

# TENNESSEE STATE SCHOOL BOND AUTHORITY

A COMPONENT UNIT OF THE STATE OF TENNESSEE



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012



TENNESSEE STATE SCHOOL BOND AUTHORITY  
COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2012

Bill Haslam, Governor and Chairman



A COMPONENT UNIT OF THE STATE OF TENNESSEE

Prepared by the Comptroller of the Treasury,  
Office of State and Local Finance

Mary-Margaret Collier  
*Director, Office of State and Local Finance*  
and  
*Assistant Secretary, TSSBA*

**TENNESSEE STATE SCHOOL BOND AUTHORITY  
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**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

Letter of Transmittal .....	i
Organization Chart .....	vii
Tennessee State School Bond Authority – Members and Staff .....	viii
Certificate of Achievement for Excellence in Financial Reporting .....	ix

**FINANCIAL SECTION**

Auditor’s Report .....	1
Management’s Discussion and Analysis .....	4

**Basic Financial Statements**

Statements of Net Assets .....	15
Statements of Revenues, Expenses and Changes in Net Assets .....	16
Statements of Cash Flows .....	17
Notes to the Financial Statements .....	19

**Supplementary Schedules**

Supplementary Schedules of Net Assets – Program Level .....	38
Supplementary Schedules of Revenues, Expenses and Changes in Net Assets – Program Level .....	39
Supplementary Schedules of Cash Flows – Program Level .....	40

**STATISTICAL SECTION**

Index to Statistical Section .....	45
------------------------------------	----

*Financial Trends Information*

Schedules of Revenues, Expenses, and Changes in Net Assets .....	46
--	----

*Revenue Capacity Information*

Outstanding Loans from Borrowers .....	47
--	----

*Debt Capacity Information*

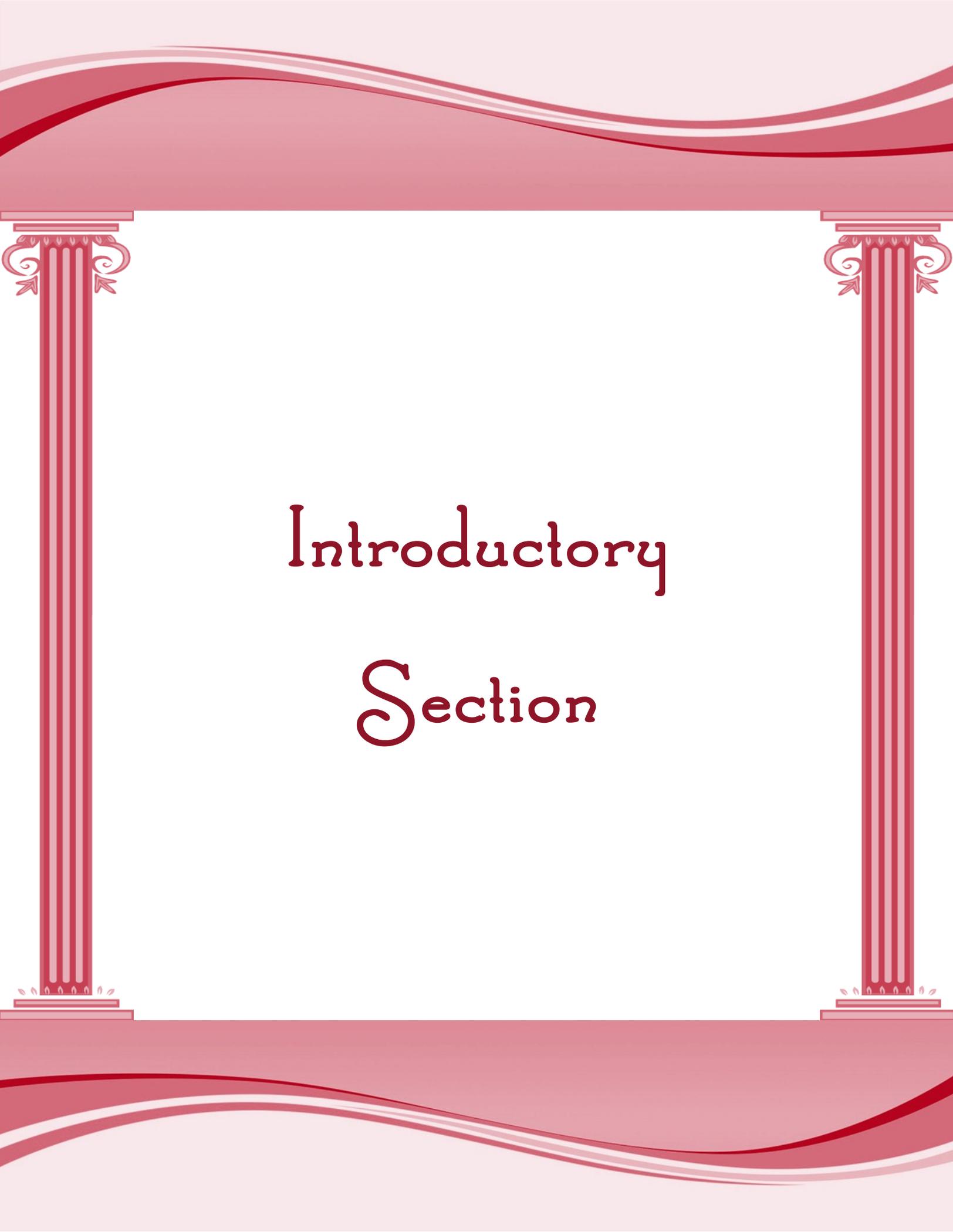
Outstanding Debt Payable ..... 47  
College and University Funds – Schedule of Fees/Charges, Legislative Appropriations and Debt Service ..... 48  
College and University Funds – Coverage of Annual Financing Charges ..... 55  
Qualified Zone Academy Bond Program Debt Service Coverage ..... 62  
Qualified School Construction Bonds Program Debt Service Coverage ..... 68

*Demographic and Economic Information*

Fall Term Full-Time Equivalent Enrollment – Higher Education Facilities Institutions ..... 76  
History of Average Daily Membership Grades Kindergarten through Twelve 2002-2011 ..... 77

Acknowledgements ..... 80



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# Introductory Section





**TENNESSEE STATE SCHOOL BOND AUTHORITY**  
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0273  
PHONE (615) 401-7872  
FAX (615) 741-5986

*Governor Bill Haslam, Chairman*

*Justin P. Wilson, Secretary*

December 10, 2012

The Honorable Bill Haslam, 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, 2012. 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 4 - 11 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 and Qualified School Construction Bond Program of the federal government for local education agencies. 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 and closed the 1967 Resolution. All higher education bonds are now issued pursuant to the 1998 Resolution. Projects financed by the Authority must generate revenue sufficient to pay the debt service on the bonds. 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 commercial paper up to \$150 million. In 2008, the Authority increased the authorization to a not to exceed amount of \$350 million. However, under the current Credit Agreement with State Street Bank and Trust Company, commercial paper may be issued and

outstanding in an aggregate amount not to exceed \$300 million. The Commercial Paper is used to fund the construction phase of certain projects for the higher education facilities. When a project is completed or near completion, long-term, fixed-rate debt is issued to finance the project over its useful life repayment 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 is deemed to have a useful life of less than ten 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, and they are not supported by either the 1967 Resolution or the 1998 Resolution for Higher Education Facilities. The QZAB program provides loans to local education agencies to fund the renovation of classroom buildings and to purchase equipment to enhance learning opportunities in connection with the establishment of special academic programs from kindergarten through secondary school. Funding for this program is limited to the amount allocated by the federal government.

**Qualified School Construction Bond Program.** In 2009, the General Assembly authorized the Authority to issue Qualified School Construction Bonds (“QSCB”) pursuant to program requirements approved by the Congress of the United States in Section 1521 of the American Recovery and Reinvestment Act of 2009. The QSCB program is a part of a federal government program designed to allow schools to borrow funds at minimal interest cost to the borrower. The bonds were issued under the provision of the Authority’s Qualified School Construction Bonds General Bond Resolution. The bonds are not supported by either the 1967 Resolution or the 1998 Resolution for Higher Education Facilities. The QSCB program provides loans to local governments to fund new construction, renovation and rehabilitation of schools, as well as the purchase of land and equipment for use in a qualified project. The Series 2009 QSCBs were issued as tax credit bonds under which an eligible holder of a QSCB is generally allowed quarterly federal income tax credits in addition to quarterly supplemental interest payments from the issuer during the time the bond is outstanding. These credits compensate the bondholder for lending money to the borrower and function as partial payments of interest on the bonds. The Series 2010 QSCBs were issued as direct subsidy payment bonds under which the Authority has elected to receive direct interest subsidy payments from the United States Treasury rather than to provide a tax credit to the bondholder. The interest subsidy payments received by the Authority are then transferred to the borrowers as a reimbursement of the interest portion of their loan repayments. Funding for the QSCB program is limited to the amount allocated by the federal government, and the program expired on December 31, 2010.

### **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:

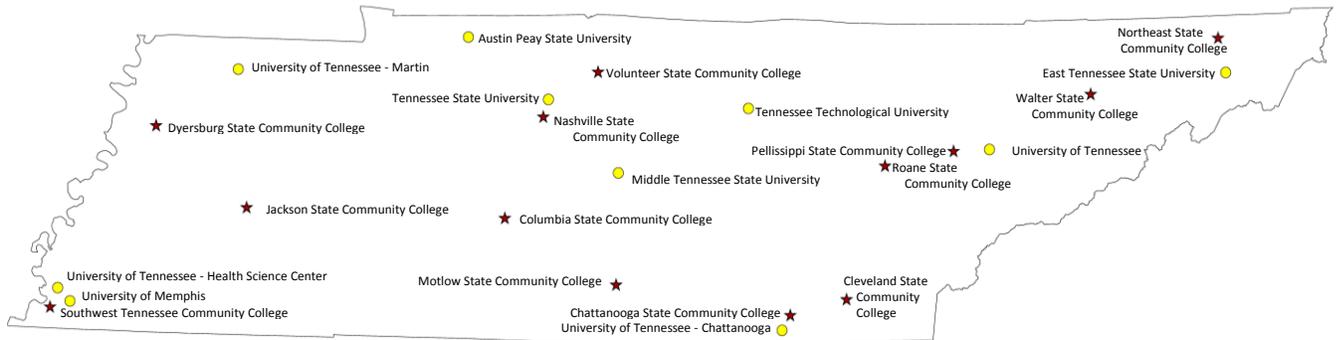
- Overseeing the Authority’s financial reporting and related disclosures, especially when financial statements are issued;
- Reviewing the adequacy of the management’s process for assessment of risk, including fraud risk;

- 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.

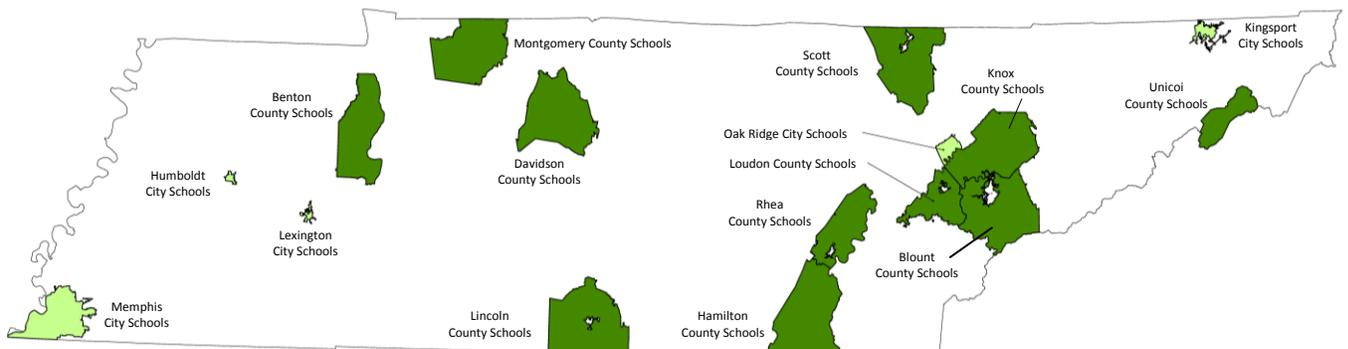
**The Borrowers**

**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 Board of Trustees governs the University of Tennessee System and the Tennessee Board of Regents of the State University and Community College System of Tennessee governs the state universities, community colleges, and state technology centers. The Boards are the governing bodies for all public higher education in Tennessee.

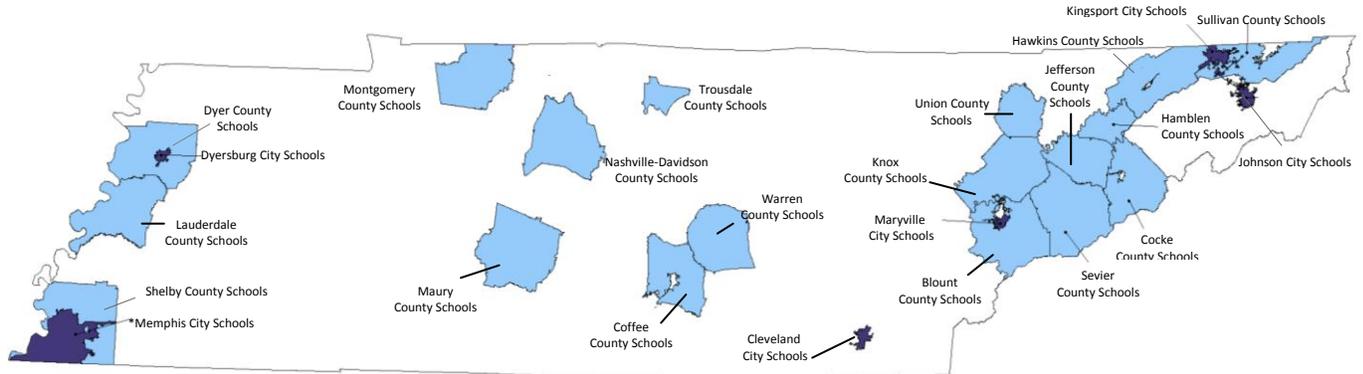
The University of Tennessee has four campuses (at Knoxville, Martin, Memphis, and Chattanooga), with 33 colleges, schools and divisions, all of which constitute a single “Institution”. The Tennessee Board of Regents system includes 6 universities, 13 community colleges, and 27 state technology centers, all of which are viewed as separate institutions. The technology centers are not permitted to borrow from the Authority.



**Qualified Zone Academy Bond Program.** The QZAB program is a capital financing program originally authorized by the federal government. The borrowers under the QZAB program are local government units that borrow on behalf of local education agencies that are governed by the Tennessee Department of Education. A total of 16 local education agencies have participated in the QZAB program. As of June 30, 2012, Knox County Schools, Lincoln County Schools, Scott County Schools, and Unicoi County Schools have paid their debt in full.



**Qualified School Construction Bond Program.** The QSCB program is a capital financing program authorized by the federal government. The borrowers under the QSCB program are local government units that borrow on behalf of local education agencies that are governed by the Tennessee Department of Education. There are currently 23 local governments participating in the QSCB program.



\*Shelby County borrowed QSCB funds from the Authority on behalf of both the Shelby County Schools and the Memphis City 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. In the event a Board fails to make timely and full payment of amounts due and payable, the Commissioner of Finance and Administration, after notice from the Authority, shall deduct from the amounts appropriated by the General Assembly of the State of Tennessee for the operation and maintenance of the Institution for which such project was undertaken, the amount or amounts as may be required to make the Board current with respect to amounts due and payable.

**Qualified Zone Academy Bond Program.** 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.

**Qualified School Construction Bond Program.** To receive a QSCB loan, a local education agency, in cooperation with its city or county, completed an application provided by the Authority. The Tennessee Advisory Commission on Intergovernmental Relations (TACIR) reviewed the applications and recommended to the Authority the projects deemed worthy of funding. Each local education agency and respective city or county entered into a loan agreement with the Authority under which the Authority agreed to finance the projects and the respective city or county agreed to repay the loan.

For both the QZAB and QSCB programs, local education agencies receive their funding from the city and/or county where they are located. Debt Service for these two federal programs is secured by the general obligation pledge of the borrower and the intercept of unobligated state-shared taxes. In the event the city or county should fail to make timely debt service payments, the Commissioner of Finance and Administration, after notice from the Authority, shall intercept a portion of the state-shared taxes sufficient to cover the debt service payment. Local education agencies do not have taxing power in Tennessee. The power to tax is vested in cities and counties.

## **Future Outlook**

**Enrollment Trends in Higher Education.** Enrollment in higher education facilities surged due to the economic downturn that began in 2008. Over the last five years, enrollment in universities and community colleges increased by 12% and 24%, respectively. The Tennessee Education Lottery Scholarship program enabled more Tennesseans to attend college. In the 2011-12 academic year, the Tennessee Lottery provided an estimated \$313 million in scholarships to more than 103,000 students. 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.

## **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.** The financial statements included in this report present information on the financial condition of the Authority and whether resources were adequate to cover the costs of providing services during the reporting period. A discussion of the financial statements is included on pages 9 - 10 in the Management's Discussion and Analysis section of this Comprehensive Annual Financial Report.

**Debt Management.** The Authority is authorized to issue both short-term debt and long-term debt on behalf of the higher education facilities. Higher education facilities' projects are initially financed with short-term debt, and the borrowers are required to pay the monthly interest on the commercial paper until the projects have been completed at which time long-term debt is then issued and the commercial paper is redeemed. After long-term debt is issued for the higher education facilities' projects, the borrowers are required to make semiannual interest payments on November 1 and May 1 and annual principal payments are required to be made on May 1 of each year. Pursuant to the bond resolutions, once the debt service payment due on the long-term debt is received, the Authority transfers the debt service payment to the Trustee. The Trustee then pays the bondholders of record.

QZABs are issued for the various projects for the local education agencies. The local government units where the local education agencies are located make annual payments to the sinking fund. When the payments are received from the local government units, the Authority places them into the appropriate sinking fund where the funds are invested until the final maturity of the QZAB.

QSCBs are issued for various projects for local education agencies. The local government units where the local education agencies are located make monthly payments to the Authority by depositing funds into a designated account in the Local Government Investment Pool. The Authority then transfers the funds to the appropriate sinking fund where they are invested until the final maturity of the QSCB.

**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 for higher education facilities and the Local Government Investment Pool for the local government borrowers. Investments of moneys held in the debt service reserve fund for the higher education facilities 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. Investments are made in accordance with the terms of the bond and note resolutions

Payments made into the sinking fund for the Series 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. A description of the investments is outlined in the Notes to the Financial Statements, Note 2, of this report.

Payments made into the sinking fund for the Series 2009 QSCBs commenced in September 2010. The payments are invested by the State Treasurer in accordance with the terms of the bond resolution and held by the State Treasurer in the Authority's name. A description of the investments is outlined 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, certain 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 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, 2011. This was the tenth 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.

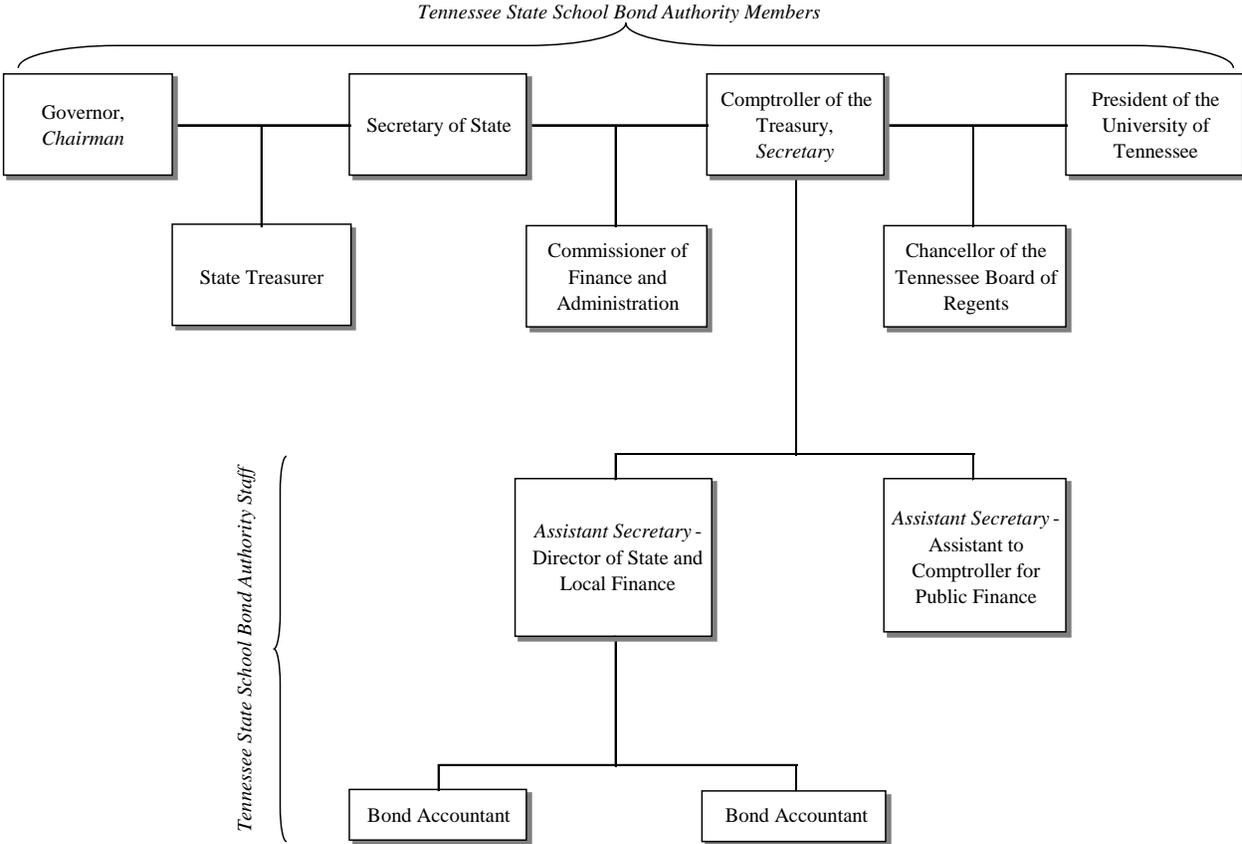
**Acknowledgements.** The preparation of the comprehensive annual financial report was made possible by the dedication of the staff of the Office of State & Local Finance in the Office of the Comptroller of the Treasury.

Respectfully submitted,



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

# Tennessee State School Bond Authority Organization Chart





## TENNESSEE STATE SCHOOL BOND AUTHORITY

### MEMBERS

Bill Haslam, Governor, *Chairman*

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

Tre Hargett, Secretary of State

David Lillard, State Treasurer

Mark Emkes, Commissioner of Finance and Administration

Dr. Joe DiPietro, President of the University of Tennessee

John Morgan, Chancellor of the Tennessee Board of Regents

### STAFF

Mary-Margaret Collier, Director of State and Local 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, 2011

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.



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director





Financial  
Section





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 10, 2012

The Honorable Bill Haslam, 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, 2012, and June 30, 2011, 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 the 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. We do not believe that the Comptroller's service in this capacity affected our ability to conduct an independent audit of the Tennessee State School Bond Authority.

December 10, 2012

Page Two

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, 2012, and June 30, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. 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 is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

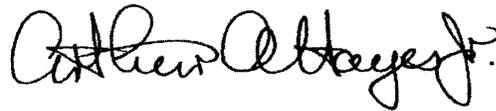
Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

In accordance with generally accepted government auditing standards, we have also issued our report dated December 10, 2012, on our consideration of the Tennessee State School Bond Authority's internal control over financial reporting and on our tests of its compliance with

December 10, 2012  
Page Three

certain provisions of laws, regulations, 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 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 considered in assessing 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/dm

## 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, 2012. These activities are compared to the results of the fiscal years ended June 30, 2011, and 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal along with the Independent Auditor's Report, 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 governments on behalf of local education agencies ("LEAs") through Qualified Zone Academy Bonds ("QZABs") and Qualified School Construction Bonds ("QSCBs"). The tables below summarize this business activity.

	<b>Higher Education Facilities Programs</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Number of institutions with outstanding loans	20	20	20
Total number of outstanding loans	232	252	266
Balance of outstanding loans	\$1,165,180,567	\$1,107,639,831	\$1,071,728,642
Number of loans approved in fiscal year	10	9	16
Dollar amount of loans approved in fiscal year	\$ 242,662,000	\$ 85,608,000	\$ 137,587,000
Dollar amount of loans approved in fiscal year - unspent	\$ 237,839,410	\$ 84,423,304	\$ 126,040,774
Dollar amount of loans financed in fiscal year	\$ 114,983,407	\$ 111,260,649	\$ 114,860,132
Bonds issued in fiscal year	\$ -	\$ 231,935,000	\$ -
Commercial paper issued in fiscal year	\$ 97,000,000	\$ 107,218,000	\$ 110,000,000

	<b>Qualified Zone Academy Bond Program</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Number of LEAs with outstanding loans	12	14	14
Total number of outstanding loans	16	23	23
Balance of outstanding loans	\$ 21,926,992	\$ 24,729,304	\$ 28,011,400
Balance held in Sinking Fund	\$ 21,994,043	\$ 32,480,696	\$ 29,198,600
Balance of principal outstanding	\$ 43,920,000	\$ 57,210,000	\$ 57,210,000
Dollar amount of loans approved in fiscal year	\$ -	\$ -	\$ -
Dollar amount of loans approved in fiscal year - not disbursed	\$ -	\$ -	\$ -
Dollar amount of loan proceeds disbursed in fiscal year	\$ -	\$ -	\$ 88,899
Bonds issued in fiscal year	\$ -	\$ -	\$ -

	<b>Qualified School Construction Bond Program</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Number of LEAs with outstanding loans	23	23	13
Total number of outstanding loans	28	28	13
Balance of outstanding loans	\$ 290,801,492	\$ 145,281,252	\$ 23,191,666
Balance held in Sinking Fund	\$ 32,838,679	\$ 9,764,134	\$ -
Balance of outstanding debt	\$ 389,440,000	\$ 389,440,000	\$ 177,000,000
Number of loans approved in fiscal year	-	15	13
Dollar amount of loans approved in fiscal year	\$ -	\$ 212,440,000	\$ 177,000,000
Dollar amount of loans approved in fiscal year - not disbursed	\$ -	\$ 182,197,555	\$ 164,654,954
Dollar amount of loan proceeds disbursed in fiscal year	\$ 172,830,188	\$ 124,797,041	\$ 12,345,046
Bonds issued in fiscal year	\$ -	\$ 212,440,000	\$ 177,000,000

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. The statute was amended in 1999 to authorize the Authority to issue QZABs and again in 2009 to authorize the Authority to issue QSCBs on behalf of LEAs throughout the State. For more specific financial information on long-term debt activity, **see Note 5, Debt Payable, on pages 25 - 30 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 by comparing the projected debt service to the pledged revenue before it is approved by the Authority. Once approved by the Authority, the project will be included in the Financing Agreement between the Authority and the respective higher education system (the University of Tennessee and the Tennessee Board of Regents). The higher education systems covenant and agree in the Financing Agreements 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 total debt service. Fees and Charges include all revenues, fees, rental and other charges received by or on behalf of an institution which are available to pay debt service. In addition, the Boards agree in the Financing Agreements that the Commissioner of Finance and Administration, after notice from the Authority that the Board has failed to pay its Annual Financing Charges or Administrative Fees, shall deduct from the institution’s appropriations the amount required to make it current with respect to the unpaid Annual Financing Charges and Administrative Fees.

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 commercial paper totaling \$50 million or greater is outstanding for projects that are completed or near completion, the Authority may fix 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, 2012, as compared to the fiscal years 2011 and 2010.

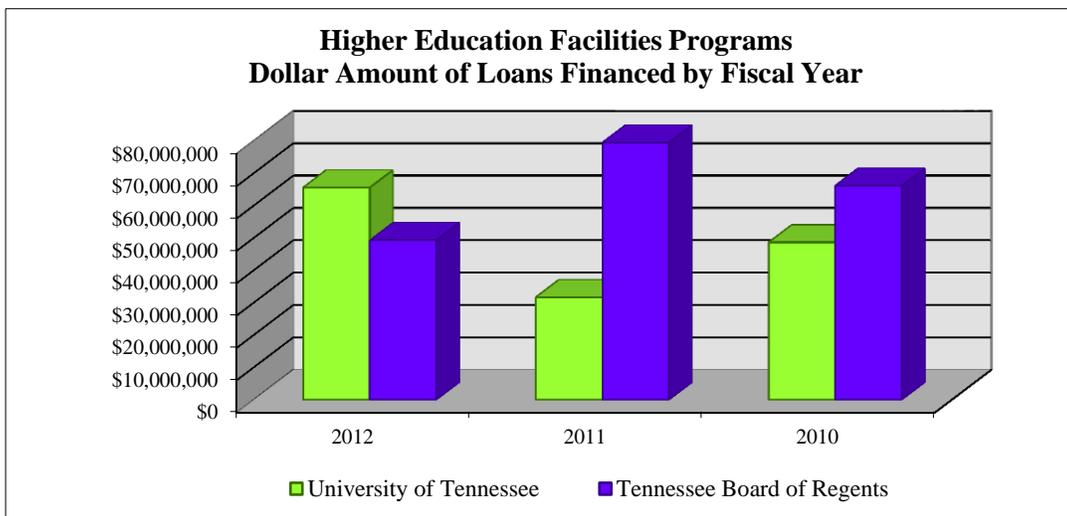
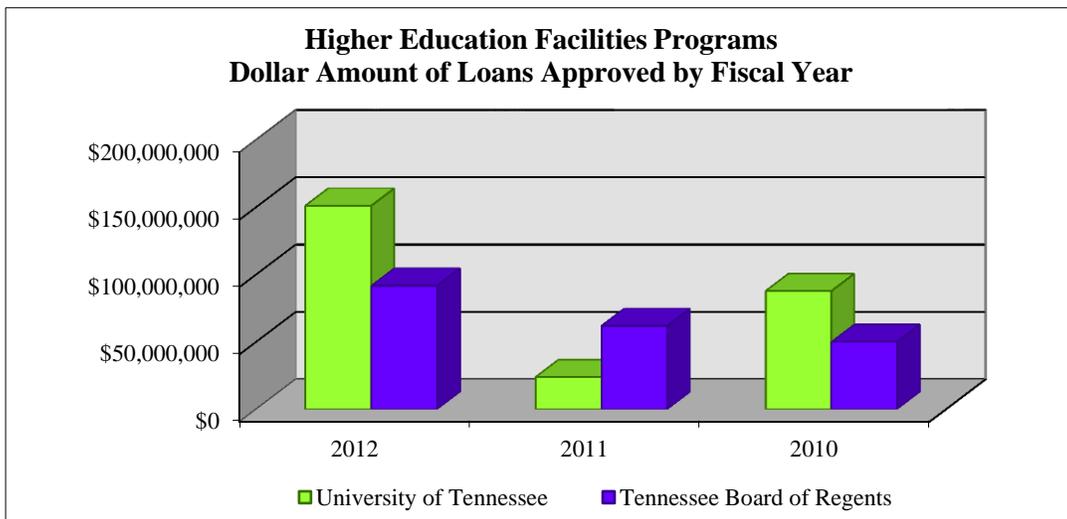
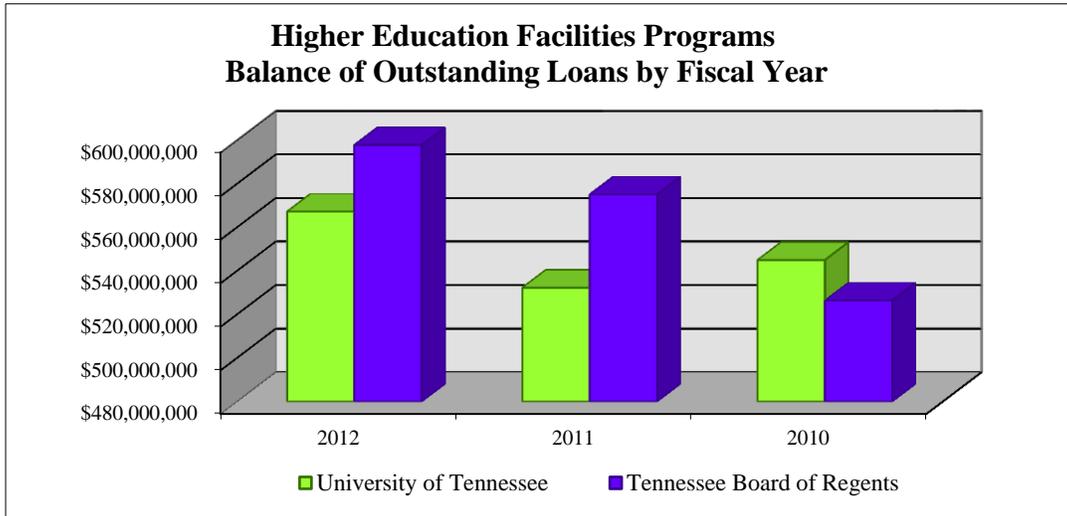
<b>Higher Education Facilities Programs Commercial Paper Interest Rates Range</b>				
<b>Fiscal Year</b>	<b>Tax-Exempt</b>		<b>Federally Taxable</b>	
	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>
	<b>2012</b>	0.10%	0.33%	0.10%
<b>2011</b>	0.14%	0.34%	0.20%	0.40%
<b>2010</b>	0.17%	0.55%	0.15%	0.50%

The Authority currently has a Credit Agreement with State Street Bank that provides for a total amount of \$300,000,000 of commercial paper principal and 45 days of accrued interest in the amount of \$4,593,750, which is calculated at the rate of 12.25% per annum on the basis of a 360-day year. The Credit Agreement with State Street Bank has an expiration date of March 30, 2014, and a commitment fee of .105% which is charged quarterly in arrears. If the liquidity facility is called upon, pursuant to the Advance Agreement, the Authority is obligated to reimburse the Bank for all amounts drawn and paid under the Liquidity Facility, together with interest thereon if not reimbursed on the same day. If not reimbursed on the same day of the advance, the principal amount will convert to a term loan with six equal semi-annual payments. As of the fiscal year ended June 30, 2012, the Authority had not called upon the liquidity facility.

For the fiscal year ended June 30, 2012, interest rates on the higher education facilities long-term fixed-rate tax-exempt bonds ranged from a low of 3.00% to a high of 5.50%, and the interest rates on the higher education facilities long-term fixed-rate federally taxable bonds ranged from a low of 2.00% to a high of 5.66%. By pooling the financing of the capital needs for all public higher education facilities, management believes that economic efficiency is achieved through a single large borrowing administered by one agency. The creditworthiness of both large and small

institutions is blended 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.

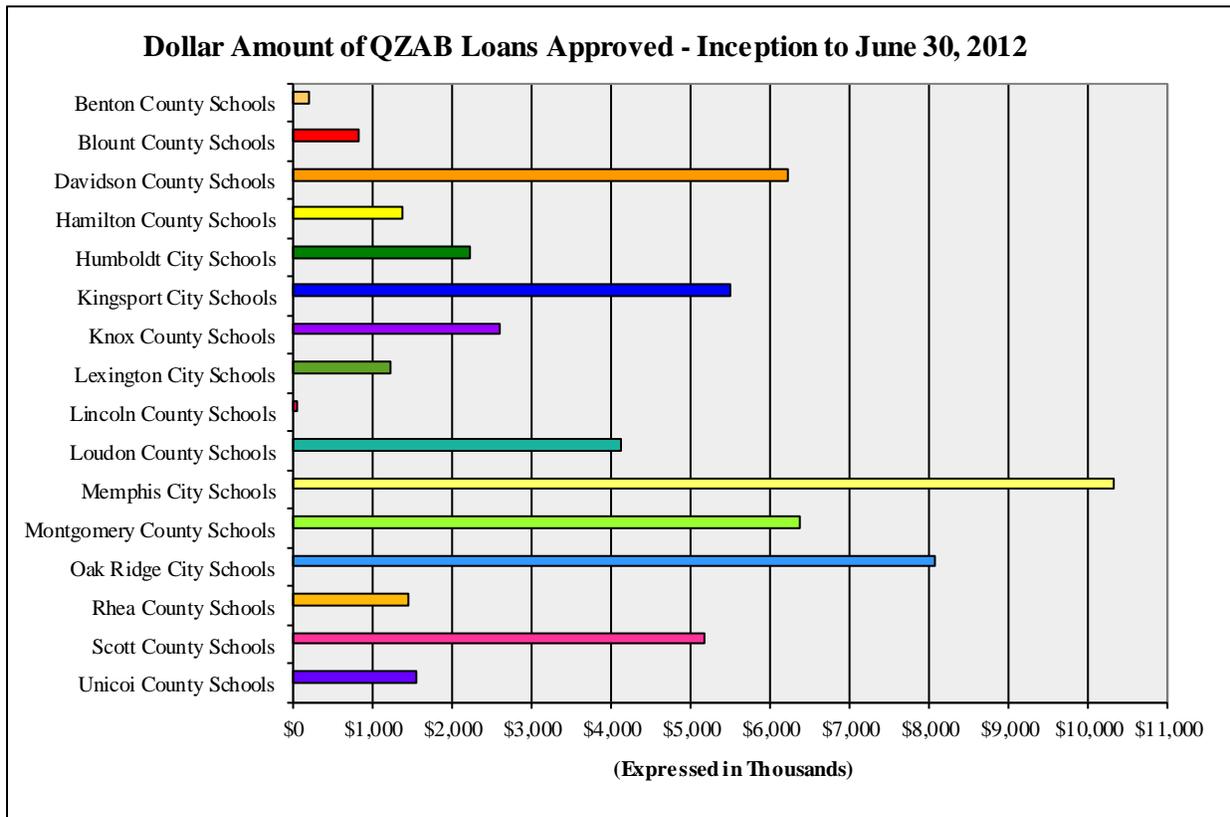
**Higher Education Facilities Programs Debt Ratings.** As of the fiscal year ended June 30, 2012, the Authority's higher education facilities program is rated AA+, Aa1, and AA by Fitch, Moody's Investors Service and Standard & Poor's Rating Group, respectively.



**Qualified Zone Academy Bond Program.** The QZAB program is a capital financing program authorized by the federal government under the Taxpayer Relief Act of 1997, Section 227(a). A QZAB is a taxable bond issued by the Authority, 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 LEAs in the State. The Department recommends those projects that best meet the requirements of the program to the Authority for funding.

The LEA 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 LEA/local government fail to repay its loan timely.

As of June 30, 2012, the QZAB program has unused allocations totaling \$41,496,000. Of this amount, \$32,065,000 of the 2010 allocation will expire on December 31, 2012. 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.

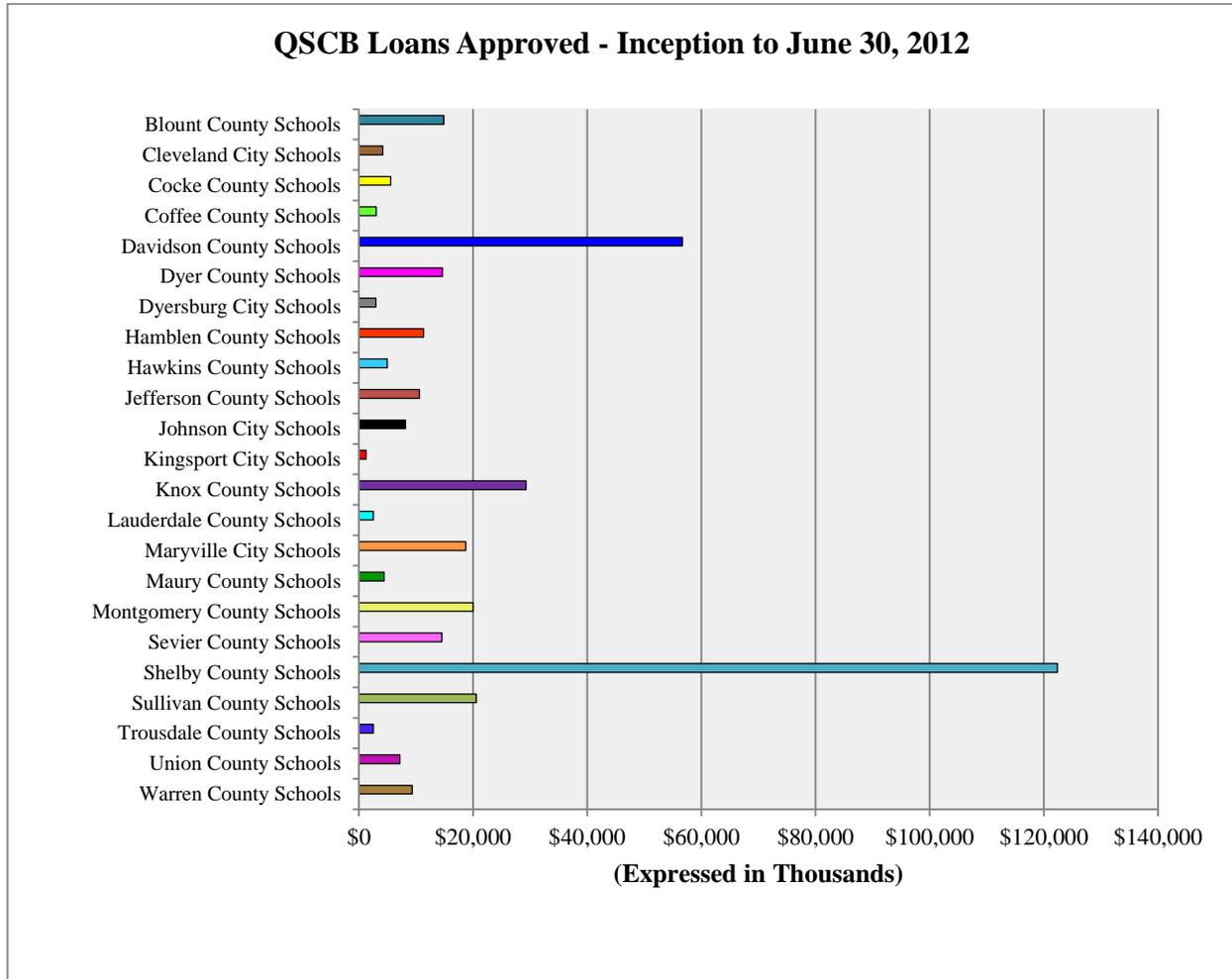


**Qualified Zone Academy Bond Program Debt Ratings.** All of the QZAB's have been placed with private investors. The QZAB's are not rated.

**Qualified School Construction Bond Program.** The QSCB program is a capital financing program originally authorized by the federal government under the American Recovery and Reinvestment Act of 2009 and Section 49-3-12, *Tennessee Code Annotated*, as amended. The QSCBs are bonds issued by the Authority, the proceeds of which are used to finance certain eligible public schools' renovation and rehabilitation projects, equipment purchases, new building construction and land acquisition. The Series 2009 QSCB is structured as a tax credit bond under which an eligible holder of a QSCB is generally allowed quarterly federal income tax credits in addition to quarterly supplemental interest payments from the issuer during the period the bond is outstanding. These credits compensate the bondholder for lending money to the Authority and function as partial payments of interest on the bonds. The Series 2010 QSCB is structured as a direct subsidy payment bond under which the holder of the bond is compensated with a semi-annual cash interest payment that is subsidized by the Federal Government. The Authority elects to

receive the direct interest subsidy payments from the United States Treasury, and the loan agreements provide that the subsidy payments received by the Authority will then be transferred to the borrowers.

The city or county supporting the LEA 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 government fail to repay its loan timely.



**Qualified School Construction Bonds Program Debt Ratings.** As of the fiscal year ended June 30, 2012, the Authority's QSCB program is rated Aa2, AA, and AA by Moody's Investors Service, Inc., Standard & Poor's Ratings Service, and Fitch Ratings, respectively.

**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 15** present the Authority's financial position at June 30, 2012, and June 30, 2011. The Statements of Revenues, Expenses and Changes in Net Assets on **page 16** portray the results of operations

and the change in net assets for the years presented. The Statements of Cash Flows on **pages 17 - 18** 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 public higher educational institutions and local governments on behalf of LEAs at the lowest possible cost, to repay debt timely and to achieve the highest possible rating for its debt. During the fiscal year ended June 30, 2012, the Authority frequently entered the short-term market. 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 withdraw 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>			
<b>(in thousands)</b>			
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current assets	\$ 116,815	\$ 131,102	\$ 103,132
Noncurrent assets	<u>1,611,468</u>	<u>1,576,698</u>	<u>1,306,432</u>
Total assets	<u>1,728,283</u>	<u>1,707,800</u>	<u>1,409,564</u>
Current liabilities	82,386	100,783	74,910
Noncurrent liabilities	<u>1,638,024</u>	<u>1,599,186</u>	<u>1,326,610</u>
Total liabilities	<u>1,720,410</u>	<u>1,699,969</u>	<u>1,401,520</u>
Net assets (unrestricted)	<u>\$ 7,873</u>	<u>\$ 7,831</u>	<u>\$ 8,044</u>
<b><i>Note: The Authority owns no capital assets.</i></b>			

At June 30, 2012, current assets include \$15,242,698 of unexpended bond proceeds and commercial paper that will fund approved higher education loans as compared to \$31,917,018 at June 30, 2011, and \$19,196,131 at June 30, 2010. During the fiscal year ended June 30, 2012, the Authority did not issue any long-term debt. During the fiscal year ended June 30, 2011, the Authority issued \$231,935,000 in Higher Education Facilities Second Program Bonds which were used to retire \$220,366,027 of commercial paper proceeds with the remainder to be used to fund various project costs and costs of issuance. The Authority also issued during the fiscal year June 30, 2012, \$212,440,000 in QSCBs which were used to fund various project costs and costs of issuance. During the fiscal year ended June 30, 2010, the Authority issued \$177,000,000 in QSCBs which were used to fund various project costs and costs of issuance.

Principal payments were made on the higher education outstanding long-term bonds in the amounts of \$50,659,000 in 2012; \$47,493,000 in 2011; and \$47,352,000 in 2010. Deposits to the sinking fund for the QZABs were made in the amounts of \$3,403,891 in 2012; \$3,463,796 in 2011; and \$4,116,317 in 2010. During the fiscal year ended June 30, 2012, the 1999 Series QZAB bonds were retired in the amount of \$13,290,000, decreasing both the QZAB sinking fund balance and the balance of outstanding bonds. No QZAB bonds were retired during fiscal years 2011 or 2010. Deposits to the sinking fund for the QSCBs were made in the amounts of \$23,074,545 in 2012 and \$9,764,134 in 2011. No QSCB bonds were retired during the fiscal years 2012, 2011, or 2010.

Net assets are available to fund ongoing operations and other expenses necessary to meet the goals of the Authority. Assets and liabilities increase and decrease together in correlation to the issuance and repayment of debt and the resulting loans. There was not a significant change in net assets from fiscal year ending June 30, 2012 to fiscal year ending June 30, 2011, because the issuance of short-term debt was offset by the repayment of loans.

<b>Statements of Revenues, Expenses, and Changes in Net Assets Summary (in thousands)</b>			
	2012	2011	2010
<b>Operating Revenues</b>			
Revenue from loans	\$ 59,892	\$ 57,310	\$ 43,377
Federal subsidy on bonds	10,299	7,524	-
Investment earnings	<u>1,100</u>	<u>512</u>	<u>386</u>
Total operating revenue	<u>71,291</u>	<u>65,346</u>	<u>43,763</u>
<b>Operating Expenses</b>			
Interest expense	58,007	55,355	42,114
Subsidy to borrowers	11,314	8,061	291
Other expenses	<u>1,928</u>	<u>2,143</u>	<u>1,405</u>
Total operating expenses	<u>71,249</u>	<u>65,559</u>	<u>43,810</u>
Operating income (loss) and change in net assets	<u>\$ 42</u>	<u>\$ (213)</u>	<u>\$ (47)</u>
<b>Note: The Authority has no non-operating revenues or expenses.</b>			

The Authority's operating revenues include revenue from loans in the form of administrative fees, interest on loans, and income earned on investments. Operating expenses include interest expense on outstanding bonds and commercial paper, administrative expenses, and the amortization of bond costs of issuance. The change in operating income and net assets can be attributed largely to the QSCB program. In fiscal year 2011, due to the timing of the issuance of the 2010 QSCBs, only a partial year of revenues was collected whereas in fiscal year 2012, a full year was collected resulting in an increase in revenue from loans and the federal subsidy on bonds. Interest expense and subsidy to borrowers were also affected in the same manner.

For the fiscal year ended June 30, 2012, the Authority elected to return the investment income that it earned on funds held by the Trustee and interest earned on unspent bond proceeds to its borrowers in the higher education facilities program as a subsidy in the form of a credit to amounts due on debt service from the borrowers.

Pursuant to the bond resolution for the QZABs, Sinking Fund payments are invested in the State Pooled Investment Fund ("SPIF"). SPIF rates for fiscal year ended June 30, 2012, ranged from 0.12% to 0.14%. Investment earnings related to the QZAB program are held by the Authority for the benefit of the LEAs participating in the program and credited to their individual debt service sinking fund payment on an annual basis. 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.

Investment earnings related to the QSCB program are held by the Authority for the benefit of the local governments participating in the program and are credited on a monthly basis to the amounts due on their individual debt service principal and interest payments.

### **Future Financing Activities**

**Higher Education Facilities Programs.** As Tennessee continues into 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 and to produce degree and certificate holding work-ready citizens. A host of policy and environmental factors influence the demands for access and completion, and the means through which this demand will be met.

These factors include:

- Economic conditions in 2008 led to an enrollment bulge in Tennessee colleges and universities that rippled through 2010. University enrollment increased seven percent from 2008 to 2010, while community college enrollment increased 22 percent in the same time period, the largest increase in more than two decades.

These enrollment increases began to wane in 2011 but total enrollments remain well above the levels before the economic downturn. Over the last five years, enrollments have increased 12 percent at universities and 24 percent at community colleges.

- 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.
- The advent of the Tennessee Education Lottery Scholarship program allowed more Tennesseans to attend college. In 2011-12, the Tennessee Lottery provided an estimated \$313 million in scholarships to more than 103,000 students.

In January 2010, the Tennessee General Assembly enacted the Complete College Tennessee Act (CCTA), a comprehensive reform agenda that seeks to transform public higher education through changes in academic, fiscal and administrative policies at the state and institutional level. The primary goal of these reforms is for more Tennesseans to be better educated and trained. At the heart of the CCTA is a new Public Agenda for higher education which establishes the direct link between the state's economic development and its educational system. The overarching goal of the Public agenda is to have Tennessee meet the projected national average in educational attainment by 2025. The primary state policy levers for addressing the state's educational needs include (1) a new funding formula which incorporates outcomes in lieu of enrollment; (2) a new Performance Funding program which focuses on quality assurance; and (3) the establishment of institutional mission statements or profiles which distinguish each institution by degree level, program offerings and student characteristics. Other major components of the reform agenda include more efficient student transfer, a more integrated community college system, reforms to the delivery of student remediation programs, and an enhanced research focus for the University of Tennessee Knoxville and the University of Memphis, the state's two public Carnegie Research institutions.

With the creation of CCTA, the importance of receiving training beyond high school became more 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. To reach the national average educational attainment levels of 2008, Tennessee would have needed an additional 170,000 citizens with a bachelor's degree or higher, more than double the annual degree production of the state's public and private institutions at that time. 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. To reach the 2008 national average, Tennessee would have needed an additional 220,000 citizens with an associate's degree or higher. As of 2011, the percentage of adults in the state with a bachelor's degree or higher was 25.3 percent compared to the national rate of 30.1 percent. Those with an associate's degree or higher increased to 32.1 percent while the national rate was 38.7 percent. While Tennessee continues to trail the national rate, the gap has narrowed for adults with bachelor's degrees. Much work remains to achieve the goals of CCTA. However, 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 during the economic downturn years and demand for advanced education and training will continue to 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.

**Higher Education Facilities Programs Change in Rating Methodology.** A rating agency recently revised its rating methodology for the higher education facilities program. The new rating methodology may create limitations that could affect the program's ability to finance certain future capital projects.

**Qualified Zone Academy Bonds and Qualified School Construction Bonds Programs.** The issuance of bonds within the QZAB and QSCB programs is limited to the amounts allocated by the federal government. At this time, the Authority does not anticipate further issuance of debt for the QZAB program due to economic and financial conditions and constraints. The QSCB program expired December 31, 2010.

### **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 State and Local Finance, State of Tennessee, Suite 1600, James K. Polk Center, 505 Deaderick St., Nashville, Tennessee 37243-1402, visit our website at <http://www.comptroller.tn.gov/TSSBA/>, or call (615) 747-5370.





# Basic Financial Statements



TENNESSEE STATE SCHOOL BOND AUTHORITY  
STATEMENTS OF NET ASSETS  
JUNE 30, 2012, AND JUNE 30, 2011

(Expressed in Thousands)

	June 30, 2012	June 30, 2011
<b>ASSETS</b>		
Current assets:		
Cash (Note 2)	\$ 22,715	\$ 40,968
Cash with fiscal agent (Note 2)	1,055	642
Investments with fiscal agent (Note 2)	-	14
Deferred outflow - derivatives (Note 2)	-	1,316
Derivatives - Forward Delivery Agreement (Note 2)	2,128	-
Deferred charges (Note 7)	1,561	772
Loans receivable (Note 3)	77,265	75,729
Interest receivable (Note 3)	7,626	7,787
Federal subsidy receivable	3,004	3,004
Receivables for administrative fees (Note 3)	1,461	870
Total current assets	116,815	131,102
Noncurrent assets:		
Restricted cash (Notes 2 and 4)	96,238	276,203
Restricted investments (Notes 2 and 4)	82,585	64,148
Loans receivable (Note 3)	1,400,644	1,201,921
Deferred charges (Note 7)	32,001	34,426
Total noncurrent assets	1,611,468	1,576,698
Total assets	1,728,283	1,707,800
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	21	1,360
Accrued liabilities	15,118	19,284
Derivatives - Forward Delivery Agreement (Note 2)	-	1,316
Deferred inflow - derivatives (Note 2)	2,128	-
Accrued interest payable	10,533	10,858
Unearned revenue (Note 6)	4,551	4,410
Bonds payable (Note 5)	50,035	63,555
Total current liabilities	82,386	100,783
Noncurrent liabilities:		
Unearned revenue (Note 6)	11,217	12,143
Commercial paper payable (Note 5)	253,676	162,653
Bonds payable (Note 5)	1,373,131	1,424,390
Total noncurrent liabilities	1,638,024	1,599,186
Total liabilities	1,720,410	1,699,969
<b>NET ASSETS</b>		
Unrestricted	\$ 7,873	\$ 7,831

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, 2012, AND JUNE 30, 2011  
(Expressed in Thousands)

	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Year Ended</u> <u>June 30, 2011</u>
<b>OPERATING REVENUES</b>		
Revenue from loans	\$ 59,892	\$ 57,310
Federal subsidy on bonds	10,299	7,524
Investment earnings (loss)	1,100	512
Total operating revenues	<u>71,291</u>	<u>65,346</u>
<b>OPERATING EXPENSES</b>		
Interest expense-commercial paper	323	450
Interest expense-bonds	57,684	54,905
Loss on retirement of bonds	4	-
Subsidy to borrowers	11,314	8,061
Administrative expense	1,143	1,356
Amortization of bond issuance costs	781	787
Total operating expenses	<u>71,249</u>	<u>65,559</u>
Operating income (loss) and change in net assets	42	(213)
Net assets, July 1	7,831	8,044
Net assets, June 30	<u>\$ 7,873</u>	<u>\$ 7,831</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, 2012, AND JUNE 30, 2011

(Expressed in Thousands)

	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Year Ended</u> <u>June 30, 2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from borrowers for administrative fees	\$ 367	\$ 712
Payment to suppliers	(1,147)	(1,370)
Receipts from borrowers to the interest rate reserve fund	502	428
Payments to borrowers from the interest rate reserve fund	<u>(3)</u>	<u>(1,136)</u>
Net cash provided by (used in) operating activities	<u>\$ (281)</u>	<u>\$ (1,366)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
<b>ACTIVITIES</b>		
Proceeds from sale of bonds	\$ -	\$ 458,118
Proceeds from sale of commercial paper	97,000	107,218
Bond interest subsidy from federal government	10,299	4,520
Call premium paid	(4)	-
Bond issuance costs paid	-	(888)
Principal paid - bonds and commercial paper	(69,922)	(273,840)
Interest paid - bonds and commercial paper	(59,191)	(51,777)
Subsidy to borrowers	<u>(10,551)</u>	<u>(4,923)</u>
Net cash provided by (used in) noncapital financing activities	<u>\$ (32,369)</u>	<u>\$ 238,428</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	\$ (38,531)	\$ (68,174)
Proceeds from sales and maturities of investments	20,328	41,288
Interest received on investments	1,131	697
Loans issued	(287,814)	(236,058)
Loan escrow paid	(520)	(130)
Collections of loan principal	82,038	63,559
Interest received on loans	58,810	57,006
Collections of call premium	4	-
Refund to borrower	<u>(601)</u>	<u>(180)</u>
Net cash used in investing activities	<u>\$ (165,155)</u>	<u>\$ (141,992)</u>
Net increase (decrease) in cash	(197,805)	95,070
Cash, July 1	<u>317,813</u>	<u>222,743</u>
Cash, June 30	<u>\$ 120,008</u>	<u>\$ 317,813</u>
<b>Reconciliation of cash to the Statement of Net Assets:</b>		
Cash	\$ 22,715	\$ 40,968
Cash with fiscal agent	1,055	642
Restricted cash	<u>96,238</u>	<u>276,203</u>
Cash, June 30	<u>\$ 120,008</u>	<u>\$ 317,813</u>

TENNESSEE STATE SCHOOL BOND AUTHORITY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2012, AND JUNE 30, 2011

(Expressed in Thousands)

	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Year Ended</u> <u>June 30, 2011</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ 42	\$ (213)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Amortization of bond issuance costs	\$ 781	\$ 788
Investment earnings	(1,215)	(512)
Interest expense	58,007	55,355
Federal subsidy on bonds	(10,299)	(7,524)
Subsidy to borrowers	11,314	8,061
Interest income (loss) from loans	(58,525)	(55,915)
Changes in assets and liabilities:		
(Increase) decrease in receivables for administrative fees	(595)	(404)
(Increase) decrease in payables for administrative fees	-	(8)
Increase (decrease) in due to primary government	-	(7)
Increase (decrease) in the interest rate reserve fund	498	(708)
Increase (decrease) in unamortized discount net bond issuance costs	(289)	(279)
Total adjustments	<u>\$ (323)</u>	<u>\$ (1,153)</u>
Net cash provided by (used in) operating activities	<u>\$ (281)</u>	<u>\$ (1,366)</u>
<b>Noncash financing activities:</b>		
Bond issuance costs	\$ -	\$ (14,188)
Total noncash financing activities	<u>\$ -</u>	<u>\$ (14,188)</u>
<b>Noncash investing activities:</b>		
Increase (decrease) in fair/amortized value of investments	<u>\$ 264</u>	<u>\$ 22</u>

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, 2012, and June 30, 2011**

**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. During 1999, the General Assembly empowered the Authority to issue Qualified Zone Academy Bonds (QZABs) for local governments to borrow for financing improvement projects on behalf of local education agencies pursuant to the federal program authorized in the Taxpayer Relief Act of 1997. In addition, under the American Recovery and Reinvestment Act of 2009, the Authority was authorized to issue Qualified School Construction Bonds (QSCBs) for local governments to borrow on behalf of local education agencies at nominal or zero percent interest for financing renovation and rehabilitation projects, equipment purchases, new building construction and land acquisition.

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 a majority of the Authority's board consists of state officials which include the Governor, the State Treasurer, the Secretary of State, the Commissioner of Finance and Administration, the Comptroller of the Treasury, the Chancellor of the Tennessee Board of Regents, and the President of the University of Tennessee. The Governor serves as chairman, and the Comptroller of the Treasury serves as secretary. The Director of the Office of State and Local Finance serves as the assistant secretary; the office provides administrative and financial services to the Authority. 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 Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with principal ongoing operations. The Authority's principal ongoing operation is to provide loans for constructing capital projects, renovating and rehabilitating facilities, acquiring land and acquiring equipment to higher educational facilities and to local government units pursuant to the criteria set by the federal government for the QZAB and QSCB programs. 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 for the Higher Education and QZAB Programs are stated at fair value. Investments for the QSCB program will be held to maturity and are stated at amortized 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.
- 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 accretion of agency zeroes and strips is the difference between the face amount of agency zeroes and strips and the initial public offering price. The accretion of agency zeroes and strips are not treated as an investment discount. Agency zeroes and strips are subject to redemption at prices which increase from the public offering price to the face amount. The carrying amounts of these investments are adjusted annually at June 30 to reflect the increased value, with a corresponding credit to interest income.
- 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 governments. 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 governments 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. When the premium exceeds the costs of issuance and underwriters fees, the adjustment is carried on the statement of net assets as deferred charges.

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.

The Authority requires the QSCB borrowers to prepay bondholder interest to the Debt Service Fund as outlined in the loan agreements. The interest of the Debt Service Fund is credited back to the borrower as bondholder interest payments are made. The prepaid interest is reported on the statement of net assets as unearned revenue and is not amortized.

- E. **Deferred Charges.** When the Authority issues bonds to finance capital projects, the Authority incurs certain costs of issuance and underwriters' fees. These amounts, discussed above, are capitalized and amortized pursuant to accounting principles generally accepted in the United States of America. These costs are carried on the statement of net assets as deferred charges and amortized on a straight-line basis over the life of the related bond.

When the Authority issues bonds to finance capital projects, the par amount of the bonds is adjusted by certain amounts (such as bond premium, underwriters' fees, and other costs of issuance) in order to arrive at the amount of bond proceeds available for capital expenditures. When the premium exceeds the costs of issuance and underwriters fees, the higher education institutions and the local governments bear the benefit of this difference. Because of this, it is carried on the statement of net assets as a deferred charge and amortized on a straight-line basis over the life of the related bond.

**NOTE 2. DEPOSITS AND INVESTMENTS**

Moneys pertaining to the Higher Education Second Program General Bond Resolution, the Qualified Zone Academy Bonds First Program Resolution and the Qualified School Construction Bonds General Bond Resolution of the Tennessee State School Bond Authority, pursuant to *Tennessee Code Annotated*, Section 49-3-1205, can be invested, pursuant to each Bond Resolution listed above, 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's 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.

**Deposits**

The Authority has cash on deposit in the State Pooled Investment Fund and Local Government Investment Pool administered by the State Treasurer. The funds' 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, 2012, the Authority has the following Higher Education and QZAB investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
U.S. Treasury Bill	December 6, 2012	\$6,106,273
U.S. Treasury Notes	July 31, 2012	4,790,135
	September 15, 2013	8,548,110
	October 15, 2013	23,774,728
U.S. Government Supported Corporate Debt	September 28, 2012	4,111,789
	December 28, 2012	<u>4,165,764</u>
Total Investments		<u>\$51,496,799</u>

As of June 30, 2012, the Authority has the following QSCB investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amortized Value</u>
U.S. Treasury Notes	August 15, 2026	\$14,039,237
U.S. Treasury Securities: Agency Zeroes & Strips	August 15, 2026	<u>17,049,334</u>
Total Investments		<u>\$31,088,571</u>

As of June 30, 2011, the Authority had the following Higher Education and QZAB investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
U.S. Treasury Bill	November 17, 2011	\$4,159,126
U.S. Treasury Notes	November 30, 2011	4,992,394
	April 30, 2012	402,460
	September 15, 2013	8,540,545
	October 15, 2013	23,673,012
U.S. Government Supported Corporate Debt	September 28, 2012	4,171,044
	December 28, 2012	4,212,283
U.S. Treasury Securities: State and Local Government Series		<u>4,944,110</u>
Total Investments		<u>\$55,094,974</u>

As of June 30, 2011, the Tennessee State School Bond Authority held 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 \$4,434,886, and the other security covers the remaining loan balance of \$509,224 of the Higher Education borrower's debt.

As of June 30, 2011, the Authority had the following QSCB investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amortized Value</u>
U.S. Treasury Notes	August 15, 2026	\$5,098,034
U.S. Treasury Securities: Agency Zeroes & Strips	August 15, 2026	<u>3,969,372</u>
Total Investments		<u>\$9,067,406</u>

### **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 State's Investment Policy does not formally address interest rate risk. As a matter of practice, higher education investments are invested no longer than five years to reduce the interest rate risk. QZAB investments follow the guidelines in the Forward Delivery Agreements which are limited to six-month maturities so that interest rate risk is contained. The Authority's investments are specifically identified above.

### **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2012, and June 30, 2011, the Authority only invested in U.S. Government obligations, or obligations of which the principal and interest are guaranteed by the United States.

### **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, 2012, and June 30, 2011, 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, 2012, and June 30, 2011, the Authority only invested in U.S. Treasury securities, or obligations of which the principal and interest are guaranteed by the United States.

### **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, 2012, there is \$4,790,135 invested through the Agreement. As of June 30, 2011, there was \$4,159,126 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 principal. The investments will be held by the State Treasurer in the Authority's name. As of June 30, 2012, there is \$6,106,273 invested through the Agreement. As of June 30, 2011, there was \$4,992,394 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 6/30/12 at fair value	\$4,790,135	\$6,106,273
Amount Invested in Agreement		
at 6/30/11 at fair value	\$4,159,126	\$4,992,394
Date of Deposits	Nov. 24, 2005 through 2020	Dec. 8, 2006 through 2020

For the fiscal year ended June 30, 2012, the Forward Delivery Agreement for the 2004 QZAB bonds has a positive fair value of \$422,423 and the Forward Delivery Agreement for the 2005 QZAB bonds has a positive fair value of \$1,705,408. These positive fair values are reported as assets on the statement of net assets. For the fiscal year ended June 30, 2011, the Forward Delivery Agreement for the 2004 QZAB bonds had a negative fair value of (\$761,795) and the Forward Delivery Agreement for the 2005 QZAB bonds had a negative fair value of (\$554,729). The Authority did not enter into these agreements as interest rate hedges. These negative fair values are reported as liabilities on the statement of net assets. The agreements were valued by an independent investment advisor using the parameters contained in the Forward Delivery Agreements and prevailing market conditions and benchmark yields on June 30, 2012, upon which the fair values depend. 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. The Authority has a scheduled amount of Qualified Securities required to be on deposit on specified delivery dates. These Forward Delivery Agreements are forward contracts, or commitments to deliver the same Qualified Securities on the scheduled dates at a pre-determined rate. Therefore, these are hedging derivative instruments employed as a fair value hedge of the Qualified Securities for the required deposits. These forward contracts meet all criteria under GASB 53, Paragraph 39, which addresses the consistent critical terms method for forward contracts. All terms of the required deposits and the Forward Delivery Agreements are consistent; therefore hedge accounting is applied.

#### **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, 2012, the fair value of the State's Forward Delivery Agreements is a total positive value of \$2,127,831. As of June 30, 2011, the fair value of the State's Forward Delivery Agreements was a total negative value of (\$1,316,524).

### **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 governments on behalf of 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, annual financing charges must be paid by the borrower sufficient to pay the annual principal payment, which is deposited into a bond sinking fund held by the State Treasurer that will pay the bonds at maturity, and the costs of administering the program.

#### **Qualified School Construction Bonds Program**

The Authority has entered into loan agreements with the local governments on behalf of local education agencies for the 2009 QSCBs, dated December 1, 2009, and the 2010 QSCBs, dated October 1, 2010. Under the agreements, the Authority agrees to finance renovation and rehabilitation projects, equipment purchases, new building construction and land acquisition for the local education agencies. On the dates designated in the agreements, monthly financing charges must be paid by the borrower sufficient to pay the monthly principal payment, which is deposited into a bond sinking fund held by the State Treasurer that will pay the bonds at maturity, and the costs of administering the program.

#### **NOTE 4. RESTRICTED ASSETS**

##### **Cash and Investments**

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, 2009 Series A, 2010 Series A, and 2010 Series B Bonds, the Authority deposited funds into a debt service reserve account equal to the maximum semiannual debt service for those bonds.

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

The first program bond resolution of the QSCBs requires the establishment of a special trust fund, the bond sinking fund account. This account represents the funds set aside to redeem the QSCBs at maturity.

#### **NOTE 5. DEBT PAYABLE**

The State of Tennessee shall not be liable on the bonds issued by the Authority and the bonds shall not be a debt of the State of Tennessee.

##### **Higher Education Facilities Programs**

- A. Bonds. 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 make loans to local governments on behalf of 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 QZAB 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 governments and by certain funds held under the Qualified Zone Academy Bond Resolution.

### Qualified School Construction Bonds Program

On November 5, 2009, the Authority adopted a Qualified School Construction Bond Resolution authorizing the issuance of Qualified School Construction Bonds to make loans to local governments on behalf of local education agencies for the purpose of financing eligible costs of certain projects. The Tennessee Advisory Commission on Intergovernmental Relations (TACIR) recommended the projects to be funded by the Authority under the QSCB program. The American Recovery and Reinvestment Act of 2009 provided this financial tool whereby interest on QSCBs, Series 2009, is paid by the federal government in the form of a quarterly tax credit to the financial institutions that hold the QSCBs. Market conditions at the time of issuance demanded the borrowers pay an additional quarterly interest payment to supplement the tax credit to the investors. The 2010 QSCBs were issued as direct subsidy payment bonds, a financial tool whereby the interest on the QSCBs is fully subsidized by the federal government. 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 governments and by certain funds held under the Qualified School Construction Bond Resolution.

Changes in debt payable for the year ended June 30, 2012, and 2011 are as follows (expressed in thousands):

	Balance		Balance		Amounts
	July 1, 2011	Additions	Deletions	June 30, 2012	Due Within One Year
Commercial paper	\$ 162,653	\$ 97,000	\$ 5,977	\$ 253,676	\$ -
Bonds payable	\$ 1,465,630	\$ -	\$ 63,949	\$ 1,401,681	\$ 50,035
Less: unamortized bond discount	(312)	-	(44)	(268)	-
Add: unamortized bond premium	39,955	-	1,915	38,040	-
Less: call premium	-	-	(4)	4	-
Less: unamortized deferred amount on refundings	(17,328)	-	(1,037)	(16,291)	-
Total bonds payable	\$ 1,487,945	\$ -	\$ 64,779	\$ 1,423,166	\$ 50,035

	Balance			Amounts	
	July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
Commercial paper	\$ 281,782	\$ 107,218	\$ 226,347	\$ 162,653	\$ -
Bonds payable	\$ 1,068,748	\$ 444,375	\$ 47,493	\$ 1,465,630	\$ 63,555
Less: unamortized bond discount	(363)	-	(51)	(312)	-
Add: unamortized bond premium	24,985	16,759	1,789	39,955	-
Less: unamortized deferred amount on refundings	(18,366)	-	(1,038)	(17,328)	-
Total bonds payable	\$ 1,075,004	\$ 461,134	\$ 48,193	\$ 1,487,945	\$ 63,555

Bonds and commercial paper payable at June 30, 2012, and June 30, 2011, are as follows (expressed in thousands):

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Bonds Payable:		
1998 Refunding Series D at interest rates from 4.60% to 4.85% maturing to 2021 (original par - \$33,540)	13,245	14,395
2002 Series A at an interest rate of 5.00% maturing to 2012 (original par - \$119,135)	0	4,725
2004 Series A at interest rates from 4.00% to 4.50% maturing to 2026 (original par - \$67,965)	46,586	50,860
2004 Series B at interest rates from 4.00% to 4.50% maturing to 2034 (original par - \$60,575)	44,545	46,815
2004 Series C (Federally Taxable) at interest rates from 4.25% to 5.50% maturing to 2034 (original par - \$37,230)	29,150	30,415
2005 Series A at interest rates from 3.625% to 5.00% maturing to 2030 (original par - \$100,540)	83,205	88,480
2005 Series B (Federally Taxable) at interest rates from 4.31% to 4.88% maturing to 2028 (original par - \$30,960)	26,365	28,435
2006 Series A at interest rates from 4.00% to 4.60% maturing to 2036 (original par - \$53,820)	42,505	44,520
2007 Series A at interest rates from 4.00% to 5.00% maturing to 2036 (original par - \$33,730)	27,680	28,845
2007 Series B (Federally Taxable) at interest rates from 5.243% to 5.666% maturing to 2036 (original par - \$14,040)	10,975	11,580
2007 Series C at interest rates from 4.00% to 5.00% maturing to 2032 (original par - \$89,940)	84,080	84,425

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
2008 Series A at interest rates from 3.50% to 5.00% maturing to 2037 (original par - \$118,530)	105,635	108,950
2008 Series B at interest rates from 4.00% to 5.50% maturing to 2038 (original par - \$166,990)	150,270	155,885
2009 Series A at interest rates from 3.00% to 5.00% maturing to 2039 (original par - \$109,905)	86,695	94,285
2010 Series A at interest rates from 3.00% to 5.00% maturing to 2040 (original par - \$213,920)	200,110	208,635
2010 Series B at interest rates from 2.00% to 5.20% maturing to 2040 (original par - \$18,015)	17,275	17,730
1999 Qualified Zone Academy Bonds non-interest bearing maturing in 2011 (original par - \$13,290)	0	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
2009 Qualified School Construction Bonds at an interest rate of 1.515% and a federal tax credit rate of 5.86% maturing in 2026 (original par - \$177,000)	177,000	177,000
2010 Qualified School Construction Bonds at an interest rate of 4.848% maturing in 2027 (original par - \$212,440)	212,440	212,440
Total Par Amount of Bonds Payable	\$ 1,401,681	\$ 1,465,630
Plus: Unamortized Premium/Less Unamortized Discount	37,772	39,643
Call Premium	4	0
Bonds Payable Net of Unamortized Premium/ Discount and Call Premium	\$ 1,439,457	\$ 1,505,273
Less: Deferred Amount on Refundings	(16,291)	(17,328)
Net Bonds Payable	<u>\$ 1,423,166</u>	<u>\$ 1,487,945</u>
Commercial paper, at interest rates from 0.10% to 0.33%	<u>\$ 253,676</u>	<u>\$ 162,653</u>

Debt service requirements to maturity of the bonds payable at June 30, 2012, are as follows (expressed in thousands):

For the Year(s) <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 51,901	\$ 42,205	\$ 94,106
2014	53,456	40,078	93,534
2015	49,301	37,976	87,277
2016	61,341	35,957	97,298
2017	50,856	33,777	84,633
2018-2022	294,117	135,453	429,570
2023-2027	626,600	79,630	706,230
2028-2032	155,839	34,543	190,382
2033-2037	74,097	10,107	84,204
2038-2040	21,949	-	21,949
	<u>\$ 1,439,457</u>	<u>\$ 449,726</u>	<u>\$ 1,889,183</u>

The above principal for bonds is more than that presented on the accompanying financial statements by \$16.291 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, 2012, and June 30, 2011, the Authority did not have a liability for arbitrage.

On September 15, 2010, the Authority issued two new series of bonds, 2010 Series A and B. The 2010 Series A tax-exempt bond proceeds in the amount of \$213,920,000 were issued to redeem \$94,035,610 of the Authority's tax-exempt commercial paper and \$110,498,299 of the Authority's taxable commercial paper. The 2010 Series B taxable bond proceeds in the amount of \$18,015,000 were issued to redeem \$15,832,118 of the Authority's taxable commercial paper. The balance of the proceeds of the 2010 Series A and B was used to pay for new construction projects, various costs of issuance and to fund the debt service reserve fund.

On October 7, 2010, the Authority issued the 2010 Qualified School Construction Bonds ("2010 QSCBs"). The 2010 QSCB proceeds in the amount of \$212,440,000 were issued for the purpose of financing various qualifying QSCB projects and to pay the costs of issuance of the 2010 QSCBs.

#### **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, 2012, the Authority did not have any bonds outstanding that were 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, 2012, \$214,328,000 of tax-exempt commercial paper

and \$39,348,000 of taxable commercial paper is outstanding. At June 30, 2011, \$145,058,000 of tax-exempt commercial paper and \$17,595,000 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 0.10% to 0.33% during the fiscal year. Interest is payable upon maturity.

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, including 45 days of accrued interest in the amount of \$4,593,750, 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 *Accounting Standard Codification (ASC) 275 Risk and Uncertainties*, 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, 2012, and 2011, are as follows (expressed in thousands):

	Balance			Balance
	July 1, 2011	Additions	Deletions	June 30, 2012
Interest rate reserve fund	\$ 667	\$ 502	\$ 3	\$ 1,166
Other unearned revenue	15,886	2,434	3,718	14,602
Total unearned revenue	\$ 16,553	\$ 2,936	\$ 3,721	\$ 15,768

	Balance			Balance
	July 1, 2010	Additions	Deletions	June 30, 2011
Interest rate reserve fund	\$ 1,375	\$ 431	\$ 1,139	\$ 667
Other unearned revenue	12,682	4,702	1,498	15,886
Total unearned revenue	\$ 14,057	\$ 5,133	\$ 2,637	\$ 16,553

Unearned revenue at June 30, 2012, and June 30, 2011, is as follows (expressed in thousands):

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Interest Rate Reserve Fund	\$ 1,166	\$ 667
Difference in bond proceeds available for capital expenditure and the par value of bonds to be repaid-adjustments for discount, underwriters' fees, and other costs of issuance:		
1998 Series D bonds, which was an advance refunding of the 1992 Series A bonds; amortized through 2021	1,237	1,378
1999 QZAB bonds; amortized through 2012	0	7
2001 QZAB bonds; amortized through 2016	72	94
2002 Series A bonds; amortized through 2012	0	36
2003 QZAB bonds; amortized through 2019	52	60
2004 Series A bonds; amortized through 2026	3,037	3,258
2004 Series C bonds; amortized through 2034	353	368
2004 QZAB bonds; amortized through 2020	43	49
2005 Series A bonds; amortized through 2030	65	68
2005 Series B bonds; amortized through 2028	3,083	3,277
2005 QZAB bonds; amortized through 2021	313	350
2006 Series A bonds; amortized through 2021	436	484
2007 Series B bonds; amortized through 2036	117	122
2009 QSCB bonds; amortized through 2026	2,172	2,228
2010 QSCB bonds; amortized through 2027	3,434	3,910
2010 Series B bonds; amortized through 2040	174	181
Other unearned revenue	<u>14</u>	<u>16</u>
Total	<u>\$ 15,768</u>	<u>\$ 16,553</u>

**NOTE 7. DEFERRED CHARGES**

Changes in deferred charges for the year ended June 30, 2012, and 2011, are as follows (expressed in thousands):

	Balance			Balance		
	July 1, 2011	Additions	Deletions	June 30, 2012		
Unamortized costs of issuance	\$ 13,124	\$ -	\$ 781	\$ 12,343		
Other deferred charges	22,074	-	855	21,219		
Total deferred charges	<u>\$ 35,198</u>	<u>\$ -</u>	<u>\$ 1,636</u>	<u>\$ 33,562</u>		

	Balance			Balance		
	July 1, 2010	Additions	Deletions	July 1, 2010	Additions	Deletions
Unamortized costs of issuance	\$ 10,007	\$ 3,905	\$ 788	\$ 13,124		
Other deferred charges	8,366	14,479	771	22,074		
Total deferred charges	<u>\$ 18,373</u>	<u>\$ 18,384</u>	<u>\$ 1,559</u>	<u>\$ 35,198</u>		

Deferred charges at June 30, 2012, and June 30, 2011, are as follows (expressed in thousands):

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Unamortized costs of issuance:		
1998 Series D bonds, which was an advance refunding of the 1992 Series A bonds; amortized through 2021	111	124
1999 QZAB bonds; amortized through 2012	0	10
2001 QZAB bonds; amortized through 2016	64	83
2002 Series A bonds; amortized through 2012	0	45
2003 QZAB bonds; amortized through 2019	31	36
2004 Series A bonds; amortized through 2026	556	597
2004 Series B bonds; amortized through 2034	559	585
2004 Series C bonds; amortized through 2034	347	363
2004 QZAB bonds; amortized through 2020	37	42
2005 Series A bonds; amortized through 2030	759	802
2005 Series B bonds; amortized through 2028	225	239
2005 QZAB bonds; amortized through 2021	305	341
2006 Series A bonds; amortized through 2021	422	468
2007 Series A bonds; amortized through 2026	226	243
2007 Series B bonds; amortized through 2036	117	122
2007 Series C bonds; amortized through 2032	769	808
2008 Series A bonds; amortized through 2027	913	976
2008 Series B bonds; amortized through 2038	1,162	1,208
2009 Series A bonds; amortized through 2039	761	789
2009 QSCB bonds; amortized through 2026	1,380	1,475
2010 QSCB bonds; amortized through 2027	1,314	1,401
2010 Series A bonds; amortized through 2040	2,096	2,173
2010 Series B bonds; amortized through 2040	189	196

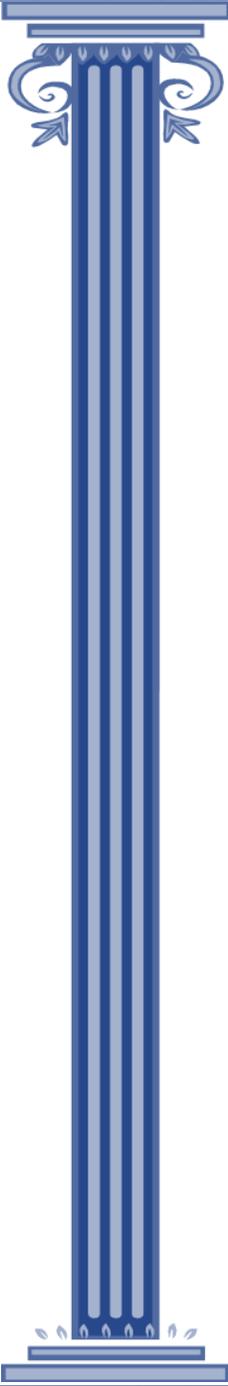
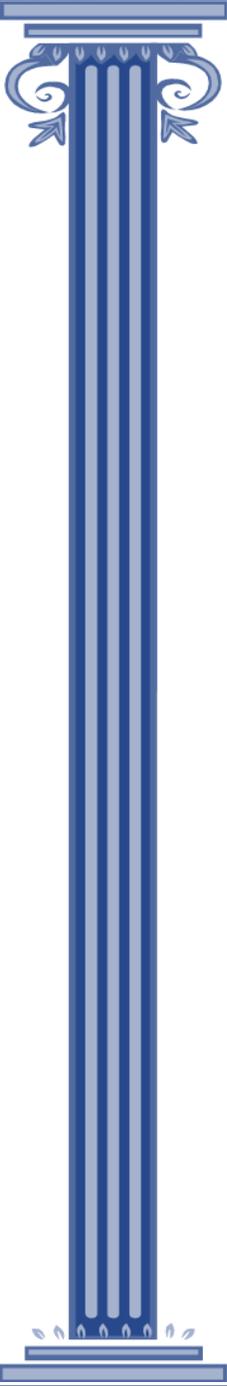
	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Other unearned revenue:		
Difference in bond proceeds available for capital expenditure and the par value of bonds to be repaid—adjustments for premium, underwriters’ fees, and other costs of issuance:		
2004 Series B bonds; amortized through 2034	1,108	1,159
2007 Series A bonds; amortized through 2026	290	311
2007 Series C bonds; amortized through 2032	842	885
2008 Series A bonds; amortized through 2027	1,076	1,150
2008 Series B bonds; amortized through 2038	1,860	1,933
2009 Series A bonds; amortized through 2039	2,479	2,572
2010 Series A bonds, amortized through 2040	13,564	14,062
	<hr/>	<hr/>
Total	<u>\$ 33,562</u>	<u>\$ 35,198</u>

**NOTE 8. SUBSEQUENT EVENTS**

As of December 10, 2012, the Authority has \$114,468,000 outstanding in tax-exempt commercial paper and \$5,861,000 in taxable commercial paper. Between June 30, 2012, and December 10, 2012, the Authority has issued \$30,000,000 in commercial paper to pay construction expenditures.

On August 1, 2012, the Authority issued the 2012 Series A Bonds, the 2012 Series B Bonds (Federally Taxable) and the 2012 Refunding Series C Bonds. The 2012 Series A tax-exempt bond proceeds in the amount of \$208,295,000 were sold with an original issue premium of \$24,312,813 to redeem \$129,859,517 of the Authority’s tax-exempt commercial paper and \$13,659,450 of the Authority’s taxable commercial paper. A portion of a project funded under the 2012 Series A Bonds was being funded with taxable commercial paper. With a change in scope and a review from bond counsel, it was decided that this project could be financed with tax-exempt bonds and was included in the 2012 Series A Bond issuance. The 2012 Series B taxable bond proceeds in the amount of \$103,790,000 were issued to redeem \$19,826,419 taxable commercial paper and refund \$26,455,000 of the 2004 Series C Bonds and \$19,595,000 of the 2005 Series B Bonds. The 2012 Refunding Series C tax-exempt bond proceeds in the amount of \$125,635,000 were sold with an original issue premium of \$18,135,085 to provide the funds necessary for refunding \$13,245,000 of the 1998 Series D Bonds, \$46,590,000 of the 2004 Series A Bonds, \$44,545,000 of the 2004 Series B Bonds, and \$33,625,000 of the 2006 Series A Bonds. The balance of the proceeds of the 2012 Series A, 2012 Series B, and 2012 Series C Bonds were used to pay for new construction projects and various costs of issuance.





# Supplementary Schedules



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TENNESSEE STATE SCHOOL BOND AUTHORITY  
 SUPPLEMENTARY SCHEDULES OF NET ASSETS - PROGRAM LEVEL  
 JUNE 30, 2012, AND JUNE 30, 2011  
 (Expressed in Thousands)

	June 30, 2012				June 30, 2011			
	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total
<b>ASSETS</b>								
Current assets:								
Cash	\$ 21,837	\$ 138	\$ 740	\$ 22,715	\$ 40,254	\$ 129	\$ 585	\$ 40,968
Cash with fiscal agent	1,040	-	15	1,055	553	-	89	642
Investments with fiscal agent	-	-	-	-	-	14	-	14
Deferred outflow - derivatives	-	-	-	-	-	1,316	-	1,316
Derivatives - Forward Delivery Agreement	-	2,128	-	2,128	-	-	-	-
Deferred charges	1,380	-	181	1,561	772	-	-	772
Loans receivable	50,035	2,930	24,300	77,265	50,156	3,482	22,091	75,729
Interest receivable	7,379	-	247	7,626	7,691	-	96	7,787
Federal subsidy receivable	-	-	3,004	3,004	-	-	3,004	3,004
Receivables for administrative fees	1,454	7	-	1,461	859	11	-	870
Total current assets	83,125	5,203	28,487	116,815	100,285	4,952	25,865	131,102
Noncurrent assets:								
Restricted cash	-	11,206	85,032	96,238	7	19,070	257,126	276,203
Restricted investments	40,600	10,896	31,089	82,585	41,509	13,572	9,067	64,148
Loans receivable	1,115,145	18,998	266,501	1,400,644	1,057,484	21,247	123,190	1,201,921
Deferred charges	29,051	437	2,513	32,001	31,038	512	2,876	34,426
Total noncurrent assets	1,184,796	41,537	385,135	1,611,468	1,130,038	54,401	392,259	1,576,698
Total assets	1,267,921	46,740	413,622	1,728,283	1,230,323	59,353	418,124	1,707,800
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable	21	-	-	21	1,360	-	-	1,360
Accrued liabilities	-	-	15,118	15,118	-	-	19,284	19,284
Derivatives - Forward Delivery Agreement	-	-	-	-	-	1,316	-	1,316
Deferred inflow - derivatives	-	2,128	-	2,128	-	-	-	-
Accrued interest payable	7,381	-	3,152	10,533	7,707	-	3,151	10,858
Unearned revenue	1,837	79	2,635	4,551	1,347	111	2,952	4,410
Bonds payable	50,035	-	-	50,035	50,265	13,290	-	63,555
Total current liabilities	59,274	2,207	20,905	82,386	60,679	14,717	25,387	100,783
Noncurrent liabilities:								
Unearned revenue	7,845	401	2,971	11,217	8,509	448	3,186	12,143
Commercial paper payable	253,676	-	-	253,676	162,653	-	-	162,653
Bonds payable	939,782	43,909	389,440	1,373,131	991,047	43,903	389,440	1,424,390
Total noncurrent liabilities	1,201,303	44,310	392,411	1,638,024	1,162,209	44,351	392,626	1,599,186
Total liabilities	1,260,577	46,517	413,316	1,720,410	1,222,888	59,068	418,013	1,699,969
<b>NET ASSETS</b>								
Unrestricted	\$ 7,344	\$ 223	\$ 306	\$ 7,873	\$ 7,435	\$ 285	\$ 111	\$ 7,831

TENNESSEE STATE SCHOOL BOND AUTHORITY  
 SUPPLEMENTARY SCHEDULES OF REVENUES,  
 EXPENSES AND CHANGES IN NET ASSETS - PROGRAM LEVEL  
 FOR THE YEARS ENDED JUNE 30, 2012, AND JUNE 30, 2011  
 (Expressed in Thousands)

	Year ended June 30, 2012				Year ended June 30, 2011			
	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total
<b>OPERATING REVENUES</b>								
Revenue from loans	\$ 46,257	\$ 93	\$ 13,542	\$ 59,892	\$ 46,541	\$ 128	\$ 10,641	\$ 57,310
Federal subsidy on bonds	-	-	10,299	10,299	-	-	7,524	7,524
Investment earnings (loss)	398	(67)	769	1,100	299	29	184	512
Total operating revenues	46,655	26	24,610	71,291	46,840	157	18,349	65,346
<b>OPERATING EXPENSES</b>								
Interest expense-commercial paper	323	-	-	323	450	-	-	450
Interest expense-bonds	44,697	6	12,981	57,684	44,658	13	10,234	54,905
Loss on retirement of bonds	4	-	-	4	-	-	-	-
Subsidy to borrowers	253	-	11,061	11,314	403	-	7,658	8,061
Administrative expense	944	7	192	1,143	1,182	16	158	1,356
Amortization of bond issuance costs	525	75	181	781	539	89	159	787
Total operating expenses	46,746	88	24,415	71,249	47,232	118	18,209	65,559
Operating income (loss) and change in net assets	(91)	(62)	195	42	(392)	39	140	(213)
Net assets, July 1	7,435	285	111	7,831	7,827	246	(29)	8,044
Net assets, June 30	\$ 7,344	\$ 223	\$ 306	\$ 7,873	\$ 7,435	\$ 285	\$ 111	\$ 7,831

**TENNESSEE STATE SCHOOL BOND AUTHORITY**  
**SUPPLEMENTARY SCHEDULES OF CASH FLOWS - PROGRAM LEVEL**  
**FOR THE YEARS ENDED JUNE 30, 2012, AND JUNE 30, 2011**  
(Expressed in Thousands)

	Year ended June 30, 2012				Year ended June 30, 2011			
	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total
\$	-	\$ 16	\$ 351	\$ 367	\$ 455	\$ 16	\$ 241	\$ 712
	(948)	(7)	(192)	(1,147)	(1,186)	(17)	(167)	(1,370)
	502	-	-	502	428	-	-	428
	(3)	-	-	(3)	(1,136)	-	-	(1,136)
	(449)	9	159	(281)	(1,439)	(1)	74	(1,366)

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from borrowers for administrative fees  
Payment to suppliers  
Receipts from borrowers to the interest rate reserve fund  
Payments to borrowers from the interest rate reserve fund  
Net cash provided by (used in) operating activities

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Proceeds from sale of bonds  
Proceeds from sale of commercial paper  
Bond interest subsidy from federal government  
Call premium paid  
Bond issuance costs paid  
Principal paid - bonds and commercial paper  
Interest paid - bonds and commercial paper  
Subsidy to borrowers  
Net cash provided by (used in) noncapital financing activities

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of investments  
Proceeds from sales and maturities of investments  
Interest received on investments  
Loans issued  
Loan escrow paid  
Collections of loan principal  
Interest received on loans  
Collections of call premium  
Refund to borrower  
Net cash provided by (used in) investing activities

Net increase (decrease) in cash

Cash, July 1  
Cash, June 30

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

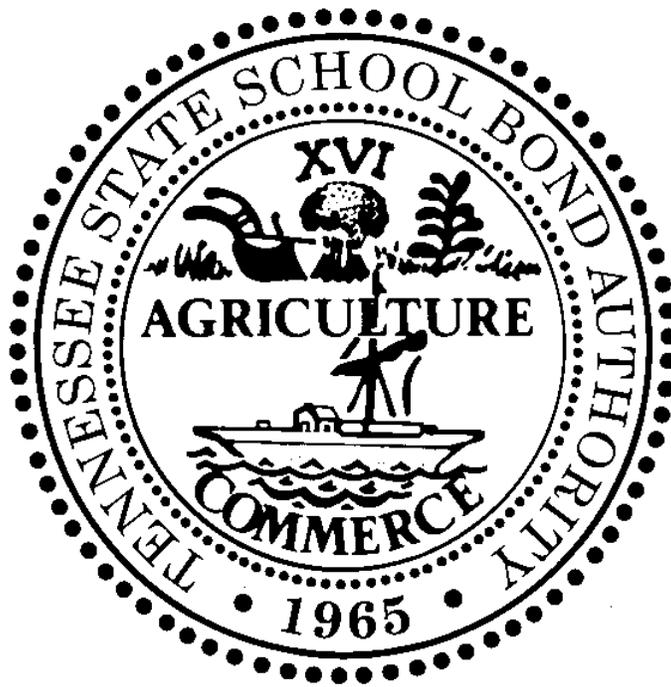
Cash	\$ 21,837	\$ 138	\$ 740	\$ 22,715	\$ 40,254	\$ 129	\$ 585	\$ 40,968
Cash with fiscal agent	1,040	-	15	1,055	553	-	89	642
Restricted cash	-	11,206	85,032	96,238	7	19,070	257,126	276,203
Cash, June 30	\$ 22,877	\$ 11,344	\$ 85,787	\$ 120,008	\$ 40,814	\$ 19,199	\$ 257,800	\$ 317,813

	(91)	(62)	195	42	(392)	39	140	(213)
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>								
Operating income (loss)	525	75	181	781	539	89	160	788
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	(398)	(48)	(769)	(1,215)	(299)	(30)	(183)	(512)
Amortization of bond issuance costs	45,020	6	12,981	58,007	45,108	13	10,234	55,355
Investment earnings	-	-	(10,299)	(10,299)	-	-	(7,524)	(7,524)
Interest expense	253	-	11,061	11,314	403	-	7,658	8,061
Federal subsidy on bonds	(45,661)	117	(12,981)	(58,525)	(45,682)	1	(10,234)	(55,915)
Subsidy to borrowers	-	-	-	-	-	-	-	-
Interest income (loss) from loans	(595)	-	-	(595)	(404)	-	-	(404)
Changes in assets and liabilities:	-	-	-	-	(4)	-	(4)	(8)
(Increase) decrease in receivables for administrative fees	-	-	-	-	-	-	(7)	(7)
(Increase) decrease in payables for administrative fees	-	-	-	-	-	-	-	-
Increase (decrease) in due to primary government	498	-	-	498	(708)	-	-	(708)
Increase (decrease) in the interest rate reserve fund	-	(79)	(210)	(289)	-	(113)	(166)	(279)
Increase (decrease) in unamortized discount net bond issuance costs	-	-	-	-	-	-	-	-
Total adjustments	(358)	71	(36)	(323)	(1,047)	(40)	(66)	(1,153)
Net cash provided by (used in) operating activities	(449)	9	159	(281)	(1,439)	(1)	74	(1,366)
<b>Noncash financing activities:</b>								
Bond issuance costs	-	-	-	-	(14,698)	-	510	(14,188)
Total noncash financing activities	-	-	-	-	(14,698)	-	510	(14,188)
<b>Noncash investing activities:</b>								
Increase (decrease) in fair/amortized value of investments	(41)	-	305	264	(46)	-	68	22





Statistical  
Section



# **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 .....	46
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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 .....	47
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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 .....	47
College and University Funds – Schedule of Fees/Charges, Legislative Appropriations and Debt Service .....	48
College and University Funds – Coverage of Annual Financing Charges .....	55
Qualified Zone Academy Bonds Program Debt Service Coverage .....	62
Qualified School Construction Bonds Program Debt Service Coverage .....	68

## **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 .....	76
History of Average Daily Membership Grades Kindergarten through Twelve 2002-2011 .....	77

**TENNESSEE STATE SCHOOL BOND AUTHORITY**  
**SCHEDULES OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET ASSETS**  
**FOR FISCAL YEARS 2003 TO 2012**  
(Expressed in Thousands)

	For the Year Ended									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>OPERATING REVENUES</b>										
Revenue from loans	\$ 59,892	\$ 57,310	\$ 43,377	\$ 38,979	\$ 34,991	\$ 30,157	\$ 26,841	\$ 27,027	\$ 22,956	\$ 24,927
Federal subsidy on bonds	10,299	7,524	-	-	-	-	-	-	-	-
Investment earnings (loss)	1,100	512	386	742	1,356	1,975	1,761	1,138	423	781
Total operating revenues	71,291	65,346	43,763	39,721	36,347	32,132	28,602	28,165	23,379	25,708
<b>OPERATING EXPENSES</b>										
Interest expense-commercial paper	323	450	757	3,457	6,244	4,405	3,482	939	515	353
Interest expense-bonds	57,684	54,905	41,357	33,999	27,385	24,091	22,994	24,916	21,758	24,092
Loss on retirement of bonds	4									
Subsidy to borrowers	11,314	8,061	291	511	1,183	1,578	1,440	847	340	2,382
Administrative expense	1,143	1,356	773	970	681	663	539	548	527	457
Amortization of bond issuance costs	781	787	632	543	561	435	350	295	229	205
Total operating expenses	71,249	65,559	43,810	39,480	36,054	31,172	28,805	27,545	23,369	27,489
Operating income (loss) and change in net assets	42	(213)	(47)	241	293	960	(203)	620	10	(1,781)
Net assets, July 1	7,831	8,044	8,091	7,850	7,557	6,597	6,800	6,180	6,170	7,951
Net assets, June 30	\$ 7,873	\$ 7,831	\$ 8,044	\$ 8,091	\$ 7,850	\$ 7,557	\$ 6,597	\$ 6,800	\$ 6,180	\$ 6,170

**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	Qualified School Construction Bonds Program	Total
2012	\$ 1,165,181	\$ 21,927	\$ 290,801	\$ 1,477,909
2011	1,107,640	24,729	145,281	1,277,650
2010	1,071,729	28,011	23,192	1,122,932
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

Note: The QSCB loan was made in fiscal year 2010.

**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	Qualified School Construction Bonds Program	Total
	Bonds	Commercial Paper	QZAB Bonds	QSCB Bonds	
2012	\$ 989,817	\$ 253,676	\$ 43,909	\$ 389,440	\$ 1,676,842
2011	1,041,312	162,653	57,193	389,440	1,650,598
2010	840,824	281,782	57,181	177,000	1,356,787
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

Note: QSCB bonds were obtained in fiscal year 2010.

**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)
2012	\$ 584,147	\$ 411,729	\$ -	\$ 49,835
2011	685,003	548,787	-	51,079
2010	648,298	493,304	12	43,998
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

**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)
2012	\$ 85,043	\$ 26,502	\$ -	\$ 3,330
2011	78,214	36,102	-	3,531
2010	70,128	39,157	-	3,512
2009	62,358	33,427	-	3,512
2008	57,821	36,371	-	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

**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)
2012	\$ 135,925	\$ 46,196	\$ 1,399	\$ 9,142
2011	129,854	62,962	1,399	9,229
2010	121,868	52,643	1,399	9,502
2009	103,738	58,723	1,699	9,489
2008	93,073	63,403	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

**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>
2012	\$ 234,159	\$ 74,071	\$ -	\$ 14,780
2011	223,096	100,110	-	14,928
2010	199,352	101,836	-	12,962
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

**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>
2012	\$ 97,171	\$ 28,782	\$ -	\$ 4,056
2011	91,919	40,831	-	4,071
2010	85,831	44,400	-	4,041
2009	80,016	38,085	-	4,041
2008	85,505	41,775	-	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

**TENNESSEE TECHNOLOGICAL UNIVERISTY**

<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>
2012	\$ 100,915	\$ 35,747	\$ -	\$ 3,102
2011	89,100	50,616	-	3,104
2010	81,475	48,133	-	1,786
2009	76,045	47,577	-	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

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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)

**UNIVERSITY OF MEMPHIS**

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)
2012	\$ 259,510	\$ 97,773	\$ -	\$ 8,589
2011	237,768	133,514	-	8,839
2010	214,426	122,480	-	8,914
2009	195,365	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

**CHATTANOOGA STATE TECHNICAL COMMUNITY COLLEGE**

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)
2012	\$ 36,319	\$ 20,643	\$ -	\$ 285
2011	34,021	26,901	-	285
2010	29,512	24,926	-	489
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

**CLEVELAND STATE COMMUNITY COLLEGE**

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)
2012	\$ 11,373	\$ 9,088	\$ -	\$ 45
2011	10,979	11,432	-	45
2010	9,958	10,992	-	213
2009	8,336	10,379	-	213
2008	7,360	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	-	-

**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>
2012	\$ 15,599	\$ 11,467	\$ -	\$ 18
2011	15,413	14,116	-	18
2010	14,406	14,324	-	18
2009	11,755	13,824	-	14
2008	10,903	13,986	-	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	-	-

**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>
2012	\$ 10,626	\$ 6,570	\$ -	\$ -
2011	9,988	7,985	-	-
2010	9,027	7,758	-	116
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	-	-

**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>
2012	\$ 16,009	\$ 10,652	\$ -	\$ -
2011	15,739	13,193	-	-
2010	14,749	11,710	-	166
2009	12,383	13,264	-	166
2008	11,512	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	-	-

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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)

**MOTLOW STATE COMMUNITY COLLEGE**

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)
2012	\$ 14,494	\$ 9,774	\$ -	\$ -
2011	13,983	11,023	-	-
2010	13,121	9,143	-	170
2009	11,148	12,890	-	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	-	-

**NASHVILLE STATE COMMUNITY COLLEGE**

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)
2012	\$ 30,181	\$ 13,965	\$ -	\$ 73
2011	30,011	16,451	-	85
2010	24,984	14,585	-	85
2009	19,900	15,619	-	70
2008	17,657	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

**NORTHEAST STATE TECHNICAL COMMUNITY COLLEGE**

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)
2012	\$ 19,865	\$ 12,069	\$ -	\$ 43
2011	19,302	13,291	-	43
2010	16,728	13,247	-	209
2009	13,534	12,678	-	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	-	-

**PELLISSIPPI STATE TECHNICAL 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>
2012	\$ 36,322	\$ 18,910	\$ -	\$ 178
2011	35,757	22,100	-	179
2010	32,052	19,105	-	376
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	-	-

**ROANE 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>
2012	\$ 21,580	\$ 15,571	\$ -	\$ 153
2011	20,532	19,098	-	153
2010	18,411	20,103	-	323
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	-	-

**SOUTHWEST TENNESSEE 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>
2012	\$ 41,966	\$ 32,359	\$ -	\$ 357
2011	42,093	40,168	-	390
2010	39,546	40,340	-	389
2009	36,691	38,230	-	389
2008	30,403	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

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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)

**VOLUNTEER STATE COMMUNITY COLLEGE**

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)
2012	\$ 26,812	\$ 15,650	-	\$ 17
2011	24,326	20,729	-	17
2010	22,240	18,944	-	139
2009	17,802	18,351	-	139
2008	16,565	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	-	-

**WALTERS STATE COMMUNITY COLLEGE**

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)
2012	\$ 23,034	\$ 16,078	-	\$ 102
2011	21,821	19,986	-	102
2010	21,454	19,180	-	289
2009	17,859	19,601	-	289
2008	15,810	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	-	-

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</sup>	Fees & Charges	Fees, Charges, & Appropriations
2011	\$ 584,147	\$ 411,729	\$ 49,835	11.72 X	19.98 X
2011	685,003	584,787	51,984	13.18 X	24.43 X
2010	648,298	493,304	44,804	14.47 X	25.48 X
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

**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</sup>	Fees & Charges	Fees, Charges, & Appropriations
2012	\$ 85,043	\$ 26,502	\$ 3,330	25.54 X	33.50 X
2011	78,214	36,102	3,633	21.53 X	31.47 X
2010	70,128	39,157	3,625	19.35 X	30.15 X
2009	62,358	33,427	2,682	23.25 X	35.71 X
2008	57,821	36,371	2,682	21.56 X	35.12 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

**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</sup>	Fees & Charges	Fees, Charges, & Appropriations
2012	\$ 135,925	\$ 46,196	\$ 9,142	14.87 X	19.92 X
2011	129,854	62,962	9,455	13.73 X	20.39 X
2010	121,868	52,643	9,740	12.51 X	17.92 X
2009	103,738	58,723	5,297	19.58 X	30.67 X
2008	93,073	63,403	5,297	17.57 X	29.54 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

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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)

**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</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2012	\$ 234,159	\$ 74,071	\$ 14,780	15.84 X	20.85 X
2011	223,096	100,110	15,239	14.64 X	21.21 X
2010	199,352	101,836	13,253	15.04 X	22.73 X
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

**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</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2012	\$ 97,171	\$ 28,782	\$ 4,056	23.96 X	31.05 X
2011	91,919	40,831	4,157	22.11 X	31.93 X
2010	85,831	44,400	4,135	20.76 X	31.49 X
2009	80,016	38,085	3,592	22.28 X	32.88 X
2008	85,505	41,775	3,592	23.80 X	35.43 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

**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</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2012	\$ 100,915	\$ 35,747	\$ 3,102	32.53 X	44.06 X
2011	89,100	50,616	3,178	28.04 X	43.96 X
2010	81,475	48,133	1,816	44.87 X	71.37 X
2009	76,045	47,577	1,294	58.77 X	95.53 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

**UNIVERSITY OF MEMPHIS**

Coverage By:

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Annual Financing Chrgs and Admin Fees <sup>3</sup>	Fees & Charges	Fees, Charges, & Appropriations
2012	\$ 259,510	\$ 97,773	\$ 8,589	30.21 X	41.60 X
2011	237,768	133,514	9,050	26.27 X	41.03 X
2010	214,426	122,480	9,072	23.64 X	37.14 X
2009	195,365	114,524	6,380	30.62 X	48.57 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

**CHATTANOOGA STATE TECHNICAL COMMUNITY COLLEGE**

Coverage By:

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Annual Financing Chrgs and Admin Fees <sup>3</sup>	Fees & Charges	Fees, Charges, & Appropriations
2012	\$ 36,319	\$ 20,643	\$ 285	127.44 X	199.87 X
2011	34,021	26,901	289	117.72 X	210.80 X
2010	29,512	24,926	495	59.62 X	109.98 X
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

**CLEVELAND STATE COMMUNITY COLLEGE**

Coverage By:

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Annual Financing Chrgs and Admin Fees <sup>3</sup>	Fees & Charges	Fees, Charges, & Appropriations
2012	\$ 11,373	\$ 9,088	\$ 45	252.73 X	454.69 X
2011	10,979	11,432	46	238.67 X	487.20 X
2010	9,958	10,992	214	46.53 X	97.90 X
2009	8,336	10,379	169	49.33 X	110.74 X
2008	7,360	10,856	169	43.55 X	107.79 X
2007	6,422	10,317	170	38	98
2006	6,249	9,683	-	-	-
2005	5,737	9,580	-	-	-
2004	5,631	9,053	-	-	-
2003	4,757	9,212	-	-	-

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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)

**COLUMBIA STATE COMMUNITY COLLEGE**

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Annual Financing Chrgs and Admin Fees <sup>3</sup>	Coverage By:	
				Fees & Charges	Fees, Charges, & Appropriations
2012	\$ 15,599	\$ 11,467	\$ 18	866.61 X	1503.67 X
2011	15,413	14,116	18	856.28 X	1640.50 X
2010	14,406	14,324	18	800.33 X	1596.11 X
2009	11,755	13,824	14	839.64 X	1827.07 X
2008	10,903	13,986	18	605.72 X	1382.72 X
2007	13,829	13,710	18	768.28 X	1529.94 X
2006	13,027	12,731	18	723.72 X	1431.00 X
2005	12,133	12,839	18	674	1,387
2004	10,799	11,344	-	-	-
2003	14,921	11,540	-	-	-

**DYERSBURG STATE COMMUNITY COLLEGE**

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Annual Financing Chrgs and Admin Fees <sup>3</sup>	Coverage By:	
				Fees & Charges	Fees, Charges, & Appropriations
2012	\$ 10,626	\$ 6,570	\$ 0	-	-
2011	9,988	7,985	0	0.00 X	0.00 X
2010	9,027	7,758	116	77.82 X	144.70 X
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	52	112
2006	5,451	6,490	-	-	-
2005	5,490	6,386	-	-	-
2004	5,219	6,035	-	-	-
2003	4,010	6,108	-	-	-

**JACKSON STATE COMMUNITY COLLEGE**

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Annual Financing Chrgs and Admin Fees <sup>3</sup>	Coverage By:	
				Fees & Charges	Fees, Charges, & Appropriations
2012	\$ 16,009	\$ 10,652	\$ 0	-	-
2011	15,739	13,193	0	0.00 X	0.00 X
2010	14,749	11,710	167	88.32 X	158.44 X
2009	12,383	13,264	167	74.15 X	153.57 X
2008	11,512	13,147	167	68.93 X	147.66 X
2007	10,614	12,383	169	63	136
2006	9,280	11,480	-	-	-
2005	8,958	11,282	-	-	-
2004	8,290	10,610	-	-	-
2003	7,173	10,768	-	-	-

**MOTLOW STATE COMMUNITY COLLEGE**

Coverage By:

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Annual Financing Chrgs and Admin Fees <sup>3</sup>	Fees & Charges	Fees, Charges, & Appropriations
2012	\$ 14,494	\$ 9,774	\$ 0	-	-
2011	13,983	11,023	0	0.00 X	0.00 X
2010	13,121	9,143	171	76.73 X	130.20 X
2009	11,148	12,890	171	65.19 X	140.57 X
2008	9,780	10,951	171	57.19 X	121.23 X
2007	8,661	10,290	173	50	110
2006	7,678	9,434	-	-	-
2005	7,022	9,343	-	-	-
2004	6,369	8,747	-	-	-
2003	5,660	8,893	-	-	-

**NASHVILLE STATE COMMUNITY COLLEGE**

Coverage By:

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Annual Financing Chrgs and Admin Fees <sup>3</sup>	Fees & Charges	Fees, Charges, & Appropriations
2012	\$ 30,181	\$ 13,965	\$ 73	413.44 X	604.74 X
2011	30,011	16,451	87	344.95 X	534.05 X
2010	24,984	14,585	87	287.17 X	454.82 X
2009	19,900	15,619	87	228.74 X	408.26 X
2008	17,657	16,370	87	202.95 X	391.11 X
2007	15,828	15,185	13	1217.54 X	2385.62 X
2006	15,615	14,045	13	1201.15 X	2281.54 X
2005	13,955	13,449	13	1073.46 X	2108.00 X
2004	12,202	12,730	13	938.62 X	1917.85 X
2003	13,519	13,099	13	1,040	2,048

**NORTHEAST STATE TECHNICAL COMMUNITY COLLEGE**

Coverage By:

Fiscal Year	Total Fees and Charges	Legislative Appropriations <sup>2</sup>	Annual Financing Chrgs and Admin Fees <sup>3</sup>	Fees & Charges	Fees, Charges, & Appropriations
2012	\$ 19,865	\$ 12,069	\$ 43	461.98 X	742.65 X
2011	19,302	13,291	44	438.68 X	740.75 X
2010	16,728	13,247	210	79.66 X	142.74 X
2009	13,534	12,678	210	64.45 X	124.82 X
2008	12,086	13,199	210	57.55 X	120.40 X
2007	11,731	12,256	214	55	112
2006	10,505	11,147	-	-	-
2005	9,883	10,958	-	-	-
2004	8,910	10,391	-	-	-
2003	7,283	10,543	-	-	-

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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)

Coverage By:

**PELLISSIPPI STATE TECHNICAL COMMUNITY COLLEGE**

<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</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2012	\$ 36,322	\$ 18,910	\$ 178	204.06 X	310.29 X
2011	35,757	22,100	181	197.55 X	319.65 X
2010	32,052	19,105	380	84.35 X	134.62 X
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	140
2006	19,184	19,252	-	-	-
2005	17,376	18,935	-	-	-
2004	17,109	17,985	-	-	-
2003	14,393	18,247	-	-	-

**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</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2012	\$ 21,580	\$ 15,571	\$ 153	141.05 X	242.82 X
2011	20,532	19,098	155	132.46 X	255.68 X
2010	18,411	20,103	327	56.30 X	117.78 X
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	94
2006	12,528	16,660	-	-	-
2005	11,823	16,470	-	-	-
2004	10,964	15,518	-	-	-
2003	9,532	15,779	-	-	-

**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</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2012	\$ 41,966	\$ 32,359	\$ 357	117.55 X	208.19 X
2011	42,093	40,168	396	106.30 X	207.73 X
2010	39,546	40,340	396	99.86 X	201.73 X
2009	36,691	38,230	179	204.98 X	418.55 X
2008	30,403	40,131	179	169.85 X	394.04 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

**VOLUNTEER 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</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2012	\$ 26,812	\$ 15,650	\$ 17	1577.18 X	2497.76 X
2011	24,326	20,729	17	1430.94 X	2650.29 X
2010	22,240	18,944	139	160.00 X	296.29 X
2009	17,802	18,351	139	128.07 X	260.09 X
2008	16,565	19,245	139	119.17 X	257.63 X
2007	14,974	17,995	141	106.20 X	233.82 X
2006	14,224	16,548	17	836.71 X	1810.12 X
2005	13,206	16,303	17	777	1,736
2004	12,256	15,417	-	-	-
2003	10,333	15,641	-	-	-

**WALTERS 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</sup></u>	<u>Fees &amp; Charges</u>	<u>Fees, Charges, &amp; Appropriations</u>
2012	\$ 23,034	\$ 16,078	\$ 102	225.82 X	383.45 X
2011	21,821	19,986	103	211.85 X	405.89 X
2010	21,454	19,180	292	73.47 X	139.16 X
2009	17,859	19,601	292	61.16 X	128.29 X
2008	15,810	19,429	292	54.14 X	120.68 X
2007	14,097	18,249	297	47	109
2006	12,740	16,860	-	-	-
2005	11,798	16,643	-	-	-
2004	11,211	15,689	-	-	-
2003	9,990	15,909	-	-	-

Source - Universities and Colleges (Unaudited)

<sup>1</sup> Includes Second Program Bonds. Excludes Commercial Paper.<sup>2</sup> Does not include coverage for debt outstanding as Commercial Paper.<sup>3</sup> Annual Financing Charges consist of principal, interest and administrative fee.

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

(Expressed in Thousands)

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

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QZAB Obligations	Other Pledged Obligations <sup>3</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 14	\$ 62	\$ 76	\$ 3,356	44.16 X
2011	14	62	76	3,282	43.19 X
2010	14	62	76	3,192	42.00 X
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

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

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QZAB Obligations	Other Pledged Obligations <sup>3</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 51	\$ 1,465	\$ 1,516	\$ 4,711	3.11 X
2011	51	633	684	4,475	6.54 X
2010	51	-	51	4,488	88.01 X
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

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

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QZAB Obligations	Other Pledged Obligations <sup>3</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 91	\$ 596	\$ 687	\$ 9,245	13.46 X
2011	91	596	687	8,691	12.65 X
2010	91	596	687	8,961	13.04 X
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

**HUMBOLDT CITY SCHOOLS****STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QZAB	Other Pledged	Total	State Shared	Coverage
	Obligations	Obligations <sup>3</sup>	Obligations	Taxes	
2012	\$ 158	\$ 227	\$ 385	\$ 941	2.44 X
2011	158	215	373	1,047	2.81 X
2010	158	203	361	1,022	2.83 X
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

**KINGSPORT CITY SCHOOLS****STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QZAB	Other Pledged	Total	State Shared	Coverage
	Obligations	Obligations <sup>3</sup>	Obligations	Taxes	
2012	\$ 358	\$ 1,876	\$ 2,234	\$ 6,329	2.83 X
2011	358	763	1,121	5,643	5.03 X
2010	358	621	979	5,770	5.89 X
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

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

Fiscal Year	QZAB	Other Pledged	Total	State Shared	Coverage
	Obligations	Obligations <sup>3</sup>	Obligations	Taxes	
2012	\$ 215	\$ 2,882	\$ 3,097	\$ 11,512	3.72 X
2011	215	1,246	1,461	11,071	7.58 X
2010	215	-	215	11,435	53.18 X
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

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

(Expressed in Thousands)

**LEXINGTON CITY SCHOOLS <sup>1</sup>**

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QZAB Obligations	Other Pledged Obligations <sup>3</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 76	\$ -	\$ 76	\$ 800	10.53 X
2011	76	-	76	800	10.53 X
2010	76	-	76	789	10.38 X
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

**LINCOLN COUNTY SCHOOLS <sup>1,2</sup>**

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QZAB Obligations	Other Pledged Obligations <sup>3</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ -	\$ -	\$ -	\$ 2,839	0.00 X
2011	-	-	-	2,835	0.00 X
2010	-	-	-	2,776	0.00 X
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

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

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QZAB Obligations	Other Pledged Obligations <sup>3</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 275	\$ -	\$ 275	\$ 3,637	13.23 X
2011	275	-	275	3,431	12.48 X
2010	275	-	275	3,715	13.51 X
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

**MEMPHIS CITY SCHOOLS****STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QZAB Obligations	Other Pledged Obligations <sup>3</sup>	Total Obligations	State Shared Taxes	Coverage
2012	547	\$ -	\$ 547	\$ 79,473	145.29 X
2011	547	-	547	82,675	151.14 X
2010	547	-	547	99,243	181.43 X
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

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

Fiscal Year	QZAB Obligations	Other Pledged Obligations <sup>3</sup>	Total Obligations	State Shared Taxes	Coverage
2012	436	\$ 1,551	\$ 1,987	\$ 4,806	2.42 X
2011	436	1,343	1,779	4,489	2.52 X
2010	436	200	636	4,348	6.84 X
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

**NASHVILLE - DAVIDSON COUNTY SCHOOLS <sup>1</sup>****STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QZAB Obligations	Other Pledged Obligations <sup>3,4</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 415	\$ 31,369	\$ 31,784	\$ 77,093	2.43 X
2011	415	29,160	29,575	69,820	2.36 X
2010	415	26,438	26,853	71,367	2.66 X
2009	415	24,144	24,559	75,512	3.07 X
2008	415	25,788	26,203	78,039	2.98 X
2007	415	27,098	27,513	70,404	2.56 X
2006	-	36,019	36,019	63,809	1.77 X
2005	-	32,492	32,492	57,319	1.76 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	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)

**OAK RIDGE CITY SCHOOLS <sup>1</sup>**

Fiscal Year	STATE SHARED TAX OBLIGATIONS				
	QZAB Obligations	Other Pledged Obligations <sup>3</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 510	\$ 1,420	\$ 1,930	\$ 3,812	1.98 X
2011	510	1,203	1,713	3,569	2.08 X
2010	510	1,203	1,713	3,652	2.13 X
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

**RHEA COUNTY SCHOOLS**

Fiscal Year	STATE SHARED TAX OBLIGATIONS				
	QZAB Obligations	Other Pledged Obligations <sup>3</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 112	\$ -	\$ 112	\$ 3,476	31.04 X
2011	112	-	112	3,361	30.01 X
2010	112	-	112	3,285	29.33 X
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

**SCOTT COUNTY SCHOOLS <sup>1,2</sup>**

Fiscal Year	STATE SHARED TAX OBLIGATIONS				
	QZAB Obligations	Other Pledged Obligations <sup>3</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ -	\$ -	\$ -	\$ 2,477	0.00 X
2011	-	-	-	2,468	0.00 X
2010	-	-	-	2,389	0.00 X
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

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

<u>Fiscal</u> <u>Year</u>	<u>QZAB</u> <u>Obligations</u>	<u>Other Pledged</u> <u>Obligations <sup>3</sup></u>	<u>Total</u> <u>Obligations</u>	<u>State Shared</u> <u>Taxes</u>	<u>Coverage</u>
2012	\$ 225	\$ -	\$ 225	\$ 1,737	7.72 X
2011	197	-	197	1,670	8.47 X
2010	197	-	197	1,704	8.65 X
2009	197	-	197	1,599	8.12 X
2008	197	-	197	1,703	8.64 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

**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.

<sup>3</sup> Other Pledged Obligations includes Qualified School Construction Bonds (QSCB) and Tennessee Local Development Authority (TLDA)

<sup>4</sup> Nashville-Davidson County paid in full all of their TLDA debt.

**DEBT SERVICE COVERAGE  
TENNESSEE STATE SCHOOL BOND AUTHORITY  
QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM  
FOR THE LAST TEN YEARS**

(Expressed in Thousands)

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

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 1,465	\$ 51	\$ 1,516	\$ 4,711	3.11 X
2011	633	51	684	4,475	6.54 X
2010	-	51	51	4,488	88.01 X
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

**CLEVELAND CITY SCHOOLS<sup>1</sup>**

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 323	\$ 50	\$ 323	\$ 5,253	16.28 X
2011	279	21	279	4,736	16.95 X
2010	42	-	42	5,327	127.84 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

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

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 550	\$ -	\$ 550	\$ 2,610	4.75 X
2011	238	-	238	2,594	10.92 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

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

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 298	\$ -	\$ 298	\$ 2,987	10.01 X
2011	129	-	129	2,921	22.63 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

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

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 1,254	\$ -	\$ 1,254	\$ 2,718	2.17 X
2011	843	-	843	2,712	3.22 X
2010	90	-	90	2,662	29.67 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

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

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 230	\$ -	\$ 230	\$ 2,042	8.89 X
2011	199	-	199	2,014	10.13 X
2010	30	-	30	2,035	68.63 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

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**DEBT SERVICE COVERAGE  
TENNESSEE STATE SCHOOL BOND AUTHORITY  
QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM  
FOR THE LAST TEN YEARS**

(Expressed in Thousands)

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

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 875	\$ -	\$ 875	\$ 2,696	3.08 X
2011	757	-	757	2,685	3.54 X
2010	113	-	113	2,635	23.32 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

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

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 435	\$ -	\$ 435	\$ 3,761	8.65 X
2011	277	-	277	3,349	12.10 X
2010	26	-	26	3,270	123.68 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

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

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 1,045	\$ -	\$ 1,045	\$ 2,903	2.78 X
2011	452	-	452	2,769	6.13 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

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

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 633	\$ -	\$ 633	\$ 7,777	12.29 X
2011	548	-	548	6,551	11.96 X
2010	82	-	82	7,145	87.42 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

**KINGSPORT CITY SCHOOLS****STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 96	\$ 2,138	\$ 2,234	\$ 6,329	2.83 X
2011	83	1,038	1,121	5,643	5.03 X
2010	12	967	979	5,770	5.89 X
2009	-	967	967	6,180	6.39 X
2008	-	967	967	6,185	6.40 X
2007	-	967	967	5,801	6.00 X
2006	-	864	864	5,277	6.11 X
2005	-	995	995	4,906	4.93 X
2004	-	995	995	5,118	5.14 X
2003	-	550	550	5,065	9.21 X

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

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 2,882	\$ 215	\$ 3,097	\$ 11,512	3.72 X
2011	1,246	215	1,461	11,071	7.58 X
2010	-	215	215	11,435	53.18 X
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

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**DEBT SERVICE COVERAGE  
TENNESSEE STATE SCHOOL BOND AUTHORITY  
QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM  
FOR THE LAST TEN YEARS**

(Expressed in Thousands)

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

**STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 249	\$ -	\$ 249	\$ 2,449	9.85 X
2011	108	-	108	2,456	22.83 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

**MARYVILLE CITY SCHOOLS <sup>1</sup>**

**STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 1,452	\$ 141	\$ 1,593	\$ 3,332	2.09 X
2011	1,257	-	1,257	2,870	2.28 X
2010	187	-	187	2,920	15.58 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

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

**STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 435	\$ 364	\$ 799	\$ 3,720	4.66 X
2011	188	364	552	3,600	6.52 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

**METROPOLITAN GOVERNMENT OF NASHVILLE <sup>1</sup>****STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2,3</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 5,143	\$ 26,641	\$ 31,784	\$ 77,093	2.43 X
2011	2,934	26,641	29,575	69,820	2.36 X
2010	212	26,641	26,853	71,367	2.66 X
2009	-	24,559	24,559	75,512	3.07 X
2008	-	26,203	26,203	78,039	2.98 X
2007	-	27,513	27,513	70,404	2.56 X
2006	-	36,019	36,019	63,809	1.77 X
2005	-	32,492	32,492	57,319	1.76 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

**MONTGOMERY COUNTY SCHOOLS****STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 1,551	\$ 436	1,987	\$ 4,806	2.42 X
2011	1,343	436	1,779	4,348	2.44 X
2010	200	436	636	4,348	6.83 X
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

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

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 1,430	\$ -	1,430	\$ 3,997	2.80 X
2011	618	-	618	3,740	6.05 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

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**DEBT SERVICE COVERAGE  
TENNESSEE STATE SCHOOL BOND AUTHORITY  
QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM  
FOR THE LAST TEN YEARS**

(Expressed in Thousands)

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

STATE SHARED TAX OBLIGATIONS

<u>Fiscal Year</u>	<u>QSCB Obligations</u>	<u>Other Pledged Obligations <sup>2</sup></u>	<u>Total Obligations</u>	<u>State Shared Taxes</u>	<u>Coverage</u>
2012	\$ 10,906	\$ -	10,906	\$ 20,890	1.92 X
2011	6,568	-	6,568	21,591	3.29 X
2010	552	-	552	21,097	38.21 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

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

STATE SHARED TAX OBLIGATIONS

<u>Fiscal Year</u>	<u>QSCB Obligations</u>	<u>Other Pledged Obligations <sup>2</sup></u>	<u>Total Obligations</u>	<u>State Shared Taxes</u>	<u>Coverage</u>
2012	\$ 1,701	\$ -	\$ 1,701	\$ 4,980	2.93 X
2011	1,256	-	1,256	5,050	4.02 X
2010	155	-	155	5,111	32.96 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

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

STATE SHARED TAX OBLIGATIONS

<u>Fiscal Year</u>	<u>QSCB Obligations</u>	<u>Other Pledged Obligations <sup>2</sup></u>	<u>Total Obligations</u>	<u>State Shared Taxes</u>	<u>Coverage</u>
2012	\$ 249	\$ -	249	\$ 1,671	6.72 X
2011	108	-	108	1,684	15.65 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

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

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 555	\$ -	\$ 555	\$ 2,519	4.54 X
2011	481	-	481	2,473	5.14 X
2010	72	-	72	2,407	33.57 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

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

Fiscal Year	QSCB Obligations	Other Pledged Obligations <sup>2</sup>	Total Obligations	State Shared Taxes	Coverage
2012	\$ 917	\$ -	\$ 917	\$ 2,667	2.91 X
2011	396	-	396	2,663	6.72 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X
2005	-	-	-	-	0.00 X
2004	-	-	-	-	0.00 X
2003	-	-	-	-	0.00 X

**Note: The first QSCB bond was issued on December 17, 2009.**

**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 QSCB loans or other obligations.

<sup>2</sup> Other Pledged Obligations includes Qualified Zone Academy Bonds (QZAB) and Tennessee Local Development Authority (TLDA)

<sup>3</sup> Nashville-Davidson County paid in full all of their TLDA debt.

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

Institution <sup>1</sup>	% Change												
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2010-2011	2006-2011
	<b>Four Year Institutions</b>												
AFSU	5,769	6,079	6,278	6,939	7,336	7,443	7,139	7,499	7,566	8,473	8,507	0.4%	14.3%
ETSU*	9,507	n/a	9,936	10,070	10,185	10,594	10,770	11,117	11,727	12,160	12,419	2.1%	17.2%
ETSU Medical	n/a	n/a	n/a	n/a	n/a	n/a	239	245	253	733	795	8.4%	n/a
ETSU Pharmacy	n/a	n/a	n/a	n/a	n/a	n/a	215	334	298	493	488	-1.1%	n/a
MTSU	17,125	18,151	18,735	19,037	19,139	19,355	19,525	20,062	21,049	21,914	21,751	-0.7%	12.4%
TTSU	7,425	7,703	7,716	7,662	7,462	7,464	7,465	6,694	7,025	7,114	7,130	0.2%	-4.5%
TTU	7,327	7,554	7,509	7,559	7,562	7,900	8,312	8,568	9,057	9,344	9,525	1.9%	20.6%
UM	15,890	15,696	15,720	16,128	15,910	15,946	15,747	15,910	16,792	17,388	17,655	1.5%	10.7%
TBR Total	63,043	64,846	65,894	67,394	67,593	68,702	69,412	70,429	73,767	77,620	78,270	0.8%	13.9%
UT Chattanooga	6,955	7,050	7,138	7,326	7,317	7,564	8,168	8,446	9,116	9,788	9,842	0.6%	30.1%
UT Knoxville**	23,183	23,221	22,730	23,141	23,642	24,016	24,160	24,697	24,214	23,780	23,050	-3.1%	-4.0%
UT Veterinary	n/a	n/a	n/a	n/a	n/a	n/a	408	429	484	520	480	-7.7%	n/a
UT Space Inst	n/a	n/a	n/a	n/a	n/a	n/a	105	104	88	84	86	2.8%	n/a
UT Martin	5,379	5,311	5,265	5,570	5,833	5,968	6,108	6,305	6,714	6,791	6,845	0.8%	14.7%
UT Health Science	1,949	1,977	2,008	2,062	2,295	2,505	2,733	2,778	2,914	2,623	2,703	3.0%	7.9%
UT Total	37,466	37,559	37,141	38,099	39,088	40,053	41,682	42,759	43,530	43,586	43,006	-1.3%	7.4%
<b>Total 4 Year</b>	<b>100,509</b>	<b>102,404</b>	<b>103,035</b>	<b>105,494</b>	<b>106,681</b>	<b>108,755</b>	<b>111,094</b>	<b>113,188</b>	<b>117,297</b>	<b>121,207</b>	<b>121,277</b>	<b>0.1%</b>	<b>11.5%</b>
	<b>Two Year Institutions</b>												
Chattanooga	5,269	5,264	5,186	5,124	4,890	5,054	5,044	5,334	5,987	6,696	6,636	-0.9%	31.3%
Cleveland	2,318	2,200	2,224	2,088	2,103	2,034	2,022	2,195	2,504	2,588	2,609	0.8%	28.3%
Columbia	2,984	3,108	3,082	3,145	3,120	2,963	3,003	3,081	3,569	3,552	3,403	-4.2%	14.8%
Dyersburg	1,577	1,657	1,819	1,770	1,744	1,693	1,668	1,741	2,213	2,406	2,321	-3.5%	37.1%
Jackson	2,658	2,713	2,743	2,702	2,573	2,791	2,953	2,803	3,313	3,403	3,257	-4.3%	16.7%
Motlow	2,441	2,556	2,436	2,465	2,392	2,566	2,739	2,892	3,353	3,328	3,064	-7.9%	19.4%
Nashville	3,631	3,757	3,769	3,889	4,074	4,083	4,063	4,315	5,154	5,603	5,684	1.4%	39.2%
Northeast	2,879	2,968	3,112	3,334	3,142	3,374	3,387	3,606	4,231	4,622	4,423	-4.3%	31.1%
Pellissippi	5,151	5,208	5,013	4,963	4,963	5,149	5,446	5,686	6,695	7,212	7,329	1.6%	42.3%
Roane	3,647	3,767	3,775	3,850	3,603	3,738	3,764	3,766	4,227	4,374	4,162	-4.8%	11.3%
Southwest	7,743	7,141	7,361	7,561	7,332	7,306	6,794	7,219	8,465	8,266	8,190	-0.9%	12.1%
Volunteer	4,295	4,525	4,426	4,483	4,553	4,677	4,427	4,582	5,501	5,754	5,435	-5.5%	16.2%
Walters	3,909	3,867	4,067	3,864	3,826	3,884	3,872	4,082	4,780	4,805	4,573	-4.8%	18.1%
Total 2 Year	48,502	48,729	49,013	49,238	48,315	49,300	49,194	51,302	59,993	62,609	61,085	-2.4%	23.9%
<b>Grand Total</b>	<b>149,011</b>	<b>151,133</b>	<b>152,048</b>	<b>154,732</b>	<b>154,995</b>	<b>158,055</b>	<b>160,288</b>	<b>164,490</b>	<b>177,290</b>	<b>183,815</b>	<b>182,362</b>	<b>-0.8%</b>	<b>15.4%</b>
													<b>Five-Year Growth Rate</b>
													<b>2.9%</b>

\* Prior to 2007, ETSU totals included ETSU Med and ETSU Pharm.

\*\* Prior to 2007, UTK totals included UT Vet and UTSL.

Note: ETSU College of Medicine FTE equivalent to headcount.

<sup>1</sup> TBR = Tennessee Board of Regents AFPSU = Austin Peay State University, ETSU = East Tennessee State University, MTSU = Middle Tennessee State University, TSSU = Tennessee State University,

TTU = Tennessee Technological University, UOM = University of Memphis, UT = University of Tennessee, UTC = University of Tennessee at Chattanooga, UTK = University of Tennessee at Knoxville,

UTM = University of Tennessee at Martin, UTMem = University of Tennessee at Memphis, CSTCC = Chattanooga State Technical Community College, CLSCC = Cleveland State Community College,

COSCC = Columbia State Community College, DSCC = Dyersburg State Community College, JSCC = Jackson State Community College, MSCC = Motlow State Community College, NSTCC = Northeast State

Technical Community College, NSCC = Nashville State Community College, PSTCC = Pellissippi State Technical Community College, RSCC = Roane State Community College, SSCC = Shelby State

Community College, STIM = State Tennessee Institute in Memphis, STCC = Southwest Tennessee Community College, VSCC = Volunteer State Community College, WSCC = Walters State Community College

**HISTORY OF AVERAGE DAILY MEMBERSHIP GRADES KINDERGARTEN THROUGH TWELVE 2002-2011 \*\***

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
ANDERSON COUNTY	6,660	6,617	6,830	6,968	6,890	6,882	6,805	6,836	6,935	6,978
CLINTON	886	857	858	853	860	841	901	905	929	916
OAK RIDGE	4,533	4,460	4,457	4,385	4,361	4,351	4,286	4,340	4,350	4,422
BEDFORD COUNTY	7,818	7,761	7,750	7,656	7,461	7,277	7,042	6,795	6,559	6,286
BENTON COUNTY	2,290	2,372	2,437	2,477	2,477	2,468	2,460	2,441	2,470	2,498
BLED SOE COUNTY	1,825	1,802	1,834	1,886	1,910	1,896	1,867	1,788	1,766	1,814
BLOUNT COUNTY	11,249	11,412	11,467	11,599	11,466	11,279	11,143	10,999	10,869	10,861
ALCOA	1,699	1,681	1,637	1,610	1,594	1,466	1,374	1,304	1,333	1,308
MARYVILLE	4,962	4,965	5,021	4,997	4,868	4,711	4,595	4,604	4,446	4,332
BRADLEY COUNTY	10,043	10,076	10,087	9,995	9,859	9,700	9,320	9,166	9,060	9,044
CLEVELAND	4,961	4,801	4,849	4,630	4,567	4,478	4,546	4,331	4,322	4,350
CAMPBELL COUNTY	5,822	5,875	5,830	5,823	6,019	5,980	6,067	6,110	6,072	6,336
CANNON COUNTY	2,109	2,125	2,184	2,244	2,191	2,141	2,127	2,133	2,103	2,123
CARROLL COUNTY	2	6	6	4	5	9	6	9	8	5
*HOLLOW ROCK-BR	663	667	696	714	718	726	759	753	762	786
*HUNTINGDON	1,208	1,225	1,229	1,252	1,253	1,275	1,277	1,308	1,318	1,324
*MCKENZIE	1,377	1,371	1,398	1,377	1,390	1,344	1,325	1,297	1,302	1,304
*S. CARROLL	364	365	389	394	399	419	410	410	389	391
*W. CARROLL	988	1,000	1,026	1,041	1,024	1,051	1,065	1,082	1,107	1,108
CARTER COUNTY	5,560	5,702	5,804	5,908	5,842	5,980	5,980	5,872	5,908	6,008
ELIZABETHTON	2,235	2,137	2,055	1,991	2,000	2,010	2,040	2,071	2,158	2,234
CHEATHAM COUNTY	6,702	6,843	6,799	6,815	6,978	6,923	6,945	6,917	6,865	6,859
CHESTER COUNTY	2,713	2,720	2,718	2,698	2,635	2,540	2,509	2,515	2,444	2,433
CLAIBORNE COUNTY	4,644	4,644	4,657	4,730	4,764	4,847	4,729	4,643	4,600	4,619
CLAY COUNTY	1,041	1,056	1,056	1,070	1,170	1,150	1,159	1,152	1,200	1,202
COCKE COUNTY	4,665	4,771	4,815	4,809	4,720	4,719	4,727	4,704	4,687	4,655
NEWPORT	729	754	759	752	715	716	700	704	694	682
COFFEE COUNTY	4,336	4,333	4,369	4,414	4,476	4,421	4,264	4,127	4,151	4,194
MANCHESTER	1,340	1,321	1,288	1,282	1,265	1,225	1,269	1,225	1,208	1,195
TULLAHOMA	3,209	3,328	3,364	3,408	3,507	3,600	3,642	3,606	3,603	3,602
CROCKETT COUNTY	1,774	1,801	1,743	1,798	1,766	1,788	1,737	1,738	1,739	1,757
ALAMO	579	578	586	547	517	499	492	485	504	549
BELLS	397	369	391	373	378	382	404	393	394	394
CUMBERLAND COUNTY	7,308	7,380	7,276	7,235	7,207	7,162	7,024	6,977	6,784	6,829
DAVIDSON COUNTY	74,832	73,447	72,293	72,014	72,004	71,465	70,089	69,445	68,317	68,277
DECATUR COUNTY	1,612	1,598	1,614	1,601	1,587	1,560	1,534	1,498	1,502	1,545
DEKALB COUNTY	2,870	2,794	2,831	2,827	2,736	2,649	2,658	2,601	2,601	2,596
DICKSON COUNTY	8,287	8,362	8,394	8,421	8,353	8,212	8,039	8,105	8,013	7,921
DYER COUNTY	3,619	3,497	3,439	3,434	3,364	3,310	3,283	3,211	3,171	3,152
DYERSBURG	2,971	3,136	3,276	3,364	3,464	3,521	3,548	3,548	3,493	3,614
FA YETTE COUNTY	3,518	3,533	3,601	3,586	3,612	3,549	3,443	3,432	3,448	3,419
FENTRESS COUNTY	2,335	2,347	2,385	2,353	2,332	2,300	2,299	2,245	2,292	2,338
FRANKLIN COUNTY	5,789	5,804	5,836	5,953	5,952	5,929	5,871	5,794	5,833	5,751
GIBSON COUNTY	N/A									
HUMBOLDT	1,204	1,293	1,318	1,368	1,398	1,404	1,488	1,492	1,531	1,664
*MILAN	2,120	2,108	2,095	2,051	2,058	2,043	2,060	2,015	1,992	1,977
*TRENTON	1,357	1,400	1,388	1,396	1,432	1,432	1,422	1,437	1,463	1,443
*BRADFORD	543	526	554	585	609	605	617	630	626	654
*GIBSON CO. SPEC.	3,622	3,458	3,306	3,117	2,910	2,797	2,668	2,663	2,651	2,604
GILES COUNTY	4,066	4,158	4,317	4,342	4,342	4,464	4,501	4,441	4,483	4,452
GRAINGER COUNTY	3,540	3,528	3,538	3,444	3,460	3,428	3,330	3,335	3,295	3,267

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**HISTORY OF AVERAGE DAILY MEMBERSHIP GRADES KINDERGARTEN THROUGH TWELVE 2002-2011 \*\***

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
GREENE COUNTY	7,123	7,113	7,252	7,232	7,183	7,126	7,071	6,979	6,882	6,906
GREENEVILLE	2,676	2,696	2,705	2,740	2,771	2,744	2,701	2,677	2,638	2,689
GRUNDY COUNTY	2,218	2,192	2,271	2,200	2,285	2,252	2,285	2,245	2,262	2,292
HAMBLEN COUNTY	9,890	9,819	9,564	9,651	9,654	9,481	9,382	9,167	8,979	8,927
HAMILTON COUNTY	41,615	40,677	39,892	39,852	40,007	40,066	39,929	40,191	40,634	40,641
HANCOCK COUNTY	1,012	1,027	1,006	1,019	1,010	1,006	1,014	1,032	1,065	1,104
HARDEMAN COUNTY	3,958	4,063	4,108	4,214	4,252	4,330	4,373	4,462	4,489	4,552
HARDIN COUNTY	3,464	3,657	3,739	3,740	3,724	3,740	3,758	3,755	3,800	3,889
HA W K I N S COUNTY	7,400	7,545	7,630	7,695	7,618	7,490	7,364	7,252	7,223	7,195
ROGERSVILLE	681	665	663	658	645	673	628	639	642	640
HA Y W O O D COUNTY	3,310	3,265	3,301	3,326	3,401	3,480	3,494	3,512	3,526	3,568
HENDERSON COUNTY	3,734	3,682	3,555	3,476	3,518	3,566	3,501	3,345	3,439	3,490
LEXINGTON	995	1,025	1,062	1,100	1,077	1,028	1,004	1,003	970	943
HENRY COUNTY	3,104	3,171	3,119	3,145	3,120	3,168	3,176	3,144	3,136	3,123
*PARIS	1,646	1,580	1,589	1,578	1,539	1,540	1,523	1,484	1,446	1,456
HICKMAN COUNTY	3,740	3,807	3,839	3,872	3,884	3,837	3,837	3,823	3,855	3,810
HOUSTON COUNTY	1,410	1,466	1,442	1,464	1,486	1,435	1,418	1,435	1,419	1,420
HUMPHREYS COUNTY	3,033	3,052	3,064	3,060	3,024	3,001	3,015	2,993	3,013	2,989
JACKSON COUNTY	1,532	1,627	1,646	1,651	1,678	1,645	1,649	1,660	1,666	1,675
JEFFERSON COUNTY	7,353	7,372	7,389	7,429	7,377	7,277	7,156	7,038	6,904	6,849
JOHNSON COUNTY	2,167	2,211	2,215	2,244	2,270	2,279	2,295	2,283	2,277	2,286
KNOX COUNTY	55,588	55,521	55,265	54,293	54,215	53,050	53,130	52,637	51,677	51,800
LAKE COUNTY	884	893	900	920	897	912	866	894	872	885
LAUDERDALE COUNTY	4,458	4,503	4,510	4,547	4,528	4,479	4,484	4,555	4,565	4,546
LA W R E N C E COUNTY	6,726	6,732	6,675	6,717	6,732	6,692	6,690	6,699	6,677	6,781
LEWIS COUNTY	1,874	1,900	1,892	1,901	1,898	1,865	1,896	1,958	1,972	1,946
LINCOLN COUNTY	3,921	4,009	4,043	4,087	4,053	4,021	4,018	3,989	3,975	4,001
FA Y E T T E V I L L E	1,162	993	986	995	956	983	977	1,000	1,022	1,035
LOUDON COUNTY	4,846	5,040	5,028	5,086	5,046	4,966	4,925	4,833	4,858	4,997
L E N O I R C I T Y	2,244	2,191	2,191	2,118	2,146	2,164	2,159	2,063	2,008	2,026
MCMINN COUNTY	5,859	5,885	5,952	5,928	5,872	5,901	5,787	5,831	5,864	5,822
A T H E N S	1,594	1,674	1,673	1,744	1,716	1,690	1,696	1,680	1,676	1,733
E T O W A H	311	329	351	374	365	374	394	391	381	368
MCNAIRY COUNTY	4,295	4,353	4,310	4,318	4,318	4,253	4,192	4,166	4,138	4,095
MACON COUNTY	3,710	3,724	3,736	3,735	3,723	3,695	3,651	3,554	3,559	3,578
MADISON COUNTY	12,756	12,808	13,134	13,409	13,783	13,731	13,654	13,589	13,521	13,668
MARION COUNTY	4,224	4,271	4,253	4,163	4,130	4,092	4,046	4,101	4,072	4,182
*RICHARD CITY	322	312	286	322	327	355	332	349	343	321
MARSHALL COUNTY	5,228	5,260	5,258	5,286	5,146	4,939	4,856	4,829	4,809	4,789
MAURY COUNTY	11,327	11,403	11,501	11,505	11,421	11,245	11,285	11,104	11,212	11,156
MEIGS COUNTY	1,752	1,827	1,813	1,841	1,820	1,822	1,832	1,848	1,840	1,837
MONROE COUNTY	5,523	5,524	5,518	5,487	5,424	5,350	5,291	5,183	5,085	5,050
S W E E T W A T E R	1,481	1,480	1,492	1,516	1,468	1,471	1,409	1,435	1,429	1,458
MONTGOMERY COUNTY	29,202	28,661	28,401	27,813	27,449	26,603	25,767	24,951	24,589	24,337
MOORE COUNTY	992	973	975	970	981	967	977	954	929	956
MORGAN COUNTY	3,198	3,206	3,277	3,265	3,281	3,266	3,246	3,242	3,214	3,267
OBION COUNTY	3,787	3,837	3,907	3,987	4,017	4,045	4,057	3,988	4,010	4,026
U N I O N C I T Y	1,444	1,454	1,399	1,376	1,420	1,409	1,366	1,374	1,397	1,398
OVERTON COUNTY	3,430	3,448	3,352	3,372	3,371	3,302	3,298	3,284	3,212	3,193
PERRY COUNTY	1,120	1,110	1,116	1,099	1,102	1,096	1,109	1,133	1,140	1,152
PICKETT COUNTY	705	682	665	658	674	676	692	697	708	708
POLK COUNTY	2,650	2,640	2,658	2,673	2,656	2,583	2,533	2,509	2,505	2,393

**HISTORY OF AVERAGE DAILY MEMBERSHIP GRADES KINDERGARTEN THROUGH TWELVE 2002-2011 \*\***

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
PUTNAM COUNTY	10,501	10,434	10,388	10,337	10,251	10,014	9,918	9,858	9,571	9,517
RHEA COUNTY	4,192	4,236	4,152	4,118	4,133	4,046	3,940	3,841	3,850	3,745
DAYTON	743	755	734	705	722	702	693	707	729	758
ROANE COUNTY	7,115	7,293	7,320	7,480	7,451	7,400	7,351	7,383	7,216	7,220
ROBERTSON COUNTY	10,957	10,909	10,774	10,710	10,551	10,261	9,974	9,696	9,446	9,867
RUTHERFORD COUNTY	38,122	37,238	36,497	35,706	34,384	32,704	31,002	29,422	28,012	26,824
MURFREESBORO	6,837	6,903	6,859	6,849	6,661	6,358	6,029	5,983	5,841	5,741
SCOTT COUNTY	2,866	2,750	2,806	2,768	2,679	2,647	2,641	2,618	2,622	2,567
*ONEIDA	1,201	1,192	1,263	1,276	1,318	1,308	1,302	1,260	1,276	1,242
SEQUATCHIE COUNTY	2,274	2,277	2,251	2,217	2,179	2,123	2,012	1,925	1,924	1,851
SEVIER COUNTY	14,315	14,291	14,277	14,317	14,202	13,967	13,505	13,082	12,712	12,533
SHELBY COUNTY	46,790	47,892	46,889	47,196	46,555	46,052	44,868	46,886	45,436	44,610
MEMPHIS	104,903	105,816	107,019	109,698	113,818	116,528	117,740	115,928	116,868	117,207
SMITH COUNTY	3,201	3,253	3,240	3,245	3,260	3,180	3,157	3,122	3,138	3,153
STEWART COUNTY	2,130	2,161	2,239	2,235	2,202	2,124	2,142	2,103	2,093	2,070
SULLIVAN COUNTY	11,054	11,418	11,659	11,860	12,020	12,206	12,396	12,493	12,483	12,961
BRISTOL	3,876	3,853	3,918	3,914	3,876	3,803	3,722	3,664	3,604	3,552
KINGSPORT	6,556	6,439	6,392	6,396	6,455	6,400	6,377	6,382	6,411	6,372
SUMNER COUNTY	27,377	27,032	26,554	26,241	25,872	25,313	24,437	23,990	23,470	22,689
TIPTON COUNTY	11,738	11,767	11,781	11,736	11,670	11,498	11,235	11,138	10,980	10,944
TROUSDALE COUNTY	1,219	1,297	1,373	1,331	1,331	1,306	1,272	1,281	1,264	1,272
UNICOI COUNTY	2,520	2,583	2,533	2,491	2,534	2,502	2,533	2,534	2,505	2,480
UNION COUNTY	2,953	2,970	2,968	2,989	3,026	3,044	3,128	3,052	3,075	3,063
VAN BUREN COUNTY	717	758	782	782	778	786	764	779	780	772
WARREN COUNTY	6,475	6,501	6,341	6,326	6,244	6,219	6,131	6,029	6,137	6,139
WASHINGTON COUNTY	9,050	9,169	9,174	9,150	9,123	8,985	8,916	8,748	8,607	8,562
JOHNSON CITY	7,390	7,313	7,328	7,239	7,094	7,048	6,803	6,879	6,867	6,711
WAYNE COUNTY	2,356	2,398	2,394	2,445	2,491	2,513	2,495	2,565	2,586	2,679
WEAKLEY COUNTY	4,550	4,662	4,751	4,721	4,766	4,877	4,790	4,801	4,906	4,865
WHITE COUNTY	3,966	3,981	4,007	3,990	4,003	3,928	3,851	3,893	3,850	3,868
WILLIAMSON COUNTY	31,275	30,517	29,762	28,585	27,301	25,440	23,616	21,914	21,032	20,133
*FRANKLIN	3,748	3,688	3,720	3,825	3,781	3,800	3,783	3,708	3,777	3,796
WILSON COUNTY	15,408	15,057	14,778	14,269	14,048	13,513	12,932	12,484	12,095	11,841
*LEBANON	3,327	3,183	3,117	3,145	3,053	3,005	3,034	3,013	2,957	2,896
GRAND TOTAL	949,354	948,508	945,458	944,738	943,149	933,688	921,520	911,735	903,389	900,511

\*SPECIAL SCHOOL DISTRICT

\*\*AVERAGE DAILY MEMBERSHIP INCLUDES ADULT HIGH SCHOOL STUDENTS IN GRADES 9-12.

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# ACKNOWLEDGMENTS

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OFFICE OF STATE AND LOCAL FINANCE

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