

RESOLUTION

OUT-OF-ORDER

No. 2010 / 09 / 01

To the HONORABLE \_\_\_\_\_, Chairman, and Members of the Hawkins County Board of Commissioners in Regular Session, met this 27th day of September, 2010.

RESOLUTION IN REF: Authorization of issuance of Tax and Revenue Anticipation Notes to be used for General Fund operating cash in the amount not to exceed One Million, Two Hundred Thousand Dollars (\$1,200,000)

WHEREAS, for the last several years, it has been necessary to borrow funds by the end of September or October in order to continue normal operations in General Fund, and

WHEREAS, such financing has come from General Debt Service Fund and repaid from General Fund, with interest, by the end of each February, and

WHEREAS, such borrowing is necessary due to there being an insufficient amount in undesignated fund balance and reserves to fund normal operations until such time as taxes and other revenue are collected, and

WHEREAS, the Comptroller must approve the request of a tax anticipation note, a copy of such approval is attached, and

WHEREAS, funds are again to be borrowed from the Hawkins County General Debt Service Fund with the interest rate being the same percent that the County Trustee is earning on investments.

NOW, THEREFORE, BE IT RESOLVED that this resolution be passed by County Commission to authorize a tax anticipation note, borrowing from the General Debt Service Fund, in an amount not to exceed One Million, Two Hundred Thousand Dollars (\$1,200,000) as per the attached.

Introduced By Esq. Virgil L. Mallett

Seconded By Esq. \_\_\_\_\_

Date Submitted 9/16/10

A. Canale Jenkins  
County Clerk

By: \_\_\_\_\_

Chairman \_\_\_\_\_

ACTION: AYE NAY PASSED

Roll Call \_\_\_\_\_

Voice Vote \_\_\_\_\_

Absent \_\_\_\_\_

COMMITTEE ACTION

\_\_\_\_\_

\_\_\_\_\_

**HAWKINS COUNTY  
OF THE  
STATE OF TENNESSEE**

**GENERAL FUND TAX ANTICIPATION NOTE, SERIES**

<u>DATED</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>AMOUNT</u>
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The **County of Hawkins** (the "Local Government") of the State of Tennessee hereby acknowledges itself indebted, and for value received hereby promises to pay bearer the sum of \_\_\_\_\_ (the "Principal Sum") on or before the Maturity Date (specified above) (unless this note shall have been duly called for prior redemption and payment of the redemption price shall have been duly made or provided for), upon presentation and surrender to the Local Government or its agent, and to pay from the date hereon interest on the Principal Sum on **June 30, 20\_\_**, or before, at the Interest Rate per annum (specified above), by check or draft mailed to the bearer, at the address below. Both principal of and interest on this note are payable at the Office of the **Hawkins County Trustee** or paying agent duly appointed by the Local Government in lawful money of the United States of America.

This note is secured solely by the receipt of taxes and revenues to be received by the **Hawkins County General Fund** (the "Fund") during the current fiscal year of the Local Government, being **July 1, 20\_\_** through **June 30, 20\_\_**, inclusive (the "Fiscal Year").

This note is subject to redemption prior to its stated maturity in whole or in part at any time at the option of the Local Government upon payment of the principal amount of the note together with the interest accrued thereon to the date of redemption without a premium.

This note is issued under the authority of Parts I, IV, and VIII of Title 9, Chapter 21, Tennessee Code Annotated, and a resolution duly adopted by the Local Government on \_\_\_\_\_, to provide funds in the anticipation of the collection of taxes and revenues for the Fund during the Fiscal Year in an amount not exceeding sixty percent (60%) of the total Fund appropriations for the Fiscal Year. The Maturity Date specified above shall not exceed the end of the Fiscal Year.

Title 9, Chapter 21, Section 117, Tennessee Code Annotated provides that this note and interest thereon are exempt from taxation by the State of Tennessee or by any county, municipality or taxing district of the State, except for inheritance, transfer and estate taxes and except as otherwise provided under the laws of the State of Tennessee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this note exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State of Tennessee, and that the amount of this note, together with all other indebtedness of the Local Government, does not exceed any constitutional or statutory limitation thereon, and that this note is within every constitutional and statutory limitation.

IN WITNESS WHEREOF, the Governing Body of the Local Government has caused this note to be executed in the name of the Local Government by the manual signature of the **County Mayor**, and countersigned and attested by the manual signature of the **County Clerk**, with the seal of the Local Government affixed hereto or imprinted hereon, and this note to be dated as of the \_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
County Mayor

ATTESTED:

\_\_\_\_\_  
County Clerk

Seal

Said funds to be borrowed from:  
General Debt Service Fund



STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
OFFICE OF STATE AND LOCAL FINANCE  
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING  
505 DEADERICK STREET  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7872  
FAX (615) 741-5986

September 13, 2010

Honorable Melville Bailey  
Hawkins County Mayor  
150 East Washington Street, Suite 2  
Rogersville, TN 37857

Dear Mayor Bailey:

This Office received the County's request for approval for the issuance of tax and revenue anticipation notes ("TRANS") for the General Fund pursuant to Section 8 of the fiscal year 2011 appropriation resolution adopted on August 23, 2010, and the authority of *Tennessee Code Annotated* Title 9 Chapter 21 Part 8.

The following chart contains information from the budget submitted by the County for the General Fund.

Chart 1

Tax and Revenue Anticipation Note Request Analysis by Fund

Fund	Beg Fund Balance	Revenue	Available Funds	Expenditures	Transfers Out	Appropriations	End. Fund Balance
General	\$ 2,888,281	\$ 11,360,506	\$ 14,248,787	\$ 12,931,498	\$ 117,589	\$ 13,049,087	\$ 1,199,700

**Tax and Revenue Anticipation Notes**

This letter acknowledges receipt of the request for approval to issue TRANS in the amount detailed below for the General Fund. Cities in Tennessee are authorized to issue TRANS pursuant to *Tennessee Code Annotated* Title 9, Chapter 21 to provide monies for operating expenses until sufficient revenues are received. The amount of TRANS which may be issued must not exceed 60% of the annual appropriation for the fund involved, and sufficient future revenues must be anticipated allowing payment of the TRANS by the end of the fiscal year of issuance; in this case, June 30, 2011. Issuing these TRANS reduces the amount that the County may borrow later in the fiscal year. We have found this request meets the statutory requirements.

The following chart contains information concerning expected future revenues for the General Fund and appropriations. The limit on the amount of TRANS which may be borrowed for the General Fund is also calculated as well as the amount of TRANS requested as a percentage of revenue. The amount appropriated exceeds expected revenues. The County intends to use fund balance to support the appropriation amount exceeding expected revenues.

Chart 2

## TRANS Request Analysis

Fund	Anticipated		Anticipated Revenues		Less	60% Appropriations	TRAN Request	TRAN Request	
	Revenues	Appropriations	Revenues	Appropriations <sup>1</sup>				as a % of	TRAN Request
General	\$ 11,360,506	\$ 13,049,087	\$ (1,688,581)	\$ 7,829,452	\$ 1,200,000	11%	\$ 1,200,000		

Note 1. Fund balance will be used to support portion of expenditures exceeding anticipated revenues.

This letter constitutes approval by this Office for the issuance of an amount not-to-exceed \$1,200,000 for the General Fund. We advise that you seek tax counsel if you intend to issue these notes as federally tax-exempt notes.

Approval of the TRANS is conditioned upon agreement with the following terms by the Board of County Commissioners:

- A copy of this letter shall be provided to all the members of the Board, be presented at the next meeting of the Board after receipt, and be spread across the face of the minutes of the meeting.
- The County shall comply with all the requirements of Title 9, Chapter 21 of the *Tennessee Code Annotated* and shall provide this Office verifiable documentation of compliance for fiscal year 2011.
- The County shall report the execution of the TRANS and the amounts to this Office within 45 days of issuance.
- The County shall maintain a balanced budget with no cash deficits and sufficient to pay operating and debt service costs during fiscal year 2011.
- The County shall repay the TRANS no later than June 30, 2011 and provide documentation to evidence such payment within 15 days of, but not later than June 30, 2011. The County shall report non-issuance of the TRANS to this office not later than June 30, 2011.

## Public Debt Entity Report

Enclosed is a form CT-0253 - Report on Debt Obligation. Please complete this form and return it to this Office within 45 days of the date of issuance of the TRANS. *Tennessee Code Annotated* § 9-21-151 requires the reporting of certain information to the Director of the Office of State and Local Finance within 45 days of issuance of debt obligations (including bonds, notes, debentures, and lease purchase agreements without regard to whether interest thereon is excludable from federal income tax). No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation.

Sincerely,



Mary-Margaret Collier  
Director of State & Local Finance

Cc: Jim Arnette, Director of County Audit, COT  
Melissa Farmer, Hawkins County Payroll Clerk

Enclosure (1)