

# DEBT SERVICE FUND

---

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. 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. The rating from Fitch Ratings, Inc. applies to outstanding general obligation bonds issued prior to June 2010. 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no assurance that either or all such ratings will be maintained for any given period or that it will not be revised or withdrawn entirely by the rating agencies if, in the judgment of the respective rating agency, circumstances so warrant.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 has leases and other appropriation obligations outstanding 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

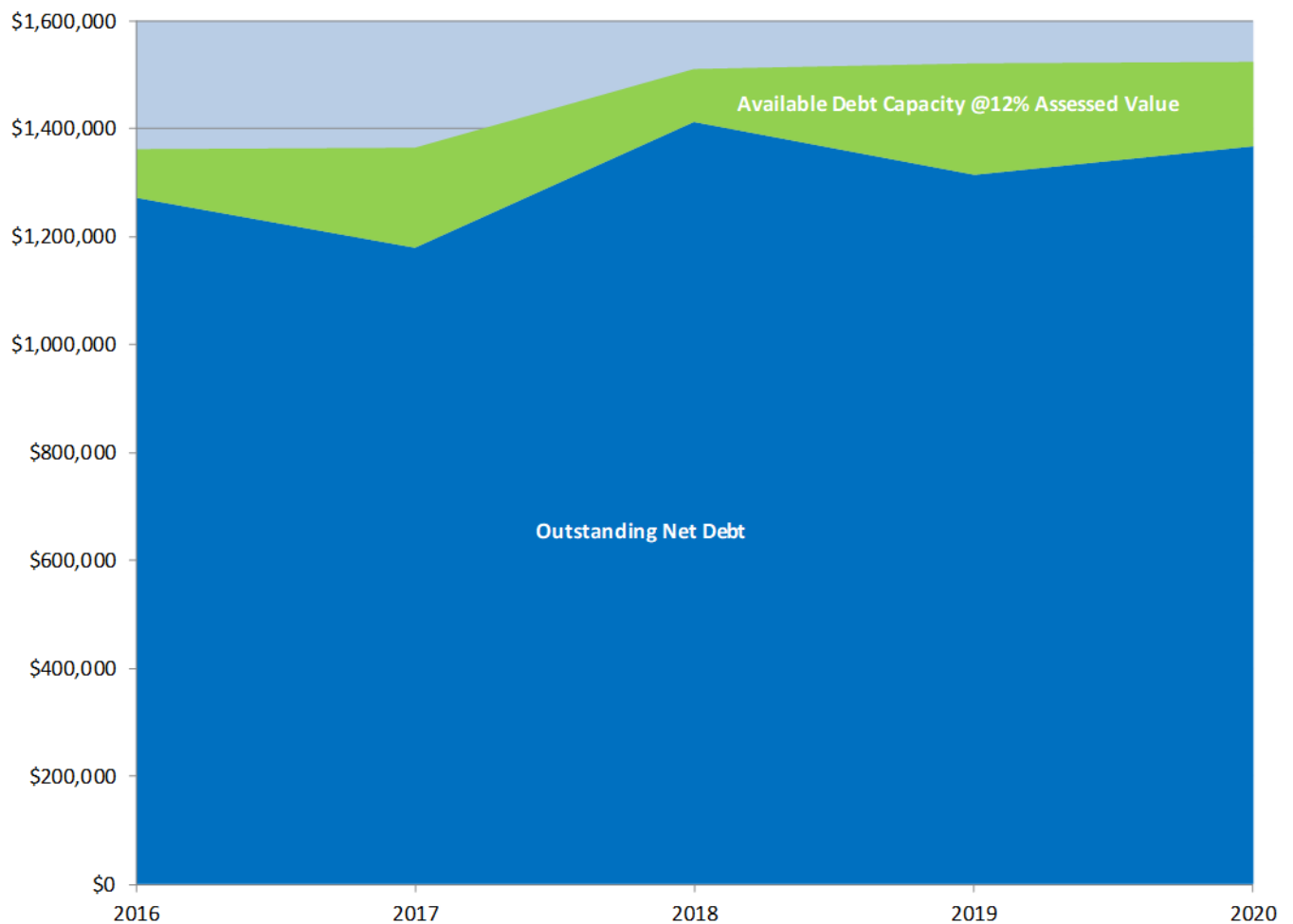
<b>Category:</b>	<b>FY20</b>	<b>FY21</b>	<b>FY21</b>	<b>FY22</b>
	<b>Actual</b>	<b>Adopted</b>	<b>Forecast</b>	<b>Adopted</b>
<b>Revenues</b>				
Local Taxes	\$136,880,879	\$136,077,197	\$137,537,789	\$136,201,839
State Taxes	16,789,512	14,800,000	14,267,588	9,000,000
Use of Money and Property	2,445,898	1,776,300	327,374	1,535,300
Federal Grants	2,969,768	2,321,358	1,550,000	13,561,864
Other Revenues	1,720,332	1,652,026	716,245	1,316,546
Transfers In	12,404,236	11,651,940	11,651,940	11,237,795
Other Revenues - Stadium Baseball	4,992	4,000	0	0
Proceeds from Refunded Debt	242,517,953	0	0	0
<b>Total Revenues</b>	<b>\$415,733,570</b>	<b>168,282,851</b>	<b>166,050,936</b>	<b>172,853,344</b>
<b>Expenditures</b>				
Materials and Supplies	\$1,041,377	\$1,125,000	\$1,120,000	\$1,120,000
Investment Fees	5,162	4,900	4,000	4,000
Bond Issue Costs	1,401,856	40,000	38,000	38,000
Redemption of Serial Bonds and Notes	104,034,821	102,681,233	102,678,525	106,201,062
Interest	65,078,193	66,571,867	66,536,449	71,395,075
Service Charges	63,153	64,500	46,500	57,000
Transfers Out	767,188	0	5,984,781	0
Retirement of Refunded Debt	143,523,387	0	97,605,375	0
Misc Expense	3,805,813	0	234,503	0
<b>Total Expenditures</b>	<b>\$319,720,950</b>	<b>\$170,487,500</b>	<b>\$274,248,133</b>	<b>\$178,815,137</b>
<b>Surplus (Deficit)</b>	<b>\$96,012,620</b>	<b>(\$2,204,649)</b>	<b>(\$108,197,197)</b>	<b>(\$5,961,793)</b>

Increase/(Decrease) in Nets Assets	\$96,012,620	(\$2,204,649)	(\$108,197,197)	(\$5,961,793)
Fund Balance Beginning of Year	\$77,929,220	\$173,941,840	\$173,941,840	\$65,744,643
Fund Balance End of Year	\$173,941,840	\$171,737,191	\$65,744,643	\$59,782,850

### 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 (“G.O.”) 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**  
(INTHOUSANDS)



	2016	2017	2018	2019	2020
Maximum Debt @ 12% - City Policy	\$1,361,518	\$1,364,952	\$1,511,642	\$1,522,544	\$1,523,305
Less: Total Net Debt Outstanding <sup>(1)</sup>	1,273,105	1,179,577	1,413,892	1,314,548	1,367,735
Excess Debt Capacity	\$ 88,413	\$ 185,375	\$ 97,750	\$ 207,996	\$ 155,570

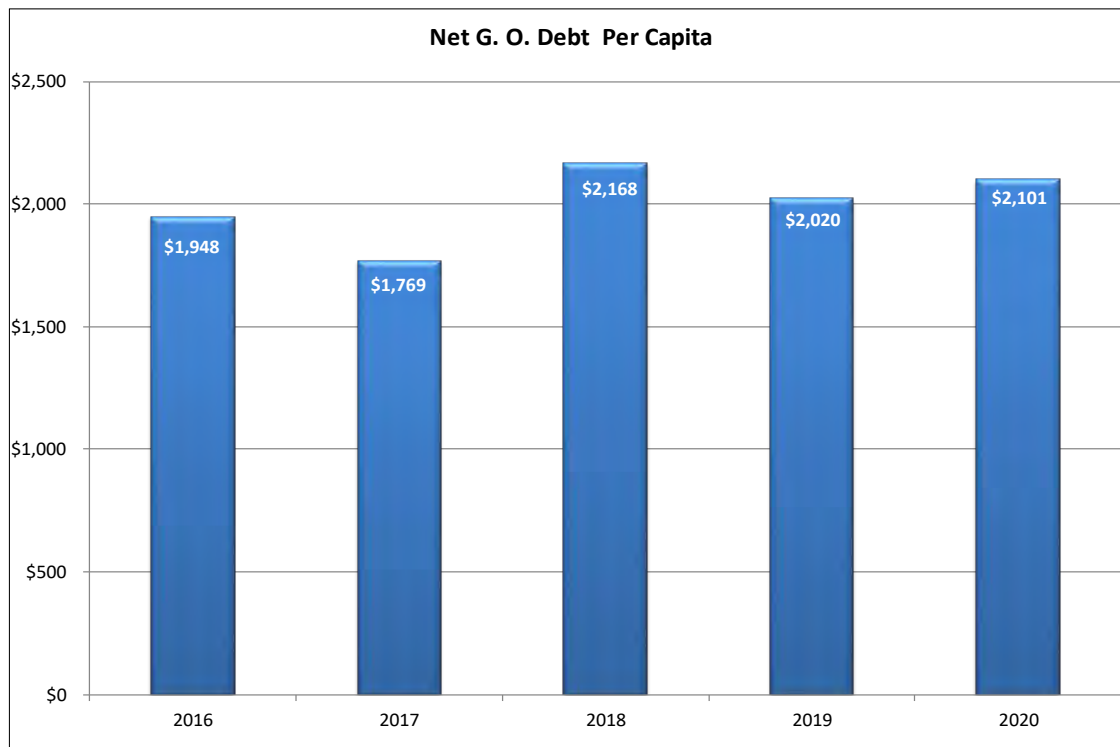
### Debt Ratio Trends

#### Debt Ratio Trends LAST FIVE FISCAL YEARS

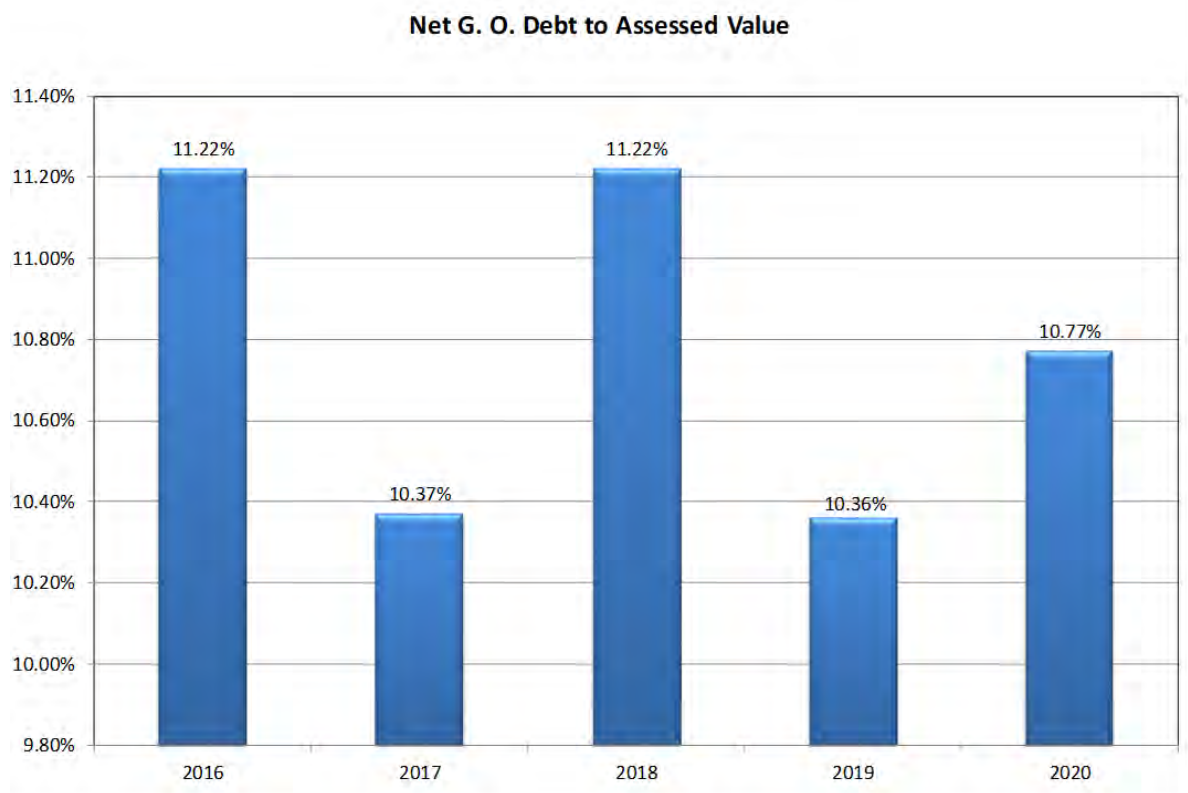
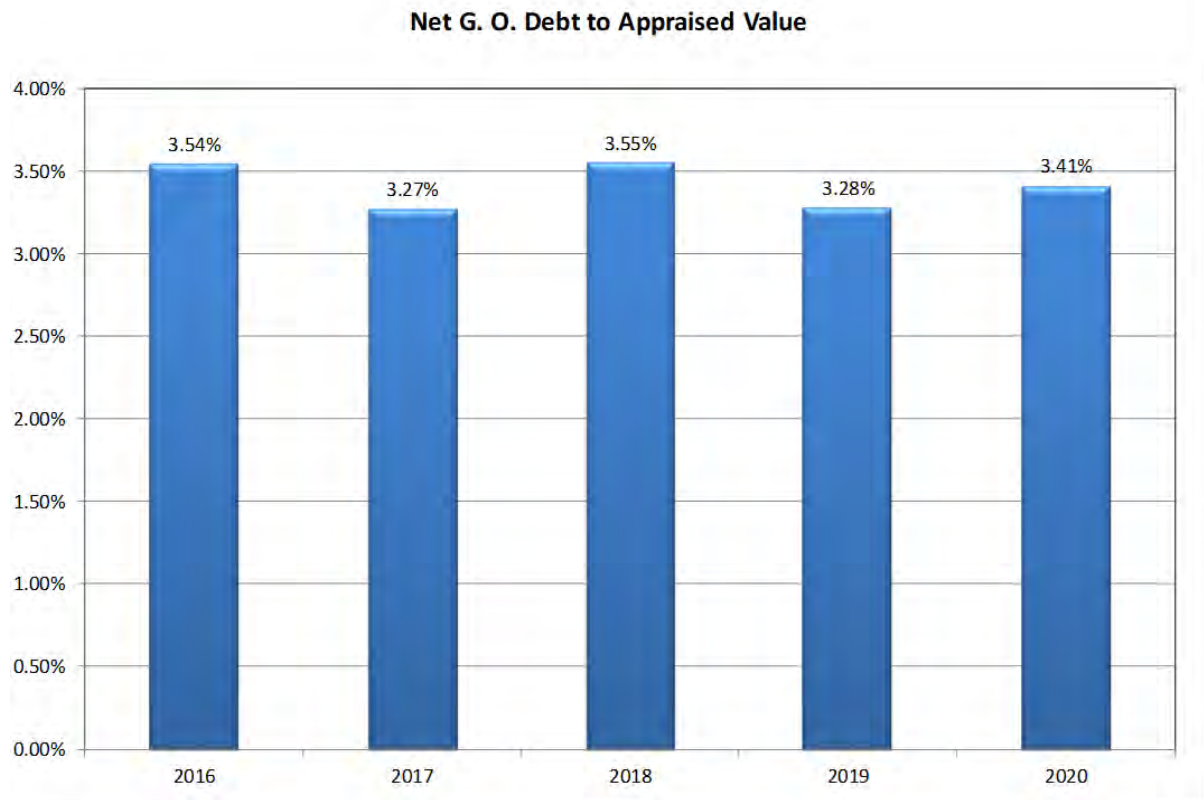
	2016	2017	2018	2019	2020
Estimated Population	653,480	666,723	652,236	650,618	651,073
Appraised Value of Property <sup>(1)</sup>	\$ 35,955,987	\$ 36,080,187	\$ 39,799,719	\$ 40,029,728	\$ 40,073,124
Assessed Value Valuation of Property <sup>(1)</sup>	11,345,981	11,374,600	12,597,019	12,687,864	12,694,209
Total G. O. Debt	\$ 1,199,950	\$ 1,119,035	\$ 1,347,440	\$ 1,261,655	\$ 1,300,115
Bond Premiums	73,155	60,542	66,452	52,893	67,620
Net Debt	\$ 1,273,105	\$ 1,179,577	\$ 1,413,892	\$ 1,314,548	\$ 1,367,735
<b>Net G. O. Debt per Capita</b>					
Total Debt	\$ 1,948	\$ 1,769	\$ 2,168	\$ 2,020	\$ 2,101
Net Debt	1,948	1,769	2,168	2,020	2,101
<b>Net G. O. Debt to Appraised Value</b>					
Total Debt	3.54%	3.27%	3.55%	3.28%	3.41%
Net Debt	3.54%	3.27%	3.55%	3.28%	3.41%
<b>Net G. O. Debt to Assessed Value</b>					
Total Debt	11.22%	10.37%	11.22%	10.36%	10.77%
Net Debt	11.22%	10.37%	11.22%	10.36%	10.77%

<sup>(1)</sup> In thousands of dollars.

Source: 2020 Annual Comprehensive Financial Report



Net G.O. to Appraised/Assessed Value



## General Obligation Bonds

OUTSTANDING DEBT OBLIGATIONS SERVICED FROM THE DEBT SERVICE  
FUND AS OF JUNE 30, 2021  
(UNAUDITED)

General Obligation Bonds	Outstanding	Final Maturity
\$24,470,000 General Improvement Bonds, Series 2020A	\$ 24,470,000	12/1/2030
\$214,675,000 General Improvement & Refunding Bonds, Series 2020	211,285,000	5/1/2045
\$309,255,000 General Improvement Bonds, Series 2018	293,190,000	6/1/2048
\$69,885,000 General Improvement Bonds, Series 2016	60,475,000	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	181,275,000	4/1/2044
\$103,955,000 General Improvement Refunding Bonds, Series 2014A	60,890,000	11/1/2025
\$5,145,000 General Improvement Bonds, Series 2012B	1,115,000	4/1/2024
\$93,595,000 General Improvement & Refunding Bonds, Series 2012A	43,280,000	4/1/2042
\$86,190,000 General Improvement Bonds, Series 2011	56,140,000	5/1/2036
\$11,160,000 General Improvement Bonds, Series 2010F (RZEDB)	11,160,000	7/1/2034
\$62,550,000 General Improvement Bonds, Series 2010C (Direct Pay BABs)	55,280,000	7/1/2032
\$39,950,000 General Improvement Bonds, Series 2010B (Direct Pay BABs)	39,950,000	5/1/2030
<b>Total</b>	<b>\$ 1,237,565,000</b>	
<b>Commercial Paper</b>	<b>Outstanding</b>	
Commercial Paper	\$ 150,000,000	

**Appropriation Obligation Bonds**  
 OUTSTANDING DEBT OBLIGATIONS SERVICED FROM THE  
 DEBT SERVICE FUND AS OF JUNE 30, 2021  
 (UNAUDITED)

<b>Appropriation Obligations Debt</b>	<b>Outstanding</b>	<b>Final Maturity</b>
\$8,000,000 Solid Waste Lease, 2019	\$ 5,690,106	8/23/2024
\$4,400,000 Solid Waste Lease, 2018	1,829,241	5/1/2023
\$36,215,000 TDZ Revenue Refunding Bonds, Series 2017A (Federally Taxable)	835,000	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)	12,200,000	2/1/2029
\$5,720,000 Sports Facility Revenue Bonds, Series 2014B (Stadium Project) (Federally Taxable)	3,090,000	2/1/2030
\$8,316,000 CCRFC Qualified Energy Conservation Bonds, Series 2015A	3,326,400	1/5/2025
\$2,015,300 CCRFC Qualified Energy Conservation Bonds, Series 2015B	604,590	1/5/2024
\$340,700 CCRFC Qualified Energy Conservation Bonds, Series 2015C	102,210	1/5/2024
\$40,975,000 Memphis and Shelby Co. Port Commission Dev. Revenue Bonds, Series 2011 <sup>(1)</sup>	14,870,000	4/1/2036
<b>Total</b>	<b>\$ 164,572,546</b>	



## General Obligation Bonds Debt Service Schedule

AS OF JUNE 30, 2020 (UNAUDITED)

Period Ending	Principal	Interest	Debt Service	Percentage Retired
6/30/2022	\$ 91,090,000	\$ 55,621,274	\$ 146,711,274	
6/30/2023	92,130,000	50,960,302	143,090,302	
6/30/2024	92,655,000	46,338,908	138,993,908	
6/30/2025	97,010,000	42,436,025	139,446,025	
6/30/2026	96,105,000	38,259,758	134,364,758	38%
6/30/2027	37,475,000	33,662,006	71,137,006	
6/30/2028	39,175,000	31,796,160	70,971,160	
6/30/2029	40,920,000	29,844,832	70,764,832	
6/30/2030	42,775,000	27,799,366	70,574,366	
6/30/2031	39,185,000	25,778,560	64,963,560	54%
6/30/2032	37,640,000	24,106,785	61,746,785	
6/30/2033	39,225,000	22,405,910	61,630,910	
6/30/2034	40,520,000	20,671,243	61,191,243	
6/30/2035	42,200,000	18,848,924	61,048,924	
6/30/2036	38,025,000	17,164,895	55,189,895	70%
6/30/2037	34,840,000	15,582,864	50,422,864	
6/30/2038	36,255,000	14,169,776	50,424,776	
6/30/2039	37,725,000	12,691,010	50,416,010	
6/30/2040	39,265,000	11,140,019	50,405,019	
6/30/2041	40,910,000	9,510,481	50,420,481	85%
6/30/2042	38,420,000	7,762,913	46,182,913	
6/30/2043	39,300,000	6,093,538	45,393,538	
6/30/2044	37,550,000	4,383,513	41,933,513	
6/30/2045	26,075,000	2,736,850	28,811,850	
6/30/2046	13,165,000	1,643,800	14,808,800	98%
6/30/2047	13,690,000	1,117,200	14,807,200	
6/30/2048	14,240,000	569,600	14,809,600	100%
Total	\$ 1,237,565,000	\$ 573,096,510	\$ 1,810,661,510	

**GENERAL OBLIGATION DEBT SERVICE  
AS A PERCENTAGE OF GENERAL FUND  
EXPENDITURES**

FISCAL YEARS ENDED JUNE 30 (IN THOUSANDS OF DOLLARS)

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
General Fund Expenditures and Other Uses (1)	\$ 639,234	\$ 662,997	\$ 712,632	\$ 723,632	\$ 742,824
G.O. Debt Service (2)	131,575	133,590	132,598	145,118	144,175
Total G.F Expenditure and G.O. Debt Service	<u>\$ 770,809</u>	<u>\$ 796,587</u>	<u>\$ 845,230</u>	<u>\$ 868,750</u>	<u>\$ 886,999</u>
G.O. Debt Service as of Percentage of the Sum of G.F. Expenditures and G.O. Debt Service	17.07%	16.77%	15.69%	16.70%	16.25%

(1) Includes General Fund Expenditures, Transfers Out and Special Items.

(2) Includes Debt Service on General Obligation Bonds and Interest on General Obligation Commercial Paper. Interest on General Obligation Bonds is net of subsidy payments for the General Improvement Bonds, Series 2010B (Direct Build America Bonds), General Improvement Bonds, Series 2010C (Direct Payment Build America Bonds) and General Improvement, Series 2010F (Recovery Zone Economic Development Bonds).

Source: City of Memphis, Tennessee.

# SPECIAL REVENUE FUNDS

---

Special Revenue Funds are used to budget for specific revenue sources that are legally restricted to expenditures for specific purposes Included in Special Revenue Funds are:

## Solid Waste

Solid Waste Management revenues and expenditures.

## City Attorney

Metro Alarm Fund revenues and expenditures.

## Police Services

Drug Enforcement Fund revenues and expenditures.

## Other Funds

Hotel/Motel Fund

State Street Aid Fund

New Memphis Arena

Fire EMS Fund

Park Special Services Fund

Fund Pre-K Fund

HUB Community Impact Fund

2019 Sales Tax Referendum

Life Insurance Fund

## Special Revenue Funds • Summary

<i>Category:</i>	FY20	FY21	FY21	FY22
	Actual	Adopted	Forecast	Adopted
<b>Revenues</b>				
Local Taxes	\$43,771,877	\$55,925,255	\$79,934,024	\$76,758,000
State Taxes	22,975,910	17,803,600	22,800,000	23,110,000
Licenses and Permits	2,120,079	1,891,000	2,270,040	1,850,000
Fines and Forfeitures	1,377,709	1,065,000	1,738,256	1,493,989
Charges for Services	67,338,857	75,100,581	76,540,000	75,100,581
Use of Money and Property	853,974	578,006	77,223	468,965
Federal Grants	4,377,597	3,497,350	7,534,760	3,507,350
Other Revenues	1,434,386	188,228	143,330	175,084
Transfers In	275,000	4,050,000	7,413,364	5,550,000
<b>Total Revenues</b>	<b>\$144,525,389</b>	<b>\$160,099,020</b>	<b>\$198,450,997</b>	<b>\$188,013,969</b>
<b>Expenditures</b>				
Personnel Services	\$29,604,010	\$33,873,280	\$26,718,521	\$33,393,724
Materials and Supplies	31,492,599	31,816,528	35,733,940	36,891,073
Capital Outlay	8,284,563	4,338,678	4,126,063	4,127,178
Grants and Subsidies	15,718,259	12,865,300	17,252,659	16,010,965
Service Charges	25,383,146	23,063,359	24,299,540	23,063,359
Transfers Out	26,597,738	34,373,348	48,849,164	72,395,649
Misc Expense	933	0	246,194	0
<b>Total Expenditures</b>	<b>\$137,081,248</b>	<b>\$140,330,493</b>	<b>\$157,226,081</b>	<b>\$185,881,948</b>
<b>Surplus (Deficit)</b>	<b>\$7,444,141</b>	<b>\$19,768,527</b>	<b>\$41,224,916</b>	<b>\$2,132,021</b>
<b>Authorized Complement</b>				<b>515</b>

Park Special Service Fund

<b><i>Category:</i></b>	<b>FY20</b>	<b>FY21</b>	<b>FY21</b>	<b>FY22</b>
<b><i>Revenues</i></b>	<b>Actual</b>	<b>Adopted</b>	<b>Forecast</b>	<b>Adopted</b>
Local Taxes	\$119,656	\$156,120	\$99,153	\$120,000
Use of Money and Property	63,815	22,041	3,583	40,000
<b>Total Revenues</b>	<b>\$183,471</b>	<b>\$178,161</b>	<b>\$102,736</b>	<b>\$160,000</b>
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Surplus (Deficit)</b>	<b>\$183,471</b>	<b>\$178,161</b>	<b>\$102,736</b>	<b>\$160,000</b>
<b>Authorized Complement</b>				<b>0</b>

Increase/(Decrease) in Net Assets	\$183,471	\$178,161	\$102,736	\$160,000
Fund Balance Beginning of Year	\$2,977,938	\$3,161,409	\$3,161,409	\$3,264,145
Fund Balance End of Year	\$3,161,409	\$3,339,570	\$3,264,145	\$3,424,145