annual budget. The multi-year budget will be the catalyst for decision making. Upon the development of the multi-year budget a series of graphs will be presented allowing a better understanding of the county's ability to pay future obligations and review capacity or potential revenue shortage in future years.

Attachment A: State Form CT-0253

Attachment B: Bench Marks – Section 6 in this report

Net Debt Per Capita: Total Debt of a County divided by County's population. **Bench Mark as established by Roane County is a goal to have no more than \$800 (debt per capita) but to insure we do not exceed \$1,400.**

Net Debt to Assessed Property Value (Net Debt/Assessed Property Value). **The overall net debt should not exceed 10% of assessed value.**

Ratio of Debt Expenditures to Total governmental expenditures (excludes capital and agencies funds). **Ratio should not exceed 5%.**

Debt as a Percentage of Personal Income. **Ratio should not exceed 15%.**

Attachment C: Fund Balance Policy for Debt Service – Section 2

In the absence of a Fund Balance Policy that covers all county funds this Attachment C is used for the Debt Management Policy.

Fund Balances in general are used:

- To assist in cash management which will avoid tax or revenue anticipated notes having to be used to make annual payments until annual revenue is received.
- As emergency funds in the case of unanticipated loss of annual revenue or unanticipated additional expenses.
- For investments and thus investment earnings which then assist in providing revenue thus not requiring additional needed funds from other sources.

General Debt Service Fund 151

The General Debt Service Fund 151 is used by the county to fund general projects and is a fund which can be used for not only general capital projects but school projects and enterprise fund projects. This fund generally will have the most activity both during the year and over future decades. Since this fund will generally be maintained, over time the fund balance should remain as constant as possible and should range from a low of 50% to a high of 150% fund balance related to the respective annual fund budget. The fund balance could be below 50% if debt is being paid off or the county is trying to begin a capital project plan of paying for capital assets as they are being purchased and thus not using debt. The fund balance could also grow over the 150% if the county is accumulating funds (fund balance) for future large debt issuances. Typically the fund will have around 100%-150% if the county has scheduled capital projects planned which will need debt to fund the projects.

Rural Debt Service Fund 152

The Rural Debt Service Fund was used for school debt where the county borrowed funds, did not share proceeds of the issuances with the city schools of Harriman and Oak Ridge, and has not levied a tax on property in the city limits of Harriman and Oak Ridge. This fund is now closed to any future use for the repayment of new debt since Harriman City schools merged with the county school system. The fund will be close as the current debt assigned for payment from this fund is retired. The last payment is scheduled for 2022. This fund balance shall be reduced to zero as the final debt is paid.

Education Debt Service Fund 156

The Education Debt Service Fund 156 is used for repayment of education debt where the City of Oak Ridge does not share in the proceeds of the debt and is not levied a tax for the debt repayment.

SECTION 2

ROANE COUNTY FUND BALANCE POLICY

Goal/Mission: To provide management with appropriate guidelines and direction to assist in making sound decisions related to managing the fund balance of the County General Fund, Highway Fund, General Purpose School Fund, General and Education Debt Service Funds, all Special Revenue Funds, Capital Outlay Funds, Enterprise Funds , and Agencies' Funds.

Objectives:

1. Provide an educational briefing: defining the fund balance, the purpose of the fund balance and recommended fund balances needed in various county operational, debt service, special revenue, capital outlay, enterprise, and agencies' funds.
2. Allow decisions to be transparent.
3. Provide a medium in which fund balance management decisions can be made.
4. Outline steps to be taken to reach an optimal fund balance, if an optimal fund balance does not exist.
5. Summarize the Fund Balance Policy.

1. Educational Briefing

a. Fund Balance Defined for this policy: Fund Balance shall be defined as all equity balances of restricted, committed, assigned, and unassigned within a fund.

b. Purpose of Fund Balance:

- To have sufficient funds to cash flow operations during the year.
- To have emergency funds available due to revenue short falls or unanticipated expenditures/expenses.
- To have investment funds available in order to provide operating interest earnings to support operations thus limiting the need for property tax revenue.
- To reflect financial stability and strength; thereby, portraying to the investment community the county's financial management strength and public investment security and low risk. Low financial risk and strong financial strength and stability should reflect a lower risk and thus lower interest rate for future debt issuance.

c. Fund balance needs for various funds shall be categorized as follows:

○ **101 - General Fund -**

The General Fund is heavily supported by property tax and, since property tax is not due until eight months into the fiscal year, must have a relatively high fund balance related to the appropriations in order to support cash flow needs. The fund balance should be sufficient to meet cash flow needs and available funds should also assist in investment planning, and is calculated at 35-45% of the current year appropriation.

○ **131 - Highway Fund -**

The Highway Fund is heavily supported by monthly revenue from the State of Tennessee gasoline and motor fuel tax and as such a low fund balance to annual appropriation is needed for cash flow purposes. The fund balance should be sufficient to meet cash flow needs and is calculated at 7-15% of the current year appropriation.

- **141 - General Purpose School Fund -**
The General Purpose School Fund is heavily supported by the State of Tennessee Basic Education Program (BEP) monthly revenue which is received beginning the first of September each year. The fund balance should be sufficient to meet the cash flow need, and should also assist in investment earnings. Cash flow needs should consist of one month normal operating costs. Normal operating costs are those costs for salaries and benefits when school is in session. The fund balance is calculated at 7-10% of the current year appropriation.

Debt Service Funds in General:

The County's number one priority is to insure that funds will be available for debt obligations. The county typically will have at least one year of future payments as fund balance, thereby maintaining 100% fund balance to appropriation. The county further recognizes that as the debt service obligations are paid off the fund balance would be scheduled to fall below 100% and conversely as additional debt is being anticipated the fund balance should grow above 100%. Further, a healthy fund balance reflects management's commitment to fiscal operation and should provide the investment community assurance to purchase the county's debt and thereby a low risk and low interest rate. Further, fund balances can be used as investments, thereby, providing operational revenue for the county.

- **151 - General Debt Service Fund –**
The General Debt Service Fund is the primary fund used for the depository of monies to pay for county debt. The fund can be used for Education Debt Service and does include certain education debt repayment. The General Debt Service Fund shall have an optimal fund balance between 50-150%, typically around 100%.
- **152 – Rural Debt Service Fund –**
The Rural Debt Service Fund is used to pay for educational indebtedness where the debt proceeds were used only for the Roane County Schools, excluding Harriman's and Oak Ridge's sharing of proceeds and repayment of debt. Taxpayers within the cities of Harriman and Oak Ridge do not pay for the debt retirement in the fund. Since the Harriman School System merged with the county system this fund will no longer be used for future debt. The expenditure for debt incurred prior to Harriman/Roane County Schools merger is the only debt within this fund. The fund balance in the 152 Rural Debt Service Fund should be sufficient to meet the cash flow needs of the fund and be structured to decline over the remaining years of indebtedness and approach zero by the end of the debt term.
- **156 – Education Debt Service Fund –**
The Education Debt Service Fund shall be used to pay future debt issued by Roane County where the proceeds of new debt are not shared with the City of Oak Ridge, nor are the Oak Ridge taxpayers paying for the repayment of the debt. This debt service fund should typically have 100% fund balance and could anticipate growing if new school capital projects are scheduled which would require debt funding. The fund balance shall be used for cash flow, investments, and portray to the investment community the county's financial management plans. The optimal fund balance is between 50-150%, typically around 100%.

- **Other Special Revenue Funds –**
Other Special Revenue Funds should have sufficient fund balance to support cash flow needs. These funds' fund balances could be as low as 10% and exceed 100% due to the nature, use, and total appropriation of the fund. These fund balances shall be monitored and discussed annually with the Budget Committee as the respective funds are recommended to the County Commission.

- **Capital Outlay Funds –**
There are basically three capital outlay funds used by Roane County:
 - The 171 General Capital Outlay Fund for various capital improvements of the General Fund and certain special revenue funds. (The 171 General Capital Project Fund further will have restrictions established by state law which can only be used as specified in state law.)
 - The 176 Highway Capital Project Fund for highway projects.
 - 177 Education Capital Fund for education projects.

The fund balance in each of the funds shall be sufficient for cash flow purposes. Further the funds shall be allowed to accumulate fund balances for planned and anticipated future capital investments.

- **Enterprise Fund –**
As of 2011 Roane County only operates the 204 Wastewater Treatment Enterprise Fund. The fund balance shall be sufficient for cash flow purposes and shall set aside funds for future capital replacement or expansion needs. This fund is managed by the Roane County Board of Public Utilities.
- **Agencies' Funds –**
Agencies' Funds are funds in which the county performs accounting services but the decision of use of the money falls outside county appropriations control. Fund balances in these funds are only for cash flow needs and expenditures/expenses are prohibited if the cash is not available. Certain funds may have additional control of operation which regulate their respective balances.

2. Decisions shall be transparent

The County Budget Committee shall recommend an annual budget to the County Commission. The annual budget shall reflect the operational activity of the county and have an Operational Statement filed with the annual budget. The County Commission's deliberation on the annual budget shall consider the Operational Statement in the adoption of the annual budget. The Operational Statement shall become a part of the annual budget. The process for adoption of the annual budget shall be a public record and all meetings shall be public meetings.

3. Medium in which the Fund Balance Decisions shall be made

The management of the fund balances shall be transparent to the Commission and the public by the annual publication of an Operational Statement for each of the county funds. The

Operational Statement shall reflect: **Estimated Beginning Fund Balance plus Estimated Revenue less Appropriation equals Estimated Ending Fund Balance.**

The estimated beginning fund balance shall be estimated during the annual budget process and shall be continuously reviewed for each fund until the budget is adopted and/or the fiscal year end is closed. After the fiscal year end is closed, the operational statement shall be recalculated reflecting the ending fund balance closing (prior year), which is the beginning fund balance for the new budget. After the annual audit is complete, the operational statement is again updated with the audited fund balance (prior year).

During the adoption of the annual budget, calculation shall be made comparing the percentage of Estimated Ending Fund Balance (for the proposed new year) with the proposed appropriation. This calculation shall be compared to the policy for compliance. Any variance outside of this policy shall be noted and explained and outline the reasoning for the variance and any proposal to comply with the policy.

Attachment A notes an example of an Operational Statement and Fund Balance percentage.

4. **Steps To Be Taken If Fund Balance is Not Optimal**

The Budget Committee and County Commission's action on the fund balance, which may be higher or lower than the policy, shall be set out as follows:

- If the fund balance is lower than the stated policy the budget should consider increasing revenue or reducing appropriations to adjust the fund balance into an acceptable range. In the event the fund balance is in the Debt Service Fund, the policy should consider whether the Debt Service Fund anticipates future increases or decreases in annual appropriations before adjustments to revenues are made. Explanations should state why the fund balance should be increased or decreased.
- If the fund balance in the General Fund, Highway Fund, or General Purpose School Fund is greater than the stated optimal fund balance policy then the monies greater than the optimal fund balance should be used for capital expenses and possibly transferred to the respective capital project fund for capital improvements.

5. **Summary of Fund Balance**

- 101 General Fund between 35 – 45% of proposed appropriation
- 131 Highway Fund between 7 – 15% of proposed appropriation
- 141 School Fund between 7 – 10% of proposed appropriation
- 151 General Debt Service Fund between 50 – 150% of proposed appropriation
- 152 Rural Debt Service Fund is declining to zero at the year of last payment because debt will no longer be issued and paid out of this fund
- 156 Education Debt Fund Balance between 50 – 150% of proposed appropriation
- All Other Special Revenue Funds – specifically noted during budget deliberation
- Capital Outlay Funds – cash flow and proposed future scheduled projects – reviewed and discussed annually
- Enterprise Fund – cash flow and capital projects – reviewed and discussed annually
- Agencies' Funds – cash flow, and at request of agency

SECTION 3

SCHEDULE OF CHANGES IN LONG-TERM NOTES, OTHER LOANS, CAPITAL LEASES AND BONDS PAYABLE

Roane County, Tennessee
Schedule of Changes in Long-term Notes,
Other Loans, Capital Leases, and Bonds
For the Year Ended June 30, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2009	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6/30/2010
NOTES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Various Public Works Projects	\$ 3,035,000	3.4 %	3/1/2003	3/1/2015	\$ 3,035,000	\$ 0	\$ 0	\$ 0	\$ 0
NEW DEBT									
NEW DEBT									
Total Notes Payable					\$ 3,035,000	\$ 0	\$ 0	\$ 0	\$ 0
OTHER LOANS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Industrial Park Refunding - Sevier Co. PBA - B-3-A	3,640,000	1.6 to 5.85	9/1/2003	6/1/2016	\$ 1,302,133	\$ 0	\$ 122,012	\$ 0	\$ 1,180,121
Industrial Park Land - Sevier Co. PBA - B-3-A	835,000	1.6 to 5.85	9/1/2003	6/1/2016	297,867	0	27,988	0	269,879
Public Improvement - Blount Co. PBA - B-13-A	1,750,000	5.6 to 6	10/18/2007	6/30/2024	1,750,000	0	0	0	1,750,000
Public Improvement - Blount Co. PBA - B-20-A	750,000	4.25 to 5	6/15/2010	6/1/2027	0	750,000	0	0	750,000
Total Other Loans Payable					\$ 3,350,000	\$ 750,000	\$ 150,000	\$ 0	\$ 3,950,000
BONDS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
General Obligation, Series 2002	1,700,000	3 to 4.65	2/1/2002	6/1/2019	\$ 1,045,000	\$ 0	\$ 0	\$ 1,045,000	\$ 0
Water and Sewer Revenue and Tax, Series 2000	620,000	4.75	6/20/2002	4/20/1940	571,113	0	8,389	0	562,724
General Obligation Refunding Bonds, Series 2008A	9,975,000	3.8 to 4.63	6/18/2008	6/1/1933	9,975,000	0	0	0	9,975,000
General Obligation Refunding Bonds, Series 2008B	7,410,000	3 to 4.1	6/30/2008	6/1/2022	7,310,000	0	100,000	0	7,210,000
General Obligation Refunding Bonds, Series 2009A	5,628,497	2 to 5	4/22/2009	6/30/2024	5,628,497	0	676,100	0	4,952,397
General Obligation Bonds, Series 2009A	2,696,503	2 to 5	4/22/2009	6/30/2024	2,696,503	0	323,900	0	2,372,603
General Obligation Refunding Bonds, Series 2010A	3,810,000	2 to 3.75	5/5/2010	6/1/2025	0	3,890,000	0	0	3,890,000
General Obligation Bonds, Series 2010A	3,490,000	2 to 3.75	5/5/2010	6/1/2025	0	3,410,000	0	0	3,410,000
Total Payable through General Debt Service Fund					\$ 27,226,113	\$ 7,300,000	\$ 1,108,389	\$ 1,045,000	\$ 32,372,724
<u>Payable through Rural Debt Service Fund</u>									
Rural School Refunding, Series 1999	\$ 4,335,000	4 to 4.25 %	1/1/1999	6/1/2011	\$ 780,000	\$ 0	\$ 0	\$ 780,000	\$ 0
Rural School, Series 2002	775,000	4.1 to 4.65	2/1/2002	6/1/2019	775,000	0	0	775,000	0
Rural School Refunding, Series 2004	18,915,000	2 to 4.3	3/9/2004	5/1/2022	15,910,000	0	660,000	0	15,250,000
Rural School Refunding, Series 2010B	1,180,000	3 to 3.25	5/5/2010	6/1/2019	0	1,180,000	0	0	1,180,000
Total Payable through Rural Debt Service Fund					\$ 17,465,000	\$ 1,180,000	\$ 660,000	\$ 1,555,000	\$ 16,430,000
<u>Payable through Education Debt Service Fund</u>									
Rural School Refunding, Series 2008C	1,600,000	3 to 5	6/30/2008	6/2/2020	\$ 1,530,000	\$ 0	\$ 160,000	\$ 0	\$ 1,370,000
Rural School Bonds Series 2009B	1,325,000	2 to 3.5	4/22/2009	6/30/2020	1,325,000	0	100,000	0	1,225,000
Total Payable through Education Debt Service Fund					\$ 2,855,000	\$ 0	\$ 260,000	\$ 0	\$ 2,595,000
Total Bonds Payable					\$ 47,546,113	\$ 8,480,000	\$ 2,028,389	\$ 2,600,000	\$ 51,397,724
CAPITAL LEASES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Patrol Cars	123,302	5.1	12/26/2007	12/26/2009	\$ 41,067	\$ 0	\$ 41,067	\$ 0	\$ 0
Total Capital Leases Payable					\$ 41,067	\$ 0	\$ 41,067	\$ 0	\$ 0
TOTAL DEBT					53,972,180	9,230,000	2,219,456	5,635,000	55,347,724

SECTION 4

UPDATED

SCHEDULE OF CHANGES

IN LONG-TERM NOTES,

OTHER LOANS, CAPITAL

LEASES AND BONDS

PAYABLE

Roane County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans,
Capital Leases, and Bonds
For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Outstanding 7/1/2010	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6/30/2011
NOTES PAYABLE						
<u>Payable through General Debt Service Fund</u>						
School Bus Note, 2011 NEW DEBT (Placeholder)	160,000	0	160,000	160,000	0	0
Total Notes Payable		\$ 0	\$ 160,000	\$ 160,000	\$ 0	0
OTHER LOANS PAYABLE						
<u>Payable through General Debt Service Fund</u>						
Industrial Park Refunding - Sevier Co. PBA - B-3-A	3,640,000 \$	1,180,121 \$	0 \$	122,012 \$	0 \$	1,058,109
Industrial Park Land - Sevier Co. PBA - B-3-A	835,000	269,879	0	27,988	0	241,891
Public Improvement - Blount Co. PBA - B-13-A	1,750,000	1,750,000	0	0	0	1,750,000
Public Improvement - Blount Co. PBA - B-20-A	750,000	750,000	0	0	0	750,000
State Revolving Loan Fund, 2011 Pd out of 204	5,200,000	0	5,200,000	1,040,000 ¹	0	4,160,000
Energy Efficient Loan, Schools 2011 Pd out of 141	1,000,000	0	1,000,000 ²	0	0	1,000,000
Total Other Loans Payable		\$ 3,950,000	\$ 6,200,000	\$ 1,190,000	\$ 0	8,960,000
BONDS PAYABLE						
<u>Payable through General Debt Service Fund</u>						
Water and Sewer Revenue and Tax, Series 2000	620,000	562,724	0	9,204	0	553,520
General Obligation Refunding Bonds, Series 2008A	9,975,000	9,975,000	0	0	0	9,975,000
General Obligation Refunding Bonds, Series 2008B	7,410,000	7,210,000	0	100,000	0	7,110,000
General Obligation Refunding Bonds, Series 2009A	5,628,497	4,952,397	0	676,100	0	4,276,297
General Obligation Bonds, Series 2009A	2,696,503	2,372,603	0	373,900	0	1,998,703
General Obligation Refunding Bonds, Series 2010A	3,810,000	3,890,000	0	260,000	0	3,630,000
General Obligation Bonds, Series 2010A	3,490,000	3,410,000	0	115,000	0	3,295,000
NEW DEBT (Placeholder)						0
Total Bonds Payable		32,372,724	0	1,534,204	0	30,838,520
Total Payable through General Debt Service Fund		\$ 36,322,724	\$ 6,360,000	\$ 2,884,204	0	39,798,520

Roane County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans,
Capital Leases, and Bonds
For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Outstanding 7/1/2010	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6/30/2011
<u>Payable through Rural Debt Service Fund</u>						
Rural School Refunding, Series 2004	18,915,000	15,250,000	0	1,025,000	0	14,225,000
Rural School Refunding, Series 2010B	1,180,000	1,180,000	0	65,000	0	1,115,000
Total Payable through Rural Debt Service Fund		\$ 16,430,000	\$ 0	\$ 1,090,000	\$ 0	\$ 15,340,000
<u>Payable through Education Debt Service Fund</u>						
Rural School Refunding, Series 2008C	1,600,000 \$	1,370,000 \$	0 \$	155,000 \$	0 \$	1,215,000
Rural School Bonds Series 2009B	1,325,000	1,225,000	0	105,000	0	1,120,000
NEW DEBT (Placeholder)						0
Total Payable through Education Debt Service Fund		\$ 2,595,000	\$ 0	\$ 260,000	\$ 0	\$ 2,335,000
TOTAL DEBT		\$ 55,347,724	\$ 6,360,000	\$ 4,234,204	\$ 0	\$ 57,473,520

¹20% forgiveness on loan from State Revolving Loan Fund. Loan anticipated approved June 20, 2011. No draw down of funds as of June 16, 2011.

²No draw down of funds as of June 16, 2011. \$600,000 approved, anticipation of \$400,000 additional

SECTION 5

INPUT/OUTPUT DATA

Input/Output

Below you will find an input/output spreadsheet which shall be used in:

- Creating the multi-year debt service budget
- Estimating the value of one penny for property tax assessment data for each fund
- Calculating a percentage growth of the value of one penny for future years in the multi-year debt budgets
- Reflecting all outstanding principal indebtedness per fund obtained from the updated Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
- Providing benchmark ratio calculation

Penny Value		Total	151	152	156
Penny Value to start (Input)	7/1/2011		120,000	94,000	104,000
Growth of the Penny (Input)			3%	3%	3%
Penny Value to end (Calculated)	7/1/2012		123,600	96,820	107,120

Debt Amount

Total Debt Outstanding (Output)	7/1/2011	\$ 57,473,520	\$ 39,798,520	\$ 15,340,000	\$ 2,335,000
Fund Balance end of year (Output)	7/1/2011	\$ 6,637,530	\$ 3,201,260	\$ 2,499,201	\$ 937,069
Net Debt (Calculated)	7/1/2011	\$ 50,835,990	\$ 36,597,260	\$ 12,840,799	\$ 1,397,931

Data for Benchmarking

Assessed Value of Property (Input)		1,290,892,069			
Per Capita Income (Input)	2008	32,260			
Population (Input)	2010	54,181			
Total Govt expenditure budget (101-156) (Input)		99,232,365	(Output)	(Output)	(Output)
Debt expenditure budget (151-156) (Calculated)		5,482,058	3,326,397	1,788,063	367,598

Potential New Debt

New Debt Amount (Input)		1,000,000			
Term of New Debt (Input)		20			
Interest Rate for New Debt (Input)		3%			
Calculated Annual Amount (Output)		67,216			
# of Pennies to pay New Debt (Calculated)			0.56		0.65

Benchmark Calculations

	Net Debt / per Capita	Total Debt / per Capita	Net Debt / Assessed Property Value	Ratio of Total Debt Exp / Total Gov't Exp	Debt as % of Personal Income
National Benchmark		\$ 1,200			
Goal	\$ 800	\$ 800	< 10%	< 5%	<15%
Roane County	\$ 938	\$ 1,061	3.94%	5.52%	3.29%

SECTION 6

BENCHMARK COMPARISONS

Debt as a % of Personal Income

Net Debt as a % of Assessed Property Value

Net Debt Per Capita

Total Debt Per Capita

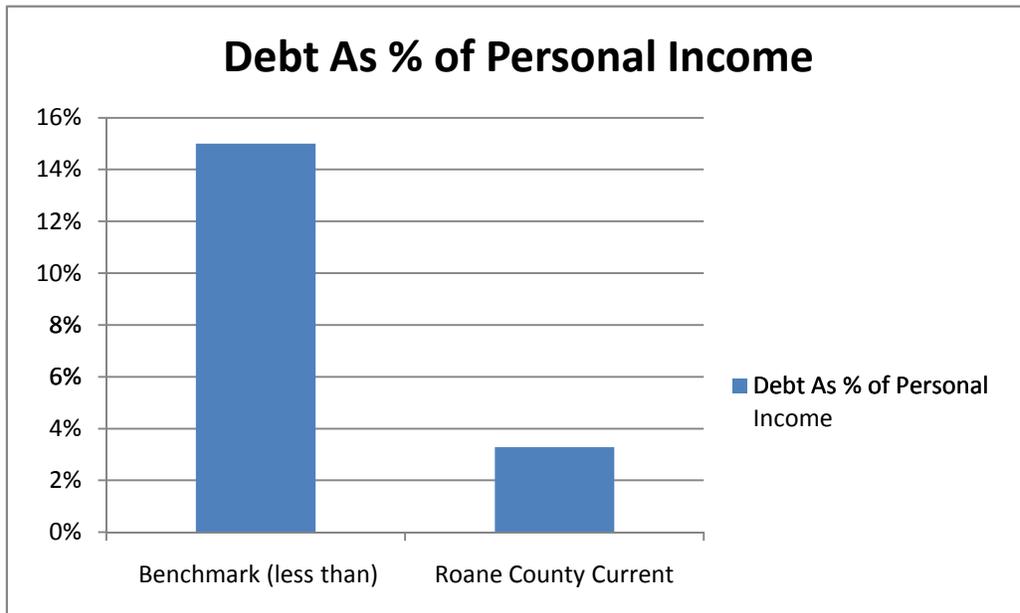
Total Debt Tax Rate as a % of Total Tax Rate

Total Debt Expenditures as a % of Total Operational
Expenditures

Debt As % of Personal Income

Calculation Method			
Total Debt of County	÷ \$		57,473,520
Population	÷		54,181
per capita income	÷ \$		32,260
			\$ 0.0329

Debt As % of Personal Income	
Benchmark (less than)	15%
Roane County Current	3.29%

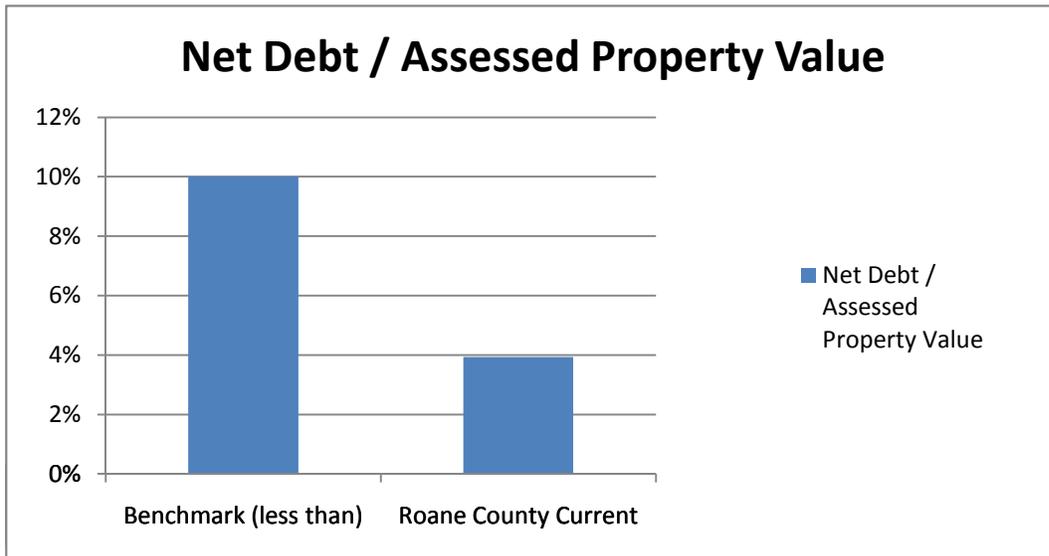


Debt as % of personal income is used as an estimate to see how the county's debt load can be spread out among the residents in relation to some known benchmark. This figure is the average salary of a Roane County citizen divided by the debt load of the county per citizen. Currently, the percentage is 3.29%. Roane County has not developed a goal for this benchmark, as we are well below the benchmark of 15%.

Net Debt / Assessed Property Value

Calculation Method		
Net Debt Amount	\$	50,835,990
Assessed Property Value ÷	\$	1,290,892,069
		3.94%

Benchmark (less than)	10%
Roane County Current	3.94%



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%.

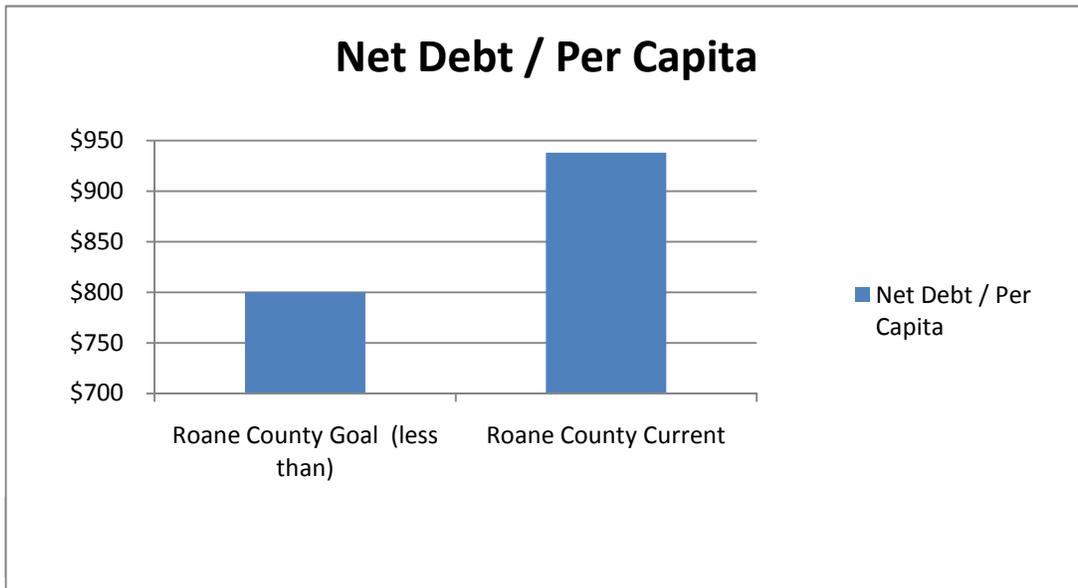
The benchmark is to have our net debt principal be less than 10% of the assessed property value for the entire county. Currently, Roane County's debt is just under 4%.

Roane County has not developed a goal for this percentage as of this time, but that will be forthcoming.

Net Debt / Per Capita

Calculation Method	
Net Debt	\$ 50,835,990
Population ÷	\$ 54,181
	\$ 938

Roane County Goal (less than)	\$ 800
Roane County Current	\$ 938



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. Net Debt shows the outstanding principal owed minus the amount of money that is currently in fund balance, as that is money that we do not need to collect additionally, since we already have it.

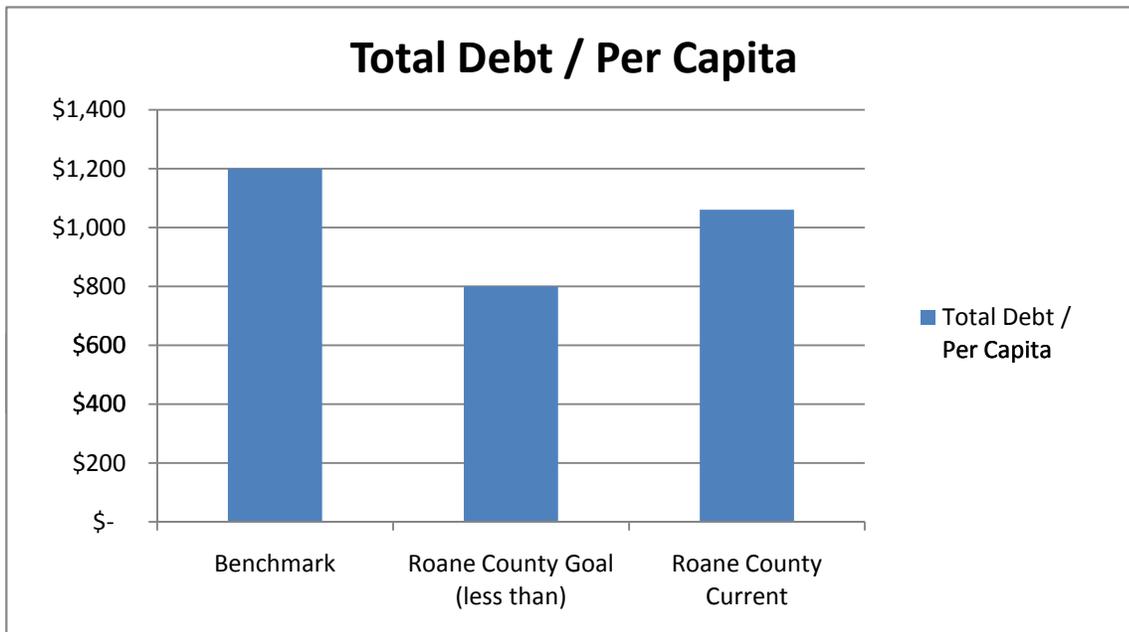
Roane County's Goal is to have Net Debt over Per Capita of less than \$800. This would equate to approximately \$43.3M in debt. This is a manageable figure based on our goal. Currently we have approximately \$50.9M. It is our intention to bring this figure down to be more in line with our goal.

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. This calculation does not take into account any interest payments.

Total Debt / Per Capita

Calculation Method	
Total Debt	\$ 57,473,520
Population ÷	54,181
	\$ 1,061

Benchmark	\$ 1,200
Roane County Goal (less than)	\$ 800
Roane County Current	\$ 1,061



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

The national benchmark is \$1,200 in principal indebtedness per citizen. The County believes that such a high figure will lead to additional debt problems in the future, and it is not a sustainable level of debt for Roane County.

Our current level is \$1,061 of principal indebtedness per citizen. This number is above our goal, but at the same time below the national benchmark.

Roane County has an acceptable total debt per capita figure but it is the goal of the County to lower this figure with more stringent debt management.

OTHER RATIOS

Total Debt Tax Rate as a % of Total Tax Rate

The 2012 Budget adopted July 11, 2011 reflected the following:

Total Debt Tax Rate:	0.30
Total Tax Rate:	<u>2.18</u>
% of Tax Rate to Support Debt:	13.76%

The County has not adopted a position of what would be an acceptable or unacceptable level of debt tax levied compared to the total tax levied.

Total Debt Expenditures as a % of Total Operational Expenditures

The 2012 Budget adopted July 11, 2011 reflected the following:

Total Debt Expenditures:	5,482,058
Total Operational Expenditures:	<u>99,232,365</u>
% of Operational Costs Related to Debt:	5.52%

SECTION 7

LOAN AMORTIZATION SCHEDULE

This section is used only when new debt is being considered. The following table would reflect a straight-line amortization based on the principal amount, loan period, interest rate and specific debt fund used to repay the debt. The cost in pennies would be calculated.

Following is an example of borrowing \$1,000,000.00 for 20 years at 3% interest paid out of the General Debt Service Fund 151 and related cost in property tax pennies.

Loan Amortization Schedule

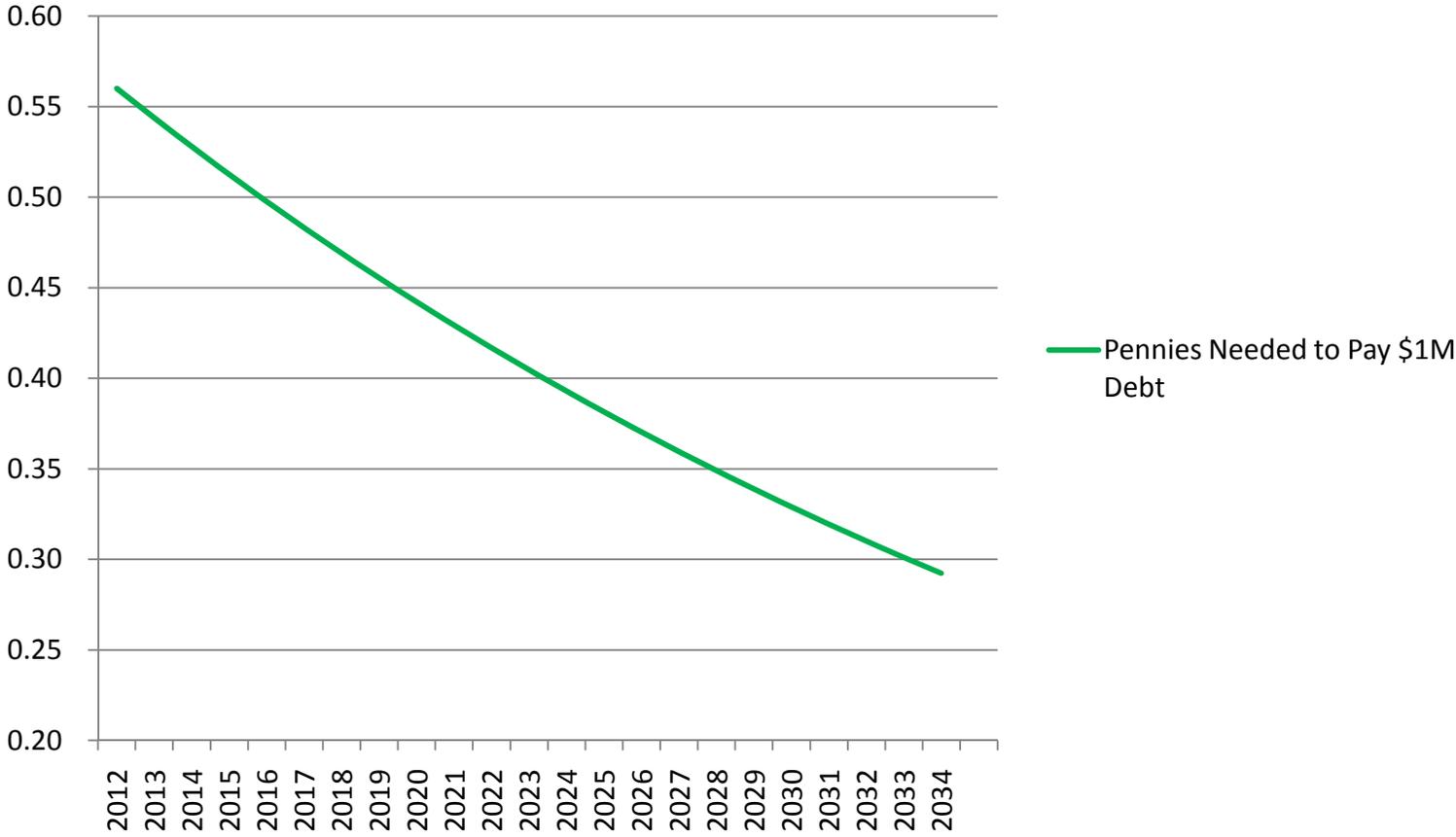
Enter values	
Loan amount	\$ 1,000,000.00
Annual interest rate	3.00 %
Loan period in years	20
Number of payments per year	1
Start date of loan	6/1/2011
Optional extra payments	

Loan summary	
Scheduled payment	\$ 67,215.71
Scheduled number of payments	20
Actual number of payments	3
Total early payments	\$ -
Total interest	\$ 58,883.53

Lender name:

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	6/1/2012	\$ 1,000,000.00	\$ 67,215.71	\$ -	\$ 67,215.71	\$ 37,215.71	\$ 30,000.00	\$ 962,784.29	\$ 30,000.00
2	6/1/2013	\$ 962,784.29	\$ 67,215.71	\$ -	\$ 67,215.71	\$ 38,332.18	\$ 28,883.53	\$ 924,452.11	\$ 58,883.53

Pennies Needed to Pay \$1M Debt



SECTION 8

GENERAL DEBT SERVICE FUND

151

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

The following table reflects a multi-year debt budget which includes all current debt payments that are to be paid from the General Debt Service Fund 151. Revenues are estimated and calculated based on anticipated growth in the value of the penny as noted on the input tab along with adjustments in the number of property tax pennies needed to support the budget and comply with the county's fund balance policy.

Upon preparation of the multi-year debt budget, a series of graphs are created reflecting the annual:

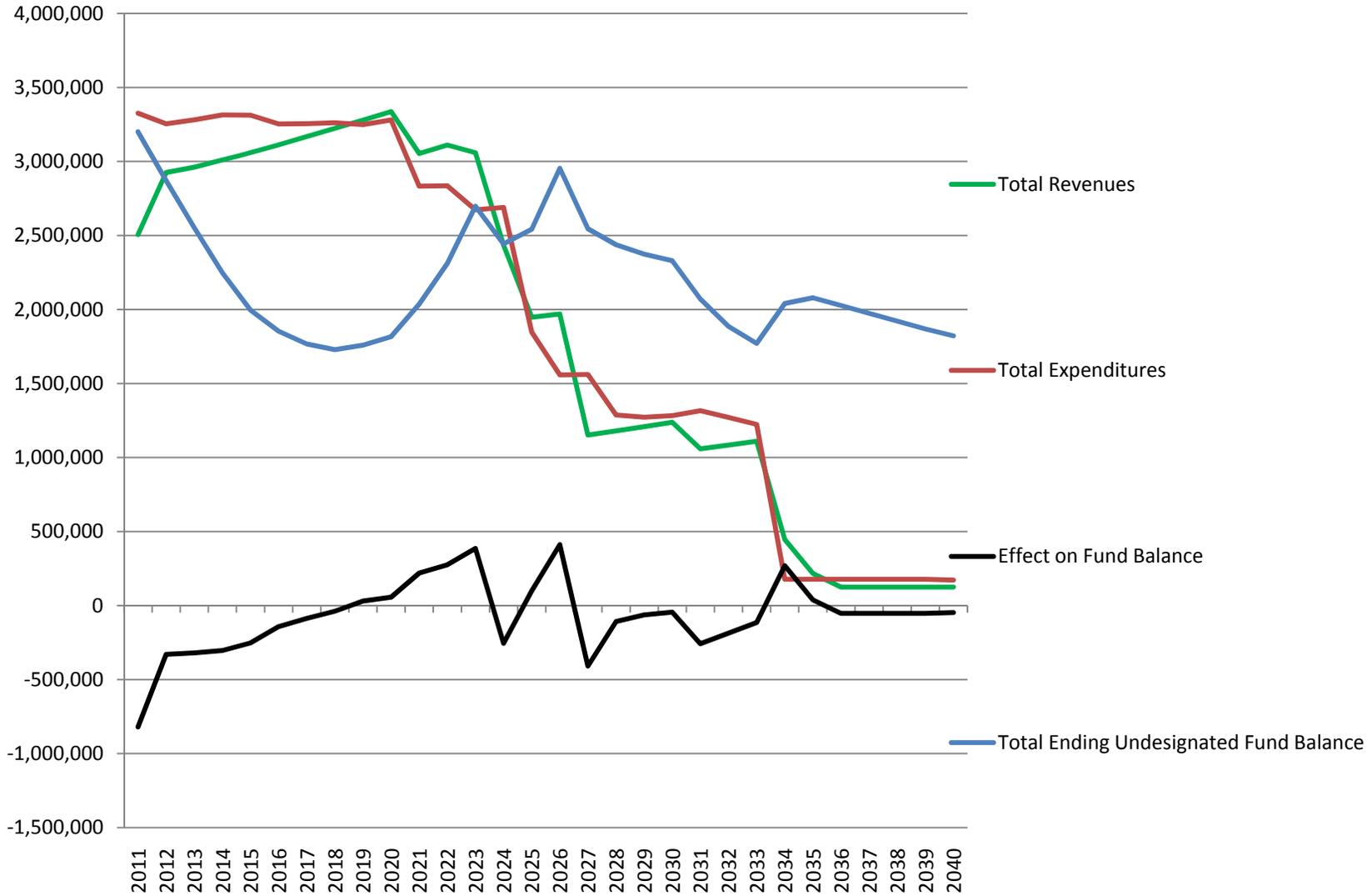
- Total Revenues, Expenditures, Fund Balance, and the effect on Fund Balance
- Number of pennies needed to support the multi-year debt service

Fund 151 General Debt Service		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
		Budget									
Beginning of Year											
Restricted Fund Balance Est.		3,201,260	2,871,413	2,551,538	2,247,995	1,995,730	1,853,371	1,766,820	1,728,995	1,759,340	1,816,128
Property Tax		120,000	123,600	127,308	131,127	135,061	139,113	143,286	147,585	152,012	156,573
Tax Rate		14	14	14	14	14	14	14	14	14	12
Revenue											
=====											
40110	Current Property Tax	1,680,000	1,730,400	1,782,312	1,835,781	1,890,855	1,947,580	2,006,008	2,066,188	2,128,174	1,878,873
40120	Trustee PY Collection	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500
40130	Delinquent Tax	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
40140	Interest & Penalty	8,300	8,300	8,300	8,300	8,300	8,300	8,300	8,300	8,300	8,300
40150	Pick-Up Taxes	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
44110	Investment Income	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
44540	Sale of Property	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
49800--DOE	Transfers In	845,000	845,000	845,000	845,000	845,000	845,000	845,000	845,000	845,000	845,000
49800--EQUIP	Transfers In	33,425	37,675	37,075	36,175	35,275	39,375	38,325	37,275	36,138	36,138
49800--HWY10	Transfers In	149,344	130,894	128,894	125,894	122,894	119,894	116,894	113,894	110,644	112,394
49800--RDD02	Transfers In	35,327	35,327	35,327	35,327	35,327	35,327	35,327	35,327	35,327	35,327
49800--WEB	Transfers In	-	-	-	-	-	-	-	-	-	-
Total Revenues		2,924,996	2,961,196	3,010,508	3,060,077	3,111,251	3,169,076	3,223,454	3,279,584	3,337,182	3,053,494
Expenditures											
=====											
82110-601--2008A	Principal on Bonds	-	-	-	-	-	35,000	40,000	50,000	50,000	200,000
82110-601--2008B	Principal on Bonds	100,000	100,000	100,000	100,000	385,000	750,000	1,525,000	1,550,000	1,725,000	375,000
82110-601--2009A	Principal on Bonds	1,050,000	550,000			550,000	700,000	-	-	-	850,000
82110-601--2010A	Principal on Bonds	260,000	770,000	1,400,000	1,460,000	230,000	235,000	210,000	260,000	185,000	175,000
82110-601--2B3A04	Principal on Bonds	150,000	225,000	225,000	225,000	475,000					
82110-601--RDD02	Principal on Bonds	9,204	9,650	10,119	10,610	11,125	11,665	12,232	12,825	13,448	14,101
82110-601--TRI10	Principal on Bonds	-	-	-	-	-	-	-	-	-	-
82110-601--TRI	Principal on Bonds	-	-	-	-	150,000	150,000	175,000	175,000	200,000	200,000
82120-601--HWY10	Principal on Bonds	115,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	105,000
82130-602	Principal on Notes	-	-	-	-	-	-	-	-	-	-
Total Principal		1,684,204	1,754,650	1,835,119	1,895,610	1,901,125	1,981,665	2,062,232	2,147,825	2,273,448	1,919,101
82210-603--2008A	Interest on Bonds	453,525	453,525	453,525	453,525	453,525	453,525	452,195	450,675	448,775	446,875
82210-603--2008B	Interest on Bonds	306,988	303,488	299,988	295,988	291,988	276,588	246,588	170,338	100,588	31,588
82210-603--2009A	Interest on Bonds	219,400	198,400	184,650	184,650	184,650	168,150	143,650	143,650	143,650	143,650
82210-603--2010A	Interest on Bonds	175,150	167,350	151,950	109,950	66,150	59,250	52,200	45,900	37,450	31,438
82210-603--B3A04	Interest on Bonds	73,838	65,813	53,438	40,725	27,788					
82210-603--RDD02	Interest on Bonds	26,156	25,713	25,249	24,762	24,252	23,717	23,156	22,568	21,951	21,304
82210-603--TRI	Interest on Bonds	103,350	103,350	103,350	103,350	103,350	94,950	86,475	76,500	66,000	54,000
82210-603--TRI10	Interest on Bonds	35,438	35,438	35,438	35,438	35,438	35,438	35,438	35,438	35,438	35,438
82220-603--HY10A	Interest on Bonds	34,344	30,894	28,894	25,894	22,894	19,894	16,894	13,894	10,644	7,394
82230-604	Interest on Notes	-	-	-	-	-	-	-	-	-	-
Total Interest		1,428,188	1,383,970	1,336,481	1,274,281	1,210,034	1,131,511	1,056,595	958,962	864,495	771,686
82310-312	Cntr w/Priv. Agencies	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
82310-510	Trustee's Commission	64,770	64,770	64,770	64,770	64,770	64,770	64,770	64,770	64,770	64,770
82310-699--PEAST	Other Debt Service	25,681	25,681	25,681	25,681	25,681	25,681	25,681	25,681	25,681	25,681
Total Other		142,451									
Total Expenditures		3,254,842	3,281,071	3,314,051	3,312,342	3,253,610	3,255,627	3,261,278	3,249,238	3,280,394	2,833,238
Effect on Fund Balance		(329,847)	(319,875)	(303,543)	(252,265)	(142,359)	(86,551)	(37,825)	30,346	56,788	220,256
Total Ending Undesignated Fund Balance		2,871,413	2,551,538	2,247,995	1,995,730	1,853,371	1,766,820	1,728,995	1,759,340	1,816,128	2,036,385
fund balance/expenditure		88.2%	77.8%	67.8%	60.3%	57.0%	54.3%	53.0%	54.1%	55.4%	71.9%

Fund 151 General Debt Service		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
		Budget									
Beginning of Year											
Restricted Fund Balance Est.		2,036,385	2,311,545	2,697,481	2,442,718	2,542,494	2,954,195	2,545,489	2,437,507	2,373,776	2,329,161
Property Tax		161,270	166,108	171,091	176,224	181,511	186,956	192,565	198,342	204,292	210,421
Tax Rate		12	12	8	5	5	5	5	5	5	4
Revenue											
=====											
40110	Current Property Tax	1,935,240	1,993,297	1,368,730	881,120	907,554	934,780	962,824	991,709	1,021,460	841,683
40120	Trustee PY Collection	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500
40130	Delinquent Tax	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
40140	Interest & Penalty	8,300	8,300	8,300	8,300	8,300	8,300	8,300	8,300	8,300	8,300
40150	Pick-Up Taxes	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
44110	Investment Income	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
44540	Sale of Property	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
49800--DOE	Transfers In	845,000	845,000	845,000	845,000	845,000					
49800--EQUIP	Transfers In										
49800--HWY10	Transfers In	113,850	3,850	3,850	3,850						
49800--RDD02	Transfers In	35,327	35,327	35,327	35,327	35,327	35,327	35,327	35,327	35,327	35,327
49800--WEB	Transfers In	-	-	-	-	-	-	-	-	-	-
Total Revenues		3,111,317	3,059,374	2,434,807	1,947,197	1,969,781	1,152,007	1,180,051	1,208,936	1,238,687	1,058,910
Expenditures											
=====											
82110-601--2008A	Principal on Bonds	200,000	700,000	725,000	750,000	775,000	800,000	850,000	875,000	925,000	1,000,000
82110-601--2008B	Principal on Bonds	400,000									
82110-601--2009A	Principal on Bonds	900,000	825,000	900,000							
82110-601--2010A	Principal on Bonds	175,000	125,000	125,000	280,000						
82110-601--2B3A04	Principal on Bonds										
82110-601--RDD02	Principal on Bonds	14,785	15,503	16,256	17,045	17,873	18,741	19,650	20,604	21,604	22,653
82110-601--TRI10	Principal on Bonds	-	-	-	225,000	250,000	275,000				
82110-601--TRI	Principal on Bonds	200,000	250,000	250,000							
82120-601--HWY10	Principal on Bonds	110,000									
82130-602	Principal on Notes	-	-	-	-	-	-	-	-	-	-
Total Principal		1,999,785	1,915,503	2,016,256	1,272,045	1,042,873	1,093,741	869,650	895,604	946,604	1,022,653
82210-603--2008A	Interest on Bonds	437,875	428,875	397,375	364,750	331,000	296,125	260,125	219,750	180,375	138,750
82210-603--2008B	Interest on Bonds	16,400									
82210-603--2009A	Interest on Bonds	112,200	78,000	45,000							
82210-603--2010A	Interest on Bonds	25,531	19,406	15,031	10,500						
82210-603--B3A04	Interest on Bonds										
82210-603--RDD02	Interest on Bonds	20,626	19,915	19,170	18,388	17,568	16,709	15,807	14,862	13,871	12,832
82210-603--TRI	Interest on Bonds	42,000	30,000	15,000							
82210-603--TRI10	Interest on Bonds	35,438	35,438	35,438	35,438	24,188	11,688				
82220-603--HY10A	Interest on Bonds	3,850	3,850	3,850	3,850						
82230-604	Interest on Notes	-	-	-	-	-	-	-	-	-	-
Total Interest		693,920	615,484	530,864	432,926	372,756	324,522	275,932	234,612	194,246	151,582
82310-312	Cntr w/Priv. Agencies	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
82310-510	Trustee's Commission	64,770	64,770	64,770	64,770	64,770	64,770	64,770	64,770	64,770	64,770
82310-699--PEAST	Other Debt Service	25,681	25,681	25,681	25,681	25,681	25,681	25,681	25,681	25,681	25,681
Total Other		142,451									
Total Expenditures		2,836,156	2,673,438	2,689,571	1,847,422	1,558,080	1,560,714	1,288,033	1,272,667	1,283,301	1,316,686
Effect on Fund Balance		275,161	385,936	(254,763)	99,776	411,701	(408,706)	(107,982)	(63,731)	(44,614)	(257,776)
Total Ending Undesignated Fund Balance		2,311,545	2,697,481	2,442,718	2,542,494	2,954,195	2,545,489	2,437,507	2,373,776	2,329,161	2,071,385
fund balance/expenditure		81.5%	100.9%	90.8%	137.6%	189.6%	163.1%	189%	187%	181%	157%

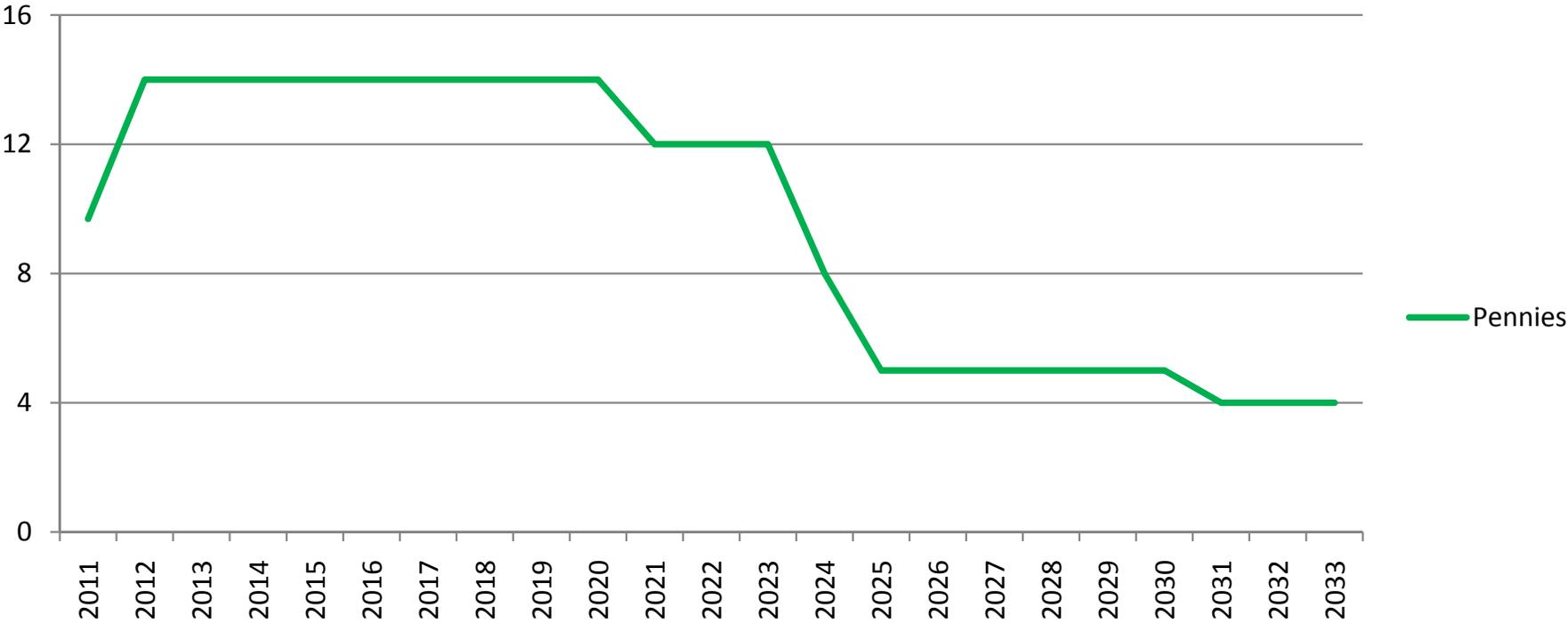
Fund 151 General Debt Service	2032	2033	2034	2035	2036	2037	2038	2039	2040	TOTAL
	Budget	PRINCIPAL								
Beginning of Year										
Restricted Fund Balance Est.	2,071,385	1,885,099	1,771,059	2,040,250	2,079,496	2,026,829	1,974,149	1,921,456	1,868,748	
Property Tax	216,733	223,235	229,932	236,830	243,935	251,253	258,791	266,555	274,551	
Tax Rate	4	4	1	-	-	-	-	-	-	
Revenue										
=====										
40110 Current Property Tax	866,933	892,941	229,932	-	-	-	-	-	-	
40120 Trustee PY Collection	52,500	52,500	52,500	52,500						
40130 Delinquent Tax	27,000	27,000	27,000	27,000						
40140 Interest & Penalty	8,300	8,300	8,300	8,300						
40150 Pick-Up Taxes	4,100	4,100	4,100	4,100						
44110 Investment Income	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	
44540 Sale of Property	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
49800--DOE Transfers In										
49800--EQUIP Transfers In										
49800--HWY10 Transfers In										
49800--RDD02 Transfers In	35,327	35,327	35,327	35,327	35,327	35,327	35,327	35,327	35,327	
49800--WEB Transfers In	-	-	-	-	-	-	-	-	-	
Total Revenues	1,084,160	1,110,168	447,159	217,227	125,327	125,327	125,327	125,327	125,327	
Expenditures										
=====										
82110-601--2008A Principal on Bonds	1,000,000	1,000,000								9,975,000
82110-601--2008B Principal on Bonds										7,110,000
82110-601--2009A Principal on Bonds										6,325,000
82110-601--2010A Principal on Bonds										5,890,000
82110-601--2B3A04 Principal on Bonds										1,300,000
82110-601--RDD02 Principal on Bonds	23,753	24,906	26,115	27,383	28,713	30,107	31,568	33,101	28,808	554,147
82110-601--TRI10 Principal on Bonds										750,000
82110-601--TRI Principal on Bonds										1,750,000
										-
82120-601--HWY10 Principal on Bonds	-	-	-	-	-	-	-	-	-	1,130,000
82130-602 Principal on Notes	-	-	-	-	-	-	-	-	-	-
Total Principal	1,023,753	1,024,906	26,115	27,383	28,713	30,107	31,568	33,101	28,808	34,784,147
82210-603--2008A Interest on Bonds	92,500	46,250								
82210-603--2008B Interest on Bonds										
82210-603--2009A Interest on Bonds										
82210-603--2010A Interest on Bonds										
82210-603--B3A04 Interest on Bonds										
82210-603--RDD02 Interest on Bonds	11,743	10,601	9,403	8,147	6,830	5,449	4,001	2,483	891	
82210-603--TRI Interest on Bonds										
82210-603--TRI10 Interest on Bonds										
82220-603--HY10A Interest on Bonds										
82230-604 Interest on Notes	-	-	-	-	-	-	-	-	-	
Total Interest	104,243	56,851	9,403	8,147	6,830	5,449	4,001	2,483	891	
82310-312 Cntr w/Priv. Agencies	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	
82310-510 Trustee's Commission	64,770	64,770	64,770	64,770	64,770	64,770	64,770	64,770	64,770	
82310-699--PEAST Other Debt Service	25,681	25,681	25,681	25,681	25,681	25,681	25,681	25,681	25,681	
Total Other	142,451									
Total Expenditures	1,270,447	1,224,208	177,969	177,981	177,994	178,007	178,020	178,035	172,150	
Effect on Fund Balance	(186,287)	(114,040)	269,190	39,246	(52,667)	(52,680)	(52,693)	(52,708)	(46,823)	
Total Ending Undesignated Fund Balance	1,885,099	1,771,059	2,040,250	2,079,496	2,026,829	1,974,149	1,921,456	1,868,748	1,821,925	
fund balance/expenditure	148%	145%	1146%	1168%	1139%	1109%	1079%	1050%	1058%	

Multi-year Debt Budget for 151 General Debt Service



151 General Debt Service Fund

Property Tax Pennies Needed to Support Annual Multi-Year Budget



SECTION 9

RURAL DEBT SERVICE FUND

152

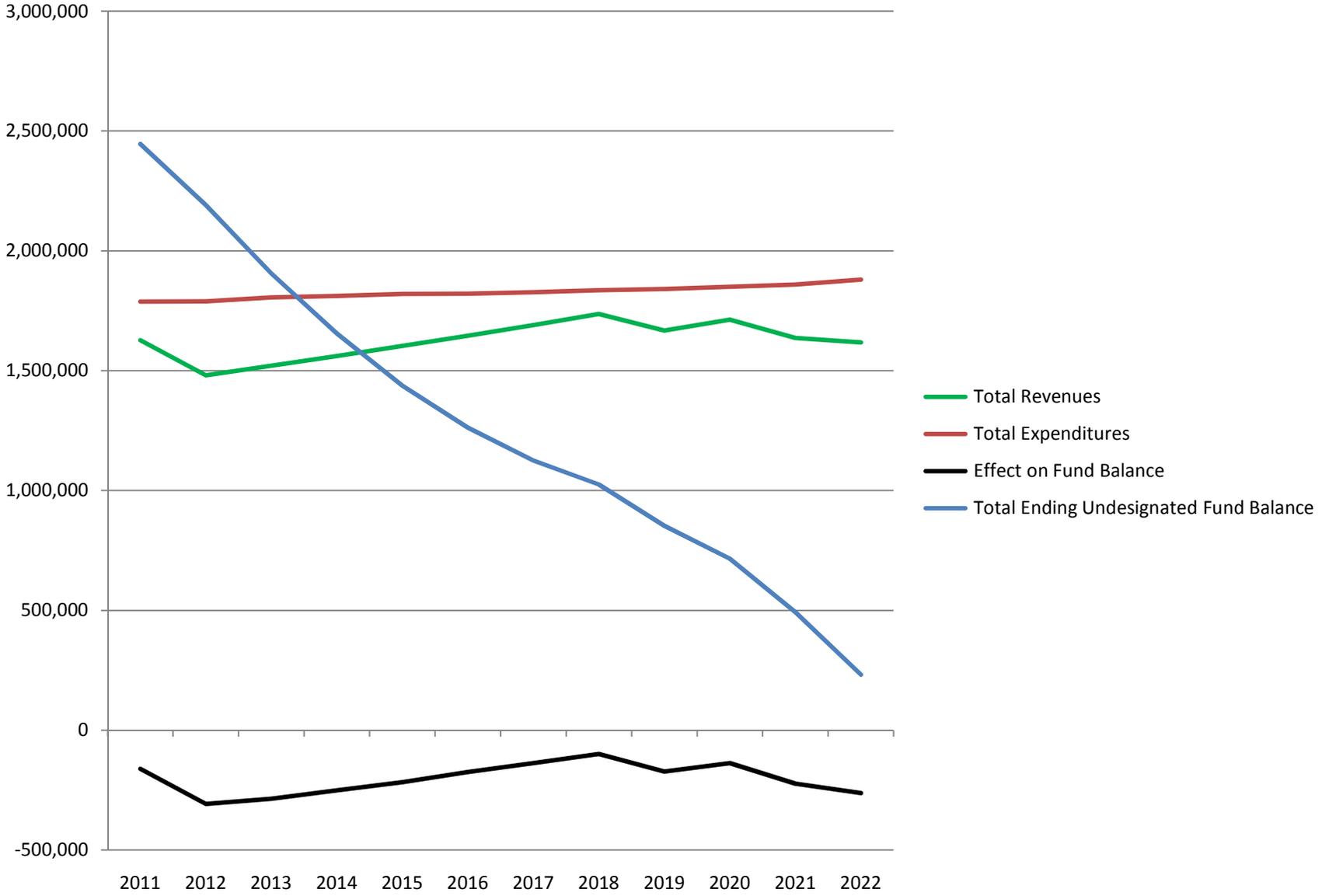
This fund was established to pay only school debt issued outside the cities of Harriman and Oak Ridge. Since the Harriman City School System has been merged with the Roane County School System, only debt prior to the school merger exists in this fund. No future debt will be issued by Roane County and paid out of this fund.

As with the General Debt Service Fund 151, a table is created that reflects a multi-year debt budget which includes all current debt payment to be paid from the Rural Debt Service Fund 152. Revenues are estimated and calculated based on a projected growth in the value of the penny, along with adjustments in the number of property tax pennies needed to support the budget and comply with the county's fund balance policy.

Fund 152 Rural Debt Service	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget
Beginning of Year Restricted Fund Balance Est.	2,499,201	2,191,052	1,905,333	1,654,278	1,437,108	1,262,279	1,125,134
Property Tax	94,000	96,820	99,725	102,716	105,798	108,972	112,241
Tax Rate	14	14	14	14	14	14	14
Revenue							
=====							
40110 Current Property Tax	1,316,000	1,355,480	1,396,144	1,438,029	1,481,170	1,525,605	1,571,373
40120 Trustee PY Collection	64,300	64,300	64,300	64,300	64,300	64,300	64,300
40130 Delingqent Tax	60,000	60,000	60,000	60,000	60,000	60,000	60,000
40140 Interest & Penalty	11,385	11,385	11,385	11,385	11,385	11,385	11,385
40150 Pick-Up Taxes	876	876	876	876	876	876	876
40350 Interstate Telecom Tax	2,600	2,600	2,600	2,600	2,600	2,600	2,600
44110 Investment Income	25,600	25,600	25,600	25,600	25,600	25,600	25,600
Total Revenues	<u>1,480,761</u>	<u>1,520,241</u>	<u>1,560,905</u>	<u>1,602,790</u>	<u>1,645,931</u>	<u>1,690,366</u>	<u>1,736,134</u>
Expenditures							
=====							
82130-601- -04REF Principal on Bonds	1,025,000	1,050,000	1,100,000	1,155,000	1,205,000	1,275,000	1,350,000
82130-601- -2010B Principal on Bonds	65,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Principal	<u>1,090,000</u>	<u>1,150,000</u>	<u>1,200,000</u>	<u>1,255,000</u>	<u>1,305,000</u>	<u>1,375,000</u>	<u>1,450,000</u>
82230-603- -04REF Interest on Bonds	632,915	591,915	549,915	505,915	459,715	399,465	335,715
82230-603- -2010B Interest on Bonds	22,200	20,250	18,250	15,250	12,250	9,250	6,250
Total Interest	<u>655,115</u>	<u>612,165</u>	<u>568,165</u>	<u>521,165</u>	<u>471,965</u>	<u>408,715</u>	<u>341,965</u>
82330-399 Other Contracted Services	10,500	10,500	10,500	10,500	10,500	10,500	10,500
82330-510 Trustee's Commission	33,295	33,295	33,295	33,295	33,295	33,295	33,295
Total Other	<u>43,795</u>						
Total Expenditures	<u>1,788,910</u>	<u>1,805,960</u>	<u>1,811,960</u>	<u>1,819,960</u>	<u>1,820,760</u>	<u>1,827,510</u>	<u>1,835,760</u>
Effect on Fund Balance	(308,149)	(285,719)	(251,055)	(217,170)	(174,829)	(137,144)	(99,626)
Total Ending Undesignated Fund Balance	2,191,052	1,905,333	1,654,278	1,437,108	1,262,279	1,125,134	1,025,508
fund balance/expenditure	122%	106%	91%	79%	69%	62%	56%

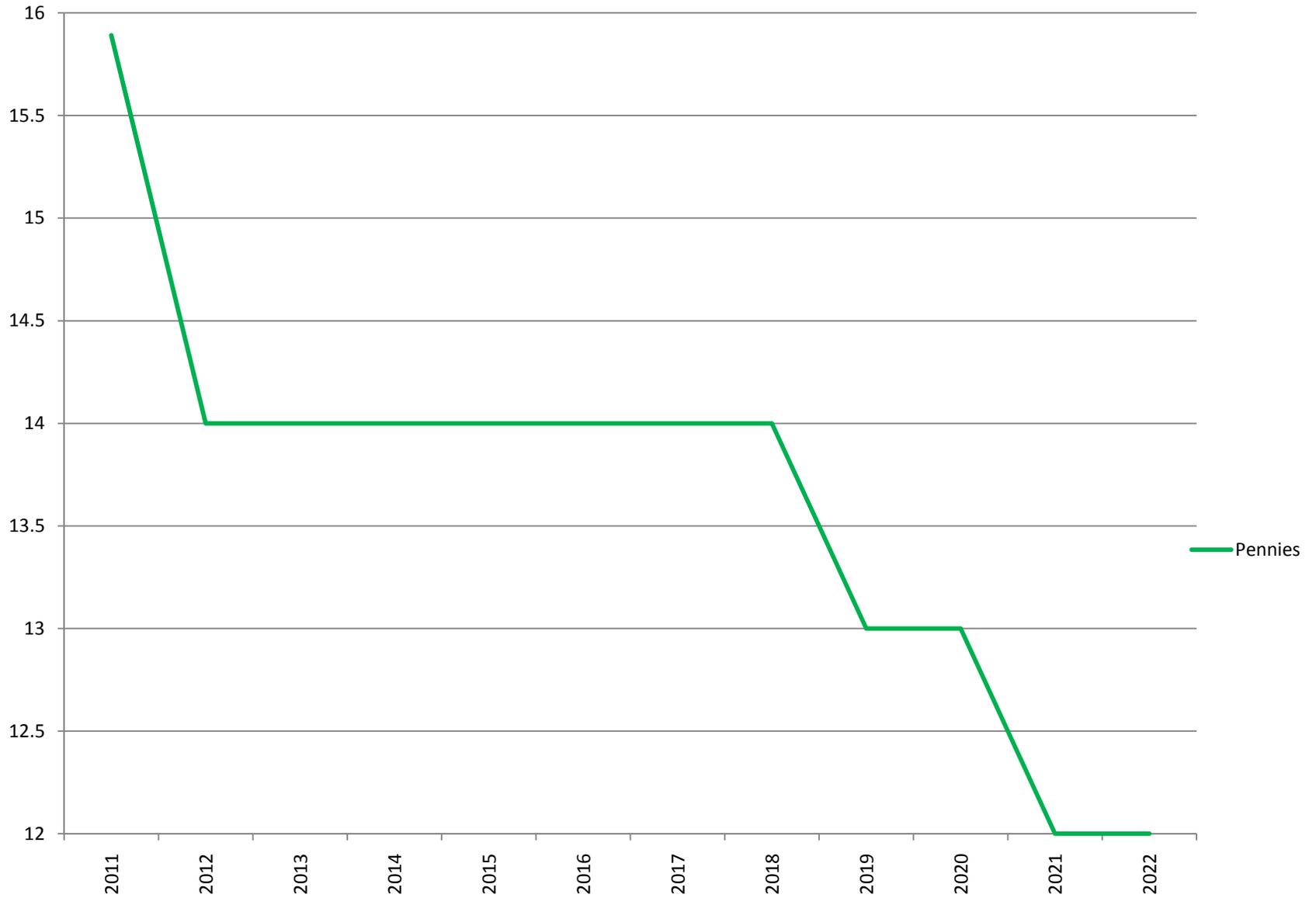
Fund 152 Rural Debt Service		2019	2020	2021	2022	TOTAL
		Budget	Budget	Budget	Budget	PRINCIPAL
Beginning of Year						
Restricted Fund Balance Est.		1,025,508	852,915	715,659	492,589	
Property Tax		115,608	119,076	122,649	126,328	
Tax Rate		13	13	12	12	
Revenue						
=====						
40110	Current Property Tax	1,502,906	1,547,993	1,471,784	1,452,774	
40120	Trustee PY Collection	64,300	64,300	64,300	64,300	
40130	Delingqent Tax	60,000	60,000	60,000	60,000	
40140	Interest & Penalty	11,385	11,385	11,385	11,385	
40150	Pick-Up Taxes	876	876	876	876	
40350	Interstate Telecom Tax	2,600	2,600	2,600	2,600	
44110	Investment Income	25,600	25,600	25,600	25,600	
Total Revenues		<u>1,667,667</u>	<u>1,712,754</u>	<u>1,636,545</u>	<u>1,617,535</u>	
Expenditures						
=====						
82130-601- -04REF	Principal on Bonds	1,425,000	1,595,000	1,670,000	1,760,000	14,610,000
82130-601- -2010B	Principal on Bonds	100,000	-	-	-	765,000
Total Principal		<u>1,525,000</u>	<u>1,595,000</u>	<u>1,670,000</u>	<u>1,760,000</u>	<u>15,375,000</u>
82230-603- -04REF	Interest on Bonds	268,215	211,215	145,820	75,680	
82230-603- -2010B	Interest on Bonds	3,250	-	-	-	
Total Interest		<u>271,465</u>	<u>211,215</u>	<u>145,820</u>	<u>75,680</u>	
82330-399	Other Contracted Services	10,500	10,500	10,500	10,500	
82330-510	Trustee's Commission	33,295	33,295	33,295	33,295	
Total Other		<u>43,795</u>	<u>43,795</u>	<u>43,795</u>	<u>43,795</u>	
Total Expenditures		<u>1,840,260</u>	<u>1,850,010</u>	<u>1,859,615</u>	<u>1,879,475</u>	
Effect on Fund Balance		(172,593)	(137,256)	(223,070)	(261,940)	
Total Ending Undesignated Fund Balance		852,915	715,659	492,589	230,649	
	fund balance/expenditure	46%	39%	26%	12%	

Multi-year Debt Budget for Fund 152



152 Rural Debt Service Fund

Property Tax Pennies Needed to Support Annual Multi-Year Budget



SECTION 10

EDUCATION DEBT SERVICE FUND

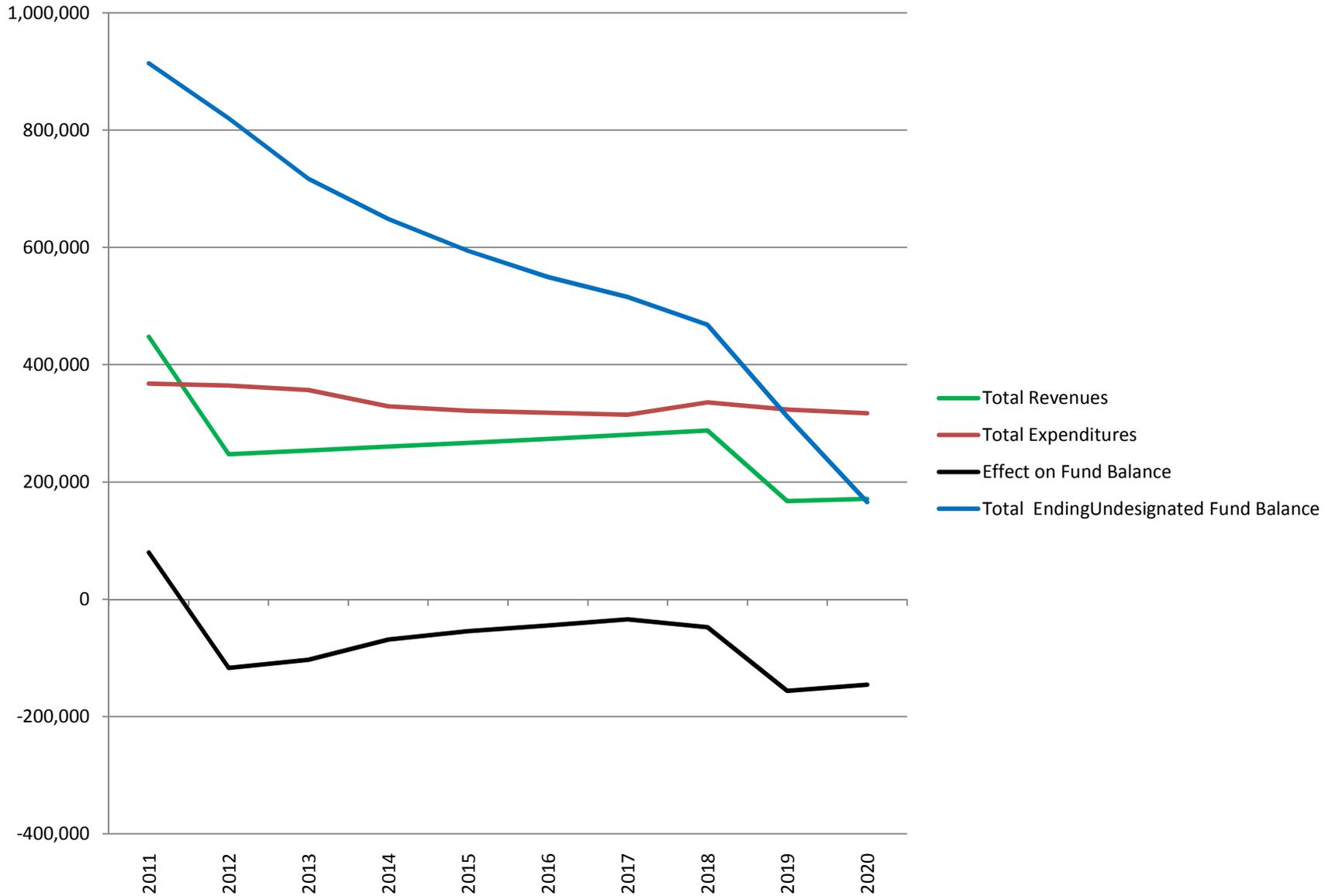
156

The purpose of this fund is to pay for Education Debt where the proceeds of the debt have not been shared with the city of Oak Ridge School System. 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 151 and the Rural Debt Service Fund 152, a table is created that reflects a multi-year debt budget which includes all current debt payment to be paid from the Education Debt Service Fund 156. Revenues are estimated and calculated based on a projected growth in the value of the penny along with adjustments in the number of property tax pennies needed to support the budget and comply with the county's fund balance policy.

Fund 156 Education Debt Service	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOTAL
	Budget	PRINCIPAL								
Beginning of Year										
Undes. Fund Bal. Est.	937,069	820,264	717,223	648,610	594,179	549,667	515,548	467,833	311,637	
Property Tax	104,000	107,120	110,334	113,644	117,053	120,565	124,181	127,907	131,744	
Tax Rate	2	2	2	2	2	2	2	1	1	
Revenue										
=====										
40110 Current Property Tax	208,000	214,240	220,667	227,287	234,106	241,129	248,363	127,907	131,744	
40120 Trustee PY Collection	16,700	16,700	16,700	16,700	16,700	16,700	16,700	16,700	16,700	
40130 Delinquent Tax	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	
40140 Interest & Penalty	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	
40150 Pick-Up Taxes	300	300	300	300	300	300	300	300	300	
44110 Investment Income	6,992	6,992	6,992	6,992	6,992	6,992	6,992	6,992	6,992	
Total Revenues	<u>247,592</u>	<u>253,832</u>	<u>260,259</u>	<u>266,879</u>	<u>273,698</u>	<u>280,721</u>	<u>287,955</u>	<u>167,499</u>	<u>171,336</u>	
Expenditures										
82130-601- -2008C Principal on Bonds	155,000	150,000	125,000	120,000	120,000	120,000	145,000	140,000	140,000	1,215,000
82130-601- -2009B Principal on Bonds	105,000	110,000	115,000	120,000	125,000	130,000	135,000	140,000	145,000	1,125,000
NEW DEBT										-
NEW DEBT	-	-	-	-	-	-	-	-	-	-
Total Principal	<u>260,000</u>	<u>260,000</u>	<u>240,000</u>	<u>240,000</u>	<u>245,000</u>	<u>250,000</u>	<u>280,000</u>	<u>280,000</u>	<u>285,000</u>	<u>2,340,000</u>
82230-601- - 2008C Interest on Bonds	50,353	44,928	39,678	34,990	30,490	25,870	21,250	14,000	7,000	
82230-601- - 2009B Interest on Bonds	34,045	31,945	29,195	26,320	22,720	18,970	14,420	9,695	5,075	
Total Interest	<u>84,398</u>	<u>76,873</u>	<u>68,873</u>	<u>61,310</u>	<u>53,210</u>	<u>44,840</u>	<u>35,670</u>	<u>23,695</u>	<u>12,075</u>	
82330-312 Contracts w/Priv. Agencies	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
82330-510 Trustee's Commission	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
Total Other	<u>20,000</u>									
Total Expenditures	<u>364,398</u>	<u>356,873</u>	<u>328,873</u>	<u>321,310</u>	<u>318,210</u>	<u>314,840</u>	<u>335,670</u>	<u>323,695</u>	<u>317,075</u>	
Effect on Fund Balance	(116,806)	(103,041)	(68,613)	(54,431)	(44,512)	(34,119)	(47,715)	(156,196)	(145,739)	
Total Ending Undesignated Fund Balance	820,264	717,223	648,610	594,179	549,667	515,548	467,833	311,637	165,898	
fund balance/expenditures:	225%	201%	197%	185%	173%	164%	139%	96%	52%	

Multi-year Debt Budget for 156 Education Debt Service Fund



156 Education Debt Service Fund

Property Tax Pennies Needed to Support Annual Multi-Year Budget



SECTION 11

TAX PENNIES

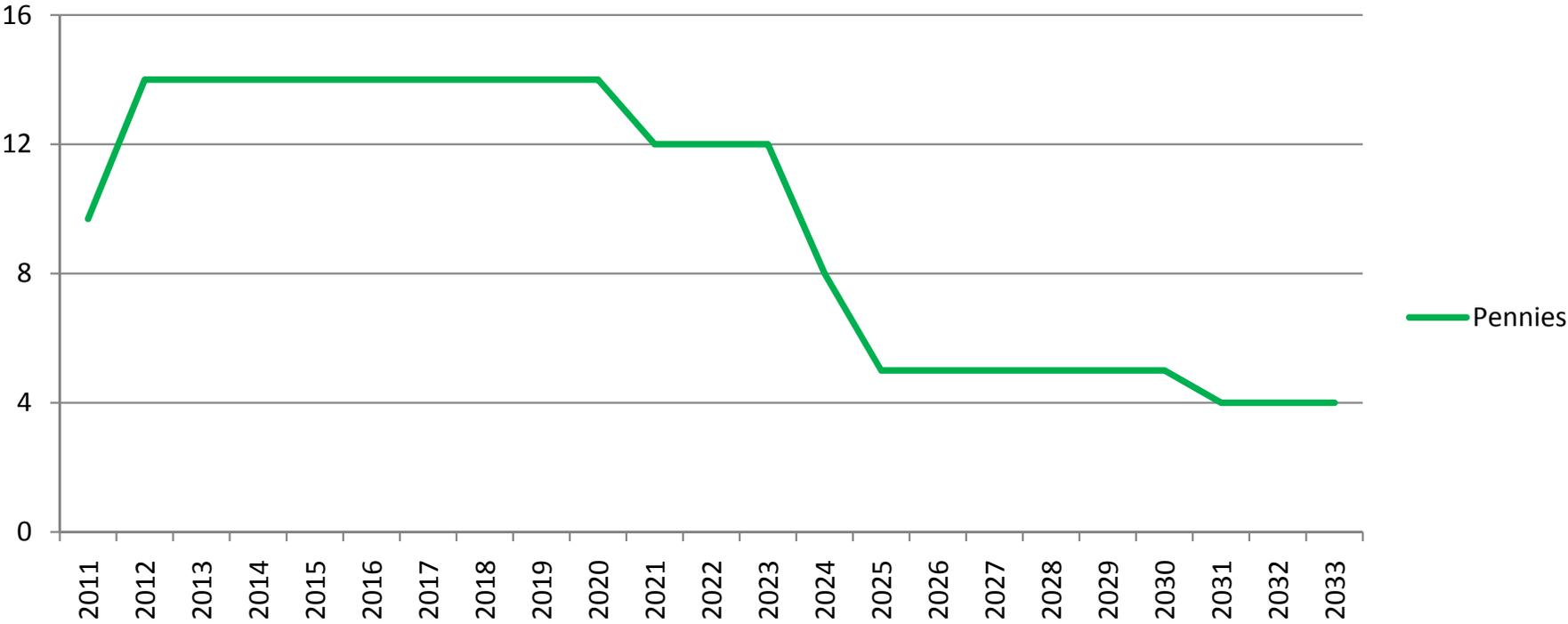
GRAPHS

This section of the report identifies the property tax pennies needed for each Debt Service Fund, (existing debt only) over the life of the multi-year budgets.

Further, each individual Debt Service penny need is then combined to reflect the required total debt tax which is levied countywide.

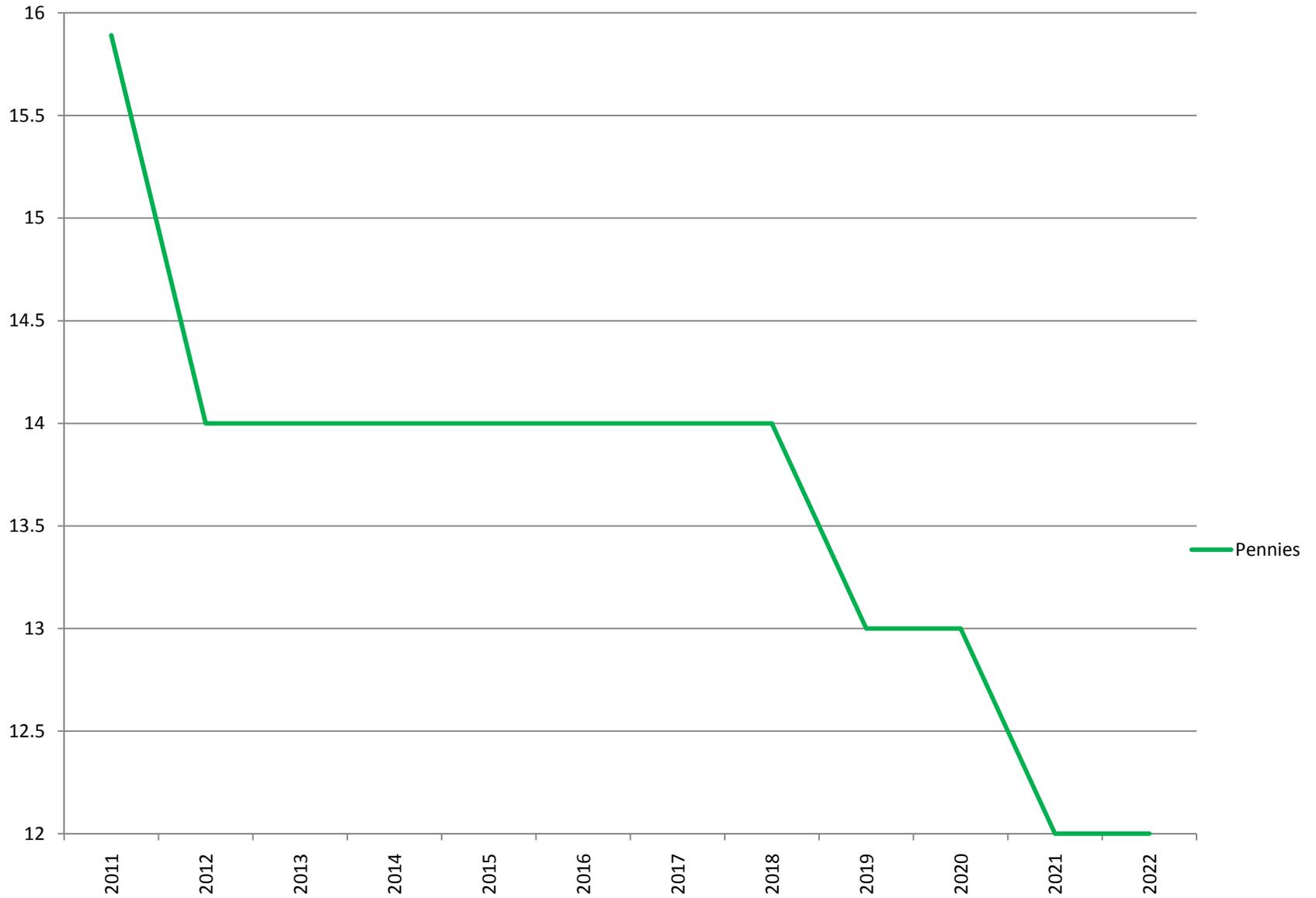
151 General Debt Service Fund

Property Tax Pennies Needed to Support Annual Multi-Year Budget



152 Rural Debt Service Fund

Property Tax Pennies Needed to Support Annual Multi-Year Budget



156 Education Debt Service Fund

Property Tax Pennies Needed to Support Annual Multi-Year Budget



Combined Debt Service Funds

Property Tax Pennies Needed to Support Annual Multi-Year Budget

