

## DEBT SERVICE FUND OVERVIEW

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The Debt Service Fund is used to accounts for resources that are restricted, committed, or assigned for payment of certain debt obligations and related costs. Major sources of revenue for the fund include ad valorem taxes, local option sales taxes, loan repayments from other internal service centers, proceeds from the sale of delinquent ad valorem tax receivables, and Tourism Development Zone revenue.

General obligation bonds and notes are direct obligations of the City. The full faith, credit and unlimited taxing power of the City as to all property subject to ad valorem taxation within the City are pledged to the payment of the principal of and interest on the City's general obligation debt.

Although there are no statutory limitations on the amount of general obligation debt the City can issue, the City conducts its finances so that the amount of general obligation debt outstanding does not exceed twelve percent (12%) of the City's taxable assessed valuation.

The City manages its general obligation debt conservatively as it does not have any outstanding variable rate debt or derivative agreements, although both are permitted in the City's Debt Management Policy and Procedures manual. The City does, however, utilize commercial paper proceeds as a source of interim construction financing for projects contained in the City's CIP Budget. Commercial paper has proven to be a low cost source of funds for the City.

The size of the City's Commercial Paper Program is \$150 million which, if fully utilized, would represent approximately 11% of outstanding general obligation debt. Such percentage falls within generally accepted guidelines for variable rate or short term debt exposure.

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's, a Standard & Poor's Financial Services LLC business ("S&P" and, together with Moody's, the "Rating Agencies") have assigned ratings of "Aa2" and "AA", respectively, to the City's general obligation bonds issued May 2015. Such ratings express only the views of the Rating Agencies. An explanation of the significance of such ratings may be obtained from the Rating Agencies furnishing the ratings. There is no assurance that either or all of such ratings will be maintained for any given period of time or that it will not be revised or withdrawn entirely by the Rating Agencies if, in the judgment of the respective Rating Agency, circumstances so warrant.

In addition to general obligation debt, the City issues leases and other appropriation obligations whereby the City budgets and appropriates legally available funds each fiscal year for the payment of principal of and interest on such obligations.

# DEBT SERVICE FUND

# LEGAL LEVEL DETAIL

The Debt Service Fund is used to account for resources that are restricted, committed, or assigned for payment of debt obligations and related costs.

Category	FY 2014 Actual	FY 2015 Adopted	FY 2015 Forecast	FY 2016 Budget
<b>Revenues and Other Sources</b>				
Current Property Taxes	\$92,044,265	\$ 111,071,318	\$ 111,071,318	\$113,024,150
Delinquent Property Taxes	719,054	500,000	2,289,734	2,300,000
Sale of Delinquent Property Tax	5,154,154	4,500,000	4,268,576	3,000,000
Local Option Sales Tax	7,597,326	7,200,000	7,200,000	7,488,000
In Lieu Of Taxes-Contractual	1,822,262	1,964,678	1,964,678	1,964,678
Tourism Development Zone	12,728,342	13,000,000	12,073,534	13,750,000
Use of Money	169,893	125,000	125,000	125,000
Federal Grants	2,092,478	2,109,527	2,092,478	2,337,834
Other	1,213,534	2,916,165	2,623,749	2,622,903
Issuance of Refunding Debt	345,652,036	-	-	-
Transfer In - Hotel-Motel Tax	1,331,457	1,187,853	1,181,457	1,186,252
Transfers In - State Street Aid	1,768,300	1,768,300	1,768,300	1,768,300
Transfers In - Solid Waste	3,516,142	5,316,142	3,454,807	5,055,687
Transfers In - Stormwater	3,000,000	1,893,502	1,893,502	1,893,502
Transfers In - GF	8,503,414	5,309,483	5,309,483	5,360,125
Transfers In - Other	191,421	-	30,323	-
Contribution from Restricted Pyramid Fund Balance	7,701,379	2,333,000	3,261,227	1,686,334
Contribution from Restricted Ballpark Fund Balance	-	-	248,912	-
Contribution from Committed Fund Balance	1,594,720	-	-	-
<b>Total Revenues and Other Sources</b>	<b>496,800,175</b>	<b>161,194,968</b>	<b>160,857,079</b>	<b>163,562,765</b>
<b>Expenditures and Other Uses</b>				
Principal - Serial Bonds, Notes and Leases	75,877,512	89,501,794	91,084,924	93,984,794
Interest - Serial Bonds, Notes and Leases	61,600,941	69,240,295	67,740,974	66,005,366
Liquidity/Remarketing Fees	46,548	742,500	650,000	742,500
Other (M&S & COI & Svc. Chrg.)	277,234	498,445	499,945	501,445
Retirement of Refunded Debt	343,259,372	-	-	-
Bond Sale Expenses	3,303,605	-	-	-
Transfers Out - Use of Pyramid Fund Bal.	12,000,000	-	-	-
Contribution to Restricted Pyramid Fund Balance	-	-	-	-
Contribution to Restricted Ballpark Fund Balance	434,965	26,504	-	-
Contribution to Committed Fund Balance	-	1,185,430	881,236	2,328,660
<b>Total Expenditures and Other Uses</b>	<b>496,800,175</b>	<b>161,194,968</b>	<b>160,857,079</b>	<b>163,562,765</b>
Restricted Fund Balance - Beg of Year	36,622,633	28,846,205	29,356,219	25,846,080
Contribution to (Use of) Fund Balance	(7,266,414)	(2,306,496)	(3,510,139)	(1,686,334)
Restricted Fund Balance - End of Year	29,356,219	26,539,709	25,846,080	24,159,746
Committed Fund Balance - Beginning of Year	22,835,455	19,855,784	21,240,734	22,121,970
Contribution to (Use of) Fund Balance	(1,594,720)	1,185,430	881,236	2,328,660
Committed Fund Balance - End of Year	21,240,734	21,041,214	22,121,970	24,450,630



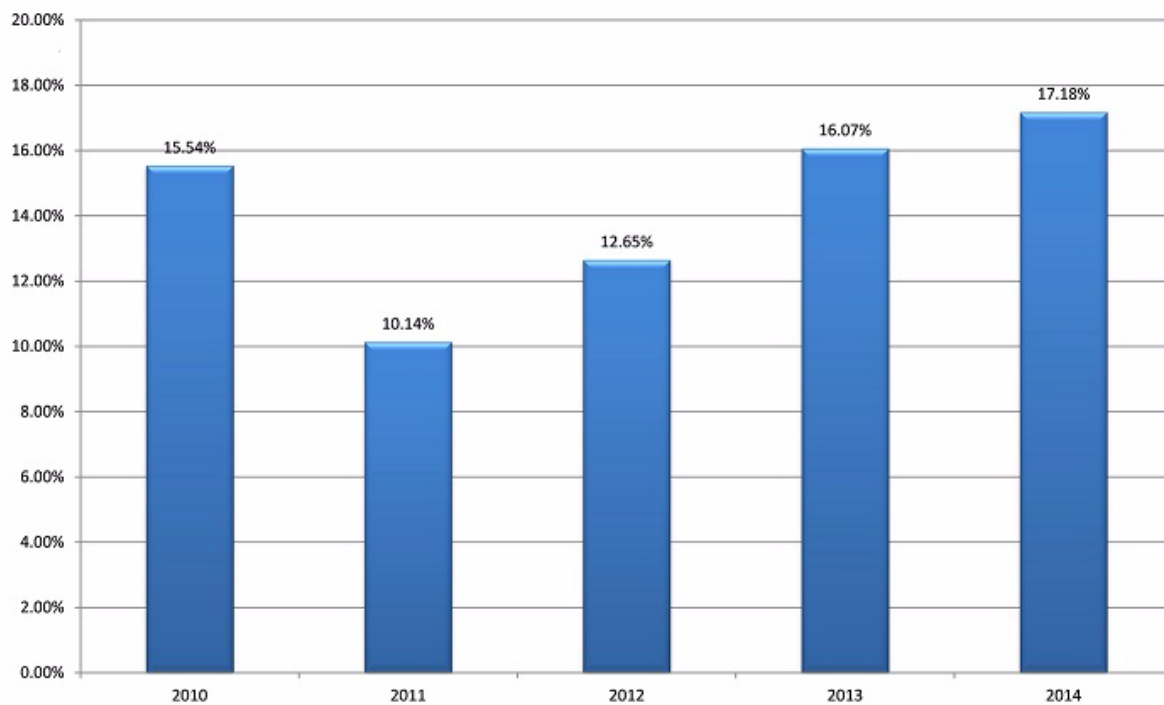
The following tables reflect the annual debt service for general obligation debt as a percentage of general fund expenditures for the last five fiscal years.

**Annual Debt Service as a Percentage of General Fund Expenditures  
Last Five Fiscal Years  
(In Thousands)**

Fiscal Year	General Obligation Debt Service			General Fund Expenditures <sup>(1)</sup>	Debt Service as a Percentage of Expenditures
	Principal	Interest	Total		
2010	61,803	53,866	115,669	744,223	15.54%
2011	22,615	52,126	74,741	737,016	10.14%
2012	34,164	59,100	93,264	737,046	12.65%
2013	66,305	56,480	122,785	764,057	16.07%
2014	73,575	51,255	124,830	726,425	17.18%

<sup>1</sup> Includes General Fund Expenditures, General Fund Transfer Out, and General Obligation Debt Service.

**Debt Service % General Fund Expenditures**



The following table presents the City's per capita bonded debt and ratios of bonded debt to appraised value and assessed value for the last five fiscal years.



**DEBT RADIO TRENDS**  
**Last Five Fiscal Years**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Estimated Population (1)	676,640	646,889	652,050	657,457	653,450
Appraised Value of Property (2)	39,750,993	38,788,129	38,069,899	37,757,901	36,455,804
Assessed Value Valuation of Property(2)	12,341,761	12,053,354	11,816,478	11,720,563	11,483,484
Total GO Debt (2)	1,219,893	1,256,868	1,230,060	1,163,755	1,271,320
Self-Supporting Debt (2)	3,920	2,015			
Net Debt (2)	<u>1,215,973</u>	<u>1,254,853</u>	<u>1,230,060</u>	<u>1,163,755</u>	<u>1,271,320</u>
Net Go Debt per Capita					
Total Debt	1,803	1,943	1,886	1,770	1,946
Net Debt	1,797	1,940	1,886	1,770	1,946
Net GO Debt to Appraised Value					
Total Debt	3.07%	3.24%	3.23%	3.08%	3.49%
Net Debt	3.06%	3.24%	3.23%	3.08%	3.49%
Net GO Debt to Assessed Value					
Total Debt	9.88%	10.43%	10.41%	9.93%	11.07%
Net Debt	9.85%	10.41%	10.41%	9.93%	11.07%

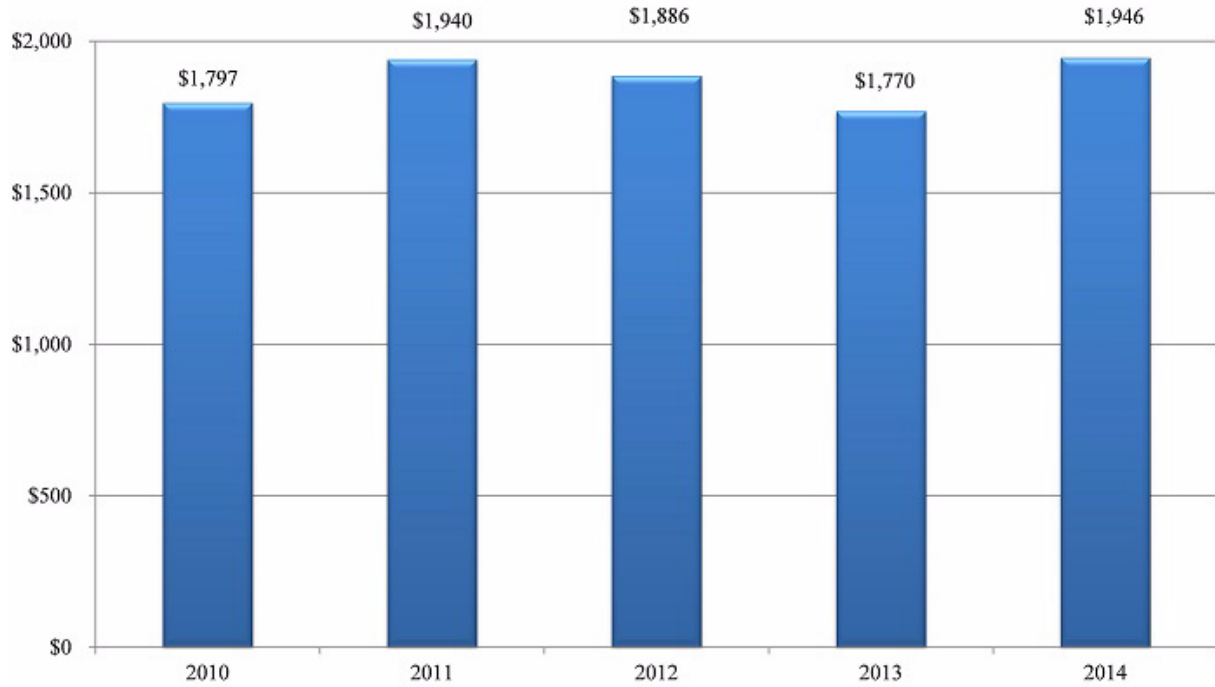
Source: 2014 CAFR.

(1) As reported by the U. S. Bureau of Census.

(2) Amounts rounded to 000's.

The following table reflects the net bonded debt per capita on a net basis for the last five fiscal years, as shown earlier in the table entitled "Debt Radio Trends."

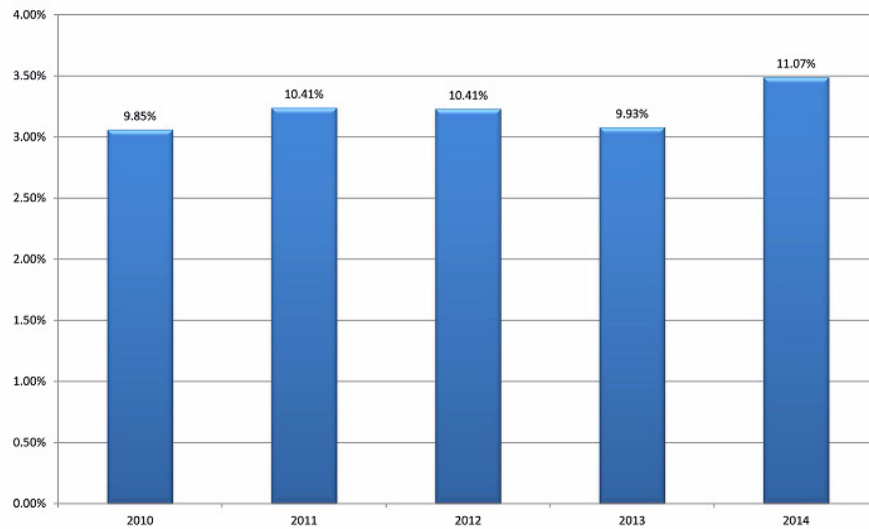
Net Bonded Debt per Capita



Source: 2014 CAFR

The following table reflects the net bonded debt per capita on a net basis for the last five fiscal years, as shown earlier in the table entitled "Debt Ratio Trends."

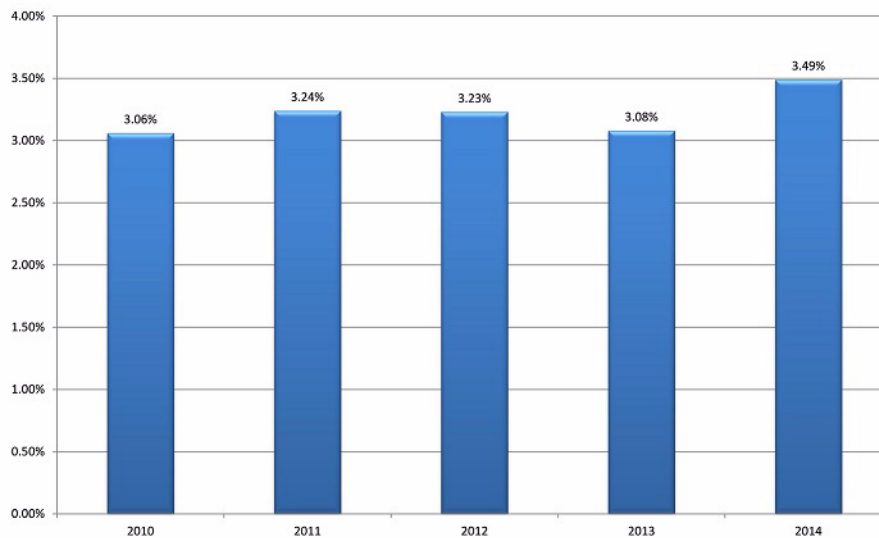
**Ratio of Net Bonded Debt to Appraised Value**



Source: 2014 CAFR

The following table reflects the net bonded debt per capita on a net basis for the last five fiscal years, as shown earlier in the table entitled “Debt Ratio Trends.”

**Ratio of Net Bonded to Assessed Value**



Source: 2014 CAFR

**Outstanding Debt Obligation Service from the Debt Service Fund  
As of June 30, 2015, (Unaudited)**

<b>General Obligation Bonds</b>	<b>Outstanding</b>
\$67,845,000 General Improvement Bonds, Series 2015C	\$ 67,845,000.00
\$54,390,000 General Improvement Refunding Bonds, Series, 2015B (Taxable)	54,390,000.00
\$76,820,000 General Improvement Refunding Bonds, Series, 2015A	76,820,000.00
\$208,230,000 General Improvement Refunding Bonds, Series 2014B	197,670,000.00
\$103,955,000 General Improvement Refunding Bonds, Series 2014A	103,955,000.00
\$5,145,000 Gen. Imp. Bonds, Series 2012B	4,215,000.00
\$93,595,000 Gen. Imp. & Refg Bonds, Series 2012A	93,595,000.00
\$86,190,000 Gen. Imp. Bonds, Series 2011	75,100,000.00
\$11,160,000 Gen. Imp. Bonds, Series 2010F (RZEDB)	11,160,000.00
\$55,295,000 Gen. Imp. & Refg Bonds, Series 2010E (Federally Taxable)	50,115,000.00
\$121,205,000 Gen. Imp. & Refg Bonds, Series 2010D	121,205,000.00
\$62,550,000 General Improvement Bonds, Series 2010 C (Direct Pay BABs)	62,550,000.00
\$39,950,000 General Improvement Bonds, Series 2010B (Direct Pay BABs)	39,950,000.00
\$27,880,000 General Improvement Bonds, Series 2010A	16,185,000.00
\$76,025,000 General Improvement Bonds, Series 2009	16,300,000.00
\$99,735,000 General Improvement Bonds, Series 2008	14,710,000.00
\$94,935,000 General Improvement Bonds, Series 2007A	11,425,000.00
\$89,385,000 Gen. Imp. & Refg Bonds, Series 2006C	4,435,000.00
\$76,930,000 Gen. Imp. & Refg Bonds, Series 2006A	1,590,000.00
\$115,635,000 Gen. Imp. & Refg Bonds, Series 2005B	68,365,000.00
\$166,880,000 Gen. Imp. & Refg Bonds, Series 2005	92,370,000.00
\$34,160,000 Gen. Imp. & Refg Bonds, Series 2004	15,555,000.00
\$92,985,000 Gen. Imp. & Refg Bonds, Series 2001	9,320,000.00
\$150,00,000 Commercial Paper, 2014	20,000,000.00
<b>Total</b>	<b>\$ 1,228,825,000</b>
<b>Appropriation Obligations Debt</b>	<b>Outstanding</b>
\$40,975,000 Memphis and Shelby County Port Commission Bonds, Series 2011	\$ 18,542,500
\$8,963,200 Solid Waste Lease, 2011*	2,745,141
\$15,416,204 Solid Waste Lease, 2014*	13,921,966
\$40,540,000 Federally Taxable Senior Revenue Bonds, Series 2011A (Pyramid and Pinch District Rede	39,750,000
\$100,245,000 Tax-Exempt Subordinate Revenue Bonds, Series 2011B (Pyramid and Pinch District Red	100,245,000
\$50,150,000 Federally Taxable Subordinate Revenue Bonds, Series 2011C (Pyramid and Pinch District	49,970,000
\$17,925,000 Sports Facility Revenue Bonds, Series 2014A (Stadium Project)*	17,190,000
\$5,720,000 Sports Facility Revenue Bonds, Series 2014B (Stadium Project) (Federally Taxable)*	5,085,000
\$1,585,450 CCRFC Convention Center Improvement Bonds, Series 2015	1,585,450
\$8,316,000 CCRFC Qualified Energy Conservation Bonds, Series 2015A	8,316,000
\$2,015,300 CCRFC Qualified Energy Conservation Bonds, Series 2015B	2,015,300
\$340,700 CCRFC Qualified Energy Conservation Bonds, Series 2015C	340,700
<b>Total</b>	<b>\$ 259,707,057</b>

\*Note: Self-supporting debt.





**CITY OF MEMPHIS, TENNESSEE**  
**LONG-TERM DEBT SERVICE SCHEDULE (GENERAL OBLIGATION DEBT)**  
(In Thousands of Dollars)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>% of Principal</u>
2016	\$ 78,760	\$ 54,822	\$ 133,582	
2017	78,875	52,383	131,258	
2018	79,140	48,615	127,755	
2019	79,590	44,667	124,258	
2020	79,635	41,121	120,756	33%
2021	79,165	38,094	117,259	
2022	79,510	34,247	113,757	
2023	80,080	30,059	110,139	
2024	80,295	26,343	106,638	
2025	81,440	23,653	105,093	66%
2026	79,750	20,259	100,008	
2027	20,325	16,456	36,781	
2028	21,225	15,385	36,610	
2029	22,135	14,274	36,409	
2030	23,105	13,109	36,214	80%
2031	18,725	11,880	30,605	
2032	19,550	10,951	30,501	
2033	20,435	9,948	30,383	
2034	21,005	8,941	29,946	
2035	21,925	7,876	29,801	88%
2036	17,025	6,924	23,949	
2037	13,070	6,106	19,176	
2038	13,690	5,486	19,176	
2039	14,335	4,835	19,170	
2040	15,010	4,154	19,164	94%
2041	15,740	3,433	19,173	
2042	16,495	2,677	19,172	
2043	16,495	1,884	18,379	
2044	17,290	1,087	18,377	
2045	5,005	250	5,255	100%
	\$ 1,208,825	\$ 559,919	\$ 1,768,744	

Note: Does not include subsidy payments of City's General Improvement Bonds, Series 2010C (Build American Bonds), or the City's General Improvement Bonds, Series 2010F (Recovery Zone Economic Development Bonds).

Does not include debt service on outstanding commercial paper.

