

## DEBT SERVICE FUND OVERVIEW

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The **Debt Service Fund** is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest and related costs.

The Debt Service Fund accounts for the periodic deposits of revenue and loan payments to assure the timely availability of sufficient moneys for the payment of the City's general obligation debt and other related debt and costs. Since 1957 the City has issued its general obligation debt, which has the pledge of the full faith and credit of the City of Memphis, as a source of funding for projects in the City's capital improvements plan.

The City's most recent general obligation bond issue was assigned a Aa2 credit rating with a stable outlook by Moody's Investors Service, Inc. and a AA credit rating with a stable outlook by Standard and Poor's. The City's general obligation bonds' strong credit rating is a contributing factor to the low interest rates that the City receives on its debt. Credit ratings provide potential buyers a simple measure of the relative creditworthiness of the City's debt.

The major source of revenue used to pay the City general obligation debt is ad valorem property taxes. Although recent economic conditions have a negative impact on property tax collections, local option sales tax collections have performed well. As a means of diversifying Debt Service Fund revenues, a portion of the City's local option sales tax collections is transferred into the Debt Service Fund and used as a new source of revenue to pay the City's general obligation debt. This added level of diversification should reduce the impact an economic downturn would have on the Debt Service Fund.

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Category	FY 2011 Actual	FY 2012 Budget	FY 2012 Forecast	FY 2013 Adopted
<b>Revenues-Tax Based</b>				
Current Property Taxes	78,119,134	77,213,461	75,082,000	75,683,000
Delinquent Property Taxes	5,336,228	1,550,000	1,550,000	1,200,000
Sale of Delinquent Accounts	0	0	0	2,000,000
PILOT	1,531,484	1,100,000	1,655,000	1,655,000
Local Sales Tax	0	7,000,000	7,000,000	7,140,000
Fed Grants - Build America Bonds	1,542,404	0	2,273,000	2,273,000
Hotel-Motel Tax	0	402,270	803,540	0
Use of Money	225,309	65,000	65,000	66,000
<b>Intergovernmental Revenues</b>				
Memphis Shelby County Airport Authority	2,072,243	2,072,428	2,072,428	0
Other	3,004,785	1,302,921	3,241,345	776,000
<b>Total Tax-Based Revenues</b>	<b>91,831,587</b>	<b>90,706,080</b>	<b>93,742,313</b>	<b>90,793,000</b>
<b>Revenues - Other Sources</b>				
Operating Tfr In - General Fund	3,252,751	4,042,448	13,236,000	8,314,000
Municipal State Street Aid	1,768,300	1,768,300	1,768,300	1,768,300
Transfer in Stormwater Fund	4,412,440	4,412,440	4,412,440	4,412,000
Solid Waste Management Fund	1,662,215	4,062,215	2,589,000	3,516,142
Hotel Motel fund	1,332,896	1,186,430	1,186,430	1,182,632
CRA Program	0	2,586,000	2,586,000	2,592,700
<b>Operating transfers in components units:</b>				
Contribution from Fund Balance	0	8,825,221	0	0
Proceeds From Refunding Bonds	27,368,536	75,400,000	173,496,798	0
<b>Total Other Sources</b>	<b>39,797,138</b>	<b>102,283,054</b>	<b>199,274,968</b>	<b>30,786,074</b>
<b>Total Revenue/Other Sources</b>	<b>131,628,725</b>	<b>192,989,134</b>	<b>293,017,281</b>	<b>112,579,636</b>



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## Expenditures

Redemption of serial bonds and notes	24,099,973	36,475,078	36,873,804	70,168,036
Interest	52,302,803	58,777,056	65,634,880	57,487,051
Other	597,000	331,545	809,334	355,000
Interest on Commercial Paper Program	0	0	0	1,583,667
Operating Transfer Out (General Fund)	45,000,000	22,022,000	20,792,000	0
Retirement of Refunded Debt	27,108,356	75,400,000	173,496,798	0

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<b>Total Expenditures</b>	<b>149,108,132</b>	<b>193,005,679</b>	<b>297,606,816</b>	<b>129,593,754</b>
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<b>Contribution(Use) of Fund Balance</b>	<b>(17,479,407)</b>	<b>(16,545)</b>	<b>(4,589,535)</b>	<b>(17,014,118)</b>
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<b>Fund balance beginning of year</b>	<b>34,680,000</b>	<b>9,722,380</b>	<b>17,201,277</b>	<b>12,611,742</b>
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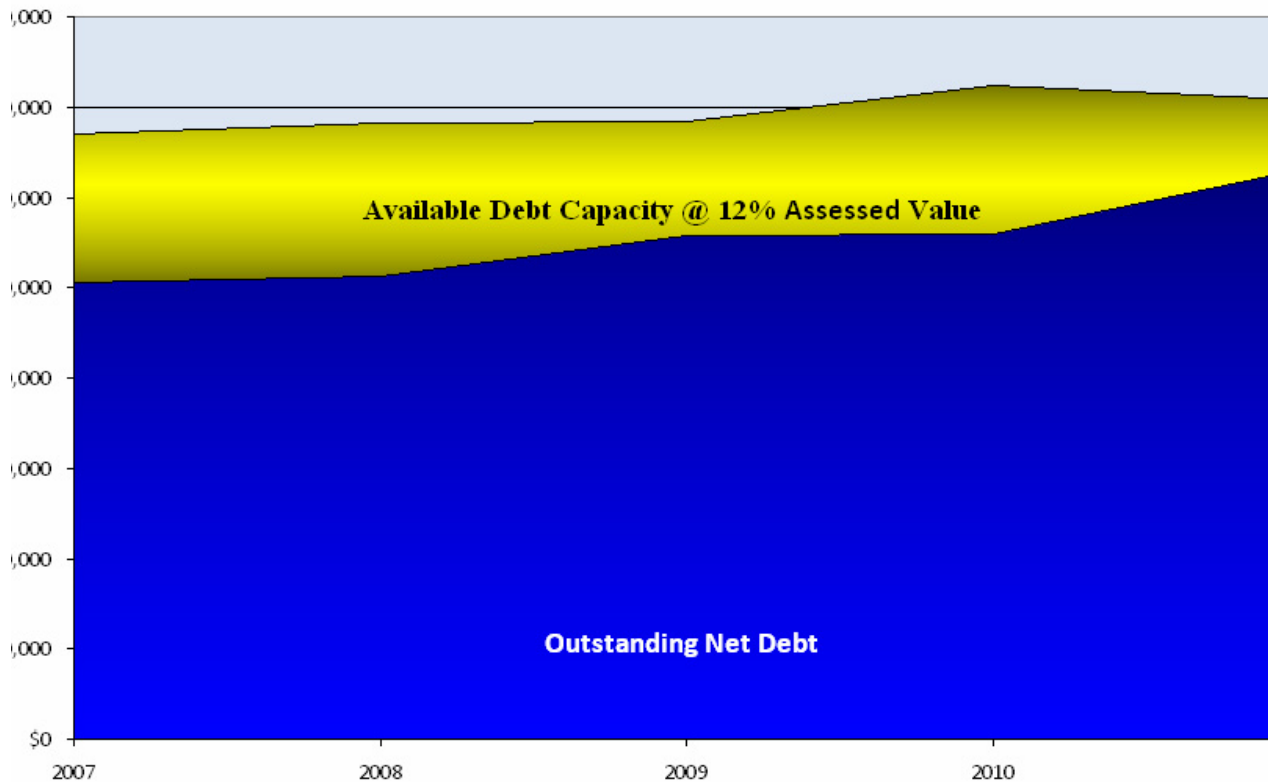
<b>Fund balance end of year</b>	<b>17,201,277</b>	<b>9,705,835</b>	<b>12,611,742</b>	<b>4,402,376</b>
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# DEBT SERVICE FUND OVERVIEW

It has been the City’s past practice to issue general obligation bonds on an annual basis to support ongoing and new capital projects initiated by the City. In relationship to the City’s Debt Affordability Targets that are outlined in the City’s Debt Policy, the City shall conduct its finances so that the amount of general obligation (“GO”) debt outstanding does not exceed 12% of the City’s taxable assessed valuation. The chart below demonstrates the debt capacity.

**Debt Capacity Based on City Debt Policy  
(In Thousands)**



	2007	2008	2009	2010	2011
Total Net Debt Outstanding	\$1,009,532	\$1,025,081	\$1,114,247	\$1,119,879	\$1,259,298
Excess Debt Capacity	329,199	339,294	252,861	326,140	158,679
Maximum Debt @ 12% - City Policy	1,338,731	1,364,375	1,367,108	1,446,019	1,417,977

# DEBT SERVICE FUND OVERVIEW

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## Ratio of General Bonded Debt to Appraised and Assessed Values and Bonded Debt Per Capita Last Five Fiscal Years

	2011	2010	2009	2008	2007
Estimated Population (4)	646,889	676,640	699,651	674,028	674,028
Appraised Property Valuation (3) (5)	38,069,899	38,788,129	39,750,993	36,776,628	36,554,763
Assessed Valuation (3) (5)	11,816,478	12,053,354	12,341,761	11,392,569	11,369,792
Total General Obligation Debt (1) (3)	1,262,050	1,224,521	1,201,802	1,127,812	1,042,744
Self-Supporting Debt (2) (3)	4,657	8,575	11,137	13,565	17,663
Net Debt (3)	1,257,393	1,215,946	1,190,665	1,114,247	1,025,081
Bonded Debt Per Capita - Total Debt	1,951	1,810	1,795	1,673	1,547
Bonded Debt Per Capita - Net Debt	1,944	1,797	1,778	1,653	1,521
Bonded Debt to Appraised Valua- tion	3.32%	3.16%	3.02%	3.07%	2.85%
Total Debt					
Bonded Debt to Appraised Valua- tion - Net Debt	3.30%	3.13%	3.00%	3.03%	2.80%
Bonded Debt to Assessed Valuation -	10.68%	10.16%	9.74%	9.90%	9.17%
Total Debt					
Bonded Debt to Assessed Valuation Net Debt	10.64%	10.09%	9.65%	9.78%	9.02%

(1) Debt includes City general obligation bonds and capital lease obligations (2002-2011).

(2) The self-supporting debt includes Airport Bonds and bonds sold for the Convention Center

(3) In thousands of dollars.

(4) Source-U.S. Census Bureau

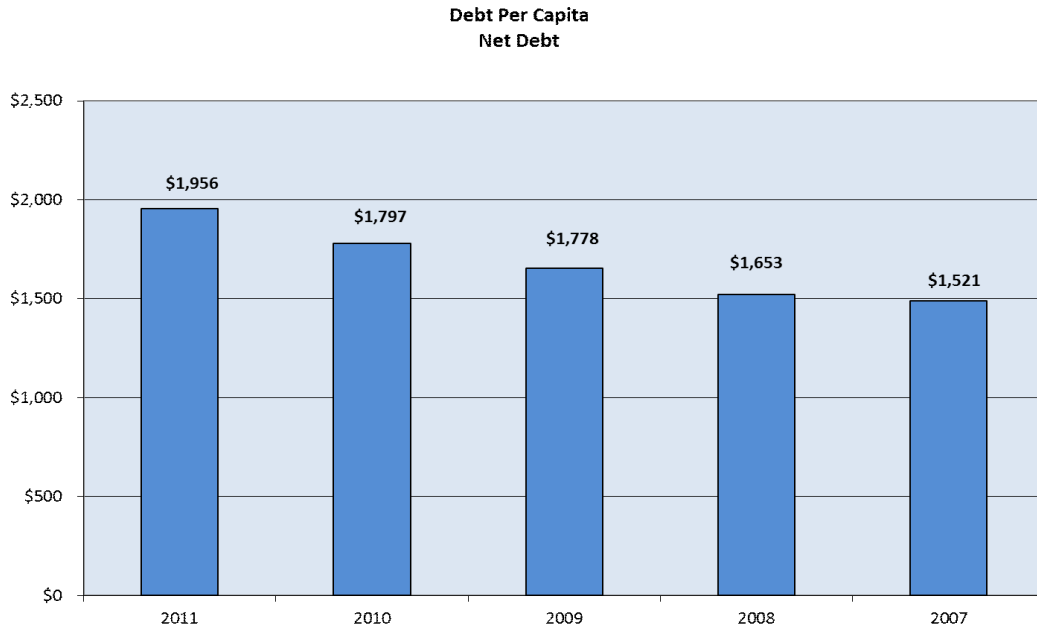
(5) Sources: Shelby county Assessor and State of Tennessee Office of State Assessed Property



# DEBT SERVICE FUND OVERVIEW

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Bonded debt per capita on a net debt basis has increased over the last five yer. From 2007 through 2011, the City's net debt per capita has averaged approximately \$1,956per person.



The ratio of annual debt servcie to general expenditures has averaged approximately 15% over the last ten years.

**Ratio of Annual Debt Service to General Expenditures  
Last Ten Fiscal Years (In Thousands of Dollars)**

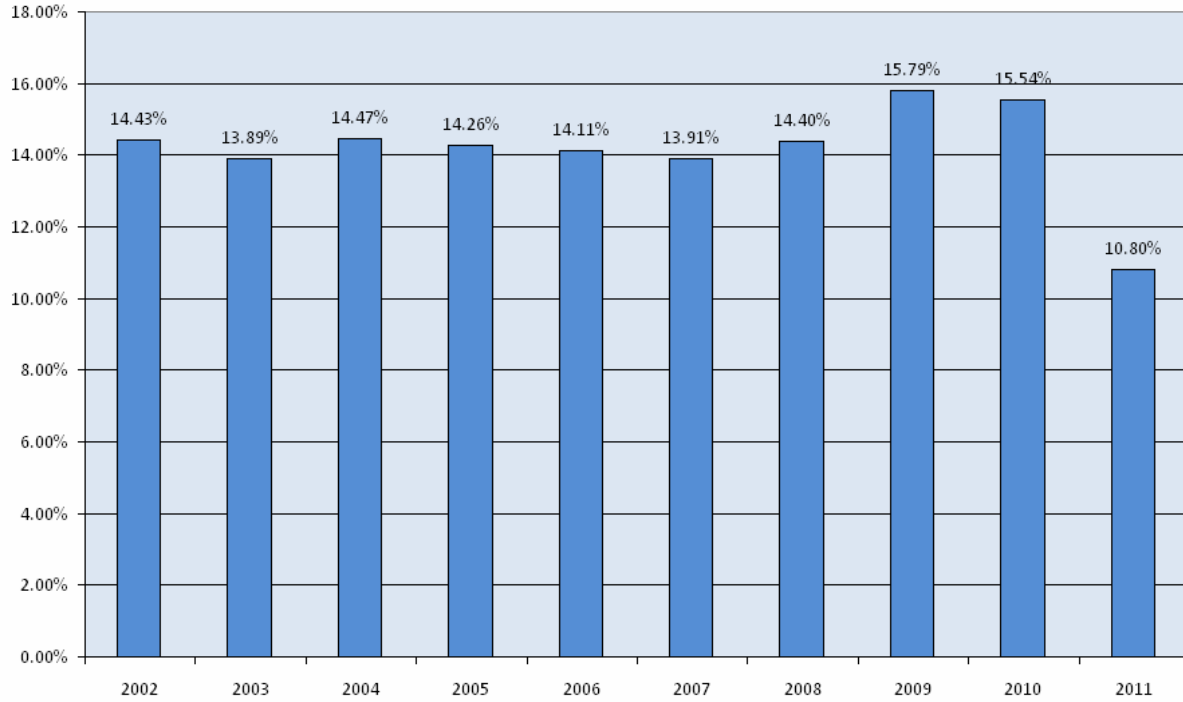
Fiscal Year	General Obligation Debt Service			Total General Fund/Debt Expenditures	Ratio of Debt Service to General Expenditures (%)
	Principal	Interest	Total		
2002	45,292	33,847	79,139	548,454	14.43%
2003	43,341	37,258	80,599	580,238	13.89%
2004	50,762	40,310	91,072	629,789	14.47%
2005	51,600	37,065	88,665	621,570	14.26%
2006	45,230	40,133	85,363	604,833	14.11%
2007	35,743	46,738	82,481	593,079	13.91%
2008	42,925	49,015	91,940	638,398	14.40%
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%

(1) Includes General Fund and Debt Service Fund; expenditures and transfers out.

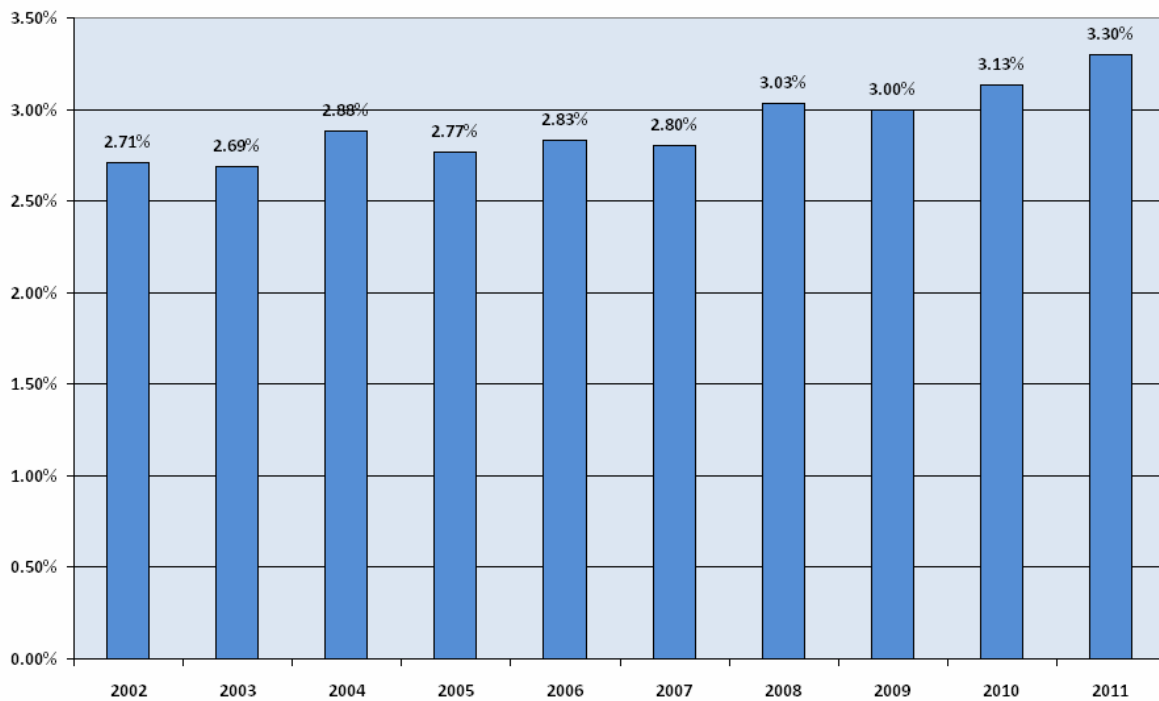


# DEBT SERVICE FUND OVERVIEW

## Debt Service % General Fund Expenditures



## Net Debt % Appraisal Value



# DEBT SERVICE FUND OVERVIEW

City of Memphis, Tennessee  
**Outstanding General Obligation Debt**  
 May 1, 2012

<u>Outstanding General Obligation Bonds and Notes</u>	<u>Outstanding Par Amount</u>	<u>Final Maturity Date</u>
\$93,595,000 Gen. Imp. & Refg Bonds, Series 2012A	\$ 93,595,000	4/1/2042
\$5,145,000 Gen. Imp. Bonds, Series 2012B	5,145,000	4/1/2024
\$86,190,000 Gen. Imp. Bonds, Series 2011	86,190,000	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	27,880,000	5/1/2022
\$76,025,000 General Improvement Bonds, Series 2009	46,040,000	4/1/2024
\$99,735,000 General Improvement Bonds, Series 2008	70,890,000	4/21/2025
\$94,935,000 General Improvement Bonds, Series 2007A	67,700,000	4/1/2024
\$89,385,000 Gen. Imp. & Refg Bonds, Series 2006C	69,050,000	11/1/2022
\$38,185,000 Gen. Imp. & Refg Bonds, Series 2006B	16,365,000	11/1/2014
\$76,930,000 Gen. Imp. & Refg Bonds, Series 2006A	54,820,000	11/1/2025
\$115,635,000 Gen. Imp. & Refg Bonds, Series 2005B	96,880,000	10/1/2018
\$166,880,000 Gen. Imp. & Refg Bonds, Series 2005	142,715,000	10/1/2019
\$34,160,000 Gen. Imp. & Refg Bonds, Series 2004	15,615,000	10/1/2017
\$125,000,000 General Improvement Bonds, Series 2004	22,210,000	10/1/2023
\$92,985,000 Gen. Imp. & Refg Bonds, Series 2001	49,605,000	11/1/2016
\$42,290,000 Gen. Imp. & Refg Bonds, Series 1999	3,225,000	10/1/2012
<b>Total General Obligation Bonds Outstanding</b>	<b>\$ 1,158,085,000</b>	
<b><u>Outstanding General Obligation Notes</u></b>		
\$71,975,000 Bond Anticipation Notes, 2012	\$ 71,975,000	5/1/2012
<b>Total General Obligation Debt Outstanding</b>	<b>\$ 1,230,060,000</b>	





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## Outstanding Appropriation Obligation Debt

May 1, 2012

<u>Outstanding Capital Leases</u>	<u>Outstanding Par Amount</u>	<u>Final Maturity Date</u>
Memphis and Shelby County Port Commission Bonds, Series 2011	\$ 20,115,000	4/1/2036
\$8,963,200 Solid Waste Lease, 2011	8,077,974	8/1/2016
\$7,510,000 Solid Waste Lease, 2007	1,600,900	8/1/2012
\$2,500,000 Red Light Camera Equipment Lease, 2010	1,716,356	12/30/2015
Total Appropriation Obligation	\$ 31,510,230	



