

DEBT SERVICE FUND



FY11 ADOPTED BUDGET

DEBT MANAGEMENT

The issuance of debt for capital needs provides an investment in our community and makes these capital expenditures affordable to current users and allows capital cost to be more equitably distributed to both current and future users.

The purpose of the Shelby County debt management policy is to manage the issuance of the County's debt obligations, maintain the County's ability to incur debt and other long-term obligations at favorable interest rates. Debt is issued primarily for school construction and major improvements. Debt may also be issued for County capital improvements, facilities, and equipment with a cost in excess of \$100,000. Several years ago Shelby County leadership committed to a long term Debt Reduction plan designed to gradually reduce debt over a twenty-five year period. Long term debt is expected to slowly decline as CIP annual appropriations from County sources are limited to not more than \$75 million.

CAPITAL PLANNING

A five-year Capital Improvement Plan is developed and updated annually, including anticipated funding sources. During the annual budgeting process, the current years' proposed capital improvement projects are reviewed and prioritized to ensure consistency with the County's goals and objectives.

CAPITAL FINANCING

Capital financing typically includes two types of funding, pay-as-you-go and debt financing.

1. Pay-as-you-go financing is an integral part of the overall capital financing plan. Pay-as-you-go financing is defined as all sources of funding other than debt issuance, i.e. fund balance, contributions, investment earnings and grants.
Pay-as-you-go funding, to the extent available, will be used for:
 - Projects that do not constitute assets of the County;
 - Smaller projects;
 - Projects that have a shorter useful life;
 - Other non-school projects.
2. Funding for the County's portion of the CIP Budget is generally obtained through a short term borrowing program or the issuance of long term general obligation debt. A short term borrowing program may be established each fiscal year to cover the estimated amount of current year payments for projects authorized in that year as well as the payments expected from projects appropriated in previous fiscal years and continuing into the current year. When short term borrowing is used, it is converted to long term general obligation debt within two years after the initial sale.
3. Debt service payments that are related to capital projects or acquisitions for certain Special Revenue and Enterprise Funds are budgeted in those respective funds (Hotel-Motel Tax, Consolidated Codes Enforcement, Fire Services, and Corrections Funds).

DEBT LIMIT

The County conducts its finances so that the amount of general obligation debt does not exceed 12% of the County's taxable assessed valuation. Debt may generally be issued without regard to any limit on indebtedness. Decisions regarding the use of debt will be based in part on the long-

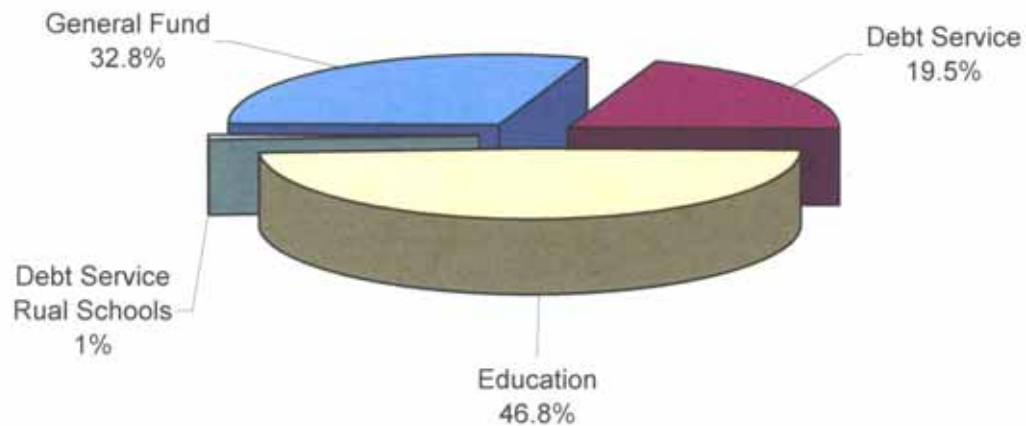
Debt Service Fund Overview

FY11 Adopted Budget

term needs of the County versus the amount of funds dedicated in a given year to capital outlay on a "Pay-As-You-Go" basis. The County also includes "Pay-As-You-Go" funding in the Operating Budget for smaller asset acquisitions and improvements each year rather than in the

Capital Improvement Budget with funding from tax dollars. The current percentage of general obligation debt compared to the 2009 assessed valuation is 8.59%.

Tax Rate Distribution



TAX RATE DISTRIBUTION

Education	\$ 1.90	46.80%
General Fund	1.33	32.76%
Debt Service	0.79	19.46%
Debt Service Rural Bonds	0.04	0.99%
Total	<u>\$ 4.06</u>	<u>100.00%</u>

Currently, Debt Service receives \$.79 of the \$4.06 tax rate. An additional \$.04 is added to the tax rate for taxpayers that live outside of the City of Memphis. The additional \$.04 is for Rural School Bonds issued to build a high school.

**Combined General Obligation Bonds
As of April 1, 2010**

FY Ended June 30	Bonds Payable	Interest Payable	Fiscal Total
2011	107,807,787	69,878,040	177,685,827
2012	93,761,211	80,195,371	173,956,582
2013	86,019,053	81,541,616	167,560,669
2014	97,127,060	64,245,623	161,372,683
2015	95,107,199	60,036,012	155,143,211
2016	96,652,481	52,513,942	149,166,423
2017	88,629,901	53,566,091	142,195,992
2018	94,249,404	41,880,380	136,129,784
2019	92,999,404	37,398,827	130,398,231
2020	89,764,404	33,227,482	122,991,886
2021	86,284,404	28,839,819	115,124,223
2022	83,544,404	25,234,593	108,781,997
2023	79,039,404	22,008,047	101,047,451
2024	76,434,404	18,999,775	95,434,179
2025	73,804,404	16,483,445	90,287,849
2026	65,230,557	13,612,237	78,842,794
2027	58,105,000	10,280,781	68,382,781
2028	47,565,000	8,031,573	55,596,573
2029	46,365,000	6,057,114	52,422,114
2030	40,190,000	4,336,243	44,526,243
2031	33,815,000	2,646,163	36,461,163
2032	15,125,000	1,320,497	16,445,497
2032	6,860,000	805,575	7,665,575
2034	7,150,000	411,125	7,561,125
TOTAL	1,661,630,481	732,853,371	2,394,483,852

Current Year Requirement:

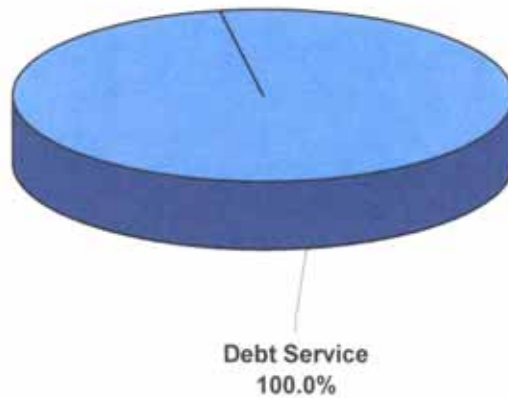
Year	Principal	Interest	Fiscal Total
Outstanding Debt	107,807,787	69,178,038	176,985,825
Projected Debt		700,000	700,000
Total	107,807,787	69,878,038	177,685,825

**Division Totals by Fund Type
Debt Service**

All Funds

FUND NAME	FY11 REVENUE	FY11 EXPENDITURES	FY11 TRANSFERS	NET OPERATIONS	% of Total
GENERAL FUND	-	-	-	-	0.0%
DEBT SERVICE FUND:					
901 - Debt Service General	(168,191,753)	170,715,298	(2,523,545)	-	98.4%
902 - Debt Service - 87 Ed	(104,696)	(5,304)	110,000	-	0.0%
903 - Debt Service - 88 Ed	(729,804)	(60,196)	790,000	-	0.0%
904 - Debt Service - 89 Special	(2,900,000)	2,900,000	-	-	1.7%
TOTAL DEBT SERVICE FUND	(171,926,253)	173,549,798	(1,623,545)	-	100.0%
TOTAL DIVISION - ALL FUNDS	(171,926,253)	173,549,798	(1,623,545)	-	100.0%

FY11 Expenditures by Fund

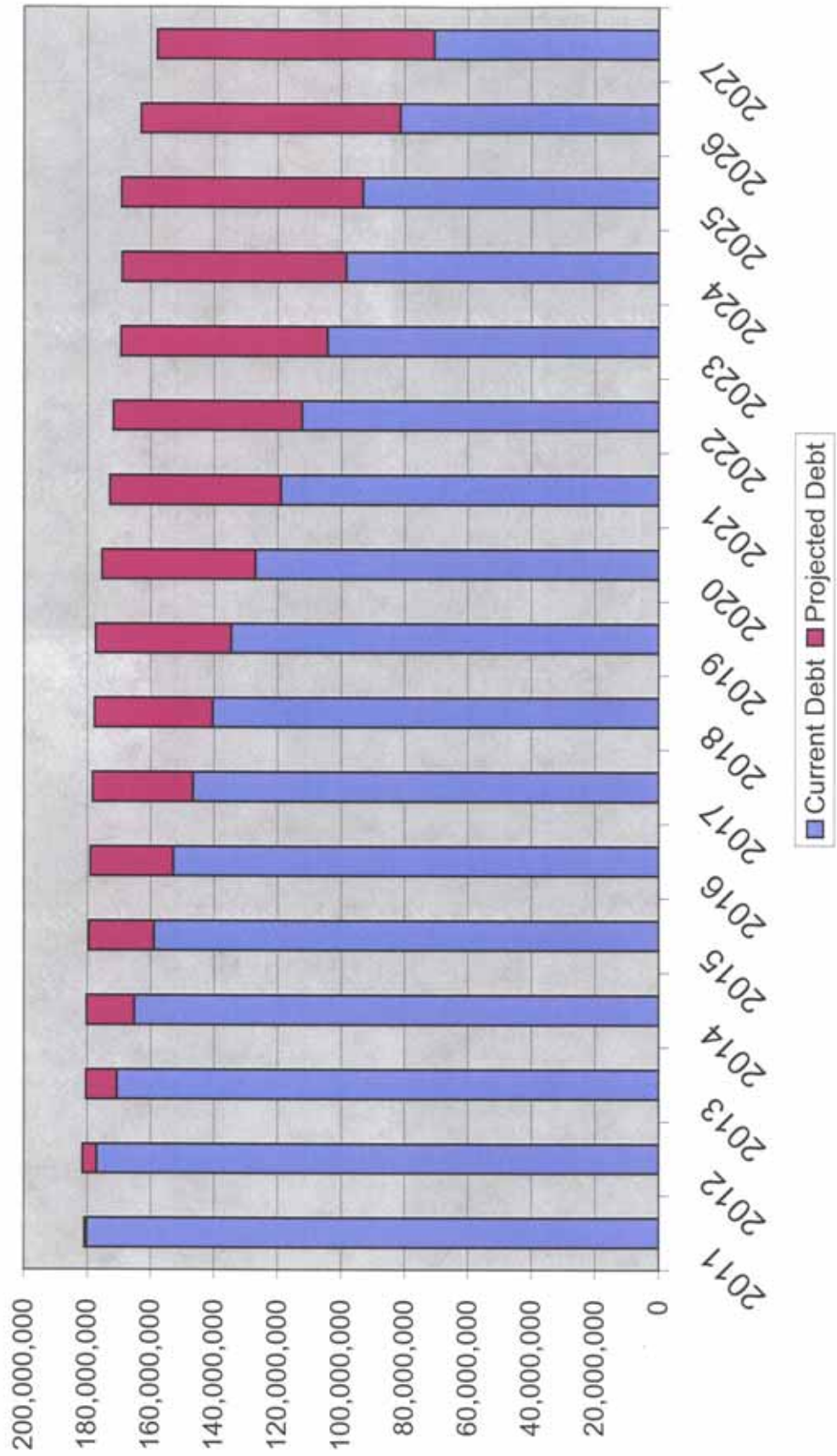


Prime Accounts Summary

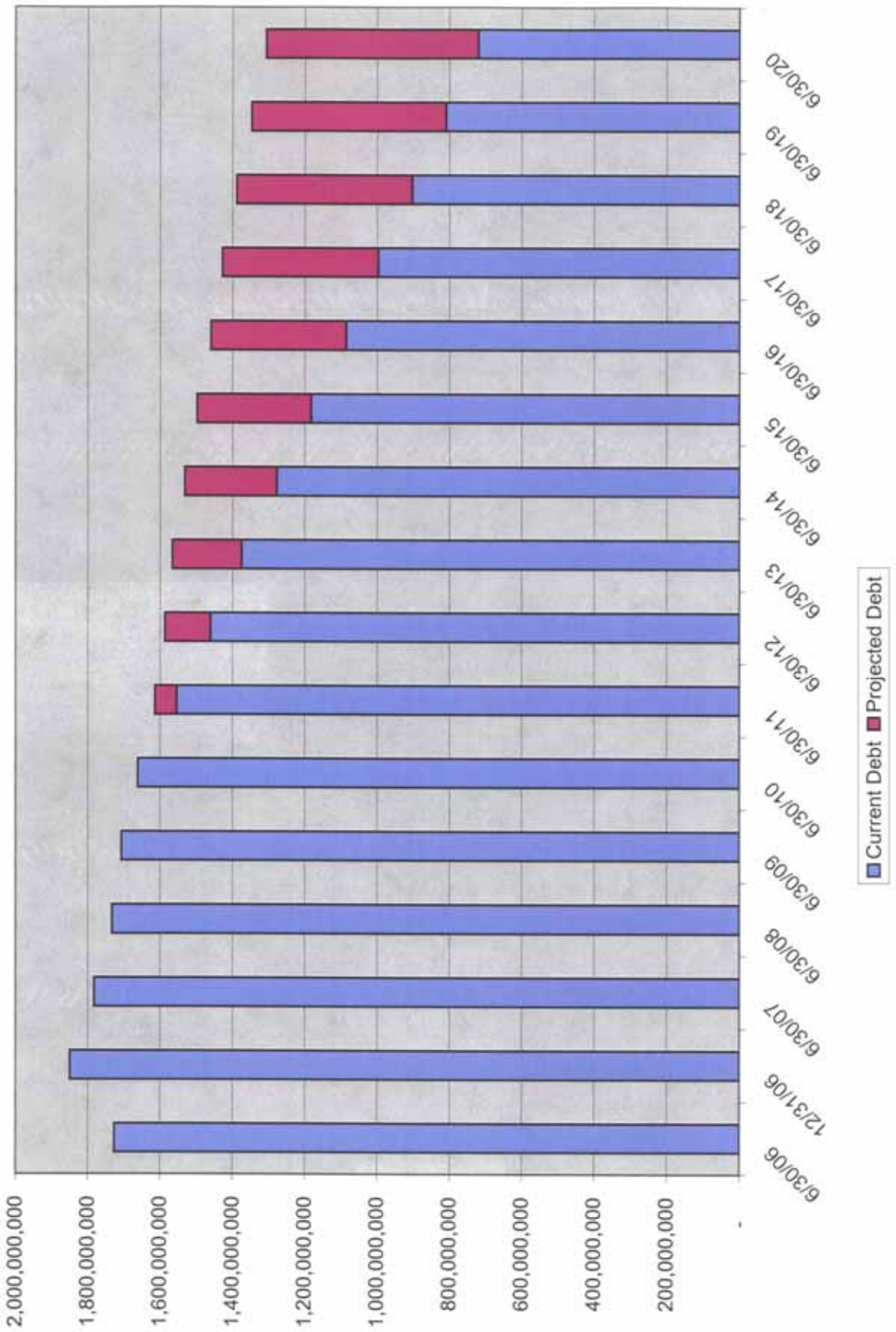
Debt Service Fund

Acct	Description	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Amended	FY11 Adopted
40 -	Property Taxes	(137,909,050)	(140,126,794)	(141,041,096)	(142,832,000)	(144,711,000)
41 -	Other Local Taxes	(20,910,087)	(27,302,887)	(29,248,213)	(19,192,000)	(22,767,000)
43 -	Intergovernmental Revenues-State of T	(254,226)	(254,226)	(254,226)	0	0
44 -	Intergovernmental Revenues-Federal &	(1,103,358)	(996,676)	(1,140,714)	(1,392,038)	(1,909,753)
45 -	Charges for Services	(131,000)	(183,534)	(204,000)	(204,000)	(204,000)
46 -	Fines, Fees & Permits	(892,186)	(951,191)	(1,045,149)	(900,000)	0
47 -	Other Revenue	(1,164,732)	(13,082,791)	(934,752)	(932,500)	(832,500)
48 -	Investment Income	(3,790,416)	(2,863,791)	(1,375,710)	(1,602,000)	(1,502,000)
	Revenue	(166,155,055)	(185,761,890)	(175,243,860)	(167,054,538)	(171,926,253)
64 -	Services & Other Expenses	0	310,900	311,161	350,000	316,050
66 -	Professional & Contracted Services	30,938	28,783	29,260	34,500	80,433
	Operating & Maintenance	30,938	339,683	340,421	384,500	396,483
80 -	Debt Service Expenditure	159,735,547	166,223,039	179,405,521	174,990,082	181,897,823
	Debt Services	159,735,547	166,223,039	179,405,521	174,990,082	181,897,823
94 -	Other Sources & Uses	(348,631)	(663,274)	(3,511,655)	0	0
	Other Financing Sources	(348,631)	(663,274)	(3,511,655)	0	0
	Expenditures	159,417,854	165,899,448	176,234,287	175,374,582	182,294,306
99 -	Planned Use of Fund Balances	0	0	0	(6,702,596)	(8,744,508)
	Planned Fund Balance Change	0	0	0	(6,702,596)	(8,744,508)
	Planned Fund Balance Change	0	0	0	(6,702,596)	(8,744,508)
96 -	Operating Transfers In	(7,218,419)	(7,489,773)	(8,404,218)	(9,081,448)	(9,439,545)
	Operating Transfers In	(7,218,419)	(7,489,773)	(8,404,218)	(9,081,448)	(9,439,545)
98 -	Operating Transfers Out	6,478,700	17,044,999	6,476,000	7,464,000	7,816,000
	Operating Transfers Out	6,478,700	17,044,999	6,476,000	7,464,000	7,816,000
	Net Transfers	(739,719)	9,555,226	(1,928,218)	(1,617,448)	(1,623,545)
	SUMMARY TOTAL	(7,476,920)	(10,307,216)	(937,791)	0	0

Debt Service By Year 2011 - 2027



General Obligation Outstanding Debt, Including EMCP



General Obligation Long Term Debt

