

DEBT SERVICE FUND OVERVIEW

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. ("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 March 2014. 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that either or all of such ratings will be maintained for any given period of time or that it will not be revised or withdrawn entirely by the Rating Agencies if, in the judgment of the respective Rating Agency, circumstances so warrant.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 OVERVIEW

LEGAL LEVEL

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 2013 Actual	FY 2014 Adopted	FY 2014 Forecast	FY 2015 Budget
Revenues and Other Sources				
Current Property Taxes	76,185,673	89,294,091	92,172,553	111,071,318
Delinquent Property Taxes	601,954	100,000	797,319	500,000
Local Option Sales Tax	7,422,278	7,200,000	7,200,000	7,200,000
Sale of Delinquent Property Tax	3,990,632	3,900,000	5,440,496	4,500,000
In Lieu Of Taxes-Contractual	1,406,857	1,650,000	1,981,000	1,964,678
Tourism Development Zone	12,118,185	11,900,000	12,728,342	13,000,000
Use of Money	190,024	125,000	168,750	125,000
Federal Grants	2,273,198	2,075,429	2,092,478	2,109,527
Restricted Ballpark Revenue	0	0	460,000	2,136,944
Other	776,482	778,569	778,569	779,221
Issuance of Refunding Debt	0	230,035,000	331,045,000	0
Transfer In - Hotel-Motel Tax	1,332,632	1,181,457	1,331,457	1,187,853
Transfers In - State Street Aid	1,768,300	1,768,300	1,768,300	1,768,300
Transfers In - CRA	5,852,700	0	0	0
Transfers In - Solid Waste	3,516,142	1,853,927	3,516,142	5,316,141
Transfers In - Stormwater	4,412,440	3,000,000	3,000,000	1,893,502
Transfers In - GF	7,468,880	4,694,833	8,694,834	5,309,483
Transfers In - Other	195,171	0	0	0
Contribution from Restricted Pyramid Fund Balance	0	0	7,880,879	2,333,000
Contribution from Committed Fund Balance	9,110,600	9,414,729	937,659	0
Total Revenues and Other Sources	138,622,148	368,971,335	481,993,778	161,194,967
Expenditures and Other Uses				
Principal - Serial Bonds, Notes and Leases	70,168,036	78,902,512	75,877,512	81,979,825
Principal - Pyramid Bonds	0	0	0	6,970,000
Interest - Serial Bonds, Notes and Leases	61,449,264	55,057,322	52,865,545	60,236,856
Interest - Pyramid Bonds	4,940,753	8,429,721	8,429,721	8,363,000
Liquidity/Remarketing Fees	0	742,500	742,500	742,500
Other (M&S & COI & Svrc Chrg)	245,920	394,000	394,000	394,000
Retirement of Refunded Debt	0	221,975,000	331,045,000	0
Ballpark Lease	0	0	0	2,110,440
Transfers Out - Use of Pyramid Fund Bal.	0	0	12,179,500	0
Contribution to Restricted Pyramid Fund Balance	1,818,175	3,470,280	0	0
Contribution to Restricted Ballpark Fund Balance	0	0	460,000	26,504
Contribution to Committed Fund Balance	0	0	0	371,842
Total Expenditures and Other Uses	138,622,148	368,971,335	481,993,778	161,194,967



DEBT SERVICE FUND OVERVIEW

LEGAL LEVEL

Category	FY 2013 Actual	FY 2014 Adopted	FY 2014 Forecast	FY 2015 Budget
Restricted Fund Balance - Beg. of Year	34,448,909	38,136,465	36,267,084	28,846,205
Contribution to (Use of) Fund Balance	1,818,175	3,470,280	(7,420,879)	(2,306,496)
Restricted Fund Balance - End of Year	36,267,084	41,606,745	28,846,205	26,539,709
Committed Fund Balance - Beginning of Year	32,301,604	19,855,784	23,191,004	22,253,345
Contribution to (Use of) Fund Balance	(9,110,600)	(9,414,729)	(937,659)	371,842
Committed Fund Balance - End of Year	23,191,004	10,441,055	22,253,345	22,625,187



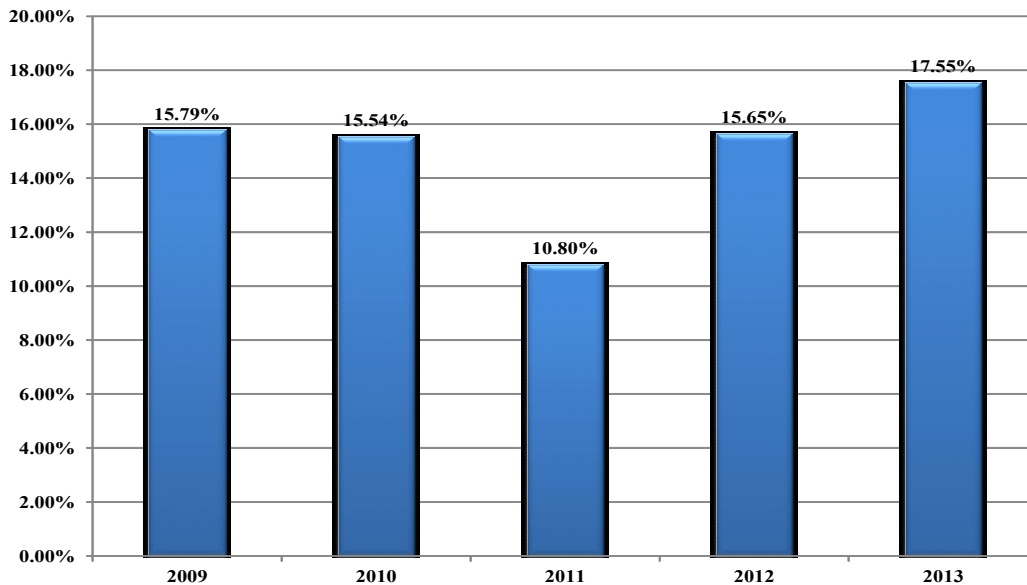
The following tables reflect the annual debt service for general obligation debt as a percentage of general fund expenditures for the last five fiscal years. The average percentage over the last five years is approximately 15.07%.

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

Fiscal Year	General Obligation Debt Service			Governmental Expenditures	Debt Service as a Percentage of Expenditures
	Principal	Interest	Total		
2009	58,565	52,451	111,016	702,953	15.79%
2010	61,803	53,866	115,669	711,223	15.54%
2011	24,100	52,303	76,403	707,275	10.80%
2012	36,874	64,709	101,583	649,282	15.65%
2013	70,168	66,390	136,558	778,075	17.55%

Note: Governmental Expenditures include expenditures and transfers out of the General Fund and Debt Service Fund.

Debt Service as a % of 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 RATIO TRENDS
Last Five Fiscal Years**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Estimated population ⁽¹⁾	669,651	676,640	646,889	652,050	657,457
Appraised Value of Property ⁽²⁾	36,776,628	39,750,993	38,788,129	38,069,899	37,757,901
Assessed Value of Property ⁽²⁾	11,392,569	12,341,761	12,053,354	11,816,478	11,720,563
Total GO Debt ⁽²⁾	1,201,802	1,224,521	1,262,050	1,458,396	1,387,785
Self-supporting Debt ⁽²⁾	11,137	8,575	2,752	217,050	216,543
Net GO Debt ⁽²⁾	\$ 1,190,665	\$ 1,215,946	\$ 1,259,298	\$ 1,241,346	\$ 1,171,242
Net GO Debt per Capita					
Total Debt	\$ 1,795	\$ 1,810	\$ 1,951	\$ 2,237	\$ 2,111
Net Debt	\$ 1,778	\$ 1,797	\$ 1,947	\$ 1,904	\$ 1,781
Net GO Debt to Appraised Value					
Total Debt	3.27%	3.08%	3.25%	3.83%	3.68%
Net Debt	3.24%	3.06%	3.25%	3.26%	3.10%
Net GO Debt to Assessed Value					
Total Debt	10.55%	9.92%	10.47%	12.34%	11.84%
Net Debt	10.45%	9.85%	10.45%	10.51%	9.99%

Source: 2013 CAFR

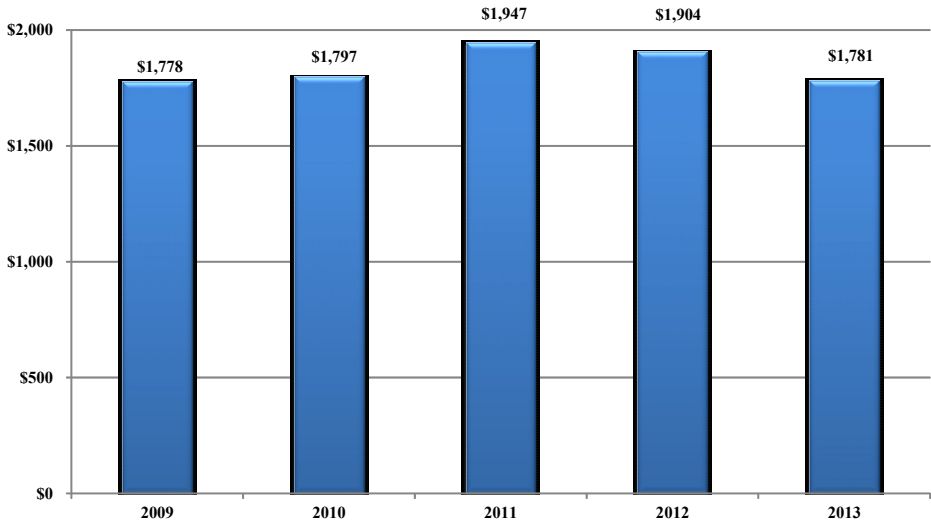
(1) As reported by the U.S. Bureau of the Census.

(2) Amounts rounded to 000's.

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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."

Net Bonded Debt Per Capita

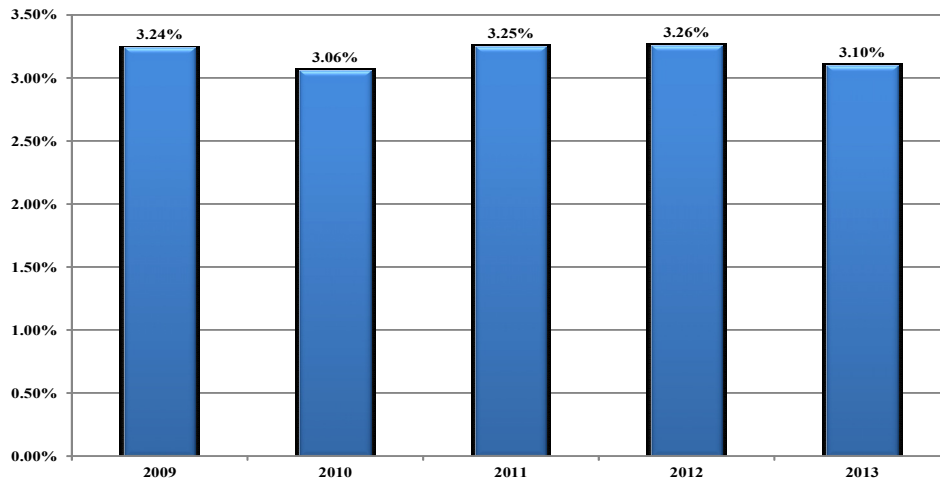


Source: 2013 CAFR

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The following table reflects the City's ratios of net bonded debt to appraised value for the last five fiscal years, as shown earlier in the table entitled "Debt Ratio Trends."

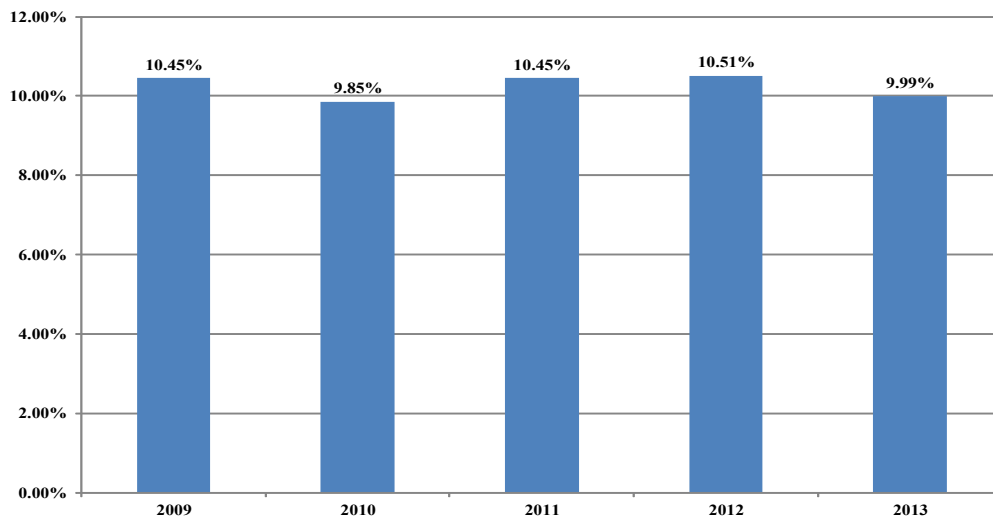
Ratio of Net Bonded Debt to Appraised Value



Source: 2013 CAFR

The following table reflects the City's ratios of net bonded debt to assessed value for the last five fiscal years, as shown earlier in the table entitled "Debt Ratio Trends."

Ratio of Net Bonded Debt to Assessed Value



Source: 2013 CAFR

**Outstanding Debt Obligation Serviced from the Debt Service Fund
As of June 30, 2014, (Unaudited)**

<u>Outstanding General Obligation Bonds and Notes</u>	<u>Outstanding Par Amount</u>	<u>Final Maturity</u>
\$103,055,000 Gen. Imp. Bonds, Series 2014A	\$ 103,955,000	11/1/2025
\$208,230,000 Gen. Imp. Bonds, Series 2014B	208,230,000	4/1/2044
\$93,595,000 Gen. Imp. & Refg Bonds, Series 2012A	93,595,000	4/1/2042
\$5,145,000 Gen. Imp. Bonds, Series 2012B	4,530,000	4/1/2024
\$86,190,000 Gen. Imp. Bonds, Series 2011	83,400,000	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)	55,295,000	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	23,130,000	5/1/2022
\$76,025,000 General Improvement Bonds, Series 2009	39,910,000	4/1/2024
\$99,735,000 General Improvement Bonds, Series 2008	62,195,000	4/1/2025
\$94,935,000 General Improvement Bonds, Series 2007A	14,650,000	4/1/2017
\$89,385,000 Gen. Imp. & Refg Bonds, Series 2006C	43,520,000	11/1/2022
\$38,185,000 Gen. Imp. & Refg Bonds, Series 2006B	5,455,000	11/1/2014
\$76,930,000 Gen. Imp. & Refg Bonds, Series 2006A	8,620,000	11/1/2015
\$115,635,000 Gen. Imp. & Refg Bonds, Series 2005B	72,250,000	10/1/2018
\$166,880,000 Gen. Imp. & Refg Bonds, Series 2005	119,090,000	10/1/2019
\$34,160,000 Gen. Imp. & Refg Bonds, Series 2004	15,575,000	10/1/2017
\$125,000,000 General Improvement Bonds, Series 2004	6,350,000	10/1/2014
\$92,985,000 Gen. Imp. & Refg Bonds, Series 2001	26,705,000	11/1/2016
\$150,000,000 Gen. Imp. Commercial Paper, Series 2014	50,000,000	
Total General Obligation Debt Outstanding	\$ 1,271,320,000	

<u>Outstanding Appropriation and Other Obligation Debt</u>	<u>Outstanding Par Amount</u>	<u>Final Maturity</u>
Center City Revenue Finance Corp Binds, Series 2014 A - Stadium Project*	\$ 17,925,000	2/1/2029
Center City Revenue Finance Corp Binds, Series 2014 B - Stadium Project*	5,720,000	2/1/2030
Center City Revenue Finance Corp Binds, Series 2011 A - Pyramid Redevel.*	40,540,000	11/1/2030
Center City Revenue Finance Corp Binds, Series 2011 B - Pyramid Redevel.*	100,245,000	11/1/2030
Center City Revenue Finance Corp Binds, Series 2011 C - Pyramid Redevel.*	56,150,000	11/1/2021
Memphis and Shelby County Port Commission Bonds, Series 2011	19,082,500	4/1/2036
\$8,963,200 Solid Waste Lease, 2011*	4,545,826	8/1/2016
Parking Meters Lease*	1,419,988	11/15/2018
Red Light Camera Equipment Lease, 2010*	746,474	12/30/2015
Total Appropriation Obligation	\$ 246,374,788	

*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>
2015	77,540	57,293	134,833	
2016	81,290	53,490	134,780	
2017	82,510	49,766	132,276	
2018	89,050	45,693	134,743	
2019	93,205	41,496	134,701	35%
2020	97,285	37,362	134,647	
2021	101,325	33,270	134,595	
2022	106,190	28,358	134,548	
2023	94,935	22,825	117,760	
2024	73,555	18,481	92,036	73%
2025	30,890	15,889	46,779	
2026	24,785	14,415	39,200	
2027	18,165	13,361	31,526	
2028	18,955	12,399	31,354	
2029	19,775	11,378	31,153	83%
2030	20,650	10,308	30,958	
2031	16,170	9,176	25,346	
2032	16,895	8,350	25,245	
2033	17,650	7,479	25,129	
2034	18,080	6,612	24,692	90%
2035	18,850	5,692	24,542	
2036	13,800	4,895	18,695	
2037	9,680	4,238	13,918	
2038	10,130	3,787	13,917	
2039	10,600	3,315	13,915	95%
2040	11,090	2,820	13,910	
2041	11,620	2,295	13,915	
2042	12,170	1,745	13,915	
2043	11,955	1,169	13,124	
2044	12,525	598	13,123	100%
	\$1,221,320	\$527,955	\$1,749,275	

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

Does not include debt service on outstanding commercial paper.



