

# DEBT SERVICE FUND

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

## Introduction

The Debt Service Fund is used to account 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., S&P Global Ratings and Fitch Ratings, Inc. have assigned ratings of "Aa2", "AA" and "AA-", respectively, to the City's general obligation bonds. 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that either or all of such ratings will be maintained for any given period of time or that it will not be revised or withdrawn entirely by the Rating Agencies if, in the judgment of the respective Rating Agency, circumstances so warrant.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

Category	FY 2016 Actual	FY 2017 Adopted	FY 2017 Forecast	FY 2018 Adopted
Contributed from Fund Balance	0	39,881	7,954,123	0
Local Taxes	128,897,432	135,464,672	132,316,160	130,964,680
State Taxes	16,818,432	21,768,300	17,490,648	17,500,000
Use of Money and Property	348,147	223,000	223,000	145,000
Federal Grants	2,354,487	2,355,769	2,355,769	2,327,146
Other Revenues	2,530,285	2,323,700	2,023,700	2,002,535
Transfers In	17,918,868	15,261,865	20,522,268	19,646,202
Proceeds from Refunded Debt	75,379,632	0	175,640,816	0
<b>Total Revenues</b>	<b>\$ (244,247,282)</b>	<b>\$ (177,437,184)</b>	<b>\$ (358,526,496)</b>	<b>\$ (172,585,568)</b>
Materials and Supplies	918,934	1,151,500	1,155,945	1,151,500
Bond Issue Costs	687,683	0	0	0
Redemption of Serial Bonds and Notes	93,770,512	94,712,120	96,408,096	97,237,864
Interest	65,401,068	65,806,404	64,982,596	62,994,156
Service Charges	37,450	102,390	150,015	100,890
Transfers Out	0	500,000	0	0
Retirement of Refunded Debt	75,000,000	0	195,829,840	0
Contributed to Fund Balance	0	15,164,777	0	11,101,151
<b>Total Expenditures</b>	<b>\$ 235,815,648</b>	<b>\$ 177,437,184</b>	<b>\$ 358,526,496</b>	<b>\$ 172,585,568</b>
<b>Net Expenditures</b>	<b>\$ (8,431,640)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**Authorized Complement** **0**

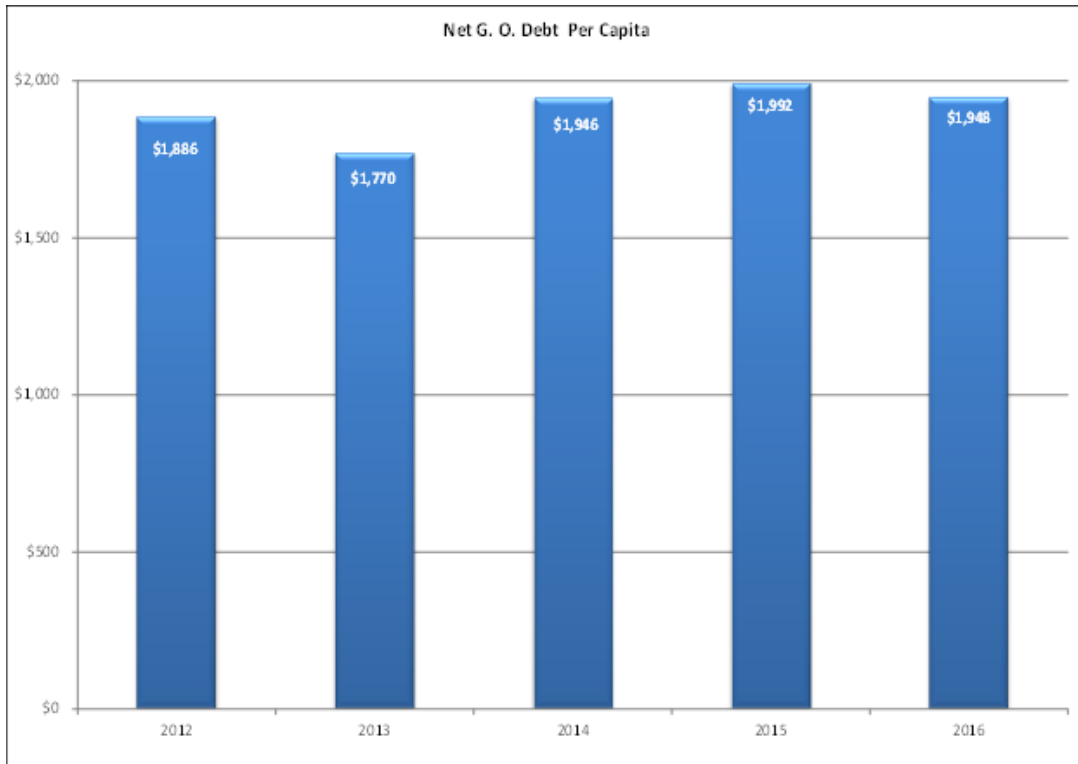
Restricted Fund Balance - Beg. of Year	30,081,291	30,081,291	30,081,291	13,892,271
Contribution to (Use of) Fund Balance	0	(39,881)	(16,189,020)	6,700,000
<b>Restricted Fund Balance - End of Year</b>	<b>\$ 30,081,291</b>	<b>\$ 30,041,410</b>	<b>\$ 13,892,271</b>	<b>\$ 20,592,271</b>
Committed Fund Balance - Beginning of Year	22,742,401	31,174,041	31,174,041	39,408,938
Contribution to (Use of) Fund Balance	8,431,640	15,164,777	8,234,897	4,401,151
<b>Committed Fund Balance - End of Year</b>	<b>\$ 31,174,041</b>	<b>\$ 46,338,818</b>	<b>\$ 39,408,938</b>	<b>\$ 43,810,089</b>

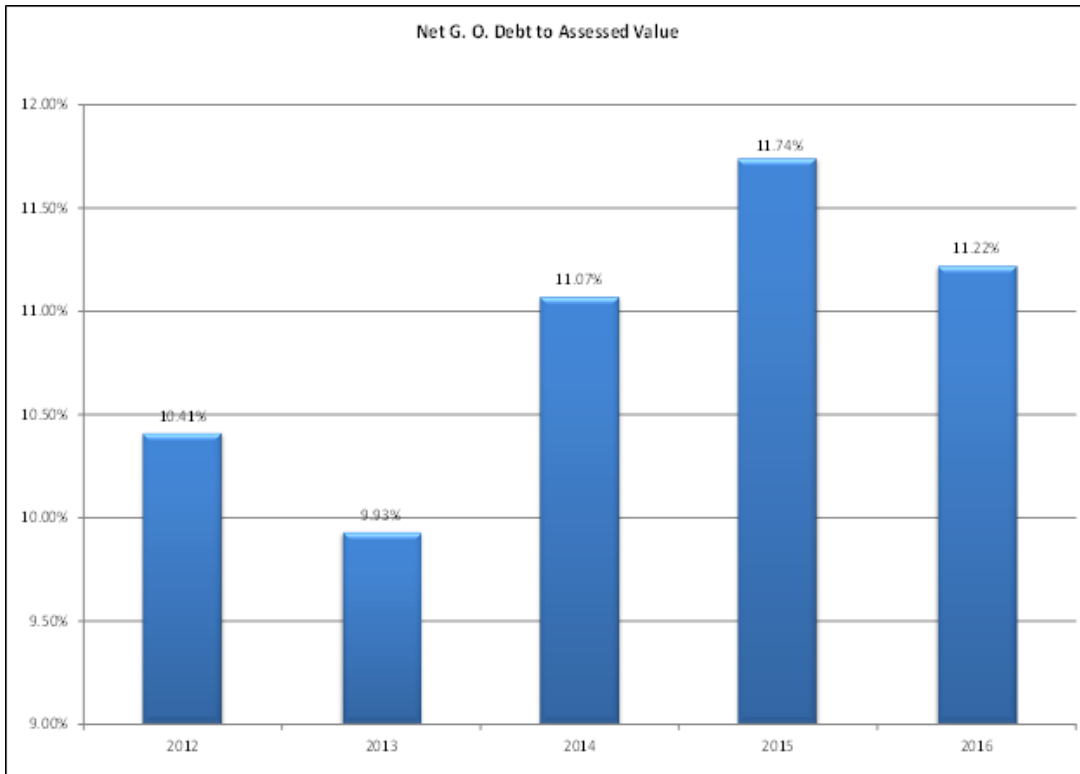
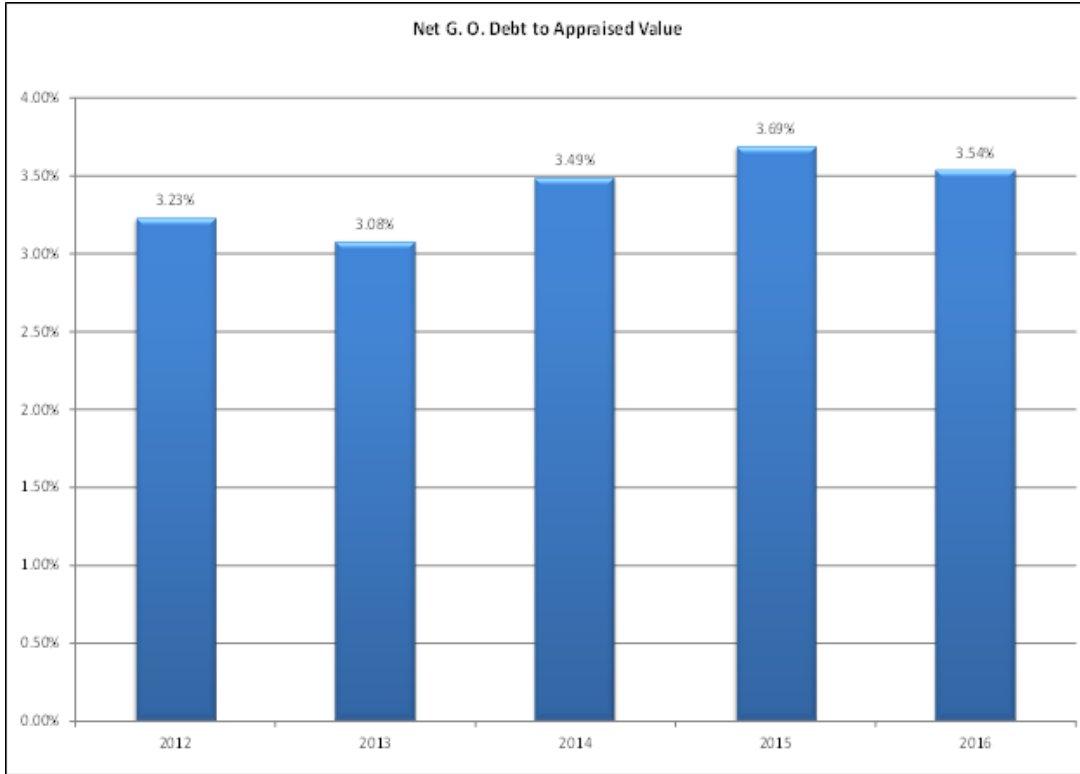
**Debt Ratio Trends**  
LAST FIVE FISCAL YEARS

	2012	2013	2014	2015	2016
Estimated Population	652,050	657,457	653,450	656,861	653,450
Appraised Value of Property	38,069,899	37,757,901	36,455,804	35,448,458	35,955,987
Assessed Value Valuation of Property	11,816,478	11,720,563	11,483,484	11,142,251	11,345,981
Total G. O. Debt	1,230,060	1,163,755	1,271,320	1,228,825	1,199,950
Bond Premiums				79,464	73,155
Net Debt	1,230,060	1,163,755	1,271,320	1,308,289	1,273,105
<b>Net G. O. Debt per Capita</b>					
Total Debt	1,886	1,770	1,946	1,992	1,948
Net Debt	1,886	1,770	1,946	1,992	1,948
<b>Net G. O. Debt to Appraised Value</b>					
Total Debt	3.23%	3.08%	3.49%	3.69%	3.54%
Net Debt	3.23%	3.08%	3.49%	3.69%	3.54%
<b>Net G. O. Debt to Assessed Value</b>					
Total Debt	10.41%	9.93%	11.07%	11.74%	11.22%
Net Debt	10.41%	9.93%	11.07%	11.74%	11.22%

Source: 2016 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.”





## Outstanding Debt Obligations Serviced from the Debt Service Fund

GENERAL OBLIGATION BONDS (UNAUDITED)  
AS OF JUNE 30, 2017

General Obligation Bonds	Outstanding	Final Maturity
\$69,885,000 General Improvement Bonds, Series 2016	\$ 67,845,000	5/1/2041
\$67,845,000 General Improvement Bonds, Series 2015C	67,845,000	4/1/2045
\$54,390,000 General Improvement Refunding Bonds, Series, 2015B (Taxable)	54,390,000	4/1/2025
\$76,820,000 General Improvement Refunding Bonds, Series, 2015A	76,820,000	4/1/2026
\$208,230,000 General Improvement Refunding Bonds, Series 2014B	190,400,000	4/1/2044
\$103,955,000 General Improvement Refunding Bonds, Series 2014A	102,140,000	11/1/2025
\$5,145,000 Gen. Imp. Bonds, Series 2012B	2,465,000	4/1/2024
\$93,595,000 Gen. Imp. & Refg Bonds, Series 2012A	90,290,000	4/1/2042
\$86,190,000 Gen. Imp. Bonds, Series 2011	72,530,000	5/1/2036
\$11,160,000 Gen. Imp. Bonds, Series 2010F (RZEDB)	11,160,000	7/1/2034
\$55,295,000 Gen. Imp. & Refg Bonds, Series 2010E (Federally Taxable)	36,890,000	7/1/2018
\$121,205,000 Gen. Imp. & Refg Bonds, Series 2010D	121,205,000	7/1/2023
\$62,550,000 General Improvement Bonds, Series 2010 C (Direct Pay BABs)	62,550,000	7/1/2032
\$39,950,000 General Improvement Bonds, Series 2010B (Direct Pay BABs)	39,950,000	5/1/2030
\$27,880,000 General Improvement Bonds, Series 2010A	10,055,000	5/1/2021
\$76,025,000 General Improvement Bonds, Series 2009	9,405,000	4/1/2024
\$99,735,000 General Improvement Bonds, Series 2008	5,095,000	4/1/2018
\$115,635,000 Gen. Imp. & Refg Bonds, Series 2005B	54,815,000	10/1/2018
\$166,880,000 Gen. Imp. & Refg Bonds, Series 2005	37,730,000	10/1/2019
\$34,160,000 Gen. Imp. & Refg Bonds, Series 2004	5,455,000	10/1/2017
<b>Total</b>	<b>\$ 1,119,035,000</b>	
<b>Commercial Paper</b>	<b>Outstanding</b>	
\$150,00,000 Commercial Paper, 2016	\$ 75,000,000	

## Outstanding Debt Obligations Serviced from the Debt Service Fund

APPROPRIATION OBLIGATIONS DEBT (UNAUDITED)

AS OF JUNE 30, 2017

DEBT SERVICE FUND

Appropriation Obligations Debt	Outstanding	Final Maturity
\$40,975,000 Memphis and Shelby County Port Commission Dev. Rev. Bonds, Series 2011 <sup>(1)</sup>	\$ 17,407,500	4/1/2036
\$15,416,204 Solid Waste Lease, 2014	7,840,932	12/11/2019
\$2,000,000 Solid Waste Lease, 2016	1,610,582	4/22/2021
\$36,215,000 TDZ Revenue Refunding Bonds, Series 2017A (Federally Taxable)	36,215,000	11/1/2021
\$87,725,000 TDZ Revenue Refunding Bonds, Series 2017B	87,725,000	11/1/2030
\$34,300,000 TDZ Revenue Refunding Bonds, Series 2017C (Federally Taxable)	34,300,000	11/1/2024
\$17,925,000 Sports Facility Revenue Bonds, Series 2014A (Stadium Project)	15,775,000	2/1/2029
\$5,720,000 Sports Facility Revenue Bonds, Series 2014B (Stadium Project) (Federally Taxable)	4,445,000	2/1/2030
\$1,585,450 CCRFC Convention Center Improvement Bonds, Series 2015	951,270	1/5/2020
\$1,561,500 CCRFC Convention Center Improvement Bonds, Series 2016	1,171,125	1/5/2020
\$8,316,000 CCRFC Qualified Energy Conservation Bonds, Series 2015A	6,652,800	1/5/2025
\$2,015,300 CCRFC Qualified Energy Conservation Bonds, Series 2015B	1,612,240	1/5/2025
\$340,700 CCRFC Qualified Energy Conservation Bonds, Series 2015C	272,560	1/5/2025
<b>Total</b>	<b>\$ 215,979,009</b>	

<sup>(1)</sup> The obligation of the City and the County to support the payment of debt service on the Port Commission bonds is apportioned on an equal basis (i.e. 50% by the City and 50% by the County). Such amount represents the City's portion.

## General Obligation Bonds Debt Service Schedule

AS OF JUNE 30, 2017

Period Ending	Principal	Interest	Debt Service	Percentage Retired
6/30/2018	\$ 80,850,000	\$ 51,138,343	\$ 131,988,343	
6/30/2019	81,385,000	47,105,583	128,490,583	
6/30/2020	81,520,000	43,469,116	124,989,116	
6/30/2021	81,145,000	40,347,845	121,492,845	
6/30/2022	81,590,000	36,402,054	117,992,054	36%
6/30/2023	82,260,000	32,110,457	114,370,457	
6/30/2024	82,585,000	28,285,438	110,870,438	
6/30/2025	83,845,000	25,480,930	109,325,930	
6/30/2026	82,275,000	21,965,788	104,240,788	
6/30/2027	22,950,000	18,062,661	41,012,661	68%
6/30/2028	23,920,000	16,926,190	40,846,190	
6/30/2029	24,900,000	15,740,987	40,640,987	
6/30/2030	25,950,000	14,500,021	40,450,021	
6/30/2031	21,655,000	13,184,815	34,839,815	
6/30/2032	22,565,000	12,168,715	34,733,715	79%
6/30/2033	23,545,000	11,070,840	34,615,840	
6/30/2034	24,215,000	9,963,373	34,178,373	
6/30/2035	25,240,000	8,793,254	34,033,254	
6/30/2036	20,455,000	7,725,613	28,180,613	
6/30/2037	16,620,000	6,788,081	23,408,081	88%
6/30/2038	17,365,000	6,043,444	23,408,444	
6/30/2039	18,140,000	5,264,050	23,404,050	
6/30/2040	18,950,000	4,444,719	23,394,719	
6/30/2041	19,825,000	3,580,881	23,405,881	
6/30/2042	16,495,000	2,676,713	19,171,713	97%
6/30/2043	16,495,000	1,884,338	18,379,338	
6/30/2044	17,290,000	1,086,513	18,376,513	
6/30/2045	5,005,000	250,250	5,255,250	100%
	<b>\$ 1,119,035,000</b>	<b>\$ 486,461,008</b>	<b>\$ 1,605,496,008</b>	