

Hamblen County Government



Annual Debt Report

For the Year Ending June 30, 2017

Bill Brittain
County Mayor

Michelle Woods
Finance Director

Hamblen County, Tennessee
Annual Debt Report for the Fiscal Year Ending June 30, 2017
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T E N N E S S E E
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
OFFICE OF THE MAYOR

To: Hamblen County Citizens and All Interested Parties

From: Bill Brittain, County Mayor *BB*
Michelle Woods, Finance Director *mw*

Date: April 6, 2017

Re: Annual Debt Report

We are pleased to present to you our Annual Debt Report (Report) in compliance with Section II.B of Hamblen County's Debt Management Policy for the fiscal year ending June 30, 2017. It is our goal to demonstrate strong financial management practices to the citizens of Hamblen County, investors, and credit agencies. This transparency strengthens the accountability for all of us. We must, and will, ensure that taxpayers' dollars are properly expended.

Hamblen County received a rating of Aa3 from Moody's Investors Service, and an AA- from Standard and Poor's during its most recent ratings. These ratings are a positive reflection of Hamblen County's solid financial position, strengthening of reserves, conservative budgetary practices, and manageable debt profile. These ratings allow Hamblen County to obtain financing at lower interest rates, which in return means a lesser burden on its citizens.

The most recent ratings are further supported by examining certain ratios to national benchmarks. Based on the principal that will be outstanding as of June 30, 2017, Hamblen County's net debt to assessed property value is 1.69 percent compared to the national benchmark of no more than 10 percent. Additionally, Hamblen County's net debt-per-capita ratio of \$374 is more than favorable compared to the benchmark of \$1,200. Finally, the fact that Hamblen County's net debt as a percentage of personal income is 1.08 percent compared to the benchmark of 15 percent or less reinforces the strong financial management practices that are being utilized.

As we begin the 2017-2018 budget discussions, we will work with County Commission and exercise strong financial management practices to ensure the continued financial success of Hamblen County.

Bill Brittain, County Mayor

511 West Second North Street • Morristown, TN 37814 • office. 423.586.1931 • fax. 423.586.4699

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TENNESSEE
Hamblen County
SERVICE • COMMUNITY • INDUSTRY
OFFICE OF THE MAYOR

To: Herbert Harville
Finance Committee Chair

From: Bill Brittain, County Mayor *BB*
Michelle Woods, Finance Director *mw*

Date: April 6, 2017

Re: Annual Debt Report

In compliance with Section II.B of Hamblen County's Debt Management Policy, Michelle Woods, Finance Director, and I present the Annual Debt Report (Report) for the fiscal year ending June 30, 2017, for your approval. Michelle and I agree that the timing of this report is advantageous. This report provides invaluable information to the Finance Committee, Budget Committee, and County Commission that will allow us to adopt an adequately funded debt budget. The information contained herein will allow us to evaluate our current financial position, future funding requirements, and our ability to issue debt in the future based on capacity.

Hamblen County's ratings of Aa3 from Moody's Investors Service and AA- from Standard and Poor's are a positive reflection of Hamblen County's solid financial position, strengthening of reserves, conservative budgetary practices, and manageable debt profile. These ratings allow Hamblen County to obtain financing at lower interest rates, which in return means a lesser burden on its citizens.

Additionally, I feel that this report allows us to demonstrate strong financial management practices to the citizens of Hamblen County, investors, and credit agencies. This transparency strengthens the accountability for all of us. We must, and will, ensure that taxpayers' dollars are properly expended.

We look forward to working together, so that we can, and will, prepare a debt budget that meets the needs of the citizens. Again, we are pleased to present the Annual Report as we begin to consider the 2017-2018 General Debt Service Fund Budget.

Bill Brittain, County Mayor

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Hamblen County, Tennessee
Annual Debt Report
Schedule of Changes in Long-term Other Loans and Bonds
For Year Ending June 30, 2017

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7/1/2016 | Issued During Period | Paid and/or Matured During Period | Outstanding 6/30/2017 |
|--|--------------------------------|------------------|---------------------|--------------------------|-------------------------|----------------------------|--|--------------------------|
| <u>OTHER LOANS PAYABLE</u> | | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | | |
| Local Government Public Improvement Bonds, Series E-4-A - Refunding | \$ 10,100,000 | Variable (1) % | 8-13-08 | 6-1-25 | \$ 10,100,000 | \$ 0 | \$ 0 | \$ 10,100,000 |
| Local Government Public Improvement Bonds, Series VII-C-2 - Refunding | 20,200,000 | Variable (1) | 11-24-08 | 6-1-17 | 360,000 | 0 | 360,000 | 0 |
| Qualified School Construction Bonds | 11,280,000 | 1.515 | 12-17-09 | 7-1-26 | 7,174,184 | 0 | 703,854 | 6,470,330 |
| Total Payable through General Debt Service Fund | | | | | <u>\$ 17,634,184</u> | <u>\$ 0</u> | <u>\$ 1,063,854</u> | <u>\$ 16,570,330</u> |
| Total Other Loans Payable | | | | | <u>\$ 17,634,184</u> | <u>\$ 0</u> | <u>\$ 1,063,854</u> | <u>\$ 16,570,330</u> |
| <u>BONDS PAYABLE</u> | | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | | |
| General Obligation Refunding Bonds, Series 2009 | 10,860,000 | 3 to 5 | 9-23-09 | 6-1-19 | \$ 10,125,000 | \$ 0 | \$ 2,890,000 | \$ 7,235,000 |
| General Obligation Bonds, Series 2014 | 5,200,000 | 1.15 to 2 | 3-28-14 | 6-1-23 | 4,020,000 | 0 | 595,000 | 3,425,000 |
| Total Payable through General Debt Service Fund | | | | | <u>\$ 14,145,000</u> | <u>\$ 0</u> | <u>\$ 3,485,000</u> | <u>\$ 10,660,000</u> |
| Total Bonds Payable | | | | | <u>\$ 14,145,000</u> | <u>\$ 0</u> | <u>\$ 3,485,000</u> | <u>\$ 10,660,000</u> |
| TOTAL DEBT | | | | | <u>\$ 31,779,184</u> | <u>\$ 0</u> | <u>\$ 4,548,854</u> | <u>\$ 27,230,330</u> |

(1) These issues were swapped to a synthetic fixed rate by execution of swap agreements in prior years.

Hamblen County, Tennessee

Annual Debt Report

Percentage of Debt - Hamblen County Government to Hamblen County School Department

| Description of Indebtedness | Percentage of Outstanding Balance Related to Hamblen County General Government | Percentage of Outstanding Balance Related to Hamblen County School Department | Amount of Outstanding Balance Related to Hamblen County General Government | Amount of Outstanding Balance Related to Hamblen County School Department | Total |
|--|---|--|---|--|----------------------|
| <u>OTHER LOANS PAYABLE</u> | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | |
| Local Government Public Improvement Bonds, Series E-4-A - Refunding | 24.76 % | 75.24 % | \$ 2,500,760 | \$ 7,599,240 | \$ 10,100,000 |
| Local Government Public Improvement Bonds, Series VII-C-2 - Refunding | 13.60 | 86.40 | 0 | 0 | 0 |
| Qualified School Construction Bonds | 0.00 | 100.00 | 0 | 6,470,330 | 6,470,330 |
| Total Payable through General Debt Service Fund | | | <u>\$ 2,500,760</u> | <u>\$ 14,069,570</u> | <u>\$ 16,570,330</u> |
| Total Other Loans Payable | | | <u>\$ 2,500,760</u> | <u>\$ 14,069,570</u> | <u>\$ 16,570,330</u> |
| <u>BONDS PAYABLE</u> | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | |
| General Obligation Refunding Bonds, Series 2009 | 2.00 | 98.00 | \$ 144,700 | \$ 7,090,300 | \$ 7,235,000 |
| General Obligation Bonds, Series 2014 | 51.92 | 48.08 | 1,778,260 | 1,646,740 | 3,425,000 |
| Total Payable through General Debt Service Fund | | | <u>\$ 1,922,960</u> | <u>\$ 8,737,040</u> | <u>\$ 10,660,000</u> |
| Total Bonds Payable | | | <u>\$ 1,922,960</u> | <u>\$ 8,737,040</u> | <u>\$ 10,660,000</u> |
| TOTAL DEBT | 16.25 | 83.75 | <u>\$ 4,423,720</u> | <u>\$ 22,806,610</u> | <u>\$ 27,230,330</u> |

Hamblen County, Tennessee
Annual Debt Report
Schedule of Budgeted Debt Payments
Fiscal Year 2017

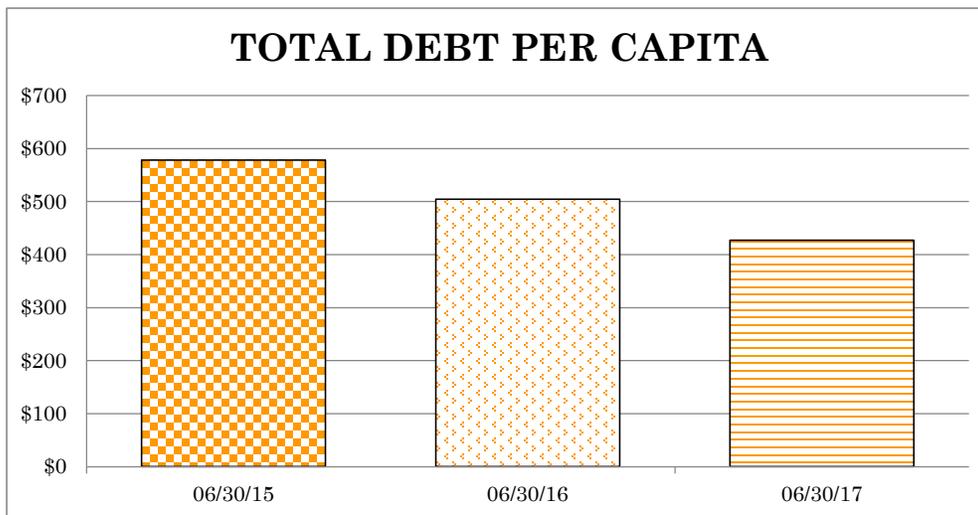
| | PRINCIPAL | INTEREST |
|---|--------------------------------|--------------------------------|
| Other Loans: | | |
| Local Government Public Improvement Bonds Refunding, Series E-4-A | \$ - | \$ 505,000 |
| Local Government Public Improvement Bonds Refunding, Series VII-C-2 | 360,000 | 18,000 |
| Qualified School Construction Bonds | 703,854 | 182,172 |
| | <u>703,854</u> | <u>182,172</u> |
| Total Other Loans | <u>\$ 1,063,854</u> | <u>\$ 705,172</u> |
| Bonds: | | |
| General Obligation Refunding Bonds, Series 2009 | \$ 2,890,000 | \$ 441,600 |
| General Obligation Bonds, Series 2014 | 595,000 | 67,730 |
| | <u>595,000</u> | <u>67,730</u> |
| Total Bonds | <u>\$ 3,485,000</u> | <u>\$ 509,330</u> |
| TOTAL BUDGETED DEBT PAYMENTS | <u>\$ 4,548,854</u> | <u>\$ 1,214,502</u> |

Hamblen County, Tennessee
Annual Debt Report
Debt Per Capita

Calculation Method:

$$\text{Debt Per Capita} = \frac{\text{Total Debt of the County}^1}{\text{County's Population}^2}$$

| | 06/30/15 | 06/30/16 | 06/30/17 |
|-----------------|---------------|---------------|------------|
| Total Debt | 36,433,038 \$ | 31,779,184 \$ | 27,230,330 |
| Population | 63,074 | 63,036 | 63,785 |
| Debt Per Capita | 578 \$ | 504 \$ | 427 |



Debt Per Capita - This ratio is used in evaluating the county's ability to pay off its debt by taking the total principal on outstanding debt divided by the total citizens in the county.

¹ Only the principal amount is utilized.

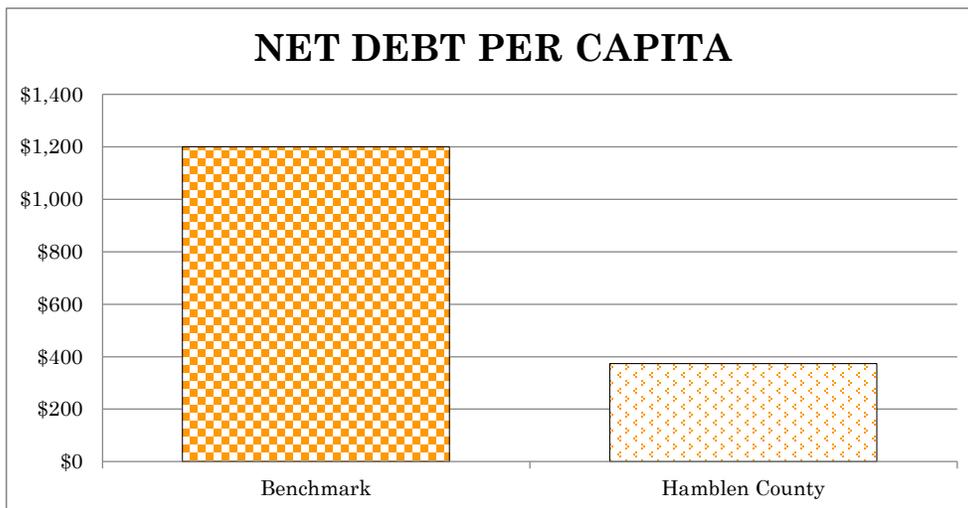
² U.S. Census, <http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>.

Hamblen County, Tennessee
Annual Debt Report
Net Debt and Net Debt Per Capita

Calculation Method:

$$\text{Net Debt Per Capita} = \frac{\text{Net Debt of the County}^1}{\text{County's Population}^2}$$

| | Benchmark ³ | Hamblen County |
|--|------------------------|----------------------|
| Total Debt | | \$ 27,230,330 |
| Less: Projected Year-end Fund Balances | | (3,393,726) |
| Net Debt | | <u>\$ 23,836,604</u> |
| Population | | <u>63,785</u> |
| Net Debt Per Capita | \$ 1,200 | \$ 374 |



Net Debt - Net debt is the outstanding principal less the funds that are currently available in fund balance. This allows Hamblen County to determine the amount that will be required to be collected in the future to retire the outstanding principal. This ratio is used in evaluating Hamblen County's ability to pay off its debt by taking the total principal on outstanding debt divided by the citizens in the county.

Net Debt Per Capita - This is calculated by taking the net debt divided by the total citizens of Hamblen County. This is the additional amount that Hamblen County would need to collect from every citizen in order to retire the outstanding principal balance. Simply stated, if every citizen remitted an additional \$575 at June 30, Hamblen County would be able to retire all of its debt excluding the interest component. The national benchmark is \$1,200 in principal indebtedness per citizen. However, this benchmark on the citizens of Hamblen County would not be a sustainable level, and would impact Hamblen County's ability to borrow additional debt in the future and higher interest rates.

¹ Only the principal amount less projected year-end fund balance is utilized.

² U.S. Census, <http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>.

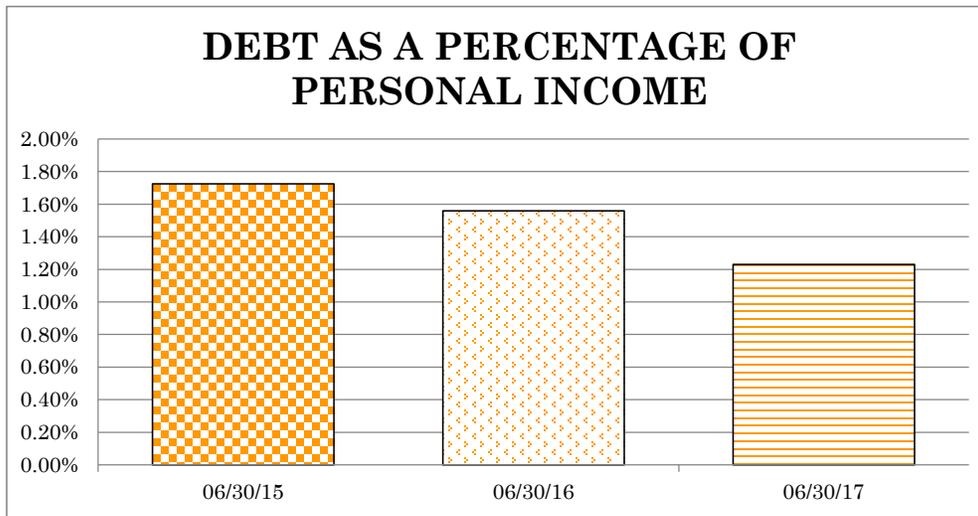
³ "Municipal Benchmarks: Assessing Local Performance and Establishing Community Service Standards", David N. Ammons. - 2001, p. 119.

Hamblen County, Tennessee
Annual Debt Report
Debt as a Percentage of Personal Income

Calculation Method:

$$\text{Debt as Percentage of Personal Income} = \frac{\text{Total Debt of the County}^1 / \text{County's Population}^2}{\text{Total Personal Income}^3}$$

| | 06/30/15 | 06/30/16 | 06/30/17 |
|-----------------|---------------|---------------|---------------|
| Total Debt | \$ 36,433,038 | \$ 31,779,184 | \$ 27,230,330 |
| Population | 63,074 | 63,036 | 63,785 |
| Personal Income | 33,483 | 32,328 | 34,696 |
| Debt Per Capita | 1.73% | 1.56% | 1.23% |



Debt as a Percentage of Personal Income - This ratio incorporates an ability to pay concept into the assessment of debt burden. It uses the total personal income (including wages, dividends, interest, rent, and government payments) divided by total population.

¹ Only the principal amount is utilized.

² U.S. Census, <http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>.

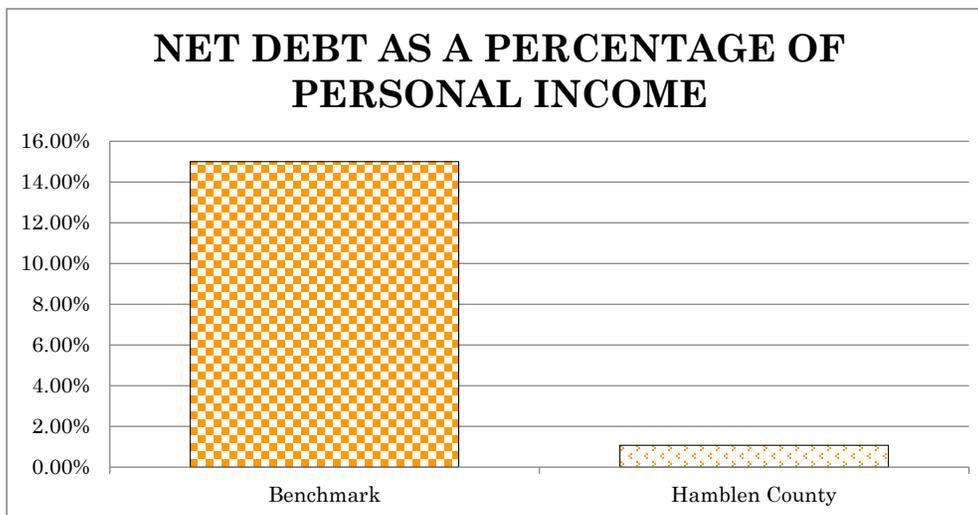
³ Bureau of Economic Analysis, www.bea.gov/iTable/print.cfm.

Hamblen County, Tennessee
Annual Debt Report
Net Debt as a Percentage of Personal Income

Calculation Method:

$$\text{Net Debt as Percentage of Personal Income} = \frac{\text{Net Debt of the County}^1 / \text{County's Population}^2}{\text{Total Personal Income}^3}$$

| | Benchmark ⁴ | Hamblen County |
|---|------------------------|----------------------|
| Total Debt | | \$ 27,230,330 |
| Less: Beginning of the Year Fund Balances | | (3,393,726) |
| Net Debt | | <u>\$ 23,836,604</u> |
| Personal Income | | <u>\$ 34,696</u> |
| Population | | <u>63,785</u> |
| Net Debt Per Capita | <u>15%</u> | <u>1.08%</u> |



Net Debt as a Percentage of Personal Income - This ratio incorporates an ability to pay concept into the assessment of debt burden. It uses the total personal income (including wages, dividends, interest, rent, and government payments) divided by total population. The importance of this ratio is that it can be utilized to determine how Hamblen County's debt load can be spread to its citizens on their ability to pay compared to a benchmark. The current benchmark is that net debt as a percentage of personal income is 15% or less. Hamblen County's current net debt as a percentage of personal income is 1.79%.

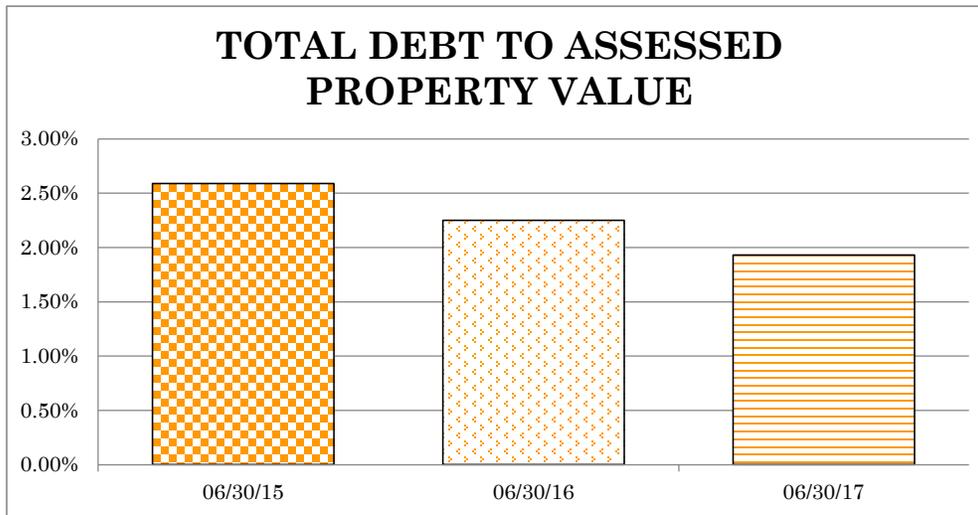
¹ Only the principal amount less projected year-end fund balance is utilized.
² U.S. Census, <http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>.
³ Bureau of Economic Analysis, www.bea.gov/iTable/print.cfm.
⁴ "Municipal Benchmarks: Assessing Local Performance and Establishing Community Service Standards", David N. Ammons. - 2001, p. 119.

Hamblen County, Tennessee
Annual Debt Report
Debt to Assessed Property Value

Calculation Method:

$$\text{Debt to Assessed Property Value} = \frac{\text{Total Debt of the County}^1}{\text{Assessed Property Value}^2}$$

| | 06/30/15 | 06/30/16 | 06/30/17 |
|---------------------------------|---------------|---------------|---------------|
| Total Debt | 36,433,038 \$ | 31,779,184 \$ | 27,230,330 |
| Assessed Property Value | 1,407,856,687 | 1,412,927,316 | 1,411,297,843 |
| Debt to Assessed Property Value | 2.59% | 2.25% | 1.93% |



Debt to Assessed Property Value - This ratio examines Hamblen County's current indebtedness to the assessed property value. It shows the wealth available to support present indebtedness so the County can include any planned debt to calculate anticipated ratio, thus helping determine whether the County has capacity to meet present and future obligations.

¹ Only the principal amount is utilized.

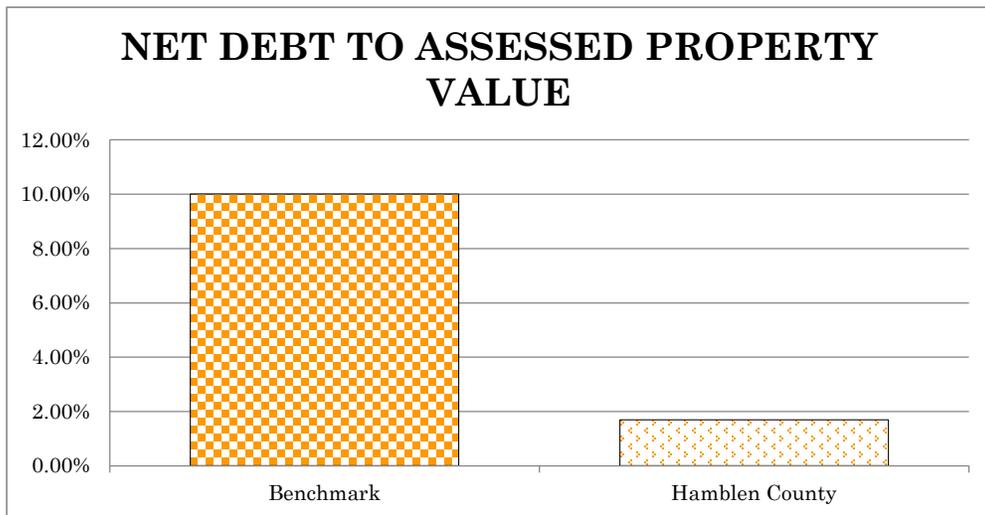
² This is based on final assessments as received from the State of Tennessee, and excludes any changes made during the year.

Hamblen County, Tennessee
Annual Debt Report
Net Debt to Assessed Property Value

Calculation Method:

$$\text{Net Debt to Assessed Property Value} = \frac{\text{Net Debt of the County}^1}{\text{Assessed Property Value}^2}$$

| | Benchmark ³ | Hamblen County |
|--|------------------------|-------------------------|
| Total Debt | | \$ 27,230,330 |
| Less: Beginning of the Year Fund Balance | | (3,393,726) |
| Net Debt | | <u>\$ 23,836,604</u> |
| Assessed Property Value | | <u>\$ 1,411,297,843</u> |
| Net Debt to Assessed Property Value | <u>10%</u> | <u>1.69%</u> |



Net Debt to Assessed Property Value - This ratio examines Hamblen County's net indebtedness to the assessed property value. It shows the wealth available to support present indebtedness so the County can include any planned debt to calculate anticipated ratio, thus helping determine whether the County has capacity to meet present and future obligations. The higher the percentage, the higher that the tax rate must be in order to meet Hamblen County's obligation. The current benchmark being utilized is 10%. Hamblen County's current net debt to assessed property value of 2.50% is well below the benchmark.

¹ Only the principal amount less projected year-end fund balance is utilized.

² This is based on final assessments as received from the State of Tennessee, and excludes any changes made during the year.

³ "Municipal Benchmarks: Assessing Local Performance and Establishing Community Service Standards", David N. Ammons. - 2001, p. 119.

Hamblen County, Tennessee
Annual Debt Report
Schedule of Long-term Debt Requirements by Year - Total
General Debt Service Fund

| Year Ending June 30 | Principal | Interest | Other Fees | Total |
|---------------------------|---------------|--------------|------------|---------------|
| 2017 | 4,548,854 | 1,119,682 | 94,820 | 5,763,356 |
| 2018 | 4,883,854 | 975,342 | 93,660 | 5,952,856 |
| 2019 | 4,973,854 | 820,242 | 93,660 | 5,887,756 |
| 2020 | 2,788,854 | 630,227 | 93,660 | 3,512,741 |
| 2021 | 2,883,854 | 560,414 | 81,670 | 3,525,938 |
| 2022 | 2,978,854 | 485,477 | 69,028 | 3,533,359 |
| 2023 | 2,743,854 | 405,339 | 55,733 | 3,204,926 |
| 2024 | 2,518,854 | 326,968 | 41,704 | 2,887,526 |
| 2025 | 2,618,854 | 251,022 | 26,900 | 2,896,776 |
| 2026 | 773,140 | 170,892 | 11,280 | 955,312 |
| 2027 | 66,358 | 14,241 | 2,820 | 83,419 |
| Total | \$ 31,779,184 | \$ 5,759,846 | \$ 664,935 | \$ 38,203,965 |

Hamblen County, Tennessee
Annual Debt Report
Schedule of Long-term Debt Requirements by Year - By Debt Type
General Debt Service Fund

| Year Ending June 30 | Other Loans | | | Total |
|---------------------------|---------------|--------------|------------|---------------|
| | Principal | Interest | Other Fees | |
| 2017 | 1,063,854 | 610,352 | 94,820 | 1,769,026 |
| 2018 | 703,854 | 593,512 | 93,660 | 1,391,026 |
| 2019 | 703,854 | 593,512 | 93,660 | 1,391,026 |
| 2020 | 2,173,854 | 593,512 | 93,660 | 2,861,026 |
| 2021 | 2,253,854 | 532,002 | 81,670 | 2,867,526 |
| 2022 | 2,333,854 | 467,144 | 69,028 | 2,870,026 |
| 2023 | 2,423,854 | 398,939 | 55,733 | 2,878,526 |
| 2024 | 2,518,854 | 326,968 | 41,704 | 2,887,526 |
| 2025 | 2,618,854 | 251,022 | 26,900 | 2,896,776 |
| 2026 | 773,140 | 170,892 | 11,280 | 955,312 |
| 2027 | 66,358 | 14,241 | 2,820 | 83,419 |
| Total | \$ 17,634,184 | \$ 4,552,096 | \$ 664,935 | \$ 22,851,215 |

| Year Ending June 30 | Bonds | | Total |
|---------------------------|---------------|--------------|---------------|
| | Principal | Interest | |
| 2017 | 3,485,000 | 509,330 | 3,994,330 |
| 2018 | 4,180,000 | 381,830 | 4,561,830 |
| 2019 | 4,270,000 | 226,730 | 4,496,730 |
| 2020 | 615,000 | 36,715 | 651,715 |
| 2021 | 630,000 | 28,412 | 658,412 |
| 2022 | 645,000 | 18,333 | 663,333 |
| 2023 | 320,000 | 6,400 | 326,400 |
| Total | \$ 14,145,000 | \$ 1,207,750 | \$ 15,352,750 |

Hamblen County, Tennessee
Annual Debt Report
Schedule of Long-term Debt Requirements by Year
Local Government Public Improvement Bonds - Series E-4-A, Refunding

| Year Ending June 30 | Principal | Interest | Other Fees | Total |
|---------------------------|---------------|--------------|------------|---------------|
| 2017 | 0 | 422,620 | 82,380 | 505,000 |
| 2018 | 0 | 422,620 | 82,380 | 505,000 |
| 2019 | 0 | 422,620 | 82,380 | 505,000 |
| 2020 | 1,470,000 | 422,620 | 82,380 | 1,975,000 |
| 2021 | 1,550,000 | 361,110 | 70,390 | 1,981,500 |
| 2022 | 1,630,000 | 296,252 | 57,748 | 1,984,000 |
| 2023 | 1,720,000 | 228,047 | 44,453 | 1,992,500 |
| 2024 | 1,815,000 | 156,076 | 30,424 | 2,001,500 |
| 2025 | 1,915,000 | 80,130 | 15,620 | 2,010,750 |
| Total | \$ 10,100,000 | \$ 2,812,095 | \$ 548,155 | \$ 13,460,250 |

NOTE:

Local Government Public Improvement Bonds, Series E-4-A, Refunding were issued through the Blount County Public Building Authority on August 13, 2008, in the amount of \$10,100,000. This other loan was issued at a cost of \$100,000 to refund the \$10,000,000 outstanding for the Local Government Public Improvement Bonds, Series A-2-B. Series A-2-B was originally issued on June 1, 2001, for capital projects related to the school department and the courthouse annex. Series A-2-B has a synthetic fixed rate through the execution of swap agreement (a derivative). As of March 31, 2015, the swap agreement has a \$1,104,333 termination value should Hamblen County desire to terminate the swap. The termination value is constantly changing based on financial market conditions. Currently, interest and other fees are budgeted at a rate of 5%.

Hamblen County, Tennessee
Annual Debt Report
Schedule of Long-term Debt Requirements by Year
Local Government Public Improvement Bonds - Series VII-C-2, Refunding

| Year Ending June 30 | Principal | Interest | Other Fees | Total |
|---------------------------|------------|-----------|------------|------------|
| 2017 | 360,000 | 16,840 | 1,160 | 378,000 |
| Total | \$ 360,000 | \$ 16,840 | \$ 1,160 | \$ 378,000 |

NOTE:

Local Government Public Improvement Bonds, Series VII-C-2, Refunding were issued through the Sevier County Public Building Authority on November 24, 2008, in the amount of \$20,200,000. This other loan was issued at a cost of \$200,000 to refund the \$10,000,000 outstanding for the Local Government Public Improvement Bonds, Series III-D-2, and the \$10,000,000 outstanding for the Local Government Public Improvement Bonds, Series IV-B-3. Series III-D-2 was originally issued on January 1, 1999, for capital projects related to the school department and the courthouse annex. Series III-D-2 has a synthetic fixed rate through the execution of swap agreement (a derivative). As of March 31, 2015, the swap agreement had a \$200,759 termination value should Hamblen County desire to terminate the swap. The termination value is constantly changing based on financial market conditions. Series IV-B-3 was originally issued on January 1, 2000, for capital projects related to the school department and the courthouse annex. Currently, interest and other fees are budgeted at a rate of 5%.

Hamblen County, Tennessee
Annual Debt Report
Schedule of Long-term Debt Requirements by Year
Qualified School Construction Bond

| Year Ending June 30 | Principal | Interest | Other Fees | Total |
|---------------------------|--------------|--------------|------------|--------------|
| 2017 | 703,854 | 170,892 | 11,280 | 886,026 |
| 2018 | 703,854 | 170,892 | 11,280 | 886,026 |
| 2019 | 703,854 | 170,892 | 11,280 | 886,026 |
| 2020 | 703,854 | 170,892 | 11,280 | 886,026 |
| 2021 | 703,854 | 170,892 | 11,280 | 886,026 |
| 2022 | 703,854 | 170,892 | 11,280 | 886,026 |
| 2023 | 703,854 | 170,892 | 11,280 | 886,026 |
| 2024 | 703,854 | 170,892 | 11,280 | 886,026 |
| 2025 | 703,854 | 170,892 | 11,280 | 886,026 |
| 2026 | 773,140 | 170,892 | 11,280 | 955,312 |
| 2027 | 66,358 | 14,241 | 2,820 | 83,419 |
| Total | \$ 7,174,184 | \$ 1,723,161 | \$ 115,620 | \$ 9,012,965 |

NOTE:

The Qualified School Construction Bonds were issued through the Tennessee State School Bond Authority and loaned to Hamblen County on December 17, 2009, in the amount of \$11,280,000. This other loan was issued at a cost of \$124,936 for capital projects related to the school department. It is important to note that the Tennessee State School Bond Authority issued the bonds and loaned the proceeds to Hamblen County and various other governments across Tennessee. Hamblen County pays interest of 1.515 percent on its share of the bonds and also pays a monthly administrative fee to the State of Tennessee. Hamblen County and the other borrowers of the bond proceeds are required to comply with federal regulations established for the Qualified School Construction Bond program. Failure to comply with those requirements may result in the loss of the tax credit status of the bonds. This would result in further charges to the borrowers (Hamblen County) including the requirements to pay the tax-credit rate (5.86 percent) in addition to the 1.515 percent for a total rate of 7.375 percent. Currently, the budget is based on the 1.515 percent and the related monthly administrative fee.

Hamblen County, Tennessee
Annual Debt Report
Schedule of Long-term Debt Requirements by Year
General Obligation Refunding Bonds, Series 2009

| Year Ending June 30 | Principal | Interest | Total |
|---------------------------|----------------------|-------------------|----------------------|
| 2017 | 2,890,000 | 441,600 | 3,331,600 |
| 2018 | 3,575,000 | 326,000 | 3,901,000 |
| 2019 | <u>3,660,000</u> | <u>183,000</u> | <u>3,843,000</u> |
| Total | <u>\$ 10,125,000</u> | <u>\$ 950,600</u> | <u>\$ 11,075,600</u> |

NOTE:

General Obligation Refunding Bonds, Series 2009 were issued on September 23, 2009 in the amount of \$10,860,000. These bonds were sold at premium totaling \$911,416 and issued at a cost of \$234,113. The bonds refunded the \$10,000,000 outstanding on the Local Government Public Improvement Bonds, Series III-A-3, and the associated swap agreement (a derivative) totaling \$1,497,000. The Series III-A-3 was originally issued on March 19, 1998, for capital projects related to the school department. The fixed interest rates on the Series 2009 bonds range from 3% percent to 5%.

Hamblen County, Tennessee
Annual Debt Report
Schedule of Long-term Debt Requirements by Year
General Obligation Bonds, Series 2014

| Year Ending June 30 | Principal | Interest | Total |
|---------------------------|---------------------|-------------------|---------------------|
| 2017 | 595,000 | 67,730 | 662,730 |
| 2018 | 605,000 | 55,830 | 660,830 |
| 2019 | 610,000 | 43,730 | 653,730 |
| 2020 | 615,000 | 36,715 | 651,715 |
| 2021 | 630,000 | 28,412 | 658,412 |
| 2022 | 645,000 | 18,333 | 663,333 |
| 2023 | 320,000 | 6,400 | 326,400 |
| Total | <u>\$ 4,020,000</u> | <u>\$ 257,150</u> | <u>\$ 4,277,150</u> |

NOTE:

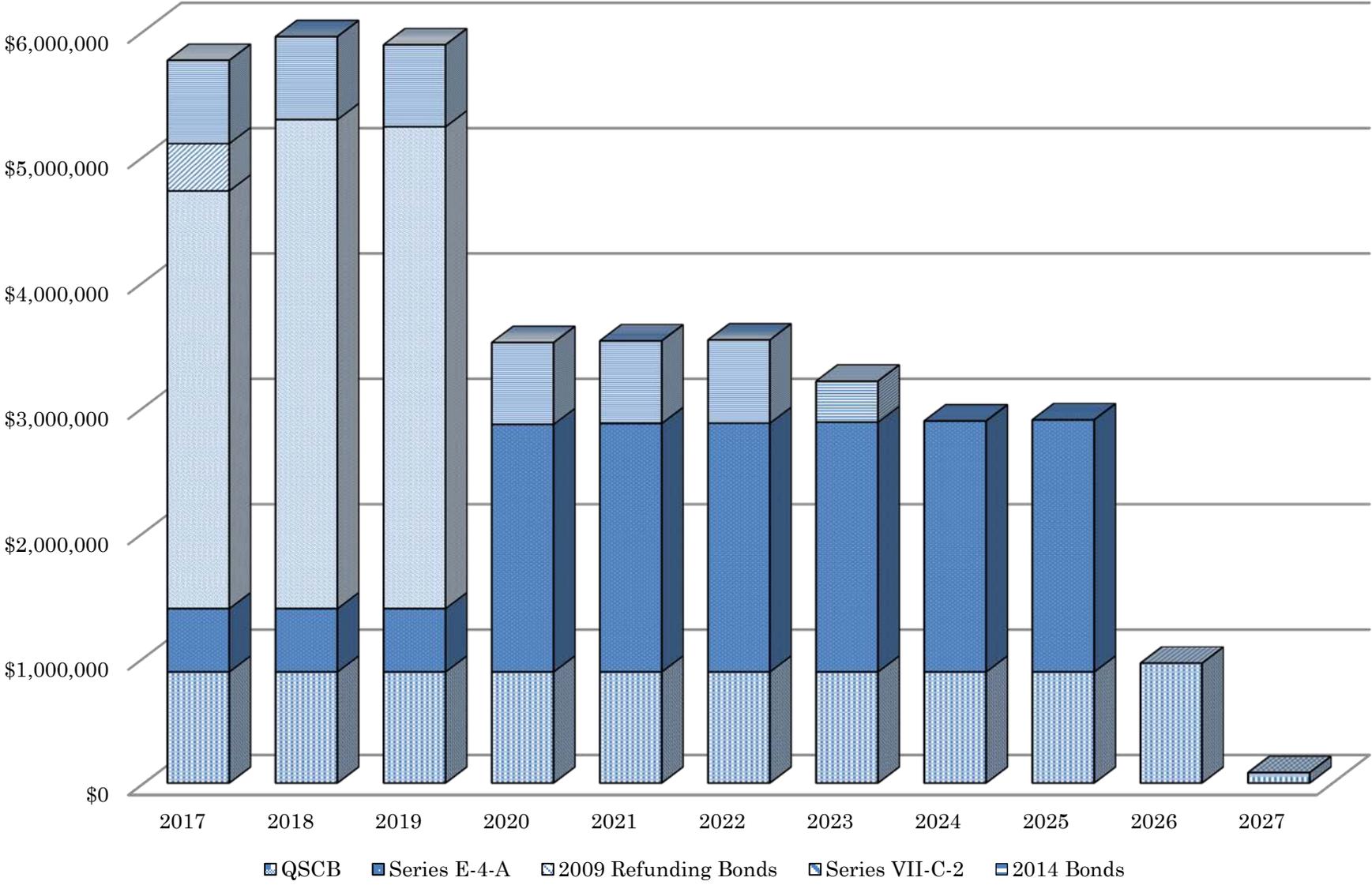
General Obligation Bonds, Series 2014 were issued on March 28, 2014, in the amount of \$5,200,000. These bonds were sold at a premium totaling \$77,475 and issued at a cost of \$73,224. Of the \$5,200,000 issued, \$2,700,000 was for paving project in the county and \$2,500,000 was for capital improvements projects at one of the county high schools. The fixed interest rates on the Series 2014 bonds range from 1.15% to 2%.

Hamblen County, Tennessee
Annual Debt Report
Multiple Year Debt Budget

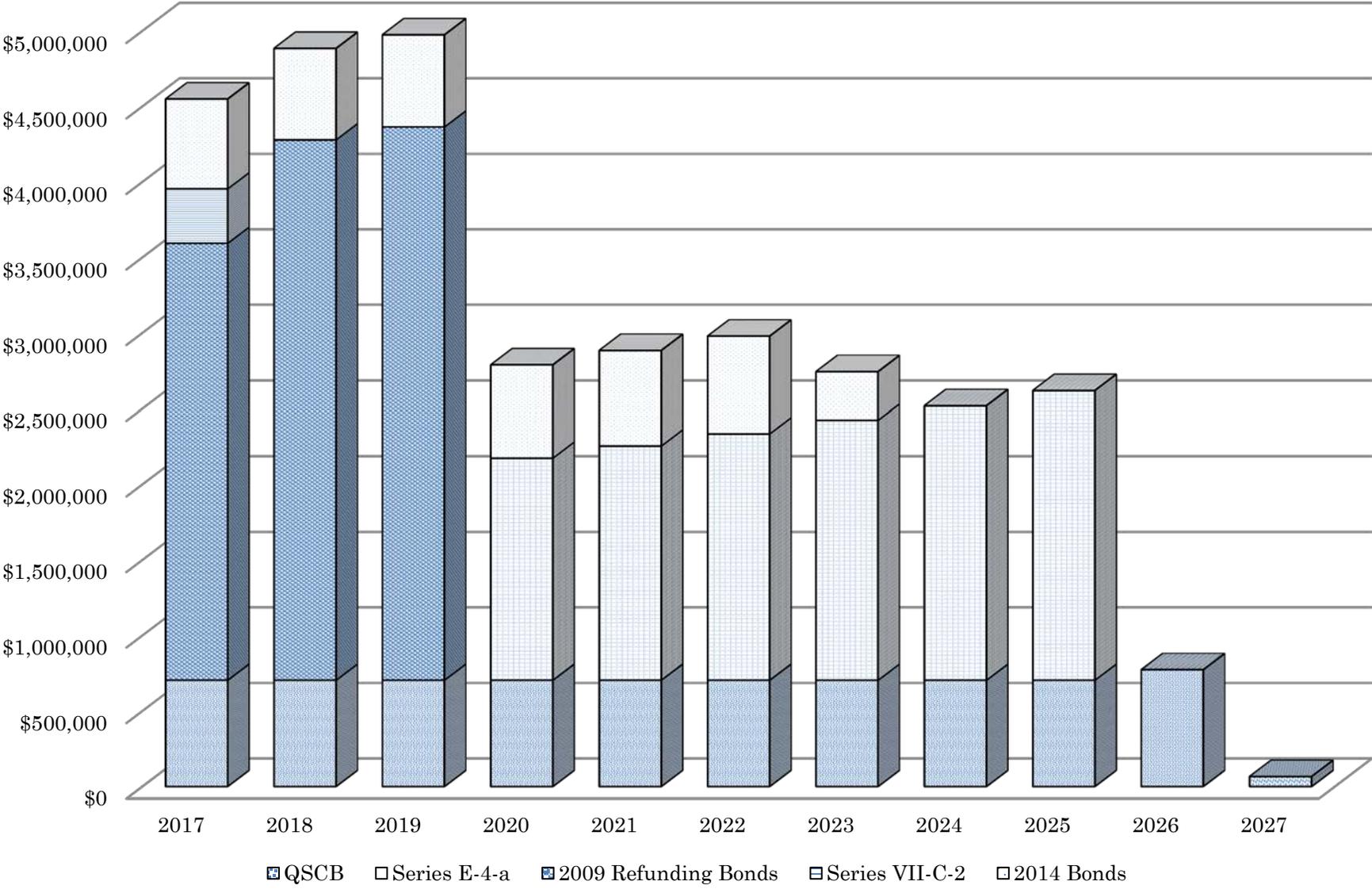
| ACCOUNT NUMBER DESCRIPTION | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| ESTIMATED REVENUES | | | | | | | | | | | |
| 40000 Local Taxes | | | | | | | | | | | |
| 40100 County Property Taxes | | | | | | | | | | | |
| 40110 Current Property Tax | \$ 4,250,000 | \$ 4,250,000 | \$ 4,250,000 | \$ 4,250,000 | \$ 4,250,000 | \$ 4,250,000 | \$ 4,250,000 | \$ 4,250,000 | \$ 4,250,000 | \$ 4,250,000 | \$ 4,250,000 |
| 40120 Trustee's Collections - Prior Year | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 |
| 40130 Circuit/Clerk and Mater Collections - Prior Years | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 |
| 40140 Interest and Penaltv | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| 40161 Payments in-Lieu-of Taxes - T.V.A. | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| 40162 Payments in-Lieu-of Taxes - Local Utilities | 62,634 | 62,634 | 62,634 | 62,634 | 62,634 | 62,634 | 62,634 | 62,634 | 62,634 | 62,634 | 62,634 |
| 40163 Payments in Lieu of Taxes - Other | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 |
| 40200 County Local Option Taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 40210 Local Option Sales Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 40266 Litigation Taxes - Jail, Workhouse or Courthouse | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| 40300 Statutory Local Taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 40320 Bank Excise Tax | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Total Local Taxes | \$ 4,588,034 | \$ 4,588,034 | \$ 4,588,034 | \$ 4,588,034 | \$ 4,588,034 | \$ 4,588,034 | \$ 4,588,034 | \$ 4,588,034 | \$ 4,588,034 | \$ 4,588,034 | \$ 4,588,034 |
| 42000 Fines, Forfeitures, and Penalties | | | | | | | | | | | |
| 42100 Circuit Court | | | | | | | | | | | |
| 42150 Jail Fees | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 |
| 42300 General Sessions Court | | | | | | | | | | | |
| 42350 Jail Fees | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| Total Fines, Forfeitures, and Penalties | \$ 47,000 | \$ 47,000 | \$ 47,000 | \$ 47,000 | \$ 47,000 | \$ 47,000 | \$ 47,000 | \$ 47,000 | \$ 47,000 | \$ 47,000 | \$ 47,000 |
| 44000 Other Local Revenues | | | | | | | | | | | |
| 44100 Recurring Items | | | | | | | | | | | |
| 44110 Investment Income | \$ 225,000 | \$ 225,000 | \$ 225,000 | \$ 225,000 | \$ 225,000 | \$ 225,000 | \$ 225,000 | \$ 225,000 | \$ 225,000 | \$ 225,000 | \$ 225,000 |
| 44990 Other Local Revenues | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 0 | 0 |
| 44990 Other Local Revenues | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Local Revenues | \$ 725,000 | \$ 725,000 | \$ 725,000 | \$ 725,000 | \$ 725,000 | \$ 725,000 | \$ 725,000 | \$ 725,000 | \$ 725,000 | \$ 225,000 | \$ 225,000 |
| Total Estimated Revenues and Other Sources | \$ 5,360,034 | \$ 5,360,034 | \$ 5,360,034 | \$ 5,360,034 | \$ 5,360,034 | \$ 5,360,034 | \$ 5,360,034 | \$ 5,360,034 | \$ 5,360,034 | \$ 4,860,034 | \$ 4,860,034 |
| ESTIMATED EXPENDITURES | | | | | | | | | | | |
| 82100 Principal on Debt | | | | | | | | | | | |
| 82110 General Government | | | | | | | | | | | |
| 601 Principal on Bonds | \$ 57,800 | \$ 71,500 | \$ 73,200 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 612 Principal on Other Loans | 48,960 | 0 | 0 | 363,972 | 383,780 | 403,588 | 425,872 | 449,394 | 474,154 | 0 | 0 |
| Total Principal - General Government | \$ 106,760 | \$ 71,500 | \$ 73,200 | \$ 363,972 | \$ 383,780 | \$ 403,588 | \$ 425,872 | \$ 449,394 | \$ 474,154 | \$ 0 | \$ 0 |
| 82120 Highways and Streets | | | | | | | | | | | |
| 601 Principal on Bonds | \$ 290,000 | \$ 295,000 | \$ 300,000 | \$ 300,000 | \$ 305,000 | \$ 315,000 | \$ 320,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Total Principal - Highways and Streets | \$ 290,000 | \$ 295,000 | \$ 300,000 | \$ 300,000 | \$ 305,000 | \$ 315,000 | \$ 320,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 82130 Education | | | | | | | | | | | |
| 601 Principal on Bonds | \$ 3,137,200 | \$ 3,813,500 | \$ 3,896,800 | \$ 3,150,000 | \$ 3,250,000 | \$ 3,300,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 612 Principal on Other Loans | 1,014,894 | 703,854 | 703,854 | 1,809,882 | 1,870,074 | 1,930,266 | 1,997,982 | 2,069,460 | 2,144,700 | 773,140 | 63,358 |
| Total Principal - Education | \$ 4,152,094 | \$ 4,517,354 | \$ 4,600,654 | \$ 2,124,882 | \$ 2,195,074 | \$ 2,260,266 | \$ 1,997,982 | \$ 2,069,460 | \$ 2,144,700 | \$ 773,140 | \$ 63,358 |
| 82200 Interest on Debt | | | | | | | | | | | |
| 82210 General Government | | | | | | | | | | | |
| 603 Interest on Bonds | \$ 8,832 | \$ 6,520 | \$ 3,660 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 613 Interest on Other Loans | 127,486 | 125,038 | 125,038 | 125,038 | 106,839 | 87,650 | 67,471 | 46,177 | 23,708 | 0 | 0 |
| Total Interest - General Government | \$ 136,318 | \$ 131,558 | \$ 128,698 | \$ 125,038 | \$ 106,839 | \$ 87,650 | \$ 67,471 | \$ 46,177 | \$ 23,708 | \$ 0 | \$ 0 |
| 82220 Highways and Streets | | | | | | | | | | | |
| 603 Interest on Bonds | \$ 36,307 | \$ 30,507 | \$ 24,608 | \$ 21,157 | \$ 17,107 | \$ 12,228 | \$ 6,400 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Total Interest - Highways and Streets | \$ 36,307 | \$ 30,507 | \$ 24,608 | \$ 21,157 | \$ 17,107 | \$ 12,228 | \$ 6,400 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 82230 Education | | | | | | | | | | | |
| 603 Interest on Bonds | \$ 464,191 | \$ 344,803 | \$ 198,462 | \$ 15,558 | \$ 11,305 | \$ 6,105 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 604 Interest on Notes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 613 Interest on Other Loans | 566,406 | 550,854 | 550,854 | 550,854 | 495,553 | 437,242 | 375,921 | 311,215 | 242,934 | 170,892 | 14,241 |
| Total Interest - Education | \$ 1,030,597 | \$ 895,657 | \$ 749,316 | \$ 566,412 | \$ 506,858 | \$ 443,347 | \$ 375,921 | \$ 311,215 | \$ 242,934 | \$ 170,892 | \$ 14,241 |
| 82300 Other Debt Service | | | | | | | | | | | |
| 82310 General Government | | | | | | | | | | | |
| 510 Trustee's Commission | \$ 93,652 | \$ 95,525 | \$ 97,435 | \$ 99,384 | \$ 101,372 | \$ 103,399 | \$ 105,467 | \$ 107,576 | \$ 109,728 | \$ 111,922 | \$ 114,161 |
| Total Other Debt Service - General Government | \$ 93,652 | \$ 95,525 | \$ 97,435 | \$ 99,384 | \$ 101,372 | \$ 103,399 | \$ 105,467 | \$ 107,576 | \$ 109,728 | \$ 111,922 | \$ 114,161 |
| 82330 Education | | | | | | | | | | | |
| 699 Other Debt Service | \$ 11,280 | \$ 11,280 | \$ 11,280 | \$ 11,280 | \$ 11,280 | \$ 11,280 | \$ 11,280 | \$ 11,280 | \$ 11,280 | \$ 11,280 | \$ 2,820 |
| Total Other Debt Service - Education | \$ 11,280 | \$ 11,280 | \$ 11,280 | \$ 11,280 | \$ 11,280 | \$ 11,280 | \$ 11,280 | \$ 11,280 | \$ 11,280 | \$ 11,280 | \$ 2,820 |
| Total Estimated Expenditures and Other Uses | \$ 5,857,008 | \$ 6,048,381 | \$ 5,985,191 | \$ 3,612,125 | \$ 3,627,310 | \$ 3,636,758 | \$ 3,310,393 | \$ 2,995,102 | \$ 3,006,504 | \$ 1,067,234 | \$ 194,580 |
| Excess of Estimated Revenue Over (Under) Estimated Expenditures | \$ (496,974) | \$ (688,347) | \$ (625,157) | \$ 1,747,909 | \$ 1,732,724 | \$ 1,723,276 | \$ 2,049,641 | \$ 2,364,932 | \$ 2,353,530 | \$ 3,792,800 | \$ 4,665,454 |
| Estimated Beginning Fund Balance & Reserves - July 1 | 3,853,085 | 3,356,111 | 2,667,765 | 2,042,608 | 3,790,517 | 5,523,241 | 7,246,517 | 9,296,158 | 11,661,090 | 14,014,620 | 17,807,420 |
| Estimated Ending Fund Balance & Reserves - June 30 | \$ 3,356,111 | \$ 2,667,765 | \$ 2,042,608 | \$ 3,790,517 | \$ 5,523,241 | \$ 7,246,517 | \$ 9,296,158 | \$ 11,661,090 | \$ 14,014,620 | \$ 17,807,420 | \$ 22,472,874 |

NOTE: Based on current economic conditions, the revenues are budgeted constant with no growth.

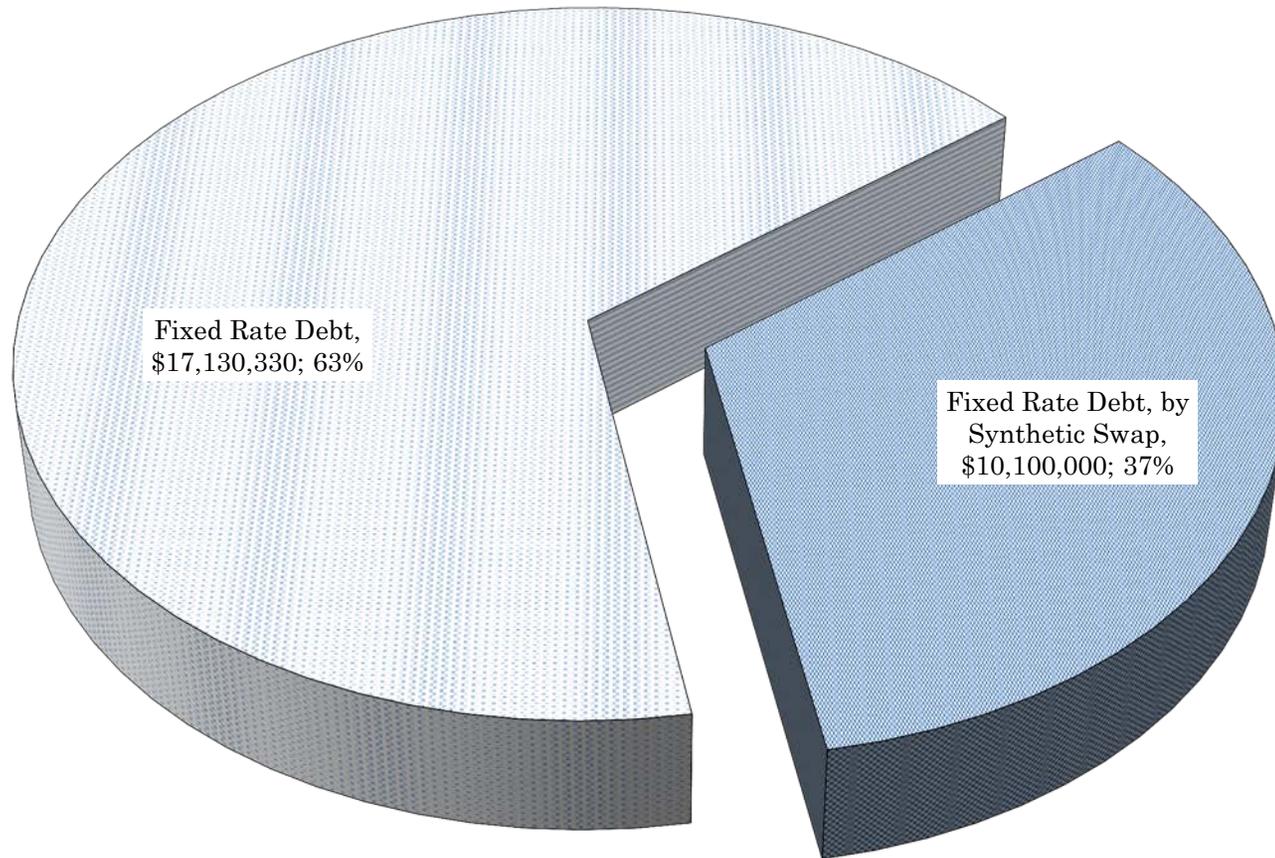
HAMBLLEN COUNTY, TENNESSEE SCHEDULE OF TOTAL PAYMENTS



HAMBLLEN COUNTY, TENNESSEE SCHEDULE OF PRINCIPAL PAYMENTS



**Hamblen County, Tennessee
Debt Portfolio Ratios
Total Outstanding Debt - \$27,230,330**



Hamblen County, Tennessee General Government to Schools Percentage

Total Outstanding Debt - \$27,230,330

