

# TENNESSEE STATE SCHOOL BOND AUTHORITY

A COMPONENT UNIT OF THE STATE OF TENNESSEE

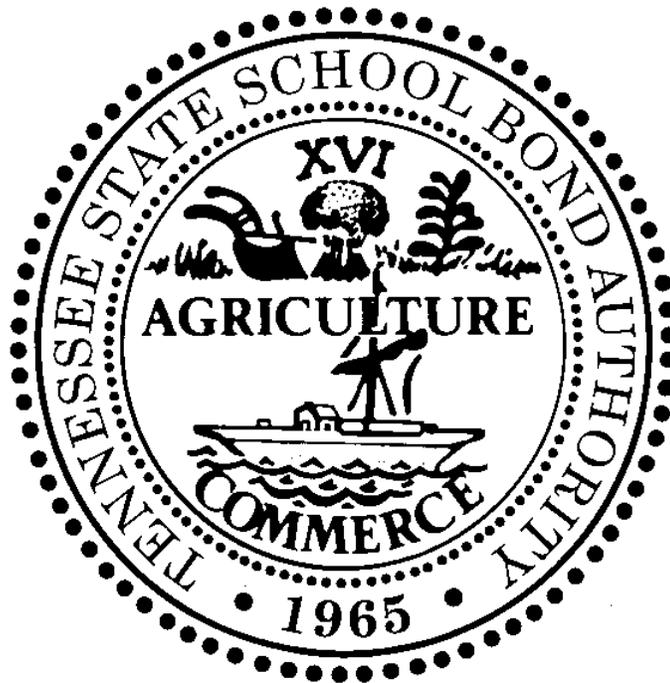


## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2009

# **Tennessee State School Bond Authority Comprehensive Annual Financial Report For the Year Ended June 30, 2009**

**PHIL BREDESEN, Governor and Chairman**



**A Component Unit of the State of Tennessee**

**Prepared by the Comptroller of the Treasury, Division of Bond Finance**

**Mary-Margaret Collier**  
*Director, Division of Bond Finance*  
*and*  
*Assistant Secretary, TSSBA*

**TENNESSEE STATE SCHOOL BOND AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2009**

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# INTRODUCTORY SECTION

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**TENNESSEE STATE SCHOOL BOND AUTHORITY**  
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NASHVILLE, TENNESSEE 37243-0273  
PHONE (615) 401-7872  
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*Governor Phil Bredesen, Chairman*

*Justin P. Wilson, Secretary*

December 28, 2009

The Honorable Phil Bredesen, Governor and Chairman  
and  
Members of the Tennessee State School Bond Authority

I am pleased to submit the Comprehensive Annual Financial Report of the Tennessee State School Bond Authority (the "Authority"), a component unit of the State of Tennessee, for the fiscal year ended June 30, 2009. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

This letter of transmittal is designed to complement Management's Discussion and Analysis and should be read in conjunction with it. The Authority's Management Discussion and Analysis can be found on pages 3 - 9 of this report.

## **BUSINESS ENVIRONMENT**

### **Legal Authority**

The Tennessee State School Bond Authority, created in 1965, is a corporate governmental agency and instrumentality of the State of Tennessee whose purpose is to finance capital projects for public institutions of higher education located in Tennessee and to finance projects approved pursuant to the Qualified Zone Academy Bond Program of the federal government. During the fiscal year ended, June 30, 2009, the General Assembly enacted legislation designating the Authority as the education agency for the issuance of Qualified School Construction Bonds ("QSCB") authorized in the American Recovery and Reinvestment Act of 2009. The Authority has no taxing power. Pursuant to Section 49-3-1204, *Tennessee Code Annotated* ("T.C.A.") (the "Act"), the Governor serves as Chairman and the Comptroller of the Treasury serves as Secretary to the Authority.

**Higher Education Facilities Programs.** Pursuant to the General Higher Educational Facilities Bond Resolution adopted in May 1967 ("1967 Resolution"), bonds were issued to provide funds to make loans to the institutions of higher education. In April 1998, the Authority adopted the Higher Educational Facilities Second Program General Bond Resolution ("1998 Resolution") with the same purpose. At that time, the 1967 Resolution was closed, and all bonds are now issued pursuant to the 1998 Resolution. Projects financed by the Authority must be revenue producing. The fee charged for financing a project includes both a debt service and an administrative component. The Authority has financed a variety of projects including dormitories, athletic facilities, parking facilities and major equipment purchases. These projects could be contrasted with capital projects for basic education needs such as classrooms and libraries that are funded from the proceeds of the State's general obligation bonds.

In 1997, the Authority approved a Commercial Paper Resolution that authorized the issuance of up to \$150 million. In 2008, the Authority increased to the authorization to issue a maximum amount of \$350 million. However, under the current Credit Agreement with State Street Bank and Trust Company, the maximum amount of outstanding commercial paper is limited to \$300 million. The Commercial Paper is used to fund certain higher education facility's projects during the construction phase of those projects. When the projects are placed in service, long-term, fixed-rate debt is issued to finance the project over its useful life payback period and the commercial paper is redeemed. Certain equipment and property acquisitions are financed solely within the commercial paper program. Equipment financed solely within the commercial paper program has a useful life of five to seven years.

**Qualified Zone Academy Bond Program.** In 1999, the General Assembly authorized the Authority to issue Qualified Zone Academy Bonds ("QZAB") pursuant to program requirements approved by the Congress of the United States in Section 226 of the Taxpayer's Relief Act of 1997. These bonds are a part of a federal government program in which a federal income tax credit is given to investors in lieu of interest payments on the bonds. These bonds are issued under the provisions of the Authority's Qualified Zone Academy Bonds First Program Resolution. They are not supported by either the 1967 Resolution or the 1998 Resolution for Higher Education Facilities. Through this program, loans are provided to local education agencies to fund the renovation of classroom buildings and to purchase equipment to enhance learning opportunities. Funding for this program is limited to the amount allocated by the federal government.

**Qualified School Construction Bond Program.** Subsequent to the fiscal year ended, June 30, 2009, the Authority adopted the Qualified School Construction Bonds General Bond Resolution and issued \$177,000,000 of QSCBs to thirteen local government borrowers. These bonds are not supported by either the 1967 Resolution or the 1998 Resolution for Higher Education Facilities.

### **Responsibility of Management**

Management assumes responsibility for the fair presentation of the financial statements found in this report in conformity with accounting principles generally accepted in the United States of America; for compliance with applicable laws, regulations, and the provisions of contracts (including bond resolutions); and for establishing and maintaining effective internal control over financial reporting, operations, and compliance

**Internal Control.** In developing the Authority's accounting system, much consideration was given to the adequacy of internal accounting controls. Such controls are designed to provide reasonable, but not absolute assurance regarding (1) preventing, deterring, and detecting fraudulent activity, and (2) the reliability of financial records used in preparing financial statements. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

**Independent Audit Committee.** T.C.A. § 4-35-101 requires that a state governing board, council, commission, or equivalent body that (a) has the authority to hire and terminate its employees or (b) is responsible for the preparation of financial statements, whether included in the financial statements of other entities or free standing, shall create an audit committee. The Authority appointed an independent audit committee on August 12, 2004.

The Authority approved an Audit Charter created by the Audit Committee on September 14, 2006. The Audit Charter defines the responsibilities of the Audit Committee as follows:

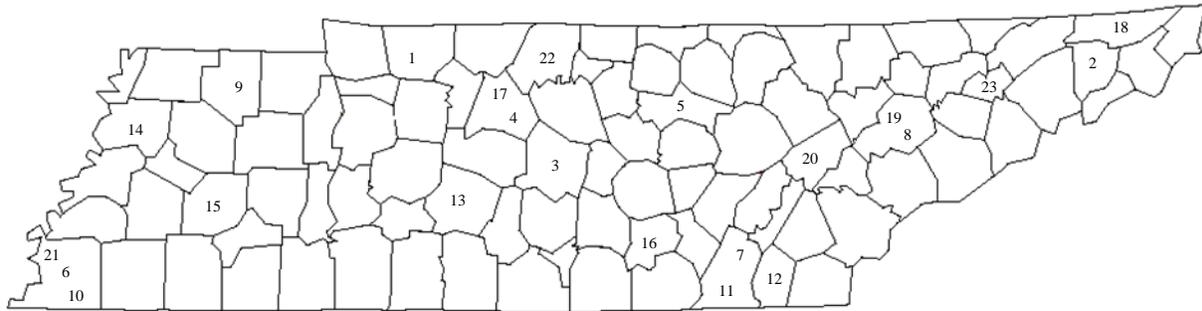
- Overseeing the Authority's financial reporting and related disclosures, especially when financial statements are issued;
- Reviewing management's process for assessment of risk, including fraud risk, for adequacy;
- Reviewing documentation of assessment results to determine that internal controls are sufficient to mitigate the assessed risks in the agency;
- Formally reiterating, on a regular basis, to the Authority or its management and staff, the responsibility of the Authority or its management and staff to prevent, detect and report fraud, waste and abuse;
- Serving as a facilitator of any audits or investigations of the Authority, including advising auditors and investigators of any information the Committee may receive pertinent to audit or investigative matters;
- Promptly notifying the Comptroller of the Treasury of any indications of fraud; and

- Establishing a process by which employees, taxpayers, investors or other citizens may confidentially report suspected illegal, improper, wasteful or fraudulent activity and ensure procedures exist for the receipt, retention, and treatment of such complaints.

**The Borrowers**

**Higher Education Facilities Programs.** Public higher education in Tennessee is coordinated by the Tennessee Higher Education Commission and consists of two systems: The University of Tennessee campuses governed by the University of Tennessee Board of Trustees and the state universities, community colleges, and state technology centers governed by the Tennessee Board of Regents of the State University and Community College System of Tennessee. The Boards are the governing bodies for all public higher education in Tennessee.

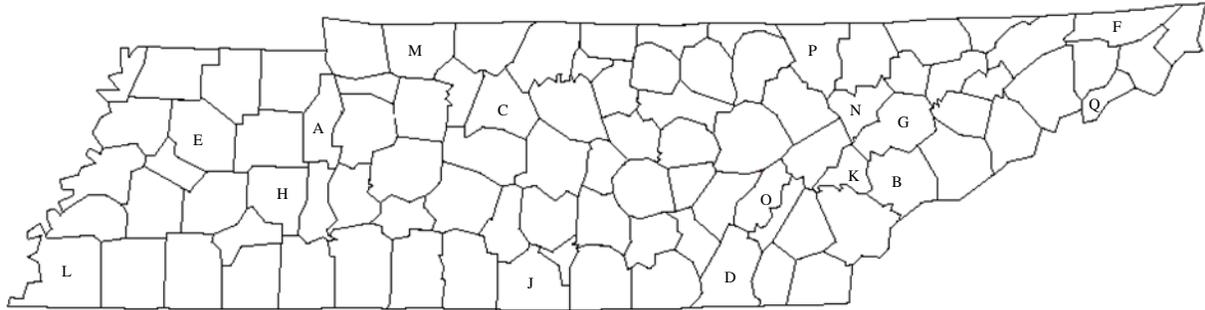
The University of Tennessee has four campuses (at Knoxville, Martin, Memphis, and Chattanooga), with 33 colleges, schools and divisions, all of which constitute a single “Institution”. The Tennessee Board of Regents governs the State University and Community College System. It currently includes 6 universities, 13 community colleges, and 26 state technology centers. The technology centers are not permitted to borrow from the Authority.



**Eligible Higher Education Institutions**

- |    |  |    |   |
|----|--|----|---|
| 1  | Austin Peay State University                             | 13 | Columbia State Community College              |
| 2  | East Tennessee State University                          | 14 | Dyersburg State Community College             |
| 3  | Middle Tennessee State University                        | 15 | Jackson State Community College               |
| 4  | Tennessee State University                               | 16 | Motlow State Community College                |
| 5  | Tennessee Technological University                       | 17 | Nashville State Technical Community College   |
| 6  | University of Memphis                                    | 18 | Northeast State Technical Community College   |
| 7  | University of Tennessee at Chattanooga                   | 19 | Pellissippi State Technical Community College |
| 8  | University of Tennessee at Knoxville                     | 20 | Roane State Community College                 |
| 9  | University of Tennessee at Martin                        | 21 | Southwest Tennessee Community College         |
| 10 | University of Tennessee Health Science Center at Memphis | 22 | Volunteer State Community College             |
| 11 | Chattanooga State Technical Community College            | 23 | Walters State Community College               |
| 12 | Cleveland State Community College                        |    |   |

**Qualified Zone Academy Bond Program.** The QZAB program is a capital financing program originally authorized by the federal government. The borrowers of the QZAB program consist of local education agencies that are governed by the Tennessee Department of Education. There are currently 16 local education agencies participating in the QZAB program.



**Participating QZAB Local Education Agencies**

- |   |                         |   |                           |
|---|-------------------------|---|---------------------------|
| A | Benton County Schools   | J | Lincoln County Schools    |
| B | Blount County Schools   | K | Loudon County Schools     |
| C | Davidson County Schools | L | Memphis City Schools      |
| D | Hamilton County Schools | M | Montgomery County Schools |
| E | Humboldt City Schools   | N | Oak Ridge City Schools    |
| F | Kingsport City Schools  | O | Rhea County Schools       |
| G | Knox County Schools     | P | Scott County Schools      |
| H | Lexington City Schools  | Q | Unicoi County Schools     |

**The Programs**

**Higher Education Facilities Programs.** The Authority and each Board have entered into separate financing agreements under which the Authority agrees to finance projects and the respective boards agree to make payments to the Authority. Under each financing agreement, the relevant board covenants and agrees to establish and collect fees and charges at each institution at a level sufficient to produce in each fiscal year no less than two times the amount required for the payment of the aggregate of financing charges.

**Qualified Zone Academy Bond Program.** In Tennessee, local education agencies do not have taxing power. The power to tax is vested in cities and counties. Local education agencies receive their funding from the city and/or county where they are located. To receive a QZAB loan, a local education agency, in cooperation with its city or county, must complete an application provided by the Tennessee Department of Education. The Department of Education reviews the applications and recommends to the Authority the projects deemed worthy of funding. Each local education agency and the respective city or county enters into a loan agreement with the Authority under which the Authority agrees to finance the projects and the respective city or county agrees to repay the loan. The Authority also has the power to intercept state-shared taxes should the community fail to make timely debt service payments.

## **Future Outlook**

**Enrollment Trends in Higher Education.** Enrollment, on a full-time equivalent basis, in four-year public institutions of higher education has increased 18.5% over the past ten years and 29.4% in two-year public institutions with a combined increase of 22.0%. For the remainder of this decade, sustained growth in the number of graduates produced by public and private high schools in Tennessee is expected as the result of the baby-boom echo. More Tennesseans have been able to attend college since the advent of the State lottery in 2002, which provides funding for the Tennessee Education Lottery Scholarship program. The Tennessee Education Lottery Scholarship program provided scholarships to more than 89,000 students in the 2008-2009 academic year. In the Knowledge Economy, the importance of receiving training beyond high school is significant. The growing demand for higher education will guarantee that the higher education system will sustain its long-term debt commitments well into the future.

**Infrastructure Demand, K-12 Education.** The Tennessee Advisory Commission on Intergovernmental Relations (“TACIR”) reports that during the five year period of June 2007 to June 2012 the demand for improvements to existing schools and technology upgrades total over \$1.899 billion with \$244 million of that being for technology. The State was allocated \$33.416 million of QZABs in 2009 and \$121.7 million of QSCBs to aid in funding this demand. The Authority believes it will receive similar allocations in 2010.

## **FINANCIAL INFORMATION**

**Budget.** The Authority has no formally approved operating budget. However, controls are in place to assure financial compliance for each project. All loans made and bonds issued must be approved by the Authority in public meetings. T.C.A. § 49-3-1201 et. seq. permits the Authority to make and collect charges from the borrowers for all administrative fees that it determines to be reasonable. These administrative fees include but are not limited to costs relating to the issuance and payment of debt, liquidity facilities, trustee fees, and administrative costs of staff. All such fees and charges are subject to independent audit for reporting and compliance purposes.

**Financial Statements.** A discussion of the financial statements is included on pages 7 - 8 in the Management’s Discussion and Analysis section of this Comprehensive Annual Financial Report.

**Cash Management.** Authorized investments are identified in the various bond and note resolutions. Unexpended bond and note proceeds are invested by the State Treasurer in the State Pooled Investment Fund. Investments of moneys held in the debt service reserve fund are held by the Trustee. Decisions on investments in the debt service reserve fund are made by the State Treasurer’s staff in consultation with the Authority staff and the Trustee.

Payments made into the sinking fund for the Series 1999, 2001, and 2003 QZAB bonds are held in the State Pooled Investment Fund and invested by the State Treasurer. For the Series 2004 and 2005 bonds, however, the Authority entered into Forward Delivery Agreements (the “Agreements”) with the Bank of America, N.A. and J.P. Morgan Chase Bank, N.A. (collectively, “the Banks”) whereby the Banks select the sinking fund investments from eligible securities defined in the Agreements. Such investments are held by the State Treasurer in the Authority’s name. Investments are described in the Notes to the Financial Statements, Note 2, of this report.

## **OTHER INFORMATION**

**Securities and Exchange Commission Disclosures.** The Tennessee State School Bond Authority has entered into a Continuing Disclosure Undertaking (“Undertaking”) with respect to certain debt issues. The Undertaking was made for the benefit of the holders of the debt pursuant to U.S. Securities and Exchange Commission Rule 15c2-12. The Authority has covenanted to provide certain annual financial information, including audited financial statements, as well as certain additional financial and operating data. However, financial and operating data required pursuant to the Undertaking is included in the Comprehensive Annual Financial Report of the State of Tennessee, not in this report. The reader of the State’s Comprehensive Annual Financial Report should use the index located at the end of that report to identify the specific pages where the information is presented.

**Independent Audit.** T.C.A. § 4-3-304 requires that the Department of Audit performs currently a post-audit of all accounts and other financial records of the state government, and any department, institution, office or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the Comptroller of the Treasury.

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Tennessee State School Bond Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the sixth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

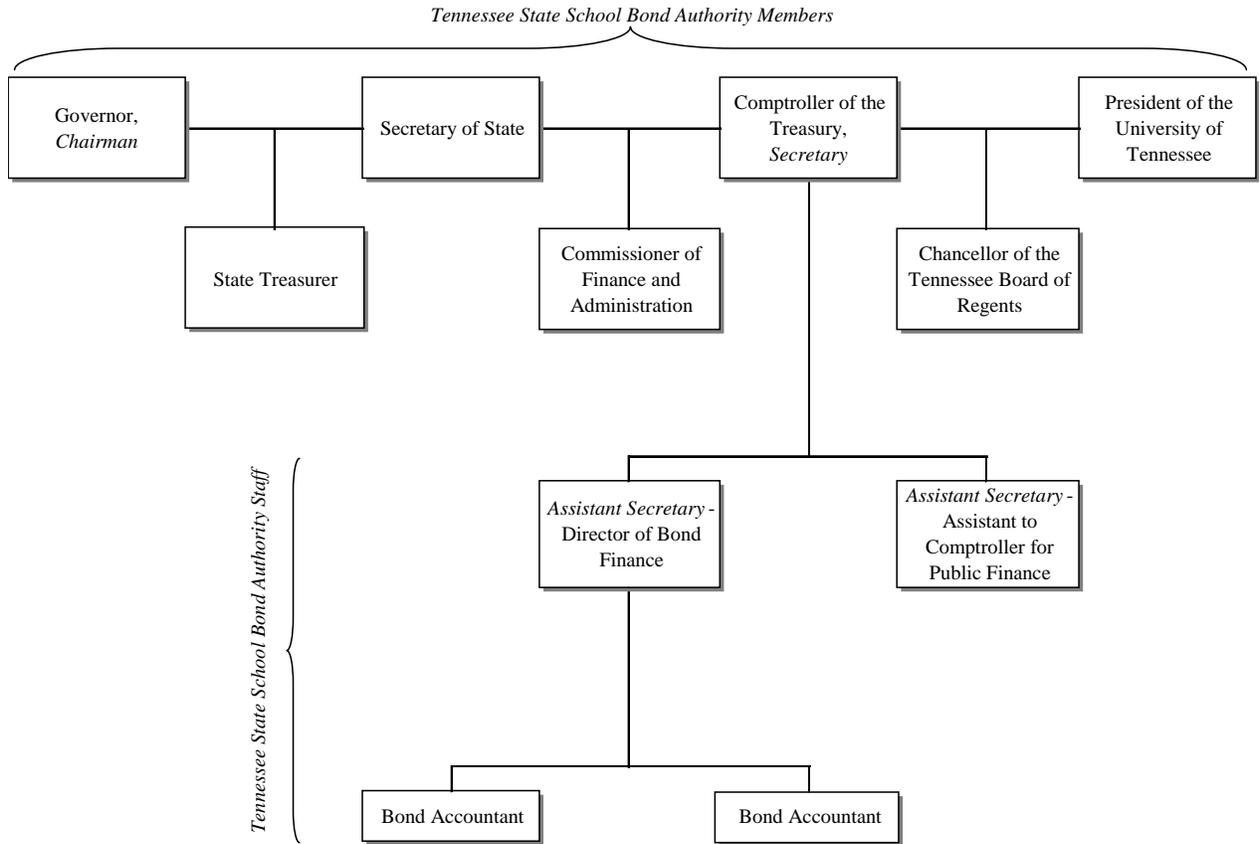
**Acknowledgements.** The preparation of the comprehensive annual financial report was made possible by the dedication of the staff of the Division of Bond Finance in the Office of the Comptroller of the Treasury.

Respectfully submitted,

A handwritten signature in black ink that reads "Mary-Margaret Collier". The signature is written in a cursive, flowing style.

Mary-Margaret Collier, Assistant Secretary  
Tennessee State School Bond Authority

# Tennessee State School Bond Authority Organization Chart





## **TENNESSEE STATE SCHOOL BOND AUTHORITY**

### **MEMBERS**

Phil Bredesen, Governor, *Chairman*

Justin P. Wilson, Comptroller of the Treasury, *Secretary*

Tre Hargett, Secretary of State

David Lillard, State Treasurer

Dave Goetz, Commissioner of Finance and Administration

Dr. Jan Simek, President of the University of Tennessee

Dr. Charles Manning, Chancellor of the Tennessee Board of Regents

### **STAFF**

Mary-Margaret Collier, Director of Bond Finance, *Assistant Secretary*

Ann V. Butterworth, Assistant to Comptroller for Public Finance, *Assistant Secretary*

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Tennessee State School Bond Authority

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



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# FINANCIAL SECTION

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**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF STATE AUDIT**

**SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7897  
FAX (615) 532-2765**

**Independent Auditor's Report**

December 29, 2009

The Honorable Phil Bredesen, Governor  
and  
Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243  
and  
Members of the Tennessee State School Bond Authority  
State Capitol  
Nashville, Tennessee 37243

Ladies and Gentlemen:

We have audited the accompanying statements of net assets of the Tennessee State School Bond Authority, a component unit of the State of Tennessee, as of June 30, 2009, and June 30, 2008, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements, based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. Tennessee statutes, in addition to audit responsibilities, entrust certain other responsibilities to the Comptroller of the Treasury. Those responsibilities include serving as a member of the board of directors of the Tennessee State School Bond Authority.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tennessee State School Bond Authority as of June 30, 2009, and June 30, 2008, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries

December 29, 2009  
Page Two

of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The accompanying financial information listed as supplementary schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with generally accepted government auditing standards, we have also issued our report dated December 29, 2009, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts (including the bond resolutions) and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with generally accepted government auditing standards and should be read in conjunction with this report in considering the results of our audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Arthur A. Hayes, Jr.", with a stylized flourish at the end.

Arthur A. Hayes, Jr., CPA  
Director

AAH/ddm

## Management's Discussion and Analysis

As management of the Tennessee State School Bond Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities as presented in the financial statements and notes to the financial statements of the Authority for the fiscal year ended June 30, 2009. These activities are compared to the results of the fiscal years ended June 30, 2008 and 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and with the Independent Auditor's Report and the audited financial statements and accompanying notes of this report.

### Program Activity Highlights

The Authority's purpose is to provide loans to the State's higher education institutions by issuing bonds and notes of the Authority and to local education agencies ("LEAs") through Qualified Zone Academy Bonds ("QZABs"). The tables below summarize this business activity.

	<b>Higher Education Facilities Programs</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
Number of institutions with outstanding loans	23	23	23
Total number of outstanding loans	305	302	301
Balance of outstanding loans	\$999,366,228	\$859,656,775	\$695,235,390
Number of loans approved in fiscal year	13	28	18
Dollar value of loans approved in fiscal year	\$ 100,194,540	\$ 404,899,000	\$ 127,095,000
Dollar value of loans approved in fiscal year - unfunded	\$ 74,207,486	\$ 337,845,001	\$ 126,075,466
Dollar value of loans financed in fiscal year	\$ 177,063,069	\$ 143,962,380	\$ 145,268,339
Bonds issued in fiscal year	\$ 276,895,000	\$ 118,530,000	\$ 137,710,000
Commercial paper issued in fiscal year	\$ 163,000,000	\$ 147,376,000	\$ 131,448,000

	<b>Qualified Zone Academy Bond Program</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
Number of LEAs with outstanding loans	14	14	14
Total number of outstanding loans	23	23	23
Balance of outstanding loans	\$ 31,020,448	\$ 33,613,648	\$ 28,438,951
Number of loans approved in fiscal year	-	-	-
Dollar value of loans approved in fiscal year	\$ -	\$ -	\$ -
Dollar value of loans approved in fiscal year - unfunded	\$ -	\$ -	\$ -
Dollar value of loans financed in fiscal year	\$ 201,522	\$ 7,744,414	\$ 10,260,932
Bonds issued in fiscal year	\$ -	\$ -	\$ -

The financial statements and the analysis provided in the remainder of this report reflect the financial results of this activity.

### Debt Administration

Pursuant to Section 49-3-1201 et seq., *Tennessee Code Annotated*, the General Assembly of the State created the Tennessee State School Bond Authority to issue revenue bonds and notes to fund capital projects for the higher education institutions including both four-year institutions and two-year community colleges. Such loans are payable from user fees or savings generated from the projects in the case of energy conservation projects. In 1999 the statute

was amended to authorize the Authority to issue QZABs on behalf of local education agencies throughout the State. For more specific financial information on long-term debt activity, see **Note 5, Debt Payable, on pages 23 - 29 in the Notes to the Financial Statements.**

The State is not liable on the bonds and the bonds are not a debt of the State of Tennessee.

**Higher Education Facilities Programs.** When an institution applies for project funding through the Authority, an analysis of the financial feasibility of each loan application is undertaken before it is approved by the Authority. Each higher education system (the University of Tennessee and the Tennessee Board of Regents) must include in its annual budget sufficient funds to repay total debt service. This pledge is a gross revenue pledge of the institution and its system. The Authority is also authorized by statute to intercept the state appropriation to that institution and system if the institution fails to make timely debt service payments to the Authority.

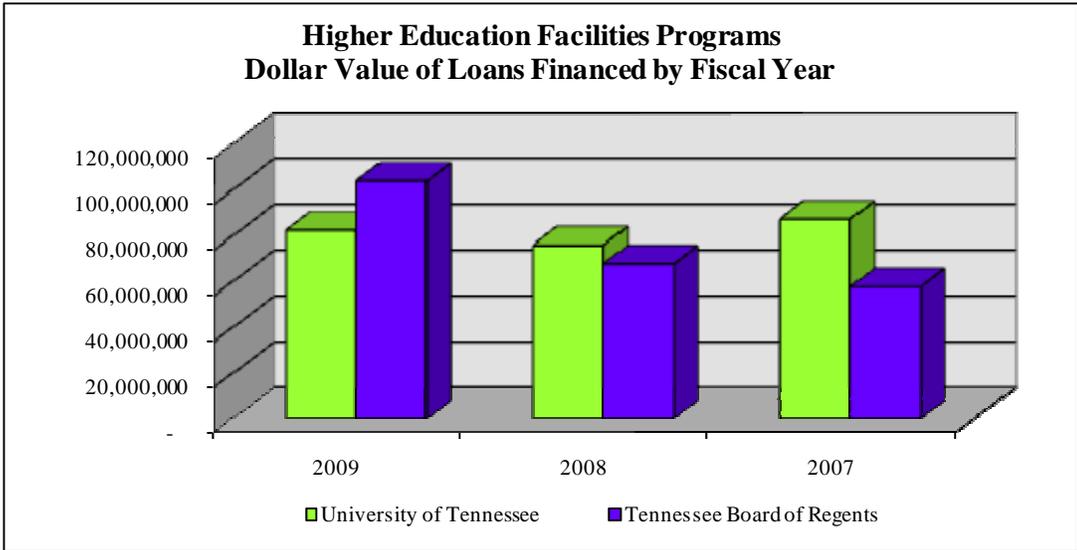
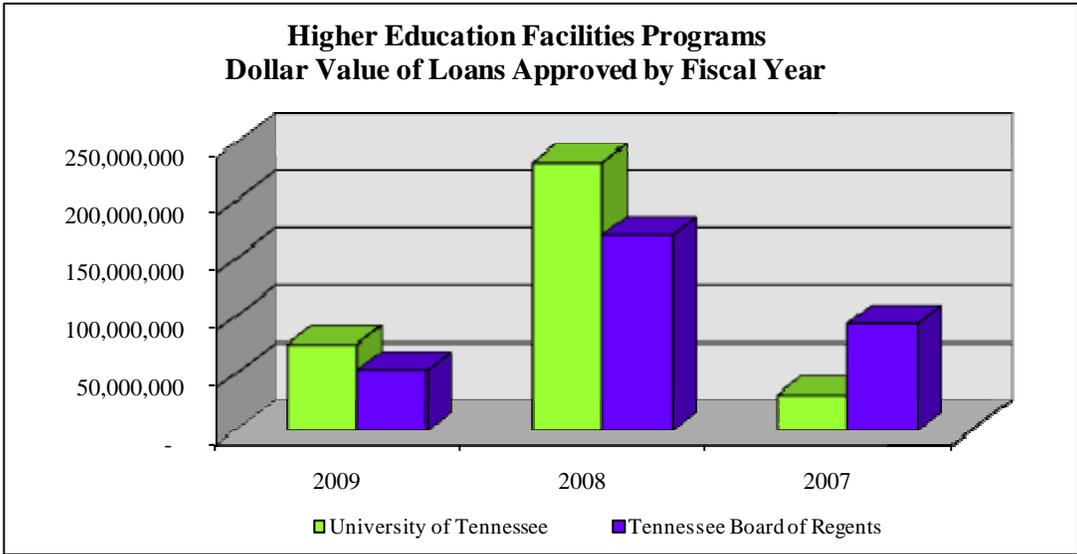
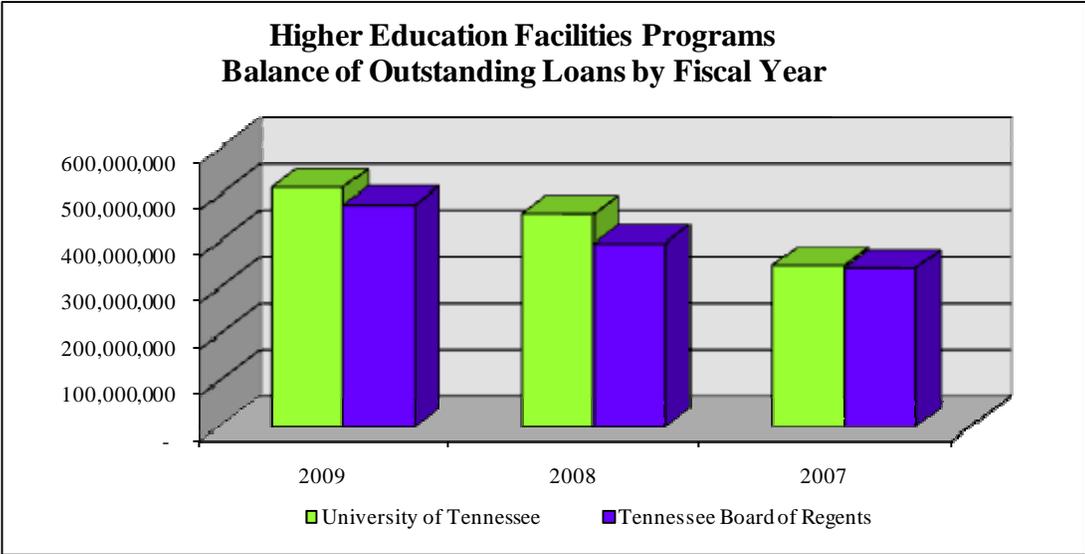
Generally under the financing program for higher education institutions, a project is funded through the Authority's commercial paper program during its construction phase. When projects totaling \$50 million or greater are completed or near completion, the Authority fixes the interest rate for the term of the projects by issuing long-term debt. The range of the commercial paper interest rates are shown below for the fiscal year ended June 30, 2009, as compared to the fiscal years 2008 and 2007. The range of the commercial paper interest rates were a function of the term of the commercial paper and a volatile capital market.

<b>Higher Education Facilities Programs Commercial Paper Interest Rates Range</b>				
<b>Fiscal Year</b>	<b>Tax-Exempt</b>		<b>Taxable</b>	
	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>
<b>2009</b>	0.35%	5.00%	0.35%	6.25%
<b>2008</b>	0.70%	3.90%	2.45%	5.40%
<b>2007</b>	3.20%	3.85%	5.08%	5.42%

The Authority currently has a Credit Agreement with State Street Bank allowing for a total amount of \$300,000,000 of commercial paper to be outstanding. The Credit Agreement with State Street Bank has an expiration date of March 30, 2014 and a commitment fee of .105% paid quarterly in arrears. If the liquidity facility is called upon, the Authority must repay the advance on the earlier of (i) the date of such Advance or (ii) the Termination Date. Should the Authority fail to repay the advance by the Term Loan Closing Date, the principal amount will convert to a term loan with six equal semi-annual payments. As of the fiscal year ended June 30, 2009, the Authority has not had to call upon the liquidity facility.

For the fiscal year ended, June 30, 2009, interest rates on the higher education facilities long-term fixed-rate tax-exempt bonds ranged from a low of 2.00% to a high of 5.50% and the interest rates on the higher education facilities long-term fixed-rate taxable bonds ranged from a low of 3.55% to a high of 5.66%. By pooling the financing of their capital needs, management believes that economic efficiencies of a single large borrowing administered by one agency is achieved. The creditworthiness of both large and small institutions is homogenized into one credit resulting in a lower cost of borrowing and providing a more equitable cost to students and other users who repay the debt through various user fees and charges and student debt service fees. Additional benefits accrue to the higher education institutions and the two systems by having one point of debt issuance and administration for all institutions of higher education throughout the state.

**Higher Education Facilities Programs Debt Ratings.** As of the fiscal year ended June 30, 2009, the Authority's higher education facilities program was rated AA, Aa2, and AA by Fitch, Moody's Investors Service and Standard & Poor's Rating Group, respectively.

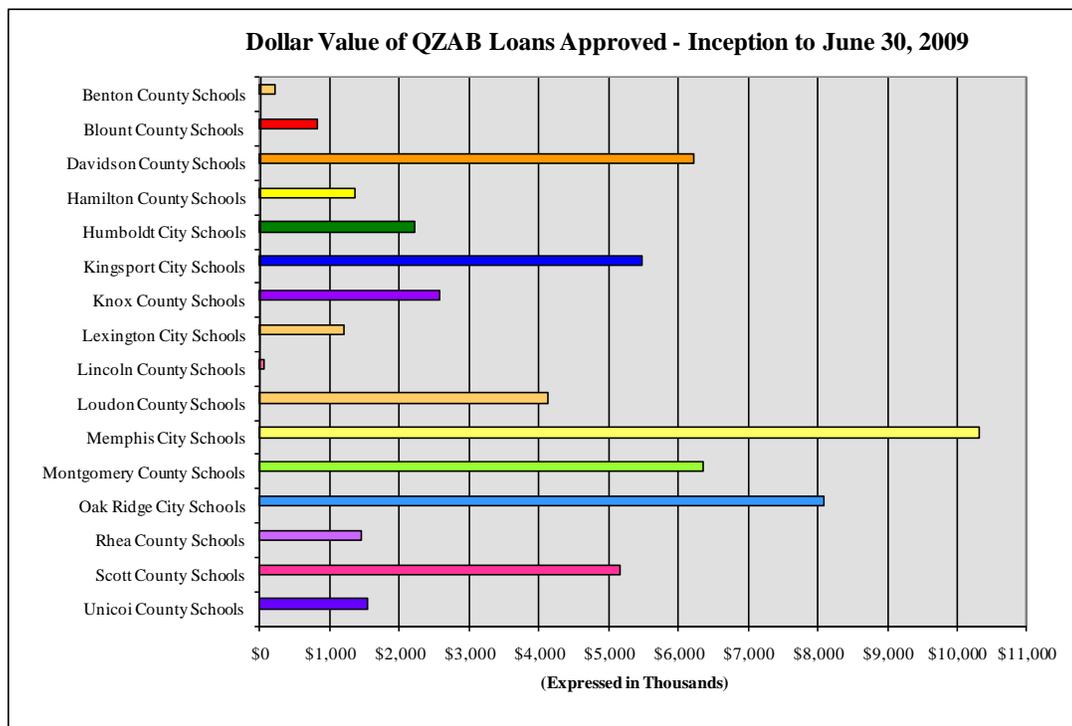


**Qualified Zone Academy Bond Program.** The QZAB program is a capital financing program originally authorized by the federal government under the Taxpayer Relief Act of 1997, Section 227(a). A QZAB is a taxable bond issued by the State, the proceeds of which are used to finance certain eligible public schools' renovation projects and equipment purchases. During the time the bond is outstanding, an eligible holder of a QZAB is generally allowed annual federal income tax credits in lieu of receiving periodic interest payments from the issuer. These credits compensate the holder for lending money to the borrower and function as payments of interest on the bonds. The Tennessee Department of Education distributes the application for a QZAB allocation to all local education agencies in the State. The Department recommends those projects that best meet the requirements of the program to the Authority for funding.

The local education agencies and the city or county supporting the agency must provide a general obligation pledge to the Authority for the repayment of its loans. The Authority is authorized to intercept the local community's state-shared taxes, should the local education agency/local government fail to repay its loan timely.

As of June 30, 2009, the QZAB program had unused allocations totaling \$51,913,000. Of this amount, \$8,950,000 of the 2007 allocation will expire on December 31, 2009. The State has up to two years after the yearly allocations are made by the federal government to issue bonds or the allocations will be forfeited. Also, during the fiscal year ended June 30, 2007, the federal government established new regulations with changes to the issuance of QZAB bonds and the treatment of arbitrage and rebate. The Authority staff along with the staff of the Department of Education is encouraging local education authorities, cities and counties to take advantage of these interest-free loans.

All of the QZAB's have been placed with private investors. The QZAB's are not rated.



### Overview of the Financial Statements

The Authority is a discretely presented component unit of the State of Tennessee and uses proprietary fund accounting. The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting and the flow of economic resources measurement focus. This basis recognizes revenues when earned and expenses at the time liabilities are incurred. Using the economic resources measurement focus, a reader is presented information that allows him/her to determine the transactions and events that have increased or decreased the total economic resources for the period.

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: 1) the basic financial statements and 2) notes to the financial statements. The basic financial statements consist of the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows.

The Statements of Net Assets on **page 13** depict the Authority's financial position at June 30, 2009, and June 30, 2008. The Statements of Revenues, Expenses and Changes in Net Assets on **page 14** portray the results of operations and the change in net assets for the years presented. The Statements of Cash Flows on **pages 15 - 16** summarize the sources and uses of cash for the fiscal years presented. These statements are accompanied by notes to the financial statements that provide information that is essential to the reader's understanding of the financial statements. The Authority's basic financial statements are followed by supplementary information containing the financial statement information at the program level.

### **Financial Analysis of the Authority**

Standard indicators of financial success are not applicable to the Authority. The financial goals of the Authority are to provide timely access to the capital markets for qualified educational institutions at the lowest possible cost, to repay debt timely and to achieve the highest possible rating for its debt. The Authority achieved these goals under volatile market conditions. During the fiscal year ended, June 30, 2009, the Authority frequently entered the short-term market. The Authority was also able to enter the long-term capital market on a timely basis. At no time did the Authority deny approval of a loan application due to its inability to access the capital market. There were no incidents requiring the Authority to draw funds from the debt service reserve fund or the commercial paper credit agreement to pay debt service timely. The Authority maintained both its long and short-term credit ratings with all rating agencies.

<b>Statements of Net Assets Summary</b>			
(in thousands)			
	2009	2008	2007
Current assets	\$ 105,440	\$ 72,037	\$ 66,939
Noncurrent assets	1,042,164	889,627	725,350
Total assets	<u>1,147,604</u>	<u>961,664</u>	<u>792,289</u>
Current liabilities	64,986	40,670	35,945
Noncurrent liabilities	1,074,527	913,144	748,787
Total liabilities	<u>1,139,513</u>	<u>953,814</u>	<u>784,732</u>
Net assets (unrestricted)	<u>\$ 8,091</u>	<u>\$ 7,850</u>	<u>\$ 7,557</u>
<i>Note: The Authority owns no capital assets.</i>			

At June 30, 2009 current assets included \$37,566,295 of unexpended bond proceeds and commercial paper that will fund approved loans as compared to \$17,800,606 at June 30, 2008 and \$15,828,845 at June 30, 2007. During the fiscal year ended June 30, 2009, the Authority issued \$276,895,000 in Higher Education Facilities Second Program Bonds which were used to retire \$225,808,000 of commercial paper proceeds with the remainder to fund various costs of the projects involved. During the fiscal year ended June 30, 2008, the Authority issued \$118,530,000 in Higher Education Facilities Second Program Bonds which were used to retire \$64,927,000 of commercial paper proceeds with the remainder to fund various costs for the projects involved. During the fiscal year ended June 30, 2007, the Authority issued \$137,710,000 in Higher Education Facilities Second Program Bonds which were used to retire \$28,735,849 of commercial paper proceeds and partially refund a portion of the 1996B, 1996C, 1998A and 2002A bonds with the remainder to fund various costs for the projects involved. The refunding resulted in a net present value savings of \$3,629,728. Principal payments were made on the outstanding long-term bonds in the amounts of \$35,147,000 in 2009; \$30,067,000 in 2008; and \$28,497,000 in 2007. No QZAB bonds were issued or retired during fiscal year 2009, 2008 or 2007.

The net assets are available to fund ongoing operations and other expenses necessary to meet the goals of the Authority. Since assets and liabilities increased in correlation due to the increase in debt issuance and resulting loans,

there was not a significant change in net assets for the years ending 2009 and 2008. The Authority continues to absorb certain administrative costs associated with bonded indebtedness of the higher education facilities program rather than passing those costs to the borrowers of the higher education facilities program.

The Authority's operating revenues include revenue from loans in the form of administrative fees, interest on loans, and investment income earned on cash. Operating expenses include interest expense on outstanding bonds and commercial paper, administrative expenses, and the amortization of bond costs of issuance. For the fiscal year ending June 30, 2009, the change in net assets did not significantly vary from that of fiscal year 2008. The total increase in operating revenue for the fiscal year ending 2009 was primarily due to the increase in loans to borrowers, however, it was offset by the increase in total operating expenses which mainly pertained to the increase in interest expense which was caused by the interest rate spike for short-term debt during the fall of 2009. For the fiscal year 2008, the increase in total operating revenues was offset by the increase in total operating expenses. Because interest rates rose during fiscal year 2008, it offset the increase in revenues from loans due to the issuance of debt and therefore the change in net assets was not as significant as it was in fiscal year 2007.

<b>Statements of Revenues, Expenses, and Changes in Net Assets Summary (in thousands)</b>			
	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Operating Revenues</b>			
Revenue from loans	\$ 38,979	\$ 34,991	\$ 30,157
Investment earnings	742	1,356	1,975
Total operating revenue	<u>39,721</u>	<u>36,347</u>	<u>32,132</u>
<b>Operating Expenses</b>			
Interest expense	37,456	33,629	28,496
Subsidy to borrowers	511	1,183	1,578
Other expenses	1,513	1,242	1,098
Total operating expenses	<u>39,480</u>	<u>36,054</u>	<u>31,172</u>
Operating income (loss) and change in net assets	<u>\$ 241</u>	<u>\$ 293</u>	<u>\$ 960</u>
<i>Note: The Authority has no non-operating revenues or expenses.</i>			

For the fiscal year ended, June 30, 2009, the Authority elected to return the investment income that it earned on funds held by the Trustee and interest earned on unspent bond proceeds as a subsidy in the form of a credit on debt service to its borrowers in the higher education facilities program.

Pursuant to the bond resolution for the QZABs, Sinking Fund payments are invested in the State Pooled Investment Fund ("SPIF"). SPIF rates for 2009 ranged from 0.67% to 2.35%. Investment earnings related to the QZAB program are held by the Authority for the benefit of the local education agencies participating in the program and credited to their individual debt service sinking fund payment annually. Pursuant to the supplemental bond resolutions for the 2004 and 2005 Series QZABs, sinking fund payments are invested in Forward Delivery Agreements which guarantee a fixed rate of interest of 3.00% and 3.64%, respectively, on investments. The investments are held by the State Treasurer in the Authority's name.

### **Future Financing Activities**

**Higher Education Facilities Programs.** As Tennessee enters an economic era that emphasizes the human capital potential of its citizens rather than physical capital and natural resources, the higher education system must be positioned to serve the broader-based need for access to post-secondary education. A host of policy and environmental factors influence both demands for access and the means through which this demand will be met. These factors include:

- The advent of the Tennessee Education Lottery Scholarship program has allowed more Tennesseans to attend college. In 2008-2009, the Tennessee Lottery provided an estimated \$260 million in scholarships to more than 89,000 students.
- Economic conditions of 2008 through 2009 have produced a surge in enrollments in Tennessee. University enrollment increased 3.6 percent in fall 2009, the largest year-to-year change in more than two decades. Community college enrollment increased 17 percent in fall 2009, also the largest increase in more than two decades. The increase in community college enrollment from 2008 to 2009, equal to nearly 8,700 FTE, is larger than the overall FTE growth experienced from 1991 to 2008.
- The demographic composition of the state is changing dramatically and the higher education system must position itself to serve the needs of an increasingly diverse population.

In the Knowledge Economy, the importance of receiving training beyond high school is significant. In 2008, 24.5 percent of Tennessee's working-age adults held a college degree, compared to the national average of 29.5 percent. In order to reach the national average educational attainment levels, Tennessee would need an additional 170,000 citizens with a bachelor's degree or higher, more than double the current annual degree production of the state's public and private institutions. Furthermore, the percentage of adults in the state with an associate's degree or some college in 2008 was 31.3 percent, in comparison with the national average of 37.9 percent. In order to reach the national average, Tennessee would need an additional 220,000 citizens with an associate's degree or higher. The availability of new and/or improved learning facilities near work and home will have a major impact on the State's success in achieving these goals.

The increased enrollment and continued demand for advanced education and training will put stress on the capital facilities at all campuses. As a result, the State anticipates an increased need for funding of various facilities through the Authority.

**Qualified School Construction Bond Program.** Qualified School Construction Bonds ("QSCB") are tax credit bonds that were authorized in the American Recovery and Reinvestment Act of 2009 and TCA 49-3-12, as amended. Through the program, the Authority is authorized to issue QSCBs to make loans to local governments to fund K-12 school construction and renovations. The Authority issued QSCBs in December 2009 in the amount of \$177 million to provide loans to thirteen borrowers. Applications for the loan program exceeded \$300 million. The Authority anticipates issuing additional QSCBs in the calendar year 2010 based on the federal allocation provided for this program.

#### **Contacting the Authority's Management Team**

This discussion and analysis is designed to provide our citizens, education agencies, investors and creditors with a general overview of the Authority's finances and to demonstrate its accountability for the monies it receives. If you have questions about this report or need additional financial information, contact the Director of Bond Finance, State of Tennessee, Suite 1600, James K. Polk Center, 505 Deaderick St., Nashville, Tennessee 37243-1402, visit our website at <http://www.tn.gov/comptroller/bf/bftssba.htm>, or call (615) 401-7872.



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# BASIC FINANCIAL SECTION

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TENNESSEE STATE SCHOOL BOND AUTHORITY  
STATEMENTS OF NET ASSETS  
JUNE 30, 2009, AND JUNE 30, 2008

(Expressed in Thousands)

	June 30, 2009	June 30, 2008
<b>ASSETS</b>		
Current assets:		
Cash (Note 2)	\$ 46,437	\$ 29,121
Cash with fiscal agent (Note 2)	957	3
Investments with fiscal agent (Note 2)	14	14
Prepaid interest expense	24	-
Loans receivable (Note 3)	50,807	37,334
Interest receivable (Note 3)	6,621	5,198
Receivables for administrative fees (Note 3)	580	367
Total current assets	105,440	72,037
Noncurrent assets:		
Restricted cash (Notes 2 and 4)	15,391	14,268
Restricted investments (Notes 2 and 4)	38,167	12,012
Loans receivable (Note 3)	979,585	855,957
Deferred charges	9,021	7,390
Total noncurrent assets	1,042,164	889,627
Total assets	1,147,604	961,664
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	9,324	14
Accrued interest payable	6,768	5,237
Unearned revenue (Note 6)	1,693	1,693
Bonds payable (Note 5)	47,201	33,726
Total current liabilities	64,986	40,670
Noncurrent liabilities:		
Unearned revenue (Note 6)	1,965	7,301
Commercial paper payable (Note 5)	174,300	243,229
Bonds payable (Note 5)	898,262	662,614
Total noncurrent liabilities	1,074,527	913,144
Total liabilities	1,139,513	953,814
<b>NET ASSETS</b>		
Unrestricted	\$ 8,091	\$ 7,850

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

TENNESSEE STATE SCHOOL BOND AUTHORITY  
 STATEMENTS OF REVENUES, EXPENSES, AND  
 CHANGES IN NET ASSETS  
 FOR THE YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008

(Expressed in Thousands)

	<u>Year Ended</u> <u>June 30, 2009</u>	<u>Year Ended</u> <u>June 30, 2008</u>
<b>OPERATING REVENUES</b>		
Revenue from loans	\$ 38,979	\$ 34,991
Investment earnings	742	1,356
Total operating revenues	<u>39,721</u>	<u>36,347</u>
<b>OPERATING EXPENSES</b>		
Interest expense-commercial paper	3,457	6,244
Interest expense-bonds	33,999	27,385
Subsidy to borrowers	511	1,183
Administrative expense	970	681
Amortization of bond issuance costs	543	561
Total operating expenses	<u>39,480</u>	<u>36,054</u>
Operating income and change in net assets	241	293
Net assets, July 1	<u>7,850</u>	<u>7,557</u>
Net assets, June 30	<u><u>\$ 8,091</u></u>	<u><u>\$ 7,850</u></u>

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

TENNESSEE STATE SCHOOL BOND AUTHORITY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008

(Expressed in Thousands)

	Year Ended June 30, 2009	Year Ended June 30, 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from borrowers for administrative fees	\$ 373	\$ 432
Payment to suppliers	(832)	(667)
Receipts from borrowers to the interest rate reserve fund	757	624
Payments to borrowers from the interest rate reserve fund	(616)	(263)
Net cash provided by (used in) operating activities	(318)	126
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from sale of bonds	282,737	120,780
Proceeds from sale of refunding bonds	-	-
Proceeds from sale of commercial paper	163,000	147,376
Bond issuance costs paid	(498)	(213)
Refunding bond proceeds placed in escrow	-	-
Principal paid - bonds and commercial paper	(267,076)	(98,409)
Interest paid - bonds and commercial paper	(36,090)	(33,280)
Subsidy to borrowers	(511)	(1,289)
Net cash provided by noncapital financing activities	141,562	134,965
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(46,246)	(18,544)
Proceeds from sales and maturities of investments	19,256	17,288
Interest received on investments	923	1,458
Loans issued	(177,264)	(207,680)
Loan escrow paid	2,306	1,637
Collections of loan principal	43,455	35,323
Interest received on loans	35,719	32,759
Net cash used in investing activities	(121,851)	(137,759)
Net (decrease) in cash	19,393	(2,668)
Cash, July 1	43,392	46,060
Cash, June 30	\$ 62,785	\$ 43,392

(Continued on next page)

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TENNESSEE STATE SCHOOL BOND AUTHORITY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008

(Expressed in Thousands)

**Reconciliation of cash to the Statement of Net Assets:**

Cash	\$ 46,437	\$ 29,121
Cash with fiscal agent	957	3
Restricted cash	15,391	14,268
Cash, June 30	<u>\$ 62,785</u>	<u>\$ 43,392</u>

**Reconciliation of operating income to net cash provided by (used in) operating activities:**

Operating income	<u>\$ 241</u>	<u>\$ 293</u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Amortization of bond issuance costs	543	561
Investment earnings	(733)	(1,328)
Interest expense	37,456	33,629
Subsidy to borrowers	511	1,183
Interest income from loans	(38,555)	(34,399)
Changes in assets and liabilities:		
(Increase) decrease in receivables for administrative fees	213	(61)
(Increase) decrease in payables for administrative fees	(24)	30
Increase (decrease) in unearned revenue	30	218
Total adjustments	<u>(559)</u>	<u>(167)</u>
Net cash provided by (used in) operating activities	<u>\$ (318)</u>	<u>\$ 126</u>

**Noncash financing activities:**

Accretion of capital appreciation bonds	\$ 322	\$ 482
Bond issuance costs	(5,481)	(1,833)
Total noncash financing activities	<u>\$ (5,159)</u>	<u>\$ (1,351)</u>

**Noncash investing activities:**

Increase (decrease) in fair value of investments	<u>\$ (52)</u>	<u>\$ (22)</u>
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The notes to the financial statements are an integral part of this statement.

**Tennessee State School Bond Authority**  
**Notes to the Financial Statements**  
**June 30, 2009, and June 30, 2008**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Tennessee State School Bond Authority (the Authority) was created to provide a mechanism for financing capital projects for the state's higher education institutions. In addition, during 1999, the General Assembly empowered the Authority to issue Qualified Zone Academy Bonds (QZABs) for financing improvement projects to local education agencies pursuant to the federal program authorized in the Taxpayer Relief Act of 1997.

The Authority is a component unit of the State of Tennessee (the State) and a separate legal entity. In accordance with the Governmental Accounting Standards Board's (GASB) Statement No. 14, *The Financial Reporting Entity*, the Authority is discretely presented in the *Tennessee Comprehensive Annual Financial Report* because the Authority's board consists of state officials and, therefore, the state has the ability to affect the day-to-day operations of the Authority.

**Basis of Presentation**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Authority has the option of following subsequent private-sector guidance subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

**Measurement Focus and Basis of Accounting**

The accompanying financial statements have been prepared using the accrual basis of accounting and the flow of economic resources measurement focus. Under this basis, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Tennessee State School Bond Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with principal ongoing operations. The Authority's principal operation is to provide loans to higher educational facilities and to local government units pursuant to the criteria set by the federal government for the QZAB program. Therefore, the Authority also recognizes income on investments as operating revenue. The Authority's operating expenses include interest paid on borrowings, subsidies to borrowers, bond issuance costs, arbitrage, and administrative expenses. Any revenues and expenses not meeting this definition would be reported as nonoperating revenues and expenses.

**Investments**

Investments are stated at fair value.

**Amortized Amounts**

- A. Bond Issuance Costs. The Authority amortizes bond issuance costs using the straight-line method over the life of the bonds. Unamortized bond issuance costs are reported as deferred charges.

**Tennessee State School Bond Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2009, and June 30, 2008**

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- B. Bond Discounts, Premiums, and Deferred Amount on Refundings. The Authority amortizes bond discounts and premiums using the straight-line method over the life of the bonds. The deferred amount on refundings is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Bonds payable are reported net of the applicable unamortized bond discount or premium and the unamortized deferred amount on refundings.

Amortization of bond discount, premium, and deferred amount on refundings is reported with bond interest expense in the financial statements.

- C. Accretion. The difference between the face amount of College Saver Bonds (capital appreciation bonds) and the public offering price is not treated as bond discount. Capital appreciation bonds are subject to redemption at prices which increase from the initial public offering price to the face amount. The carrying amount of these bonds is adjusted semi-annually and at June 30 to reflect the increased liability, with a corresponding charge to interest expense.
- D. Unearned Revenue. When the Authority issues bonds to finance capital projects, the par amount of the bonds is adjusted by certain amounts (such as bond discount/premium, underwriters' fees, and other costs of issuance) in order to arrive at the amount of bond proceeds available for capital expenditures. These amounts, discussed above, are capitalized and amortized pursuant to accounting principles generally accepted in the United States of America. A similar situation arises when accounting for the loans to the higher education institutions and local education agencies. Because of the adjustments mentioned above (discount, costs of issuance, etc.), the principal amount of the loan differs from the actual amount of funds available for capital expenditures. Because the higher education institutions and the local education agencies bear the cost of this difference, it is carried on the statement of net assets as unearned revenue and amortized on a straight-line basis over the life of the related bond.

The Authority requires the higher education institutions to contribute funds to the Interest Rate Reserve Fund based on the amount of outstanding commercial paper. The principal of the Interest Rate Reserve Fund is credited back to the institution as commercial paper is redeemed. The Interest Rate Reserve Fund is reported on the statement of net assets as unearned revenue and is not amortized.

**NOTE 2. DEPOSITS AND INVESTMENTS**

The investments under the Higher Education First Program General Bond Resolution of the Tennessee State School Bond Authority can be invested in direct obligations of the United States, or obligations of which the principal and interest are guaranteed by the United States. Moneys pertaining to the Higher Education Second Program General Bond Resolution and the Qualified Zone Academy Bonds First Program Resolution of the Tennessee State School Bond Authority, pursuant to *Tennessee Code Annotated*, Section 49-3-1205, can be invested in obligations of the United States or its agencies under flexible repurchase agreements which are fully collateralized by obligations of the United States or obligations the timely payment of the principal of and interest on which are guaranteed by the United States, the State Pooled Investment Fund as provided in *Tennessee Code Annotated*, Section 9-4-603, and any other investment authorized by the state investment policy adopted by the State Funding Board pursuant to *Tennessee Code Annotated*, Section 9-4-602.

**Tennessee State School Bond Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2009, and June 30, 2008**

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**Deposits**

The Tennessee State School Bond Authority has cash on deposit in the State Pooled Investment Fund administered by the State Treasurer. The fund's investment policy and required risk disclosures are presented in the *State of Tennessee's Treasurer's Report*. That report is available on the state's website at <http://www.tn.gov/treasury> or by calling (615) 741-2956.

The Authority's deposits are held in a financial institution, which participates in the bank collateral pool administered by the State Treasurer. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

**Investments**

As of June 30, 2009, the Authority had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
U.S. Treasury Bills	October 29, 2009	\$27,469,941
	November 19, 2009	2,687,310
	December 3, 2009	2,886,619
U.S. Treasury Securities:		
State and Local Government Series		<u>5,137,888</u>
Total Investments		<u>\$38,181,758</u>

As of June 30, 2009, the Tennessee State School Bond Authority holds two separate State and Local Government Series U.S. Treasury Securities. One security covers the debt of the QZAB borrower's remaining loan balance of \$4,419,476, and the other security covers the remaining loan balance of \$718,412 of the Higher Education borrower's debt.

As of June 30, 2008, the Authority had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
U.S. Treasury Bills	October 31, 2008	\$ 2,945,418
	December 8, 2008	1,873,943
	July 28, 2008	1,971,164
U.S. Treasury Securities:		
State and Local Government Series		<u>5,238,550</u>
Total Investments		<u>\$12,029,075</u>

As of June 30, 2008, the Tennessee State School Bond Authority holds two separate State and Local Government Series U.S. Treasury Securities. One security covers the debt of the QZAB borrower's

**Tennessee State School Bond Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2009, and June 30, 2008**

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remaining loan balance of \$4,419,476, and the other security covers the remaining loan balance of \$819,074 of the Higher Education borrower's debt.

**Interest Rate Risk**

Interest rate risk is the risk that future changes in prevailing market rates of interest will have an adverse effect on the fair value of debt investments. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to interest rate risk.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2009, and June 30, 2008, the Authority's investments were in U.S. Government obligations which are not considered to have credit risk.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Authority will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Authority's investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Authority and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. At June 30, 2009, and June 30, 2008, the Authority's investments were registered in the name of the Authority.

**Concentration of Credit Risk**

A concentration of investments in any one single issuer of debt securities presents a greater risk for loss in the event that the issuer fails on its obligations. At June 30, 2009, and June 30, 2008, the Authority's investments were in U.S. Treasury securities.

**Forward Delivery Agreements**

On November 24, 2004, the Authority entered into a Forward Delivery Agreement (the "Agreement") with Bank of America, N.A. related to the series 2004 QZAB Bonds. The Agreement guarantees to the Authority a fixed rate of interest of 3%. Cash from borrowers' loan repayments will be used to purchase securities from Bank of America, N.A. in accordance with the Agreement. The accumulated funds will be used to redeem the \$12,600,000 series 2004 QZAB Bonds at maturity. As a result of the Agreement, borrowers will repay only \$9,984,800 of the \$12,600,000 principal. The investments will be held by the State Treasurer in the Authority's name. As of June 30, 2009, there is \$2,687,310 invested through the Agreement. As of June 30, 2008, there was \$1,971,164 invested through the Agreement. The Authority negotiated a "one way" termination provision in the event of counterparty default on the Agreement. The Authority also has the right to optionally terminate the Agreement at any time.

On December 28, 2005, the Authority entered into a Forward Delivery Agreement (the "Agreement") with J.P. Morgan Chase Bank, N.A. related to the series 2005 QZAB Bonds. The Agreement guarantees to the Authority a fixed rate of interest of 3.64%. Cash from borrowers' loan repayments will be used to purchase securities from J.P. Morgan Chase Bank, N.A. in accordance with the Agreement. The accumulated funds will be used to redeem the \$17,545,000 series 2005 QZAB Bonds at maturity. As a result of the Agreement, borrowers will repay only \$13,438,510 of the \$17,545,000

**Tennessee State School Bond Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2009, and June 30, 2008**

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principal. The investments will be held by the State Treasurer in the Authority's name. As of June 30, 2009, there is \$2,886,619 invested through the Agreement. As of June 30, 2008, there was \$1,873,943 invested through the Agreement. The Authority negotiated a "one way" termination provision in the event of counterparty default on the Agreement. The Authority also has the right to optionally terminate the Agreement at any time.

**Terms of the Forward Delivery Agreements**

	<b>QZAB Series 2004</b>	<b>QZAB Series 2005</b>
Trade Date	11/24/2004	12/28/2005
Provider	Bank of America, N.A	J.P Morgan Chase Bank, N.A.
Notional Amount	\$12,600,000	\$17,545,000
Guaranteed Interest Rate	3.00%	3.64%
Amount Invested in		
Agreement at 6/30/09	\$2,687,310	\$2,886,619
Amount Invested in		
Agreement at 6/30/08	\$1,971,164	\$1,873,943
Date of Deposits	Nov. 24, 2005 through 2020	Dec. 8, 2006 through 2020

For the fiscal year ended June 30, 2009, the Forward Delivery Agreement for the 2004 QZAB bonds had a negative fair value of (\$1,356,562) and the Forward Delivery Agreement for the 2005 QZAB bonds had a negative fair value of (\$1,329,638). June 30, 2008, the Forward Delivery Agreement for the 2004 QZAB bonds had a negative fair value of (\$1,146,275) and the Forward Delivery Agreement for the 2005 QZAB bonds had a negative fair value of (\$1,084,696). The Authority did not enter into these agreements as interest rate hedges. Borrowers pay no interest on these bonds. The interest rate credit is established by the federal government. The Forward Delivery Agreements are agreed to as one of the terms of purchase to induce the investor to purchase the bond.

**Termination Risk**

Termination risk is the risk that a counterparty will terminate a Forward Delivery Agreement at a time when the State owes it a termination payment. The State has mitigated this risk by specifying that the counterparty has the right to terminate only as a result of the following events: the failure by the State, for any reason, to purchase Qualified Securities in accordance with the Agreement; the amount to purchase Qualified Securities on the Delivery date is less than the Scheduled Fund Amount; the State is not in compliance with any covenant or obligation, incorporated by reference in, this Agreement; any representation or warranty of the State contained in the Agreement proves to have been incorrect, false or misleading; insolvency of the State; or the principal amount under the Bonds becomes due and payable for any reason prior to the maturity date.

If the current market interest rate is higher than the fixed interest rate agreed to in the Forward Delivery Agreement, the Forward Delivery Agreement has a negative fair value. In the event of termination under this circumstance, the State owes a termination payment to the counterparty. If the fair value is positive, the State is due a termination payment from the counterparty. As of June 30, 2009, the fair value of the State's Forward Delivery Agreements has a total negative value of (\$2,686,200). As of June 30, 2008, the fair value of the State's Forward Delivery Agreements has a total negative value of

**Tennessee State School Bond Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2009, and June 30, 2008**

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(\$2,230,971). Therefore, if the Agreement was terminated, for any reason, the State would owe a termination payment of this amount.

**NOTE 3. LOANS RECEIVABLE**

**Higher Education Facilities Programs**

The Authority has entered into financing agreements with both the Board of Trustees of the University of Tennessee (the Board of Trustees) and the Tennessee Board of Regents of the State University and Community College System of the State of Tennessee (the Tennessee Board of Regents). The First Financing Agreement and the Second Financing Agreement (the "Agreements"), are dated May 1, 1967, and November 1, 1997, respectively, as amended. Under the Agreements, the Authority agrees to finance construction projects for the Board of Trustees or the Tennessee Board of Regents. Annual financing charges payable under the Agreements must be sufficient to pay the debt obligations of the Authority and the costs of administering the programs.

**Qualified Zone Academy Bonds Program**

The Authority has entered into loan agreements with the local education agencies for the 1999 QZABs, dated November 30, 1999; the 2001 QZABs dated December 18, 2001; the 2003 QZABs dated December 23, 2003; the 2004 QZABs dated November 24, 2004; and the 2005 QZABs dated December 28, 2005. Under the agreements, the Authority agrees to finance renovation projects and equipment for the local education agencies. On the date designated in the agreements, the borrower makes an annual principal payment into a bond sinking fund held by the State Treasurer that will pay the bonds at maturity.

**NOTE 4. RESTRICTED ASSETS**

**Cash and Investments**

The General Higher Education Facilities Bond Resolution (the First Program) requires that an amount equal to the maximum annual debt service requirement be placed in a debt service reserve account with the trustee. The first general bond resolution is effective for all bonds issued prior to 1998.

The Higher Education Facilities Second Program General Bond Resolution, effective for all bonds issued in 1998 and thereafter, permits the Authority to satisfy the debt service reserve requirement by either placing an amount equal to the maximum semiannual debt service requirement in a debt service reserve account or by maintaining a Reserve Fund Credit Facility. The Authority obtained a surety bond, constituting a Reserve Fund Credit Facility under the Resolution, in lieu of maintaining a debt service reserve fund for the 1998 Series A, B, C, and D; 2000 Series A and B; 2002 Series A; 2004 Series A, B, and C; 2005 Series A and B; 2006 Series A and B; 2007 Series A, B and C; and 2008 Series A Bonds. Due to market conditions at the time of issuance of the 2008 Series B and 2009 Series A Bonds, the Authority had to place funds in a debt service account equal to the maximum semiannual debt service.

The first program bond resolution of the QZABs requires the establishment of a special trust fund, the bond sinking fund account. These accounts represent the funds set aside to redeem the QZABs at maturity.

**Tennessee State School Bond Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2009, and June 30, 2008**

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**NOTE 5. DEBT PAYABLE**

**Higher Education Facilities Programs**

- A. Bonds. The bonds issued under the First and Second Program Higher Education Facilities Bond Resolutions constitute special obligations of the Authority. The First Program, which commenced in 1967, is no longer utilized, but any payments by the Boards thereunder will be superior to the Boards' payments under the Second Program Higher Education Facilities Bond Resolution. The principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the bonds are payable solely from the Annual Financing Charges, Legislative Appropriations, and other moneys and securities held or set aside under the Resolutions.
- B. Commercial Paper. Commercial paper constitutes a special obligation of the Authority. Principal of and interest on the commercial paper is payable from the following sources: (i) as to principal only, the proceeds of the sale of commercial paper issued to pay the principal of other outstanding commercial paper, (ii) the proceeds of draws on the Liquidity Facility, (iii) available revenues, (iv) the moneys and securities (if any) on deposit in the Reimbursement Fund and in the Debt Service Fund, (v) the moneys and securities (if any) on deposit in the Project Construction Account for such projects, and (vi) the proceeds of bonds or notes issued to make such payments.

**Qualified Zone Academy Bonds Program**

On September 9, 1999, the Authority adopted a Qualified Zone Academy Bond Resolution authorizing the issuance of Qualified Zone Academy Bonds to local education agencies for the purpose of financing eligible costs of certain projects. The State Department of Education recommends the projects to the Authority that should be funded under the QZABs program. The Taxpayer Relief Act of 1997 provided this financial tool whereby interest on QZABs is paid by the federal government in the form of an annual tax credit to the financial institutions that hold the QZABs. The bonds are secured solely by the payments made by the borrowers under the Loan Agreements, including amounts collected from unobligated state-shared taxes in the event of non-payment by the local education agencies and by certain funds held under the Qualified Zone Academy Bond Resolution. The Authority has no taxing power. Furthermore, the State of Tennessee shall not be liable on the bonds and the bonds shall not be a debt of the State of Tennessee.

**Tennessee State School Bond Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2009, and June 30, 2008**

Changes in debt payable for the year ended June 30, 2009, and 2008 are as follows (expressed in thousands):

	Balance			Amounts		
	July 1, 2008	Additions	Deletions	Balance	Due Within	One Year
	July 1, 2008	Additions	Deletions	June 30, 2009	June 30, 2009	One Year
Commercial paper	\$ 243,229	\$ 163,000	\$ 231,929	\$ 174,300	\$	-
Bonds payable	\$ 696,878	\$ 277,217	\$ 35,147	\$ 938,948	\$	47,201
Less: unamortized bond discount	(491)	-	(65)	(426)		-
Add: unamortized bond premium	20,393	7,156	1,206	26,343		-
Less: unamortized deferred amount on refundings	(20,440)	-	(1,037)	(19,403)		-
<b>Total bonds payable</b>	<b>\$ 696,340</b>	<b>\$ 284,373</b>	<b>\$ 35,251</b>	<b>\$ 945,462</b>	<b>\$</b>	<b>47,201</b>

	Balance			Amounts		
	July 1, 2007	Additions	Deletions	Balance	Due Within	One Year
	July 1, 2007	Additions	Deletions	June 30, 2008	June 30, 2008	One Year
Commercial paper	\$ 164,195	\$ 147,376	\$ 68,342	\$ 243,229	\$	-
Bonds payable	\$ 607,933	\$ 119,012	\$ 30,067	\$ 696,878	\$	33,726
Less: unamortized bond discount	(560)	-	(69)	(491)		-
Add: unamortized bond premium	18,895	2,619	1,121	20,393		-
Less: unamortized deferred amount on refundings	(21,521)	-	(1,081)	(20,440)		-
<b>Total bonds payable</b>	<b>\$ 604,747</b>	<b>\$ 121,631</b>	<b>\$ 30,038</b>	<b>\$ 696,340</b>	<b>\$</b>	<b>33,726</b>

Additions to bonds payable include accretion of interest in the amount of \$322,432 in 2009 and \$482,301 in 2008.

**Tennessee State School Bond Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2009, and June 30, 2008**

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Bonds and commercial paper payable at June 30, 2009, and June 30, 2008, are as follows (expressed in thousands):

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Bonds Payable:		
1976 Series B at an interest rate of 3.0% maturing to 2011 (original par - \$6,037)	\$ 360	\$ 532
1989 College Saver Bonds with a yield of 6.9% maturing to 2010 (at accreted value); (original principal - \$21,935)	2,608	5,046
1998 Series B (Federally Taxable) at an interest rate of 5.90% maturing to 2009 (original - par \$15,460)	0	390
1998 Refunding Series D at interest rates from 4.25% to 4.85% maturing to 2021 (original par - \$33,540)	16,940	18,130
2000 Series A at interest rates from 4.700% to 5.125% maturing to 2010 (original par - \$70,680)	2,250	4,395
2000 Series B (Federally Taxable) at an interest rate of 7.15% maturing to 2010 (original par - \$33,730)	2,820	5,445
2002 Series A at an interest rate of 5.00% maturing to 2012 (original par - \$119,135); see additional disclosures regarding the 2007 advance refunding	13,490	17,550
2004 Series A at interest rates from 2.25% to 4.50% maturing to 2026 (original par - \$67,965)	57,615	60,855
2004 Series B at interest rates from 2.25% to 4.50% maturing to 2034 (original par - \$60,575)	51,085	53,125
2004 Series C (Federally Taxable) at interest rates from 3.10% to 5.50% maturing to 2034 (original par - \$37,230)	32,800	33,930
2005 Series A at interest rates from 3.25% to 5.00% maturing to 2030 (original par - \$100,540)	97,115	100,540
2005 Series B (Federally Taxable) at interest rates from 4.15% to 4.88% maturing to 2028 (original par - \$30,960)	30,960	30,960

**Tennessee State School Bond Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2009, and June 30, 2008**

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2006 Series A at interest rates from 4.00% to 4.60% maturing to 2036 (original par - \$53,820)	48,310	50,095
2006 Series B at an interest rate of 4.00% maturing to 2011 (original par - \$12,485)	3,640	6,680
2007 Series A at interest rates from 4.00% to 5.00% maturing to 2036 (original par - \$33,730)	31,040	32,070
2007 Series B (Federally Taxable) at interest rates from 5.243% to 5.666% maturing to 2036 (original par - \$14,040)	12,700	13,215
2007 Series C at interest rates from 4.00% to 5.00% maturing to 2032 (original par - \$89,940)	87,195	88,595
2008 Series A at interest rates from 3.25% to 5.00% maturing to 2037 (original par - \$118,530)	115,185	118,115
2008 Series B at interest rates from 3.50% to 5.50% maturing to 2038 (original par - \$166,990)	165,720	0
2009 Series A at interest rates from 2.00% to 5.00% maturing to 2039 (original par - \$109,905)	109,905	0
1999 Qualified Zone Academy Bonds non-interest bearing maturing in 2011 (original par - \$13,290)	13,290	13,290
2001 Qualified Zone Academy Bonds non-interest bearing maturing in 2015 (original par - \$11,330)	11,330	11,330
2003 Qualified Zone Academy Bonds non-interest bearing maturing in 2018 (original par - \$2,445)	2,445	2,445
2004 Qualified Zone Academy Bonds non-interest bearing maturing in 2020 (original par - \$12,600)	12,600	12,600
2005 Qualified Zone Academy Bonds non-interest bearing maturing in 2020 (original par - \$17,545)	17,545	17,545
Total Par Amount of Bonds Payable	938,948	696,878
Plus Unamortized Premium/Less Unamortized Discount	25,917	19,902
Bonds Payable Net of Unamortized Premium/ Discount	964,865	716,780

**Tennessee State School Bond Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2009, and June 30, 2008**

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Less: Deferred Amount on Refundings	(19,403)	(20,440)
Net Bonds Payable	\$ 945,462	\$ 696,340
Commercial paper, at interest rates from 0.35% to 6.25%	\$ 174,300	\$ 243,229

Debt service requirements to maturity of the bonds payable at June 30, 2009, are as follows (expressed in thousands):

For the Year(s) <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 46,579	\$ 41,118	\$ 87,697
2011	56,518	37,074	93,592
2012	42,578	35,488	78,066
2013	42,253	33,929	76,182
2014	43,538	32,069	75,607
2015-2019	213,494	134,568	348,062
2020-2024	235,657	89,196	324,853
2025-2029	159,931	46,012	205,943
2030-2034	86,361	18,048	104,409
2035-2039	36,042	3,487	39,529
	<u>\$ 962,951</u>	<u>\$ 470,989</u>	<u>\$ 1,433,940</u>

The above principal for bonds is more than that presented on the accompanying financial statements by \$17.489 million. Of this amount, \$1.914 million represents accretion to date on the unmaturing portion of the 1989 College Saver Bonds. This accretion has been reported as bond principal in the accompanying financial statements. In the debt service schedule above, however, it has been reported as interest in the years (2009-2011) in which the bonds mature. The \$17.489 million also includes \$19.403 million, representing the deferred amount on bond refundings. This amount is deducted from bonds payable in the accompanying financial statements but is included in the debt service schedule above.

The Authority may issue taxable and/or tax-exempt bonds. Proceeds for the tax-exempt bonds issued after September 1, 1986, are subject to the 1986 Tax Reform Act. The Authority invests, records, and reports these proceeds in the manner set forth by the U.S. Treasury and Internal Revenue Service to maintain the tax-exempt status of the bonds. Arbitrage liabilities, when applicable, are reported as a current accrued liability. For the year ended June 30, 2008, the Authority paid arbitrage liabilities in the amount of \$41,499 on the 2004 Series B Bonds. At June 30, 2009 and June 30, 2008, the Authority did not have a liability for arbitrage.

On April 15, 2009, the Authority issued the 2009 Series A Bonds. The 2009 Series A tax-exempt bond proceeds in the amount of \$109,905,000 were issued to redeem \$82,035,000 of the Authority's tax-exempt commercial paper and \$4,595,000 of the Authority's taxable commercial paper. The balance of

**Tennessee State School Bond Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2009, and June 30, 2008**

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the proceeds of the 2009 Series A was used to pay for new construction projects, various costs of issuance and to fund the debt service reserve fund.

On December 17, 2008 the Authority issued the 2008 Series B Bonds. The 2008 Series B tax-exempt bond proceeds in the amount of \$166,990,000 were issued to redeem \$139,178,000 of the Authority's tax-exempt commercial paper. The balance of the proceeds of the 2008 Series B was used to pay for new construction projects, various costs of issuance and to fund the debt service reserve fund.

On January 31, 2008, the Authority issued the 2008 Series A Bonds. The 2008 Series A tax-exempt bond proceeds in the amount of \$118,530,000 were issued to redeem \$64,927,000 of the Authority's tax-exempt commercial paper. The balance of the proceeds of the 2008 Series A was used to pay for new construction projects and various costs of issuance.

**Prior-Year Defeasance of Debt**

In prior years, certain Authority bonds were defeased by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. On June 30, 2009, \$217,760,000 of bonds outstanding is considered defeased.

**Commercial Paper Program**

The Tennessee State School Bond Authority issues short-term debt to finance certain capital projects for the State of Tennessee's higher education institutions. The maximum principal to be issued by the Authority is \$300,000,000. Commercial paper may be issued as tax-exempt or as taxable. At the program's inception, commercial paper refinanced certain outstanding bond anticipation note indebtedness that the Authority had previously issued to finance capital projects. The commercial paper dealer is J.P. Morgan Chase. At June 30, 2009, \$72,070,000 of tax-exempt commercial paper and \$102,230,000 of taxable commercial paper was outstanding. At June 30, 2008, \$185,404,000 of tax-exempt commercial paper and \$57,825,000 of taxable commercial paper was outstanding

The maturity of the paper may not exceed 270 days, and the maximum interest rate may not exceed 12%. Upon maturity, the paper is remarketed by the commercial paper dealer, redeemed, or extinguished with long-term debt. Interest rates on commercial paper ranged from 0.35% to 6.25% during the fiscal year. Interest is payable upon maturity.

During the fiscal year ended, June 30, 2008, the Authority increased the maximum amount of commercial paper permitted to be outstanding to \$350,000,000. However, under the current Credit Agreement with State Street Bank and Trust Company, the maximum amount of outstanding commercial paper is \$300,000,000, with a total available commitment of \$304,593,750.

The Authority currently has State Street Bank and Trust Company as their liquidity provider under a Credit Agreement with an expiry date of March 30, 2014, subject to extension and earlier termination. The total available commitment is \$304,593,750. The obligation of State Street Bank and Trust Company is to purchase unremarketed commercial paper. In the event the liquidity facility is called upon, the Authority must repay the advance on the earlier of (i) the date of such Advance or (ii) the Termination Date. Unless the Authority repays the advance by the Term Loan Closing Date, the principal amount will convert to a term loan with six equal semi-annual payments. In accordance with Financial Accounting Standards Board Statement No. 6, *Classification of Short-Term Obligations*

**Tennessee State School Bond Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2009, and June 30, 2008**

*Expected to Be Refinanced*, this agreement meets the criteria of a financing agreement; thus, the commercial paper payable is classified as a long-term liability.

**NOTE 6. UNEARNED REVENUE**

Changes in unearned revenue for the year ended June 30, 2009, and 2008, are as follows (expressed in thousands):

	Balance			Balance	
	July 1, 2008	Additions	Deletions	June 30, 2009	
Interest rate reserve fund	\$ 1,054	\$ 757	\$ 616	\$ 1,195	
Other unearned revenue	7,941	249	5,727	2,463	
Total unearned revenue	<u>\$ 8,995</u>	<u>\$ 1,006</u>	<u>\$ 6,343</u>	<u>\$ 3,658</u>	

	Balance			Balance	
	July 1, 2007	Additions	Deletions	June 30, 2008	
Interest rate reserve fund	\$ 693	\$ 624	\$ 263	\$ 1,054	
Other unearned revenue	10,113	154	2,326	7,941	
Total unearned revenue	<u>\$ 10,806</u>	<u>\$ 778</u>	<u>\$ 2,589</u>	<u>\$ 8,995</u>	

Unearned revenue at June 30, 2009, and June 30, 2008, is as follows (expressed in thousands):

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Interest Rate Reserve Fund	\$ 1,195	\$ 1,054

Difference in bond proceeds available for capital expenditure and the par value of bonds to be repaid-adjustments for discount/premium, underwriters' fees, and other costs of issuance:

1998 Series B bonds; amortized through 2009	-	4
1998 Series D bonds, which was an advance refunding of the 1992 Series A bonds; amortized through 2021	1,658	1,798
1999 Qualified Zone Academy Bonds; amortized through 2012	84	123
2000 Series A bonds; amortized through 2010	25	50

**Tennessee State School Bond Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2009, and June 30, 2008**

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2000 Series B bonds; amortized through 2010	16	33
2001 Qualified Zone Academy Bonds; amortized through 2016	136	157
2002 Series A bonds; amortized through 2012	109	145
2003 Qualified Zone Academy Bonds; amortized through 2019	76	84
2004 Series A bonds; amortized through 2026	3,699	3,920
2004 Series B bonds; amortized through 2034	(1,261)	(1,312)
2004 Series C bonds; amortized through 2034	400	416
2004 Qualified Zone Academy Bonds; amortized through 2020	61	67
2005 Series A bonds; amortized through 2030	75	79
2005 Series B bonds; amortized through 2028	3,664	3,858
2005 Qualified Zone Academy Bonds; amortized through 2021	423	460
2006 Series A bonds, amortized through 2021	581	629
2006 Series B bonds, amortized through 2011	20	30
2007 Series A bonds; amortized through 2026	(354)	(375)
2007 Series B bonds; amortized through 2036	132	137
2007 Series C bonds; amortized through 2032	(971)	(1,014)
2008 Series A bonds; amortized through 2027	(1,299)	(1,373)
2008 Series B bonds; amortized through 2038	(2,079)	-
2009 Series A bonds, amortized through 2039	(2,757)	-
Other unearned revenue	25	25
Total	\$ 3,658	\$ 8,995

**Tennessee State School Bond Authority**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 2009, and June 30, 2008**

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**NOTE 7. SUBSEQUENT EVENTS**

On December 29, 2009, the Authority had outstanding \$95,415,000 in tax-exempt commercial paper and \$127,230,000 in taxable commercial paper. Between June 30, 2009, and December 29, 2009, the Authority has issued \$50,000,000 in commercial paper to pay construction expenditures.

On December 17, 2009, the Authority sold \$177,000,000 of Qualified School Construction Bonds. The Qualified School Construction Bond (QSCB) is a U.S. debt instrument created from the American Recovery and Reinvestment Act of 2009. The QSCBs allow K-12 schools to borrow at nominal or zero percent for renovation and rehabilitation projects, equipment purchases, new building construction and land acquisition.



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# SUPPLEMENTARY SCHEDULES

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TENNESSEE STATE SCHOOL BOND AUTHORITY  
 SUPPLEMENTARY SCHEDULES OF NET ASSETS - PROGRAM LEVEL  
 JUNE 30, 2009, AND JUNE 30, 2008

(Expressed in Thousands)

	June 30, 2009			June 30, 2008		
	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Total	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Total
<b>ASSETS</b>						
Current assets:						
Cash	\$ 45,396	\$ 1,041	\$ 46,437	\$ 27,883	\$ 1,238	\$ 29,121
Cash with fiscal agent	957	-	957	3	-	3
Investments with fiscal agent	-	14	14	-	14	14
Prepaid interest expense	24	-	24	-	-	-
Loans receivable	47,100	3,707	50,807	33,628	3,706	37,334
Interest receivable	6,605	16	6,621	5,183	15	5,198
Receivables for administrative fees	570	10	580	357	10	367
Total current assets	100,652	4,788	105,440	67,054	4,983	72,037
Noncurrent assets:						
Restricted cash	8	15,383	15,391	6	14,262	14,268
Restricted investments	28,188	9,979	38,167	3,762	8,250	12,012
Loans receivable	952,271	27,314	979,585	826,049	29,908	855,957
Deferred charges	8,331	690	9,021	6,611	779	7,390
Total noncurrent assets	988,798	53,366	1,042,164	836,428	53,199	889,627
Total assets	1,089,450	58,154	1,147,604	903,482	58,182	961,664
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	9,324	-	9,324	14	-	14
Accrued interest payable	6,768	-	6,768	5,237	-	5,237
Unearned revenue	1,584	109	1,693	1,584	109	1,693
Bonds payable	47,201	-	47,201	33,726	-	33,726
Total current liabilities	64,877	109	64,986	40,561	109	40,670
Noncurrent liabilities:						
Unearned revenue	1,293	672	1,965	6,519	782	7,301
Commercial paper payable	174,300	-	174,300	243,229	-	243,229
Bonds payable	841,094	57,168	898,262	605,459	57,155	662,614
Total noncurrent liabilities	1,016,687	57,840	1,074,527	855,207	57,937	913,144
Total liabilities	1,081,564	57,949	1,139,513	895,768	58,046	953,814
<b>NET ASSETS</b>						
Unrestricted	\$ 7,886	\$ 205	\$ 8,091	\$ 7,714	\$ 136	\$ 7,850

TENNESSEE STATE SCHOOL BOND AUTHORITY  
SUPPLEMENTARY SCHEDULES OF REVENUES,  
EXPENSES AND CHANGES IN NET ASSETS - PROGRAM LEVEL  
FOR THE YEARS ENDED JUNE 30, 2009, AND JUNE 30, 2008

(Expressed in Thousands)

	Year ended June 30, 2009			Year ended June 30, 2008		
	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Total	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Total
<b>OPERATING REVENUES</b>						
Revenue from loans	\$ 38,851	\$ 128	\$ 38,979	\$ 34,834	\$ 157	\$ 34,991
Investment earnings	678	64	742	1,298	58	1,356
Total operating revenues	<u>39,529</u>	<u>192</u>	<u>39,721</u>	<u>36,132</u>	<u>215</u>	<u>36,347</u>
<b>OPERATING EXPENSES</b>						
Interest expense-commercial paper	3,457	-	3,457	6,244	-	6,244
Interest expense-bonds	33,986	13	33,999	27,372	13	27,385
Subsidy to borrowers	511	-	511	1,183	-	1,183
Administrative expense	949	21	970	641	40	681
Amortization of bond issuance costs	454	89	543	454	107	561
Total operating expenses	<u>39,357</u>	<u>123</u>	<u>39,480</u>	<u>35,894</u>	<u>160</u>	<u>36,054</u>
Operating income and change in net assets	172	69	241	238	55	293
Net assets, July 1	<u>7,714</u>	<u>136</u>	<u>7,850</u>	<u>7,476</u>	<u>81</u>	<u>7,557</u>
Net assets, June 30	<u>\$ 7,886</u>	<u>\$ 205</u>	<u>\$ 8,091</u>	<u>\$ 7,714</u>	<u>\$ 136</u>	<u>\$ 7,850</u>

TENNESSEE STATE SCHOOL BOND AUTHORITY  
SUPPLEMENTARY SCHEDULES OF CASH FLOWS - PROGRAM LEVEL  
FOR THE YEARS ENDED JUNE 30, 2009, AND JUNE 30, 2008

(Expressed in Thousands)

	Year ended June 30, 2009			Year ended June 30, 2008		
	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Total	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from borrowers for administrative fees	\$ 357	\$ 16	\$ 373	\$ 418	\$ 14	\$ 432
Payment to suppliers	(811)	(21)	(832)	(627)	(40)	(667)
Receipts from borrowers to the interest rate reserve fund	757	-	757	624	-	624
Payments to borrowers from the interest rate reserve fund	(616)	-	(616)	(263)	-	(263)
Net cash provided by (used in) operating activities	(313)	(5)	(318)	152	(26)	126
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Proceeds from sale of bonds	282,737	-	282,737	120,780	-	120,780
Proceeds from sale of refunding bonds	-	-	-	-	-	-
Proceeds from sale of commercial paper	163,000	-	163,000	147,376	-	147,376
Bond issuance costs paid	(498)	-	(498)	(213)	-	(213)
Refunding bond proceeds placed in escrow	-	-	-	-	-	-
Principal paid - bonds and commercial paper	(267,076)	-	(267,076)	(98,409)	-	(98,409)
Interest paid - bonds and commercial paper	(36,090)	-	(36,090)	(33,280)	-	(33,280)
Subsidy to borrowers	(511)	-	(511)	(1,289)	-	(1,289)
Net cash provided by noncapital financing activities	141,562	-	141,562	134,965	-	134,965
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchases of investments	(32,715)	(13,531)	(46,246)	(7,740)	(10,804)	(18,544)
Proceeds from sales and maturities of investments	7,399	11,857	19,256	8,102	9,186	17,288
Interest received on investments	593	330	923	1,183	275	1,458
Loans issued	(177,062)	(202)	(177,264)	(199,936)	(7,744)	(207,680)
Loan escrow paid	(130)	2,436	2,306	(130)	1,767	1,637
Collections of loan principal	43,199	256	43,455	34,535	788	35,323
Interest received on loans	35,936	(217)	35,719	32,986	(227)	32,759
Net cash used in investing activities	(122,780)	929	(121,851)	(131,000)	(6,759)	(137,759)
Net increase (decrease) in cash	18,469	924	19,393	4,117	(6,785)	(2,668)
Cash, July 1	27,892	15,500	43,392	23,775	22,285	46,060
Cash, June 30	\$ 46,361	\$ 16,424	\$ 62,785	\$ 27,892	\$ 15,500	\$ 43,392
<b>Reconciliation of cash to the Statement of Net Assets:</b>						
Cash	\$ 45,396	\$ 1,041	\$ 46,437	\$ 27,883	\$ 1,238	\$ 29,121
Cash with fiscal agent	957	-	957	3	-	3
Restricted cash	8	15,383	15,391	6	14,262	14,268
Cash, June 30	\$ 46,361	\$ 16,424	\$ 62,785	\$ 27,892	\$ 15,500	\$ 43,392
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>						
Operating income	\$ 172	\$ 69	\$ 241	\$ 238	\$ 55	\$ 293
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Amortization of bond issuance costs	454	89	543	454	107	561
Investment earnings	(678)	(55)	(733)	(1,298)	(30)	(1,328)
Interest expense	37,443	13	37,456	33,616	13	33,629
Subsidy to borrowers	511	-	511	1,183	-	1,183
Interest income from loans	(38,546)	(9)	(38,555)	(34,371)	(28)	(34,399)
Changes in assets and liabilities:						
(Increase) in receivables for administrative fees	213	-	213	(61)	-	(61)
(Increase) decrease in payables for administrative fees	(24)	-	(24)	30	-	30
Increase (decrease) in unearned revenue	142	(112)	30	361	(143)	218
Total adjustments	(485)	(74)	(559)	(86)	(81)	(167)
Net cash provided by (used in) operating activities	\$ (313)	\$ (5)	\$ (318)	\$ 152	\$ (26)	\$ 126
<b>Noncash financing activities:</b>						
Accretion of capital appreciation bonds	\$ 322	\$ -	\$ 322	\$ 482	\$ -	\$ 482
Bond issuance costs	(5,481)	-	(5,481)	(1,833)	-	(1,833)
Total noncash financing activities	\$ (5,159)	\$ -	\$ (5,159)	\$ (1,351)	\$ -	\$ (1,351)
<b>Noncash investing activities:</b>						
Increase (decrease) in fair value of investments	\$ (52)	\$ -	\$ (52)	\$ (22)	\$ -	\$ (22)



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# STATISTICAL SECTION

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## **STATISTICAL SECTION**

The Statistical Section provides additional historical information as a context for understanding what the information in the financial statements, notes to the financial statements and required supplementary information says about the Tennessee State School Bond Authority's overall financial health.

### **Financial Trends Information**

This schedule presents trend information to help the reader understand how the Tennessee State School Bond Authority's performance and fiscal health have changed over time.

Schedules of Revenues, Expenses, and Changes in Net Assets .....	42
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### **Revenue Capacity Information**

This schedule contains information to help the reader understand the Tennessee State School Bond Authority's most significant revenue source.

Outstanding Loans from Borrowers.....	43
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### **Debt Capacity Information**

These schedules present information to help the reader understand and assess the Tennessee State School Bond Authority's outstanding debt and ability to issue debt in the future.

Outstanding Debt Payable.....	44
College and University Funds – Schedule of Fees/Charges, Legislative Appropriations and Debt Service .....	45
College and University Funds – Coverage of Annual Financing Charges .....	52
Qualified Zone Academy Bond Program Debt Service Coverage .....	59

### **Demographic and Economic Information**

This schedule contains information to help the reader understand the environment within which the Tennessee State School Bond Authority's financial activities take place.

Fall Term Full-Time Equivalent Enrollment – Higher Education Facilities Institutions .....	65
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**TENNESSEE STATE SCHOOL BOND AUTHORITY**  
**SCHEDULES OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET ASSETS**  
**FOR FISCAL YEARS 2001 TO 2009**

(Expressed in Thousands)

	For the Year Ended									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	
<b>OPERATING REVENUES</b>										
Revenue from loans	\$ 38,979	\$ 34,991	\$ 30,157	\$ 26,841	\$ 27,027	\$ 22,956	\$ 24,927	\$ 21,553	\$ 21,712	
Investment earnings	742	1,356	1,975	1,761	1,138	423	781	1,056	2,624	
Total operating revenues	39,721	36,347	32,132	28,602	28,165	23,379	25,708	22,609	24,336	
<b>OPERATING EXPENSES</b>										
Interest expense-commercial paper	3,457	6,244	4,405	3,482	939	515	353	1,177	3,365	
Interest expense-bonds	33,999	27,385	24,091	22,994	24,916	21,758	24,092	19,988	17,240	
Subsidy to borrowers	511	1,183	1,578	1,440	847	340	2,382	811	1,655	
Administrative expense	970	681	663	539	548	527	457	545	644	
A mortization of bond issuance costs	543	561	435	350	295	229	205	164	135	
Total operating expenses	39,480	36,054	31,172	28,805	27,545	23,369	27,489	22,685	23,039	
Operating income (loss) and change in net assets	241	293	960	(203)	620	10	(1,781)	(76)	1,297	
Net assets, July 1	7,850	7,557	6,597	6,800	6,180	6,170	7,951	8,027	6,730	
Net assets, June 30	\$ 8,091	\$ 7,850	\$ 7,557	\$ 6,597	\$ 6,800	\$ 6,180	\$ 6,170	\$ 7,951	\$ 8,027	

**Note:** Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2001 - 2009 are available.

**TENNESSEE STATE SCHOOL BOND AUTHORITY  
OUTSTANDING LOANS FROM BORROWERS  
FOR THE LAST TEN YEARS**

(Expressed in Thousands)

Fiscal Year	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Total
2009	\$ 999,371	\$ 31,020	\$ 1,030,391
2008	859,706	33,614	893,320
2007	695,235	28,439	723,674
2006	578,694	22,401	601,095
2005	520,133	15,766	535,899
2004	477,867	17,375	495,242
2003	454,173	13,556	467,729
2002	416,264	9,485	425,749
2001	382,606	5,272	387,878
2000	343,643	-	343,643

Note: The first QZAB loan was made in fiscal year 2000.

**TENNESSEE STATE SCHOOL BOND AUTHORITY  
OUTSTANDING DEBT PAYABLE  
FOR THE LAST TEN YEARS**

(Expressed in Thousands)

Fiscal Year	Higher Education Facilities Programs			Qualified Zone Academy Bonds Program	Total
	Bonds	Commercial Paper	QZAB Bonds		
2009	\$ 888,295	\$ 174,300	\$ 57,168	\$	1,119,763
2008	639,185	243,229	57,155		939,569
2007	547,605	164,195	57,142		768,942
2006	525,685	129,046	57,130		711,861
2005	480,515	74,242	39,572		594,329
2004	500,426	32,156	26,959		559,541
2003	425,282	46,747	24,527		496,556
2002	446,620	13,757	24,516		484,893
2001	346,050	60,277	13,175		419,502
2000	258,651	102,700	13,163		374,514

Note: QZAB bonds were obtained in fiscal year 2000.

**TENNESSEE STATE SCHOOL BOND AUTHORITY**  
**COLLEGE AND UNIVERSITY FUNDS <sup>1</sup>**  
**SCHEDULE OF FEES/CHARGES, LEGISLATIVE APPROPRIATIONS AND DEBT SERVICE**  
**(EXCLUDING COMMERCIAL PAPER)**  
**FOR THE LAST TEN YEARS**

(Expressed in Thousands)

**UNIVERSITY OF TENNESSEE**

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Prior and Subordinate Debt Service Requirements (Non Authority)	Debt Service Requirements <sup>3</sup> (Authority Bonds)
2009	\$ 599,973	\$ 476,333	\$ 35	\$ 43,577
2008	565,963	510,261	35	33,177
2007	532,582	471,730	45	26,652
2006	484,786	440,014	56	23,896
2005	448,955	430,412	66	25,317
2004	417,191	406,033	75	24,508
2003	413,632	409,612	-	24,804
2002	438,956	406,146	21	18,628
2001	401,918	408,671	21	16,872
2000	410,086	375,872	21	24,431

**AUSTIN PEAY STATE UNIVERSITY**

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Prior and Subordinate Debt Service Requirements (Non Authority)	Debt Service Requirements <sup>3</sup> (Authority Bonds)
2009	\$ 62,358	\$ 33,427	\$ -	\$ 3,512
2008	61,033	37,180	-	2,581
2007	56,119	34,977	-	2,253
2006	50,818	32,684	-	2,104
2005	44,332	32,216	-	2,242
2004	40,120	30,712	48	1,515
2003	42,577	31,100	48	1,516
2002	38,957	30,484	48	649
2001	31,087	28,051	48	649
2000	28,387	28,001	48	651

**EAST TENNESSEE STATE UNIVERSITY**

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Prior and Subordinate Debt Service Requirements (Non Authority)	Debt Service Requirements <sup>3</sup> (Authority Bonds)
2009	\$ 128,037	\$ 92,402	\$ 1,699	\$ 9,489
2008	121,820	98,619	1,889	5,172
2007	107,798	91,709	2,070	2,895
2006	100,454	86,173	2,242	2,221
2005	92,599	83,221	312	2,824
2004	85,854	79,247	315	2,609
2003	76,414	79,735	319	2,608
2002	72,774	77,965	261	1,916
2001	66,727	75,937	261	1,954
2000	64,386	72,837	258	1,743

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**TENNESSEE STATE SCHOOL BOND AUTHORITY**  
**COLLEGE AND UNIVERSITY FUNDS <sup>1</sup>**  
**SCHEDULE OF FEES/CHARGES, LEGISLATIVE APPROPRIATIONS AND DEBT SERVICE**  
**(EXCLUDING COMMERCIAL PAPER)**  
**FOR THE LAST TEN YEARS**

(Expressed in Thousands)

**MIDDLE TENNESSEE STATE UNIVERSITY**

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Prior and Subordinate Debt Service Requirements (Non Authority)</u>	<u>Debt Service Requirements<sup>3</sup> (Authority Bonds)</u>
2009	\$ 182,576	\$ 92,908	\$ -	\$ 12,962
2008	168,872	100,859	-	8,011
2007	158,641	94,005	-	7,875
2006	149,759	86,971	-	6,455
2005	136,192	85,305	-	6,937
2004	126,161	81,057	-	6,540
2003	108,974	82,144	-	6,537
2002	98,031	77,990	-	5,472
2001	86,328	76,159	-	4,886
2000	78,317	73,273	-	3,357

**TENNESSEE STATE UNIVERSITY**

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Prior and Subordinate Debt Service Requirements (Non Authority)</u>	<u>Debt Service Requirements<sup>3</sup> (Authority Bonds)</u>
2009	\$ 77,569	\$ 38,085	\$ -	\$ 4,041
2008	61,058	46,407	-	3,506
2007	60,537	39,913	-	2,911
2006	59,847	37,864	-	2,893
2005	57,504	37,110	-	3,001
2004	54,375	34,569	-	3,136
2003	47,326	34,988	-	3,137
2002	45,119	35,067	-	2,193
2001	54,979	34,843	66	2,056
2000	52,156	36,337	66	1,470

**TENNESSEE TECHNOLOGICAL UNIVERSITY**

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Prior and Subordinate Debt Service Requirements (Non Authority)</u>	<u>Debt Service Requirements<sup>3</sup> (Authority Bonds)</u>
2009	\$ 76,045	\$ 45,267	\$ -	\$ 1,786
2008	70,801	48,812	-	1,273
2007	61,679	46,012	-	1,242
2006	56,568	43,370	-	1,042
2005	52,138	42,742	-	1,168
2004	47,194	40,165	-	897
2003	45,293	40,790	-	415
2002	41,311	40,392	-	639
2001	37,065	39,933	-	844
2000	33,791	38,938	-	1,075

**UNIVERSITY OF MEMPHIS**

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Prior and Subordinate	Debt Service
			Debt Service Requirements (Non Authority)	Requirements <sup>3</sup> (Authority Bonds)
2009	\$ 166,167	\$ 114,524	\$ -	\$ 8,914
2008	188,462	123,719	-	6,280
2007	177,082	116,006	-	6,013
2006	166,652	108,395	-	4,993
2005	151,536	106,393	-	5,609
2004	140,957	100,602	-	6,291
2003	127,638	102,139	-	6,334
2002	120,196	99,786	-	3,777
2001	114,031	97,499	-	2,353
2000	102,186	94,289	-	3,054

**CHATTANOOGA STATE TECHNICAL COMMUNITY COLLEGE**

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Prior and Subordinate	Debt Service
			Debt Service Requirements (Non Authority)	Requirements <sup>3</sup> (Authority Bonds)
2009	\$ 26,466	\$ 23,937	\$ -	\$ 489
2008	22,190	25,074	-	489
2007	20,832	23,697	-	280
2006	19,084	22,336	-	69
2005	18,216	21,977	-	73
2004	17,297	20,802	65	73
2003	15,034	21,108	60	73
2002	13,947	21,233	70	73
2001	11,650	20,684	69	34
2000	11,074	20,234	72	-

**CLEVELAND STATE COMMUNITY COLLEGE**

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Prior and Subordinate	Debt Service
			Debt Service Requirements (Non Authority)	Requirements <sup>3</sup> (Authority Bonds)
2009	\$ 8,188	\$ 10,379	\$ -	\$ 213
2008	7,206	10,856	-	168
2007	6,422	10,317	-	169
2006	6,249	9,683	-	-
2005	5,737	9,580	-	-
2004	5,631	9,053	-	-
2003	4,757	9,212	-	-
2002	4,544	9,295	-	-
2001	3,952	9,072	-	-
2000	3,726	8,843	-	-

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**TENNESSEE STATE SCHOOL BOND AUTHORITY**  
**COLLEGE AND UNIVERSITY FUNDS <sup>1</sup>**  
**SCHEDULE OF FEES/CHARGES, LEGISLATIVE APPROPRIATIONS AND DEBT SERVICE**  
**(EXCLUDING COMMERCIAL PAPER)**  
**FOR THE LAST TEN YEARS**

(Expressed in Thousands)

**COLUMBIA STATE COMMUNITY COLLEGE**

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Prior and Subordinate Debt Service Requirements (Non Authority)</u>	<u>Debt Service Requirements<sup>3</sup> (Authority Bonds)</u>
2009	\$ 11,481	\$ 13,337	\$ -	\$ 14
2008	13,829	13,710	-	18
2007	13,829	13,710	-	17
2006	13,027	12,731	-	17
2005	12,133	12,839	-	17
2004	10,799	11,344	-	-
2003	14,921	11,540	-	-
2002	13,136	11,437	-	-
2001	7,294	11,016	-	-
2000	6,836	10,675	-	-

**DYERSBURG STATE COMMUNITY COLLEGE**

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Prior and Subordinate Debt Service Requirements (Non Authority)</u>	<u>Debt Service Requirements<sup>3</sup> (Authority Bonds)</u>
2009	\$ 6,945	\$ 7,276	\$ -	\$ 116
2008	6,141	7,612	-	116
2007	6,032	7,118	-	117
2006	5,451	6,490	-	-
2005	5,490	6,386	-	-
2004	5,219	6,035	-	-
2003	4,010	6,108	-	-
2002	3,762	5,979	-	-
2001	3,127	5,809	-	-
2000	2,918	5,666	-	-

**JACKSON STATE COMMUNITY COLLEGE**

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Prior and Subordinate Debt Service Requirements (Non Authority)</u>	<u>Debt Service Requirements<sup>3</sup> (Authority Bonds)</u>
2009	\$ 17,309	\$ 13,365	\$ -	\$ 166
2008	14,329	13,147	-	166
2007	10,614	12,383	-	168
2006	9,280	11,480	-	-
2005	8,958	11,282	-	-
2004	8,290	10,610	-	-
2003	7,173	10,768	-	-
2002	6,773	10,477	-	-
2001	5,468	10,210	-	-
2000	6,376	9,417	-	-

**MOTLOW STATE COMMUNITY COLLEGE**

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Prior and Subordinate	Debt Service
			Debt Service Requirements (Non Authority)	Requirements <sup>3</sup> (Authority Bonds)
2009	\$ 10,696	\$ 10,428	\$ -	\$ 170
2008	9,780	10,951	-	170
2007	8,661	10,290	-	171
2006	7,678	9,434	-	-
2005	7,022	9,343	-	-
2004	6,369	8,747	-	-
2003	5,660	8,893	-	-
2002	5,225	8,514	-	-
2001	4,413	8,309	-	-
2000	4,120	8,094	-	-

**NASHVILLE STATE COMMUNITY COLLEGE**

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Prior and Subordinate	Debt Service
			Debt Service Requirements (Non Authority)	Requirements <sup>3</sup> (Authority Bonds)
2009	\$ 19,940	\$ 15,579	\$ -	\$ 70
2008	17,392	16,370	-	85
2007	15,828	15,185	-	13
2006	15,615	14,045	-	13
2005	13,955	13,449	-	13
2004	12,202	12,730	-	13
2003	13,519	13,099	-	13
2002	8,254	12,525	-	-
2001	8,322	12,168	-	-
2000	7,474	11,655	-	-

**NORTHEAST STATE TECHNICAL COMMUNITY COLLEGE**

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Prior and Subordinate	Debt Service
			Debt Service Requirements (Non Authority)	Requirements <sup>3</sup> (Authority Bonds)
2009	\$ 13,534	\$ 12,622	\$ -	\$ 209
2008	12,086	13,199	-	209
2007	11,731	12,256	-	212
2006	10,505	11,147	-	-
2005	9,883	10,958	-	-
2004	8,910	10,391	-	-
2003	7,283	10,543	-	-
2002	6,599	9,737	-	-
2001	5,534	9,501	-	-
2000	5,111	8,946	-	-

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**TENNESSEE STATE SCHOOL BOND AUTHORITY**  
**COLLEGE AND UNIVERSITY FUNDS <sup>1</sup>**  
**SCHEDULE OF FEES/CHARGES, LEGISLATIVE APPROPRIATIONS AND DEBT SERVICE**  
**(EXCLUDING COMMERCIAL PAPER)**  
**FOR THE LAST TEN YEARS**

(Expressed in Thousands)

**PELLISSIPPI STATE TECHNICAL COMMUNITY COLLEGE**

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Prior and Subordinate	Debt Service
			Debt Service Requirements (Non Authority)	Requirements <sup>3</sup> (Authority Bonds)
2009	\$ 25,530	\$ 20,983	\$ -	\$ 376
2008	23,917	22,037	-	375
2007	20,801	20,657	-	293
2006	19,184	19,252	-	-
2005	17,376	18,935	-	-
2004	17,109	17,985	-	-
2003	14,393	18,247	-	-
2002	13,854	18,078	-	-
2001	12,693	17,514	-	-
2000	11,429	17,062	-	-

**ROANE STATE COMMUNITY COLLEGE**

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Prior and Subordinate	Debt Service
			Debt Service Requirements (Non Authority)	Requirements <sup>3</sup> (Authority Bonds)
2009	\$ 15,366	\$ 18,104	\$ -	\$ 323
2008	14,478	18,976	-	323
2007	13,510	17,892	-	330
2006	12,528	16,660	-	-
2005	11,823	16,470	-	-
2004	10,964	15,518	-	-
2003	9,532	15,779	-	-
2002	8,589	15,771	-	-
2001	7,697	15,524	-	-
2000	7,565	14,879	-	-

**SOUTHWEST TENNESSEE COMMUNITY COLLEGE**

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Prior and Subordinate	Debt Service
			Debt Service Requirements (Non Authority)	Requirements <sup>3</sup> (Authority Bonds)
2009	\$ 20,523	\$ 38,230	\$ -	\$ 389
2008	19,577	40,131	-	175
2007	22,042	38,723	-	174
2006	18,166	36,905	-	169
2005	16,749	36,210	-	179
2004	16,472	34,191	-	179
2003	21,839	34,827	-	179
2002	19,022	35,175	-	146
2001	18,325	34,451	-	146
2000	10,838	18,464	-	56

**VOLUNTEER STATE COMMUNITY COLLEGE**

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Prior and Subordinate	Debt Service
			Debt Service Requirements (Non Authority)	Requirements <sup>3</sup> (Authority Bonds)
2009	\$ 18,782	\$ 18,363	\$ -	\$ 139
2008	15,457	19,245	-	139
2007	14,974	17,995	-	140
2006	14,224	16,548	-	17
2005	13,206	16,303	-	17
2004	12,256	15,417	-	-
2003	10,333	15,641	-	-
2002	9,600	15,689	-	-
2001	7,723	15,297	-	-
2000	7,067	14,853	-	-

**WALTERS STATE COMMUNITY COLLEGE**

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Prior and Subordinate	Debt Service
			Debt Service Requirements (Non Authority)	Requirements <sup>3</sup> (Authority Bonds)
2009	\$ 17,859	\$ 18,576	\$ -	\$ 289
2008	15,379	19,429	-	289
2007	14,097	18,249	-	294
2006	12,740	16,860	-	-
2005	11,798	16,643	-	-
2004	11,211	15,689	-	-
2003	9,990	15,909	-	-
2002	9,381	15,595	-	-
2001	8,281	15,173	-	-
2000	9,001	14,767	-	-

Source-Colleges & Universities (unaudited)

<sup>1</sup> Includes only those Institutions that have projects which have been financed with Bonds.

<sup>2</sup> Appropriations for operations and maintenance, including employer social security and retirement contributions; but not including special program funds, such as for Centers of Excellence and institution and research equipment.

<sup>3</sup> Debt Service Requirements consist of only principal and interest.

**TENNESSEE STATE SCHOOL BOND AUTHORITY  
COLLEGE AND UNIVERSITY FUNDS  
COVERAGE OF ANNUAL FINANCING CHARGES  
LONG-TERM DEBT SECURED BY FINANCING AGREEMENTS<sup>1</sup>  
FOR THE LAST TEN YEARS**

(Expressed in Thousands)

**UNIVERSITY OF TENNESSEE**

Coverage By:

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Annual Financing Chrgs and Admin Fees <sup>3,4</sup>	Fees & Charges	Fees, Charges, & Appropriations
2009	\$ 599,973	\$ 476,333	\$ 33,870	17.71 X	31.78 X
2008	565,963	510,261	33,870	16.71 X	31.78 X
2007	532,582	471,730	27,157	19.61 X	36.98 X
2006	484,786	440,014	24,425	19.85 X	37.86 X
2005	448,955	430,412	25,854	17.37 X	34.01 X
2004	417,191	406,033	24,822	16.81 X	33.17 X
2003	413,632	409,612	25,138	16.45 X	32.75 X
2002	438,956	406,146	20,703	21.20 X	40.82 X
2001	401,918	408,671	18,814	21.36 X	43.08 X
2000	410,086	375,872	17,029	24.08 X	46.15 X

**AUSTIN PEAY STATE UNIVERSITY**

Coverage By:

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Annual Financing Chrgs and Admin Fees <sup>3,4</sup>	Fees & Charges	Fees, Charges, & Appropriations
2009	\$ 62,358	\$ 33,427	\$ 2,682	23.25 X	35.71 X
2008	61,033	37,180	2,682	22.76 X	36.62 X
2007	56,119	34,977	2,335	24.03 X	39.01 X
2006	50,818	32,684	2,162	23.51 X	38.62 X
2005	44,332	32,216	2,304	19.24 X	33.22 X
2004	40,120	30,712	1,546	25.95 X	45.82 X
2003	42,577	31,100	1,548	27.50 X	47.59 X
2002	38,957	30,484	651	59.84 X	106.67 X
2001	31,087	28,051	653	47.61 X	90.56 X
2000	28,387	28,001	653	43.47 X	86.35 X

**EAST TENNESSEE STATE UNIVERSITY**

Coverage By:

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Annual Financing Chrgs and Admin Fees <sup>3,4</sup>	Fees & Charges	Fees, Charges, & Appropriations
2009	\$ 128,037	\$ 92,402	\$ 5,297	24.17 X	41.62 X
2008	121,820	98,619	5,297	23.00 X	41.62 X
2007	107,798	91,709	2,943	36.63 X	67.79 X
2006	100,454	86,173	2,261	44.43 X	82.54 X
2005	92,599	83,221	2,881	32.14 X	61.03 X
2004	85,854	79,247	2,660	32.28 X	62.07 X
2003	76,414	79,735	2,661	28.72 X	58.68 X
2002	72,774	77,965	2,117	34.38 X	71.20 X
2001	66,727	75,937	1,946	34.29 X	73.31 X
2000	64,386	72,837	1,984	32.45 X	69.16 X

**MIDDLE TENNESSEE STATE UNIVERSITY**

Coverage By:

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Annual Financing Chrgs and Admin Fees<sup>3,4</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2009	\$ 182,576	\$ 92,908	\$ 8,181	22.32 X	33.67 X
2008	168,872	100,859	8,181	20.64 X	32.97 X
2007	158,641	94,005	8,036	19.74 X	31.44 X
2006	149,759	86,971	6,626	22.60 X	35.73 X
2005	136,192	85,305	7,103	19.17 X	31.18 X
2004	126,161	81,057	6,673	18.91 X	31.05 X
2003	108,974	82,144	6,675	16.33 X	28.63 X
2002	98,031	77,990	5,978	16.40 X	29.44 X
2001	86,328	76,159	5,571	15.50 X	29.17 X
2000	78,317	73,273	4,987	15.70 X	30.40 X

**TENNESSEE STATE UNIVERSITY**

Coverage By:

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Annual Financing Chrgs and Admin Fees<sup>3,4</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2009	\$ 77,569	\$ 38,085	\$ 3,592	21.59 X	32.20 X
2008	61,058	46,407	3,592	17.00 X	29.92 X
2007	60,537	39,913	2,967	20.40 X	33.86 X
2006	59,847	37,864	2,958	20.23 X	33.03 X
2005	57,504	37,110	3,054	18.83 X	30.98 X
2004	54,375	34,569	3,070	17.71 X	28.97 X
2003	47,326	34,988	3,198	14.80 X	25.74 X
2002	45,119	35,067	2,272	19.86 X	35.29 X
2001	54,979	34,843	2,224	24.72 X	40.39 X
2000	52,156	36,337	2,087	24.99 X	42.40 X

**TENNESSEE TECHNOLOGICAL UNIVERSITY**

Coverage By:

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Annual Financing Chrgs and Admin Fees<sup>3,4</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2009	\$ 76,045	\$ 45,267	\$ 1,294	58.77 X	93.75 X
2008	70,801	48,812	1,294	54.71 X	92.44 X
2007	61,679	46,012	1,261	48.91 X	85.40 X
2006	56,568	43,370	1,066	53.07 X	93.75 X
2005	52,138	42,742	1,190	43.81 X	79.73 X
2004	47,194	40,165	912	51.75 X	95.79 X
2003	45,293	40,790	420	107.84 X	204.96 X
2002	41,311	40,392	756	54.64 X	108.07 X
2001	37,065	39,933	748	49.55 X	102.94 X
2000	33,791	38,938	950	35.57 X	76.56 X

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**TENNESSEE STATE SCHOOL BOND AUTHORITY  
COLLEGE AND UNIVERSITY FUNDS  
COVERAGE OF ANNUAL FINANCING CHARGES  
LONG-TERM DEBT SECURED BY FINANCING AGREEMENTS<sup>1</sup>  
FOR THE LAST TEN YEARS**

(Expressed in Thousands)

**UNIVERSITY OF MEMPHIS**

Coverage By:

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Annual Financing Chrgs and Admin Fees<sup>3,4</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2009	\$ 166,167	\$ 114,524	\$ 6,380	26.04 X	44.00 X
2008	188,462	123,719	6,380	29.54 X	48.93 X
2007	177,082	116,006	6,114	28.96 X	47.94 X
2006	166,652	108,395	5,197	32.07 X	52.92 X
2005	151,536	106,393	5,792	26.16 X	44.53 X
2004	140,957	100,602	6,378	22.10 X	37.87 X
2003	127,638	102,139	6,432	19.84 X	35.72 X
2002	120,196	99,786	5,884	20.43 X	37.39 X
2001	114,031	97,499	3,846	29.65 X	55.00 X
2000	102,186	94,289	2,387	42.81 X	82.31 X

**CHATTANOOGA STATE TECHNICAL COMMUNITY COLLEGE**

Coverage By:

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Annual Financing Chrgs and Admin Fees<sup>3,4</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2009	\$ 26,466	\$ 23,937	\$ 495	53.47 X	101.82 X
2008	22,190	25,074	495	44.83 X	95.48 X
2007	20,832	23,697	282	73.87 X	157.90 X
2006	19,084	22,336	71	268.79 X	583.38 X
2005	18,216	21,977	74	246.16 X	543.15 X
2004	17,297	20,802	74	233.74 X	514.85 X
2003	15,034	21,108	74	203.16 X	488.41 X
2002	13,947	21,233	74	188.47 X	0,475.41 X
2001	11,650	20,684	34	342.65 X	0,951.00 X
2000	11,074	20,234	-	-	-

**CLEVELAND STATE COMMUNITY COLLEGE**

Coverage By:

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Annual Financing Chrgs and Admin Fees<sup>3,4</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2009	\$ 8,188	\$ 10,379	\$ 169	48.45 X	109.86 X
2008	7,206	10,856	169	42.64 X	106.88 X
2007	6,422	10,317	170	37.78 X	98.46 X
2006	6,249	9,683	-	-	-
2005	5,737	9,580	-	-	-
2004	5,631	9,053	-	-	-
2003	4,757	9,212	-	-	-
2002	4,544	9,295	-	-	-
2001	3,952	9,072	-	-	-
2000	3,726	8,843	-	-	-

**COLUMBIA STATE COMMUNITY COLLEGE**

Coverage By:

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Annual Financing Chrgs and Admin Fees<sup>3,4</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2009	\$ 11,481	\$ 13,337	\$ 18	637.83 X	1,378.78 X
2008	13,829	13,710	18	768.28 X	1,529.94 X
2007	13,829	13,710	18	768.28 X	1,529.94 X
2006	13,027	12,731	18	723.72 X	1,431.00 X
2005	12,133	12,839	18	674.06 X	1,387.33 X
2004	10,799	11,344	-	-	-
2003	14,921	11,540	-	-	-
2002	13,136	11,437	-	-	-
2001	7,294	11,016	-	-	-
2000	6,836	10,675	-	-	-

**DYERSBURG STATE COMMUNITY COLLEGE**

Coverage By:

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Annual Financing Chrgs and Admin Fees<sup>3,4</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2009	\$ 6,945	\$ 7,276	\$ 116	59.87 X	122.59 X
2008	6,141	7,612	116	52.94 X	118.56 X
2007	6,032	7,118	117	51.56 X	112.39 X
2006	5,451	6,490	-	-	-
2005	5,490	6,386	-	-	-
2004	5,219	6,035	-	-	-
2003	4,010	6,108	-	-	-
2002	3,762	5,979	-	-	-
2001	3,127	5,809	-	-	-
2000	2,918	5,666	-	-	-

**JACKSON STATE COMMUNITY COLLEGE**

Coverage By:

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Annual Financing Chrgs and Admin Fees<sup>3,4</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2009	\$ 17,309	\$ 13,365	\$ 167	103.65 X	183.68 X
2008	14,329	13,147	167	85.80 X	164.53 X
2007	10,614	12,383	169	62.80 X	136.08 X
2006	9,280	11,480	-	-	-
2005	8,958	11,282	-	-	-
2004	8,290	10,610	-	-	-
2003	7,173	10,768	-	-	-
2002	6,773	10,477	-	-	-
2001	5,468	10,210	-	-	-
2000	6,376	9,417	-	-	-

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**TENNESSEE STATE SCHOOL BOND AUTHORITY  
COLLEGE AND UNIVERSITY FUNDS  
COVERAGE OF ANNUAL FINANCING CHARGES  
LONG-TERM DEBT SECURED BY FINANCING AGREEMENTS<sup>1</sup>  
FOR THE LAST TEN YEARS**

(Expressed in Thousands)

**MOTLOW STATE COMMUNITY COLLEGE**

Coverage By:

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Annual Financing Chrgs and Admin Fees<sup>3,4</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2009	\$ 10,696	\$ 10,428	\$ 171	62.55 X	123.53 X
2008	9,780	10,951	171	57.19 X	121.23 X
2007	8,661	10,290	173	50.06 X	109.54 X
2006	7,678	9,434	-	-	-
2005	7,022	9,343	-	-	-
2004	6,369	8,747	-	-	-
2003	5,660	8,893	-	-	-
2002	5,225	8,514	-	-	-
2001	4,413	8,309	-	-	-
2000	4,120	8,094	-	-	-

**NASHVILLE STATE COMMUNITY COLLEGE**

Coverage By:

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Annual Financing Chrgs and Admin Fees<sup>3,4</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2009	\$ 19,940	\$ 15,579	\$ 87	229.20 X	408.26 X
2008	17,392	16,370	87	199.91 X	388.07 X
2007	15,828	15,185	13	1,217.54 X	2,385.62 X
2006	15,615	14,045	13	1,201.15 X	2,281.54 X
2005	13,955	13,449	13	1,073.46 X	2,108.00 X
2004	12,202	12,730	13	938.62 X	1,917.85 X
2003	13,519	13,099	13	1,039.92 X	2,047.54 X
2002	8,254	12,525	-	-	-
2001	8,322	12,168	-	-	-
2000	7,474	11,655	-	-	-

**NORTHEAST STATE TECHNICAL COMMUNITY COLLEGE**

Coverage By:

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Annual Financing Chrgs and Admin Fees<sup>3,4</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2009	\$ 13,534	\$ 12,622	\$ 210	64.45 X	124.55 X
2008	12,086	13,199	210	57.55 X	120.40 X
2007	11,731	12,256	214	54.82 X	112.09 X
2006	10,505	11,147	-	-	-
2005	9,883	10,958	-	-	-
2004	8,910	10,391	-	-	-
2003	7,283	10,543	-	-	-
2002	6,599	9,737	-	-	-
2001	5,534	9,501	-	-	-
2000	5,111	8,946	-	-	-

**PELLISSIPPI STATE TECHNICAL COMMUNITY COLLEGE**

Coverage By:

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Annual Financing Chrgs and Admin Fees<sup>3,4</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2009	\$ 25,530	\$ 20,983	\$ 380	67.18 X	122.40 X
2008	23,917	22,037	380	62.94 X	120.93 X
2007	20,801	20,657	296	70.27 X	140.06 X
2006	19,184	19,252	-	-	-
2005	17,376	18,935	-	-	-
2004	17,109	17,985	-	-	-
2003	14,393	18,247	-	-	-
2002	13,854	18,078	-	-	-
2001	12,693	17,514	-	-	-
2000	11,429	17,062	-	-	-

**ROANE STATE COMMUNITY COLLEGE**

Coverage By:

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Annual Financing Chrgs and Admin Fees<sup>3,4</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2009	\$ 15,366	\$ 18,104	\$ 327	46.99 X	102.35 X
2008	14,478	18,976	327	44.28 X	102.31 X
2007	13,510	17,892	334	40.45 X	94.02 X
2006	12,528	16,660	-	-	-
2005	11,823	16,470	-	-	-
2004	10,964	15,518	-	-	-
2003	9,532	15,779	-	-	-
2002	8,589	15,771	-	-	-
2001	7,697	15,524	-	-	-
2000	7,565	14,879	-	-	-

**SOUTHWEST TENNESSEE COMMUNITY COLLEGE**

Coverage By:

<u>Fiscal Year</u>	<u>Total Fees and Charges</u>	<u>Legislative Appropriations<sup>2</sup></u>	<u>Annual Financing Chrgs and Admin Fees<sup>3,4</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2009	\$ 20,523	\$ 38,230	\$ 179	114.65 X	328.23 X
2008	19,577	40,131	179	109.37 X	333.56 X
2007	22,042	38,723	179	123.14 X	339.47 X
2006	18,166	36,905	175	103.81 X	314.69 X
2005	16,749	36,210	183	91.52 X	289.39 X
2004	16,472	34,191	183	90.01 X	276.85 X
2003	21,839	34,827	149	146.57 X	380.31 X
2002	19,022	35,175	149	127.66 X	363.74 X
2001	18,325	34,451	150	122.17 X	351.84 X
2000	10,838	18,464	58	186.86 X	505.21 X

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**TENNESSEE STATE SCHOOL BOND AUTHORITY  
COLLEGE AND UNIVERSITY FUNDS  
COVERAGE OF ANNUAL FINANCING CHARGES  
LONG-TERM DEBT SECURED BY FINANCING AGREEMENTS<sup>1</sup>  
FOR THE LAST TEN YEARS**

(Expressed in Thousands)

**VOLUNTEER STATE COMMUNITY COLLEGE**

Coverage By:

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Annual Financing Chrgs and Admin Fees <sup>3,4</sup>	Fees & Charges	Fees, Charges, & Appropriations
2009	\$ 18,782	\$ 18,363	\$ 139	135.12 X	267.23 X
2008	15,457	19,245	139	111.20 X	249.65 X
2007	14,974	17,995	141	106.20 X	233.82 X
2006	14,224	16,548	17	836.71 X	1,810.12 X
2005	13,206	16,303	17	776.82 X	1,735.82 X
2004	12,256	15,417	-	-	-
2003	10,333	15,641	-	-	-
2002	9,600	15,689	-	-	-
2001	7,723	15,297	-	-	-
2000	7,067	14,853	-	-	-

**WALTERS STATE COMMUNITY COLLEGE**

Coverage By:

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Annual Financing Chrgs and Admin Fees <sup>3,4</sup>	Fees & Charges	Fees, Charges, & Appropriations
2009	\$ 17,859	\$ 18,576	\$ 292	61.16 X	124.78 X
2008	15,379	19,429	292	52.67 X	119.21 X
2007	14,097	18,249	297	47.46 X	108.91 X
2006	12,740	16,860	-	-	-
2005	11,798	16,643	-	-	-
2004	11,211	15,689	-	-	-
2003	9,990	15,909	-	-	-
2002	9,381	15,595	-	-	-
2001	8,281	15,173	-	-	-
2000	9,001	14,767	-	-	-

Source - Universities and Colleges (Unaudited)

<sup>1</sup> Includes both the First Program and Second Program Bonds. Excludes Commercial Paper.

<sup>2</sup> Appropriations for operations and maintenance, including employer social security and retirement contributions; but not including special program funds, such as for Centers of Excellence and institution and research equipment.

<sup>3</sup> Does not include coverage for debt outstanding as Commercial Paper.

<sup>4</sup> Includes the maturity value only, and includes full accretion of College Savings Bonds and certain bonds secured by refunding trusts.

**DEBT SERVICE COVERAGE  
TENNESSEE STATE SCHOOL BOND AUTHORITY  
QUALIFIED ZONE ACADEMY BOND PROGRAM  
FOR THE LAST EIGHT YEARS**

(Expressed in Thousands)

**BENTON COUNTY SCHOOLS <sup>1</sup>**

Fiscal Year	STATE SHARED TAX OBLIGATIONS			Prior Year State Shared Taxes	Coverage
	QZAB Obligations	Other Pledged Obligations (Non-Authority)	Total Obligations		
2009	\$ 14	\$ 64	\$ 78	\$ 3,013	38.63 X
2008	14	170	184	2,982	16.21 X
2007	14	170	184	2,825	15.35 X
2006	-	35	35	2,660	75.99 X
2005	-	-	-	2,601	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X
2002	-	-	-	-	0.00 X
2001	-	-	-	-	0.00 X
2000	-	-	-	-	0.00 X

**BLOUNT COUNTY SCHOOLS <sup>1</sup>**

Fiscal Year	STATE SHARED TAX OBLIGATIONS			Prior Year State Shared Taxes	Coverage
	QZAB Obligations	Other Pledged Obligations (Non-Authority)	Total Obligations		
2009	\$ 51	\$ -	\$ 51	\$ 4,597	90.14 X
2008	51	-	51	4,376	85.80 X
2007	51	-	51	3,977	77.99 X
2006	51	-	51	3,694	72.44 X
2005	-	-	-	3,536	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X
2002	-	-	-	-	0.00 X
2001	-	-	-	-	0.00 X
2000	-	-	-	-	0.00 X

**DAVIDSON COUNTY SCHOOLS <sup>1</sup>**

Fiscal Year	STATE SHARED TAX OBLIGATIONS			Prior Year State Shared Taxes	Coverage
	QZAB Obligations	Other Pledged Obligations (Non-Authority)	Total Obligations		
2009	\$ 415	\$ 24,144	\$ 24,559	\$ 59,739	2.43 X
2008	415	25,788	26,203	61,874	2.36 X
2007	415	27,098	27,513	55,172	2.01 X
2006	-	36,019	36,019	49,999	1.39 X
2005	-	32,492	32,492	57,319	1.76 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X
2002	-	-	-	-	0.00 X
2001	-	-	-	-	0.00 X
2000	-	-	-	-	0.00 X

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**DEBT SERVICE COVERAGE  
TENNESSEE STATE SCHOOL BOND AUTHORITY  
QUALIFIED ZONE ACADEMY BOND PROGRAM  
FOR THE LAST EIGHT YEARS**

(Expressed in Thousands)

**HAMILTON COUNTY SCHOOLS <sup>1</sup>**

Fiscal Year	STATE SHARED TAX OBLIGATIONS			Prior Year State Shared Taxes	Coverage
	QZAB Obligations	Other Pledged Obligations (Non-Authority)	Total Obligations		
2009	\$ 91	596	\$ 687	\$ 8,602	12.53 X
2008	91	596	687	8,510	12.39 X
2007	91	596	687	7,751	11.29 X
2006	91	596	687	6,864	9.99 X
2005	91	-	91	6,929	76.14 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X
2002	-	-	-	-	0.00 X
2001	-	-	-	-	0.00 X
2000	-	-	-	-	0.00 X

**HUMBOLDT CITY SCHOOLS**

Fiscal Year	STATE SHARED TAX OBLIGATIONS			Prior Year State Shared Taxes	Coverage
	QZAB Obligations	Other Pledged Obligations (Non-Authority)	Total Obligations		
2009	\$ 158	\$ 203	\$ 361	\$ 1,049	2.91 X
2008	158	203	361	1,134	3.14 X
2007	158	203	361	1,082	3.00 X
2006	158	203	361	999	2.77 X
2005	158	203	361	937	2.59 X
2004	158	203	361	936	2.59 X
2003	158	203	361	975	2.70 X
2002	-	203	203	1,151	5.67 X
2001	-	203	203	1,023	5.04 X
2000	-	203	203	987	4.86 X

**KINGSPORT CITY SCHOOLS**

Fiscal Year	STATE SHARED TAX OBLIGATIONS			Prior Year State Shared Taxes	Coverage
	QZAB Obligations	Other Pledged Obligations (Non-Authority)	Total Obligations		
2009	\$ 358	\$ 609	\$ 967	\$ 6,180	6.39 X
2008	358	609	967	6,185	6.39 X
2007	358	609	967	5,801	6.00 X
2006	255	609	864	5,277	6.11 X
2005	34	961	995	4,906	4.93 X
2004	34	961	995	5,118	5.14 X
2003	34	516	550	5,065	9.21 X
2002	34	516	550	5,232	9.51 X
2001	34	-	34	4,960	145.89 X
2000	-	-	-	4,936	0.00 X

**KNOX COUNTY SCHOOLS****STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QZAB Obligations	Other Pledged		Total Obligations	Prior Year State Shared Taxes	Coverage
		Obligations	(Non-Authority)			
2009	\$ 215	\$ -		\$ 215	\$ 11,366	52.86 X
2008	215	-		215	11,413	53.09 X
2007	215	-		215	9,756	45.38 X
2006	215	-		215	8,499	39.53 X
2005	215	-		215	7,681	35.72 X
2004	215	-		215	8,235	38.30 X
2003	215	-		215	8,561	39.82 X
2002	215	-		215	7,393	34.39 X
2001	215	5		220	9,620	43.73 X
2000	-	5		5	7,670	1533.98 X

**LEXINGTON CITY SCHOOLS <sup>1</sup>****STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QZAB Obligations	Other Pledged		Total Obligations	Prior Year State Shared Taxes	Coverage
		Obligations	(Non-Authority)			
2009	\$ 76	\$ -		\$ 76	\$ 830	10.91 X
2008	76	-		76	729	9.59 X
2007	76	-		76	833	10.96 X
2006	76	-		76	720	9.47 X
2005	-	-		-	732	0.00 X
2004	-	-		-	-	0.00 X
2003	-	-		-	-	0.00 X
2002	-	-		-	-	0.00 X
2001	-	-		-	-	0.00 X
2000	-	-		-	-	0.00 X

**LINCOLN COUNTY SCHOOLS <sup>2</sup>****STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QZAB Obligations	Other Pledged		Total Obligations	Prior Year State Shared Taxes	Coverage
		Obligations	(Non-Authority)			
2009	\$ -	\$ -		\$ -	\$ 2,658	0.00 X
2008	-	-		-	2,704	0.00 X
2007	-	-		-	2,579	0.00 X
2006	-	-		-	2,458	0.00 X
2005	10	-		10	2,388	238.78 X
2004	10	-		10	2,366	236.63 X
2003	10	-		10	2,317	231.73 X
2002	10	-		10	2,345	234.45 X
2001	10	-		10	2,293	229.26 X
2000	-	-		-	2,214	0.00 X

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**DEBT SERVICE COVERAGE  
TENNESSEE STATE SCHOOL BOND AUTHORITY  
QUALIFIED ZONE ACADEMY BOND PROGRAM  
FOR THE LAST EIGHT YEARS**

(Expressed in Thousands)

**LOUDON COUNTY SCHOOLS <sup>1</sup>**

Fiscal Year	STATE SHARED TAX OBLIGATIONS			Prior Year State Shared Taxes	Coverage
	QZAB Obligations	Other Pledged Obligations (Non-Authority)	Total Obligations		
2009	\$ 275	\$ -	\$ 275	\$ 3,588	13.05 X
2008	275	-	275	3,447	12.53 X
2007	275	-	275	2,960	10.76 X
2006	-	-	-	2,869	0.00 X
2005	-	-	-	2,520	0.00 X
2004	-	-	-	2,398	0.00 X
2003	-	-	-	-	0.00 X
2002	-	-	-	-	0.00 X
2001	-	-	-	-	0.00 X
2000	-	-	-	-	0.00 X

**MEMPHIS CITY SCHOOLS**

Fiscal Year	STATE SHARED TAX OBLIGATIONS			Prior Year State Shared Taxes	Coverage
	QZAB Obligations	Other Pledged Obligations (Non-Authority)	Total Obligations		
2009	\$ 547	\$ -	\$ 547	\$ 100,257	183.28 X
2008	547	-	547	101,127	184.88 X
2007	917	-	917	94,488	103.07 X
2006	917	-	917	85,380	93.13 X
2005	917	-	917	78,499	85.63 X
2004	844	678	1,522	76,656	50.38 X
2003	844	1,434	2,278	76,879	33.75 X
2002	369	1,434	1,803	78,917	43.77 X
2001	369	1,426	1,795	75,712	42.18 X
2000	-	1,418	1,418	71,767	50.60 X

**MONTGOMERY COUNTY SCHOOLS <sup>1</sup>**

Fiscal Year	STATE SHARED TAX OBLIGATIONS			Prior Year State Shared Taxes	Coverage
	QZAB Obligations	Other Pledged Obligations (Non-Authority)	Total Obligations		
2009	\$ 436	\$ -	\$ 436	\$ 4,164	9.55 X
2008	436	-	436	4,231	9.70 X
2007	436	-	436	3,988	9.15 X
2006	176	-	176	3,772	21.43 X
2005	176	-	176	3,688	20.96 X
2004	176	-	176	3,624	20.59 X
2003	176	-	176	3,556	20.21 X
2002	-	-	-	3,576	0.00 X
2001	-	-	-	3,504	0.00 X
2000	-	-	-	3,280	0.00 X

**OAK RIDGE CITY SCHOOLS <sup>1</sup>****STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QZAB Obligations	Other Pledged		Total Obligations	Prior Year State Shared Taxes	Coverage
		Obligations	(Non-Authority)			
2009	\$ 510	\$ 1,219		\$ 1,729	\$ 3,771	2.18 X
2008	510	1,219		1,729	3,965	2.29 X
2007	509	1,219		1,728	3,509	2.03 X
2006	441	1,219		1,660	3,161	1.90 X
2005	-	1,560		1,560	2,922	1.87 X
2004	-	1,760		1,760	2,975	1.69 X
2003	-	1,258		1,258	-	0.00 X
2002	-	1,258		1,258	-	0.00 X
2001	-	1,258		1,258	-	0.00 X
2000	-	1,258		1,258	-	0.00 X

**RHEA COUNTY SCHOOLS <sup>1</sup>****STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QZAB Obligations	Other Pledged		Total Obligations	Prior Year State Shared Taxes	Coverage
		Obligations	(Non-Authority)			
2009	\$ 112	\$ -		\$ 112	\$ 3,081	27.50 X
2008	112	-		112	2,609	23.29 X
2007	112	-		112	2,473	22.08 X
2006	78	-		78	2,345	30.07 X
2005	78	-		78	2,301	29.50 X
2004	78	-		78	2,249	28.83 X
2003	78	-		78	2,208	28.31 X
2002	78	-		78	2,219	28.45 X
2001	78	-		78	2,161	27.70 X
2000	-	-		-	2,145	0.00 X

**SCOTT COUNTY SCHOOLS <sup>2</sup>****STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QZAB Obligations	Other Pledged		Total Obligations	Prior Year State Shared Taxes	Coverage
		Obligations	(Non-Authority)			
2009	\$ -	\$ -		\$ -	\$ 2,301	0.00 X
2008	-	-		-	2,382	0.00 X
2007	-	-		-	2,276	0.00 X
2006	-	-		-	2,200	0.00 X
2005	440	-		440	2,164	4.92 X
2004	140	-		140	2,131	15.22 X
2003	115	-		115	2,090	18.17 X
2002	71	-		71	2,104	29.64 X
2001	-	-		-	2,036	0.00 X
2000	-	-		-	1,963	0.00 X

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**DEBT SERVICE COVERAGE  
TENNESSEE STATE SCHOOL BOND AUTHORITY  
QUALIFIED ZONE ACADEMY BOND PROGRAM  
FOR THE LAST EIGHT YEARS**

(Expressed in Thousands)

**UNICOI COUNTY SCHOOLS**

Fiscal Year	STATE SHARED TAX OBLIGATIONS			Prior Year State Shared Taxes	Coverage
	QZAB Obligations	Other Pledged Obligations (Non-Authority)	Total Obligations		
2009	\$ 197	\$ -	\$ 197	\$ 1,599	8.12 X
2008	197	-	197	1,684	8.55 X
2007	197	-	197	1,603	8.14 X
2006	197	-	197	1,541	7.82 X
2005	74	-	74	1,480	20.00 X
2004	74	-	74	1,514	20.46 X
2003	-	-	-	1,489	0.00 X
2002	-	15	15	1,473	98.19 X
2001	-	4	4	1,449	362.35 X
2000	-	-	-	1,435	0.00 X

**Note:** The first QZAB bond was issued on November 30, 1999.

**Source:** Data on State-Shared Taxes is provided by Tennessee Department of Revenue.

<sup>1</sup> Coverage for current and/or prior years is zero due to no QZAB loans or other obligations.

<sup>2</sup> Borrower has paid-off QZAB loan.

**History of Fall Term Full-Time Equivalent Enrollment in Public Institutions**

Institution	1999	2000	2001	2002	2003	Four Year Institutions				2009	% Change			
						2004	2005	2006	2007		2008	2008-09	2004-09	1999-09
APSU	5,721	5,671	5,769	6,079	6,278	6,939	7,336	7,443	7,139	7,499	7,386	-1.5%	6.4%	29.1%
ETSU*	9,638	9,364	9,507	9,664	9,936	10,070	10,185	10,594	10,770	11,117	11,727	5.5%	16.5%	21.7%
ECOM	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	239	245	253	3.3%	n/a	n/a
EPHRM	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	215	334	465	39.2%	n/a	n/a
MTSU	16,173	16,339	17,125	18,151	18,735	19,037	19,139	19,355	19,525	20,062	21,049	4.9%	10.6%	30.1%
TSU	7,629	7,431	7,425	7,703	7,716	7,662	7,462	7,464	7,465	6,694	7,025	4.9%	-8.3%	-7.9%
TTU	7,227	7,212	7,327	7,554	7,509	7,559	7,562	7,900	8,312	8,568	9,057	5.7%	19.8%	25.3%
UOM	15,909	15,613	15,890	15,696	15,720	16,128	15,910	15,946	15,747	15,910	16,792	5.5%	4.1%	5.5%
TBR Total	62,298	61,629	63,043	64,846	65,894	67,394	67,593	68,702	69,412	70,429	73,754	4.7%	9.4%	18.4%
UTC	7,019	6,832	6,955	7,050	7,138	7,326	7,317	7,564	8,168	8,446	9,116	7.9%	24.4%	29.9%
UTK**	23,277	22,960	23,183	23,221	22,730	23,141	23,642	24,016	24,160	24,697	24,214	-2.0%	4.6%	4.0%
UT Vet	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	408	429	484	12.7%	n/a	n/a
UTSI	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	105	104	88	-15.0%	n/a	n/a
UTM	5,278	5,324	5,379	5,311	5,265	5,570	5,833	5,968	6,108	6,305	6,714	6.5%	20.5%	27.2%
UTMHSC	2,023	1,999	1,949	1,977	2,008	2,062	3,412	3,583	3,799	3,867	4,004	3.5%	94.1%	97.9%
UT Total	37,597	37,115	37,466	37,559	37,141	38,099	40,205	41,131	42,748	43,848	44,620	1.8%	17.1%	18.7%
Total 4 Yr	99,895	98,744	100,509	102,404	103,035	105,494	107,797	109,833	112,160	114,277	118,374	1.9%	10.9%	16.0%
<b>Two Year Institutions</b>														
CHSCC	5,038	4,832	5,269	5,264	5,186	5,124	4,890	5,054	5,044	5,334	5,987	12.2%	16.9%	18.9%
CLSCC	2,158	2,083	2,318	2,200	2,224	2,088	2,103	2,034	2,022	2,195	2,504	14.1%	19.9%	16.0%
COSCC	2,906	2,788	2,984	3,108	3,082	3,145	3,120	2,963	3,003	3,081	3,569	15.8%	13.5%	22.8%
DSCC	1,435	1,563	1,577	1,657	1,819	1,770	1,744	1,693	1,668	1,741	2,213	27.1%	25.0%	54.1%
JSCC	2,548	2,514	2,658	2,713	2,743	2,702	2,573	2,791	2,953	2,803	3,313	18.2%	22.6%	30.0%
MSCC	2,221	2,199	2,441	2,556	2,436	2,465	2,392	2,566	2,739	2,892	3,353	16.0%	36.0%	51.0%
NASCC	3,527	3,548	3,631	3,757	3,769	3,889	4,074	4,083	4,063	4,315	5,154	19.4%	32.5%	46.1%
NESCC	2,601	2,607	2,879	2,968	3,112	3,334	3,142	3,374	3,387	3,606	4,231	17.3%	26.9%	62.7%
PSTCC	5,080	5,079	5,151	5,208	5,013	4,963	4,963	5,149	5,446	5,686	6,695	17.7%	34.9%	31.8%
RSCC	3,797	3,474	3,647	3,767	3,775	3,850	3,603	3,738	3,764	3,766	4,227	12.2%	9.8%	11.3%
STCC***	7,338	7,059	7,743	7,141	7,361	7,561	7,332	7,306	6,794	7,219	8,465	17.3%	11.9%	15.4%
VSCC	4,107	4,138	4,295	4,525	4,426	4,483	4,553	4,677	4,427	4,582	5,501	20.1%	22.7%	34.0%
WSCC	3,594	3,665	3,909	3,867	4,067	3,864	3,826	3,872	3,884	4,082	4,780	17.1%	23.7%	33.0%
Total 2 Yr	46,349	45,550	48,502	48,729	49,013	49,238	48,315	49,300	49,194	51,302	59,993	16.9%	21.8%	29.4%
<b>Grand Total</b>	<b>146,244</b>	<b>144,294</b>	<b>149,011</b>	<b>151,133</b>	<b>152,048</b>	<b>154,732</b>	<b>156,112</b>	<b>159,133</b>	<b>161,354</b>	<b>165,579</b>	<b>178,366</b>	<b>7.7%</b>	<b>15.3%</b>	<b>22.0%</b>

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# ACKNOWLEDGMENTS

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## DIVISION OF BOND FINANCE

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