



Sequatchie County Courthouse

County Spotlight: *Sequatchie*

Population: *11,370*
County Seat: *Dunlap*

Did you know?

Dunlap is one of the stops for the World's Longest Yard Sale. The annual yard sale stretches 654 miles from Gadsden, Alabama to West Unity, Ohio.

The county was named for the valley in which it is located. The valley was named for the Cherokee Chief, Sequachee, who signed a treaty with the colonial government of South Carolina.

**For more information, visit:
www.127sale.com
www.sequatchie.com*

Debt – Are you Sinking, Swimming, or Don't Even Know?

Over the past two years we have seen the collapse of the residential housing market and then partial collapse of the municipal financing market. Many counties had debt instruments that were considered swap contracts or derivatives. Audits noted some of these debt instruments as having “synthetic” fixed rates, which means what? Fixed or variable? Some counties were using these complicated debt instruments as well as pushing their first principal payments out into the distant future (“back loading”), with as much as 20 years before the first principal payments were scheduled to be paid. Counties started refinancing not only to obtain more favorable interest rates, but also to extend the payoff of existing loans. Negative articles about local governments’ debt management and financing arrangements, including those in Tennessee, were published in various news outlets. Both CTAS and the comptroller’s office have been exploring ways for counties to make better debt management decisions.

CTAS Assistance. CTAS has implemented a two-phase plan to assist counties in debt management. First, CTAS established a staff position approximately three years ago to help counties analyze their current debt position and any proposed future debt. Second, CTAS recently developed and delivered a debt management class to help counties better understand how to more effectively deal with their debt. Classes were held during 2009 in Jackson, Nashville, Dunlap, Knoxville, and Johnson City with approximately 130 attendees. Additional classes were also held in various counties. The topics covered included the following:

- Multi-year existing debt service budgets and capital plans
- Debt capacity or shortage within the existing debt service fund(s)
- Evaluation of a proposed new debt issuance independent of existing debt
- Merging of existing debt with proposed new debt
- Benchmarking of ratios
- Comparison of total interest cost of a new debt issue (straight line, back loaded or front loaded payments)

Tennessee Comptroller’s New Requirements. With the election of a new comptroller, and in an effort to respond to the municipal debt issues discussed above, the comptroller’s office began taking steps toward requiring that every county and city have a debt management policy.

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(Continued from page 1)

Public comments were received in the summer and fall of 2009 on a Model Debt Management Policy that is still under development. The draft model policy can be found [here](#). This 21-page document addresses many issues that relate to effective debt management and sound financial policy.

Unlike boiler plate sample policies that are written and adopted by our legislative bodies, this model policy requires the legislative body to develop, understand and implement additional financial policies and practices. The model policy addresses the following issues:

- The hows, whys and whens of issuing debt
- Financial advisors (who cannot issue debt) are required in various cases:
 - Issuing variable interest rate debt that is greater than 25% of total outstanding debt
 - Issuing debt that exceeds 25 year payoff
 - Issuing debt that is not straight line amortized or straight line principal
 - Use of credit enhancement
 - Use of derivatives
- Capital project plan
- Derivative policy (if debt policy permits derivatives)
- Annual debt risk assessment included with the annual budget

Whether it is a CTAS debt analysis, CTAS educational class, or adoption of a debt management policy, the main goal is for better decisions to be made. In order to make better future decisions we must know whether we currently are sinking, swimming, or whether we even know where we are with our debt service budget and plans.

REMINDER: Statements of Disclosure of Interest due by January 31

Because 2010 is a heavy election year for county government offices, it is important for county officials and candidates for those offices to be aware of deadlines and requirements.

All local public officeholders and all candidates for a local public office are required to file a Statement of Disclosure of Interests (Form SS-8005) with the Tennessee Ethics Commission. This requirement also applies to those officials who have been appointed to fill a vacancy in an elected public office. This year's deadline for filing the statement for current officeholders is January 31. The deadline for local candidates is 30 days after the last day provided by law for qualifying as a candidate.

Form SS-8005 can be accessed by clicking [here](#). The form can be filed online by going to www.tennessee.gov/sos/tec/forms.htm or can be filed by mail by printing and mailing to the Tennessee Ethics Commission, 404 James Robertson Parkway, Suite 104, Nashville, TN 37243. If you have questions about the disclosure requirement or form, contact the commission office at (615) 741-7959 or e-mail ethics.counsel@state.tn.us.

Communications by Internet Forum

Under a law passed in 2009, local governing bodies (including county commissions, metropolitan councils, and school boards) may allow their members to communicate through an internet forum if the statutory requirements are met. These requirements are set out in T.C.A. § 8-44-109, as follows:

- (1) The governing body must insure that the internet forum is available to the public at all times, other than for technical maintenance or unforeseen technical limitations;
- (2) The governing body must provide adequate public notice of the intended use of the electronic forum;
- (3) The governing body must control who may communicate through the forum;
- (4) The governing body must control the archiving of the electronic communications to ensure that they are available to the public for at least one year after the date of the communication, and to ensure that public access to the archived communications is user-friendly; and
- (5) The governing body must provide reasonable access for the public to view the forum at the local public library, the building where the governing body meets, or some other public building.

Electronic communications on an internet forum do not serve as a substitute for decision making by the governing body in a meeting held in accordance with the open meetings law. However, as long as the internet forum is conducted in compliance with the requirements of the law as outlined above, the electronic communications do not violate the open meetings law.

Before a governing body can use an internet forum or even provide public notice of the intent to use an internet forum, the governing body must file a plan with the Office of Open Records Counsel (OORC). The plan must describe how the governing body will ensure compliance with the requirements listed above. Within thirty (30) days of receipt of the plan, the OORC must acknowledge receipt of the plan and report whether or not the plan is in compliance. If the OORC finds that the plan is not in compliance, the OORC must provide written comments to the governing body. Until the governing body complies with the OORC's written comments and the OORC issues a report of compliance, the governing body cannot establish or use an internet forum. (These requirements do not apply to Knox County, which had established a forum prior to the effective date of these provisions).

The law expressly provides that members are not entitled to be paid a per diem for participating in an electronic forum.

To assist governing bodies who intend to submit a plan to this Office for use of an internet forum, the OORC has developed the following documents:

[Plan Considerations](#)

[Template Resolution/Ordinance](#)

[Template Terms of Use Agreement](#)

The OORC recently announced that Blount County's internet forum has been approved.

Downtown Revitalization Program to Offer Assistance, Funds

The Tennessee Department of Economic and Community Development (ECD) recently announced the launch of Tennessee Downtowns, a competitive community improvement program for cities and counties seeking to revitalize traditional commercial districts. Tennessee communities with business districts at least 50 years old are eligible to apply for a downtown revitalization package, which includes 18 months of training that incorporates a site visit, attendance at a two-day downtown revitalization workshop, ongoing technical assistance, and an innovation project grant of up to \$15,000.

Tennessee Downtowns is part of ECD's Tennessee Main Street Program and will award up to six of the innovation project grants. Qualifying criteria and applications can be found online at

www.tennesseemainstreet.org.

Completed applications must be received by 4:30 p.m. on February 5, 2010.

Have comments or suggestions for this newsletter?
Contact Claire Marsalis at claire.marsalis@tennessee.edu.

Comptroller Commends 100% GASB Compliance

Tennessee Comptroller of the Treasury Justin P. Wilson recently shared with the General Assembly that due to their dedication and the diligence of local government officials, Tennessee is now one of the very few states where there is 100 percent compliance by local governments with the Governmental Accounting Standards Board (GASB) Statement No. 34. All local governments in Tennessee are now in compliance with this standard.

The purpose of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, was to make government financial statements more user-friendly for people who access government financial information, to help states and local governments make better operating decisions and to make it easier to compare financial information from different state and local governments. GASB Statement No. 34 was issued in June 1999 and is considered one of the most far-reaching – if not the most far-reaching – accounting standard ever issued by GASB.

CALENDAR OF EVENTS

- Jan. 26-27 Association of Tennessee Valley Governments (ATVG) Conference, Nashville Holiday Inn Express
***For registration information, click [here](#).**
- Jan. 26-28 Association of County Mayors (ACM) Legislative Leadership Conference, Nashville Holiday Inn Express
***To view agenda, click [here](#).**
- March 23-24 COAT-TCSA County Government Day, Sheraton Nashville Downtown
***For registration information, click [here](#).**

State Senate Approves Delay of Voter Confidence Act to 2012

By a 22-10 vote on the opening day of this year's regular session, the Senate voted to delay for two years implementation of the Voter Confidence Act. **SB0872/ HB0614** (Ketron, Todd) had previously passed the House in June 2009. It now goes to the governor for his signature. The bill, supported by the state coordinator of elections and the secretary of state, defers implementation to the November 2012 election. The intent of the delay is to allow time for multiple vendors of optical scanning machines to get equipment certified and to bring competition to the equipment purchase process. The delay also grants local governments more time to find less expensive ways of implementing other parts of the act.

County Officials E-News is a monthly newsletter provided by the University of Tennessee County Technical Assistance Service in an effort to promote better county government through direct assistance to county officials and their associations.

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