



Lynn Fitch
STATE TREASURER

2015
LEGISLATIVE
ECONOMIC
BRIEFING

JANUARY 15, 2015

— 2015 LEGISLATIVE ECONOMIC BRIEFING —

- Bond Indebtedness
- Debt Service Costs
- Rating Agencies
- Debt Affordability Study

HISTORICAL BOND INDEBTEDNESS

AS OF DECEMBER 31, 2014

| FYE | Net Direct General Obligation Bonds & Notes | Self-Supporting General Obligation & Revenue Bonds | Total Bond Indebtedness |
|-------|---|--|-------------------------|
| 2000 | 2,030,086,000 | 238,687,000 | 2,268,773,000 |
| 2001 | 2,434,252,000 | 216,095,000 | 2,650,347,000 |
| 2002 | 2,670,148,000 | 196,670,000 | 2,866,180,000 |
| 2003 | 2,823,654,000 | 181,815,000 | 3,005,469,000 |
| 2004 | 2,956,490,000 | 156,360,000 | 3,112,850,000 |
| 2005 | 2,934,090,000 | 131,950,000 | 3,066,040,000 |
| 2006 | 2,987,335,000 | 106,925,000 | 3,094,260,000 |
| 2007 | 3,158,200,000 | 81,950,000 | 3,240,150,000 |
| 2008 | 3,084,125,000 | 79,315,000 | 3,163,440,000 |
| 2009 | 3,422,840,000 | 3,790,000 | 3,426,630,000 |
| 2010 | 3,485,982,000 | 2,885,000 | 3,488,867,000 |
| 2011 | 3,784,525,000 | 1,955,000 | 3,786,480,000 |
| 2012 | 4,130,470,000 | 995,000 | 4,131,465,000 |
| 2013 | 4,055,890,000 | 0 | 4,055,890,000 |
| 2014 | 4,142,675,000 | 0 | 4,142,675,000 |
| 2015* | 3,893,905,000 | 0 | 3,893,905,000 |

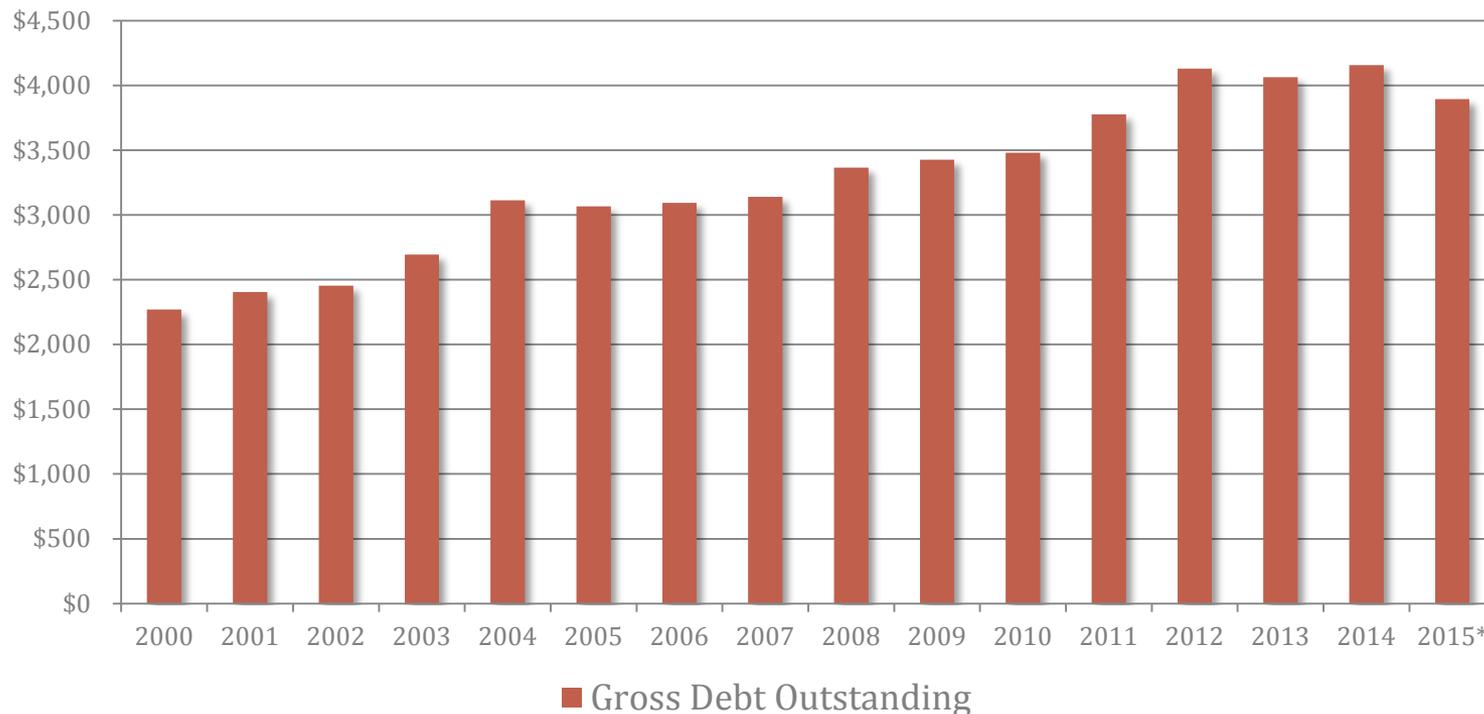
**as of December 31, 2014*

Estimated Debt Outstanding at June 30, 2015 is \$4,173,790,000*

*includes the issuance of the 2015A (\$157,230,000) and 2015B bonds(\$128,950,000)

HISTORICAL BOND INDEBTEDNESS

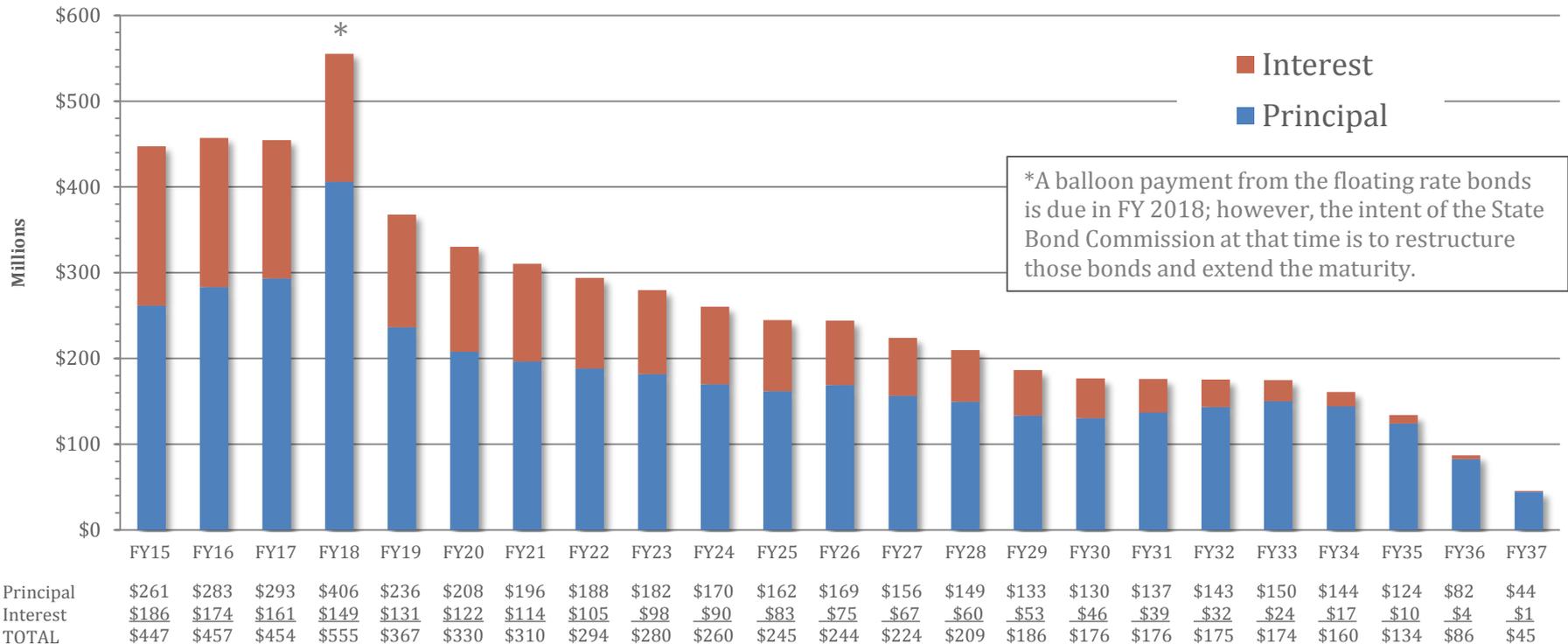
AS OF DECEMBER 31, 2014



Debt Outstanding at December 31, 2014 is \$3,893,905,000

BOND INDEBTEDNESS

PRINCIPAL AND INTEREST DUE ON EXISTING DEBT SERVICE



FY15 Principal - \$261,520,000
FY15 Interest - \$185,804,250

FY16 Principal - \$283,270,000
FY16 Interest - \$173,880,236

MISSISSIPPI'S CONSTITUTIONAL DEBT LIMIT

| FYE | Constitutional Debt Limit | FYE Total Bond Indebtedness | Debt as % of Limit |
|-------|---------------------------|-----------------------------|--------------------|
| 2000 | 7,643,476,079 | 2,268,773,000 | 29.68% |
| 2001 | 7,994,128,992 | 2,650,347,000 | 33.15% |
| 2002 | 8,108,981,631 | 2,866,818,000 | 35.35% |
| 2003 | 8,429,054,541 | 3,005,469,000 | 35.66% |
| 2004 | 8,632,162,200 | 3,112,850,000 | 36.06% |
| 2005 | 9,906,570,900 | 3,066,040,000 | 30.95% |
| 2006 | 10,930,261,350 | 3,094,260,000 | 28.31% |
| 2007 | 12,009,366,365 | 3,240,150,000 | 26.98% |
| 2008 | 12,451,109,180 | 3,465,750,000 | 27.83% |
| 2009 | 12,451,109,180 | 3,417,205,000 | 27.44% |
| 2010 | 12,451,109,180 | 3,488,867,000 | 28.02% |
| 2011 | 12,451,109,180 | 3,786,480,000 | 30.41% |
| 2012 | 12,505,103,786 | 4,131,465,000 | 33.04% |
| 2013 | 12,630,154,824 | 4,055,890,000 | 32.11% |
| 2014 | 12,756,456,372 | 4,142,675,000 | 32.48% |
| 2015* | 12,884,020,936† | 3,893,905,000 | 30.22% |

* Estimate as of December 31, 2014

† Assumes a 1.0% growth in Revenue

Section 115, Paragraph 2 of the Mississippi Constitution of 1890 provides:

“Neither the State nor any of its direct agencies, excluding the political subdivisions and other local districts, shall incur a bonded indebtedness in excess of one and one-half (1 ½) times the sum of all the revenue collected by it for all purposes during any one of the preceding four fiscal years, whichever year might be higher.”

Constitutional Debt Limit

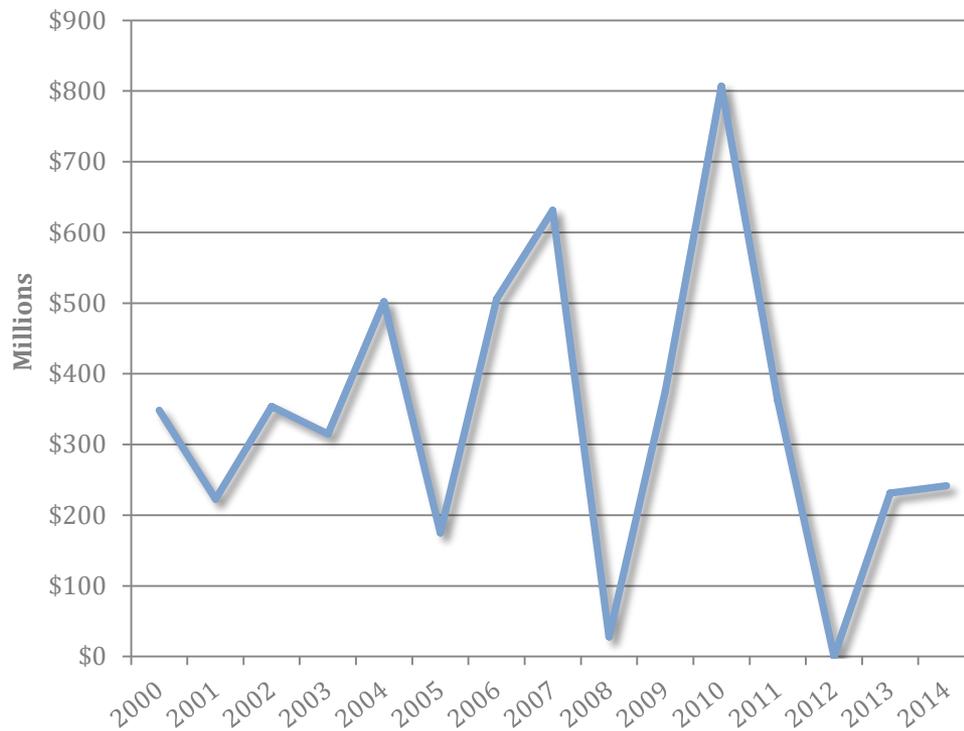
\$12,884,020,936

Total Debt Outstanding

\$3,893,905,000

GENERAL BOND AUTHORITY

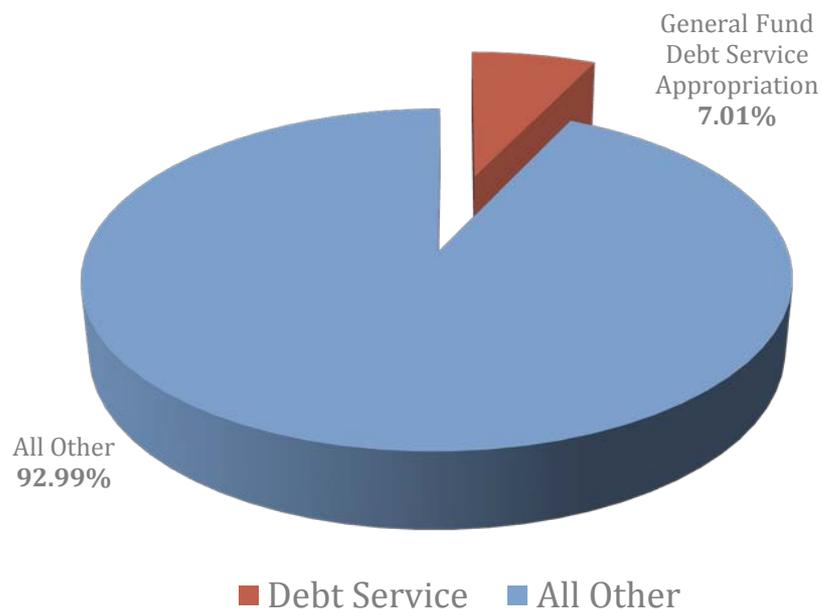
BY LEGISLATIVE SESSION



| | |
|------|---------------|
| 2000 | \$348,508,000 |
| 2001 | \$222,720,000 |
| 2002 | \$354,030,000 |
| 2003 | \$314,676,000 |
| 2004 | \$502,163,000 |
| 2005 | \$175,200,000 |
| 2006 | \$505,887,000 |
| 2007 | \$631,328,000 |
| 2008 | \$27,822,081 |
| 2009 | \$376,350,000 |
| 2010 | \$806,990,000 |
| 2011 | \$361,865,000 |
| 2012 | \$0 |
| 2013 | \$231,300,000 |
| 2014 | \$241,700,000 |

DEBT SERVICE COSTS (FY15)

(AS A PERCENTAGE OF TOTAL GENERAL FUND APPROPRIATION)



General Fund Appropriation for Debt Service:
\$385,628,277 (7.01%)

**Total General Fund Appropriations:
\$5,501,146,294**

DEBT SERVICE APPROPRIATION

COMPARISON: FY 2015 vs. FY 2016

| Description | Appropriated FY15 | Requested FY16* (September 2014) |
|---|----------------------|-------------------------------------|
| General Fund: Principal and Interest | \$384,628,277 | \$417,497,503 |
| General Fund: Service Fees | \$1,000,000 | \$1,000,000 |
| Anticipated Special Fund Transfers | \$71,981,133 | \$57,223,053 |
| <i>TOTAL DEBT SERVICE COST</i> | \$457,609,410 | \$475,720,556 |

*Amount requested for FY2016 in September 2014 was based on existing debt service, plus an estimate for future issuance that could potentially affect FY2016. In February 2015, a revised request will be submitted to LBO, reflecting the effects of the upcoming sale and potential refundings.

TAX SUPPORTED DEBT PER CAPITA BASIS*

| Calendar Year | U.S. Median | Mississippi In \$ | Mississippi Ranking |
|---------------|----------------|-------------------|---------------------|
| 1994 | \$409 | \$292 | 34 |
| 1995 | \$428 | \$394 | 28 |
| 1996 | \$422 | \$473 | 24 |
| 1997 | \$446 | \$606 | 18 |
| 1998 | \$510 | \$835 | 12 |
| 1999 | \$540 | \$886 | 11 |
| 2000 | \$541 | \$918 | 10 |
| 2001 | \$573 | \$996 | 10 |
| 2002 | \$606 | \$1,207 | 9 |
| 2003 | \$701 | \$1,169 | 12 |
| 2004 | \$703 | \$1,116 | 16 |
| 2005 | \$754 | \$1,171 | 15 |
| 2006 | \$787 | \$1,247 | 15 |
| 2007 | \$889 | \$1,283 | 17 |
| 2008 | \$865 | \$1,478 | 13 |
| 2009 | \$936 | \$1,478 | 15 |
| 2010 | \$1,066 | \$1,534 | 16 |
| 2011 | \$1,117 | \$1,734 | 15 |
| 2012 | \$1,074 | \$1,735 | 15 |
| 2013 | \$1,054 | \$1,746 | 15 |



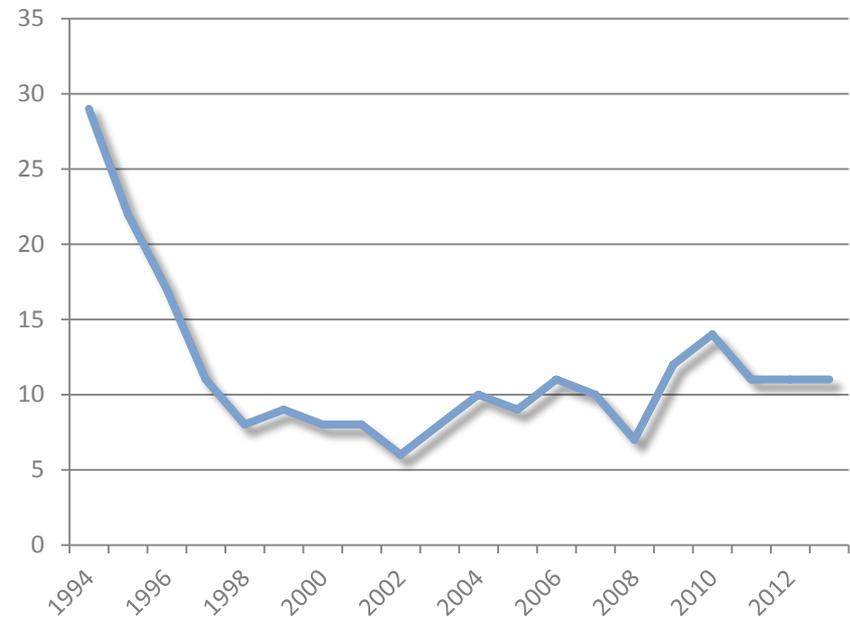
- The State's net tax supported debt divided by the most recently available population estimate
- In 2013, \$1,746 represents the amount of debt assigned to each individual person in the State of MS

According to Moody's Investor Services; 2014 medians and rankings to be released by Moody's in September 2015.

TAX SUPPORTED DEBT

AS A PERCENTAGE OF TOTAL PERSONAL INCOME*

| Calendar Year | U.S. Median | Mississippi In % | Mississippi Ranking |
|---------------|-------------|------------------|---------------------|
| 1994 | 2.1% | 2.0% | 29 |
| 1995 | 2.1% | 3.0% | 22 |
| 1996 | 2.1% | 2.9% | 17 |
| 1997 | 1.9% | 3.5% | 11 |
| 1998 | 2.0% | 4.4% | 8 |
| 1999 | 2.2% | 4.7% | 9 |
| 2000 | 2.1% | 4.6% | 8 |
| 2001 | 2.3% | 4.7% | 8 |
| 2002 | 2.2% | 5.4% | 6 |
| 2003 | 2.4% | 5.2% | 8 |
| 2004 | 2.4% | 4.8% | 10 |
| 2005 | 2.5% | 4.8% | 9 |
| 2006 | 2.4% | 4.9% | 11 |
| 2007 | 2.6% | 4.8% | 10 |
| 2008 | 2.5% | 5.2% | 7 |
| 2009 | 2.5% | 5.0% | 12 |
| 2010 | 2.8% | 5.1% | 14 |
| 2011 | 2.8% | 5.6% | 11 |
| 2012 | 2.8% | 5.4% | 11 |
| 2013 | 2.6% | 5.2% | 11 |



- The State's net tax supported debt divided by the most recently available personal income figures
- In 2013, this percentage represents Mississippi's total debt divided by the total personal income in the State

According to Moody's Investor Services; 2014 medians and rankings to be released by Moody's in September 2015.

RATING AGENCIES (UPDATE)

Ways to Improve State's Bond Rating or Outlook

- Limit bond issuance to no more than annual debt service requirement
- Eliminate the dependence on bond issuance for repairs and renovations
- Ensure that every bond bill contains a repeal date

**STANDARD
& POOR'S** AA

**MOODY'S
INVESTORS SERVICE** Aa2

FitchRatings AA+

Actions Taken in 2014

- The Office of the State Treasurer released the State's first Debt Affordability Study
- The State's FY15 budget does not include reliance on non-recurring revenues
- The "Rainy Day Fund" is at statutory maximum of \$409M
- Treasurer's Education About Money (TEAM) initiative launched to address importance of personal finance education

5 YEAR DEBT AFFORDABILITY STUDY

WHY CREATE A DEBT AFFORDABILITY PLAN?

Benefits to a Debt Affordability Plan:

- Provides a context to:
 - plan debt financing
 - track debt
 - see how we compare to our peers
 - set guidelines for the future issuance of debt
- Provides the public with a resource for understanding state debt
- Demonstrates a commitment to carefully and prudently manage our debt program
- Rating agencies have noted that they view debt affordability plans as helpful tools and a display of strong management
- 2014 edition of the Debt Affordability Study has received very positive national attention in the public finance sector

CONTACT INFORMATION

Ms. Lynn Fitch

Treasurer

lynn.fitch@treasury.ms.gov

(601) 359-9434

Ms. Laura Jackson

Deputy Treasurer

laura.jackson@treasury.ms.gov

(601) 359-3765

Mr. Jesse Graham

Deputy Treasurer

jesse.graham@treasury.ms.gov

(601) 359-3843

Mr. Cory Wilson

Senior Advisor and Counsel

cory.wilson@treasury.ms.gov

(601) 359-3913