



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

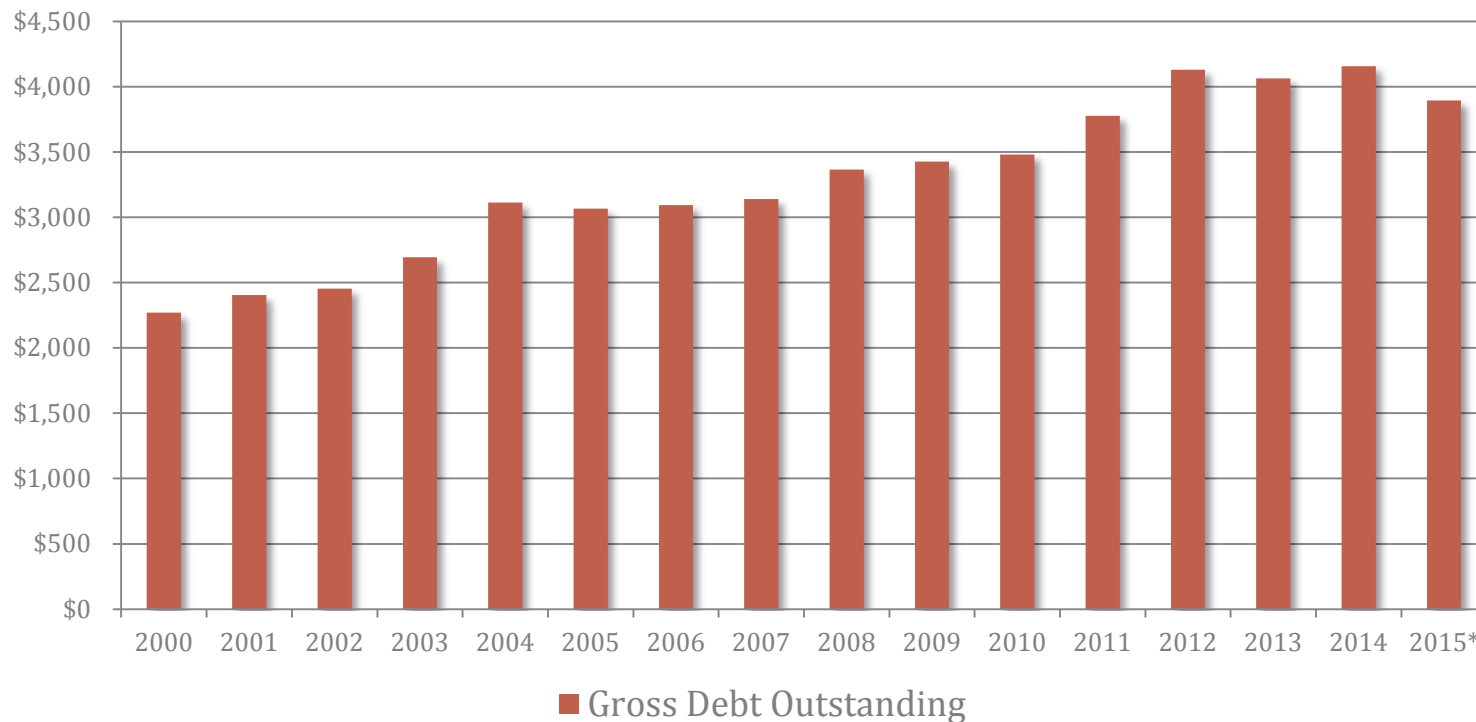
**as of December 31, 2014*

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

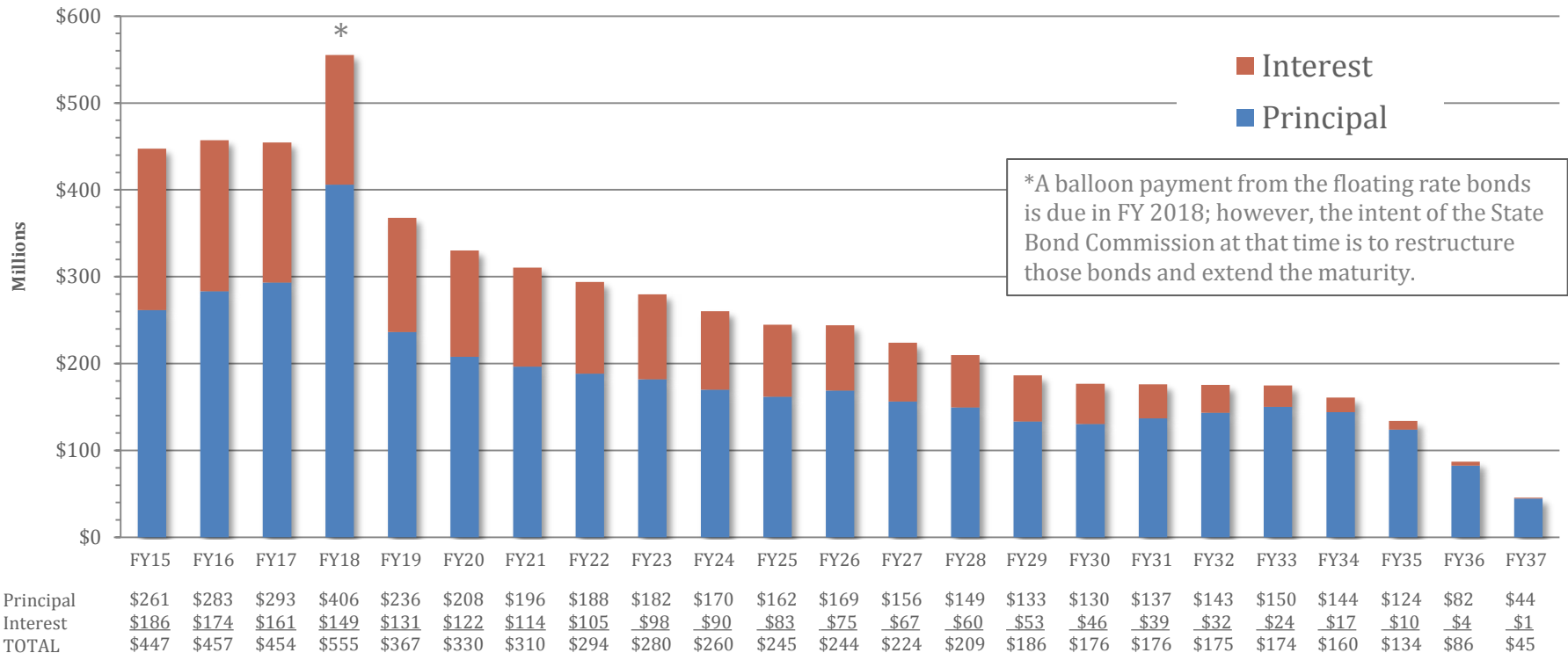
AS OF DECEMBER 31, 2014



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

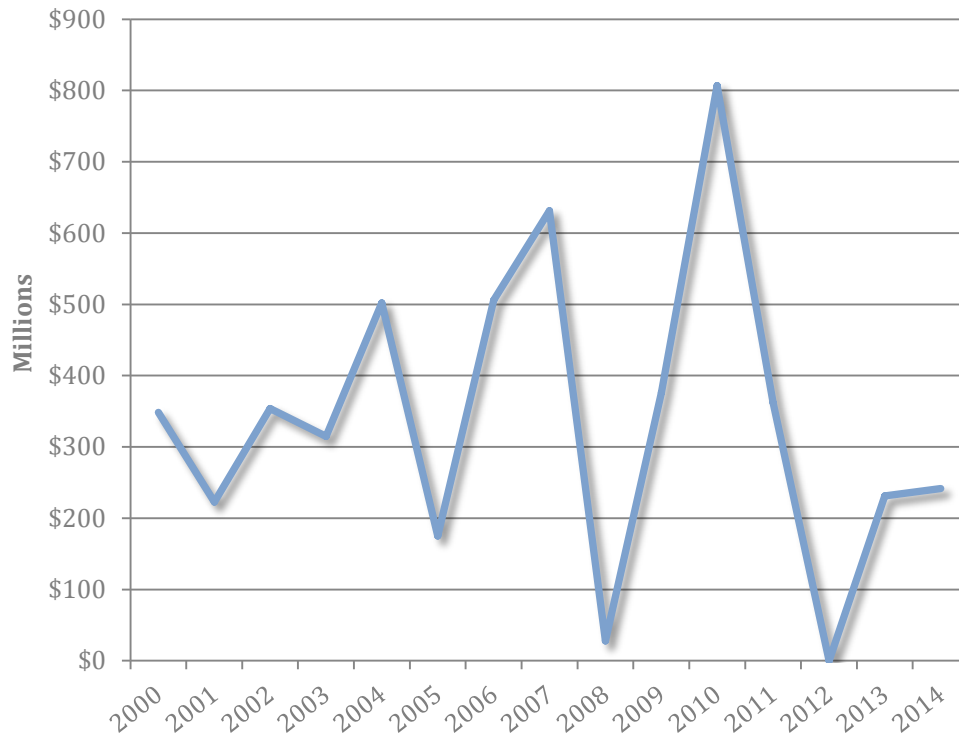
\$12,884,020,936

Total Debt Outstanding

\$3,893,905,000

GENERAL BOND AUTHORITY

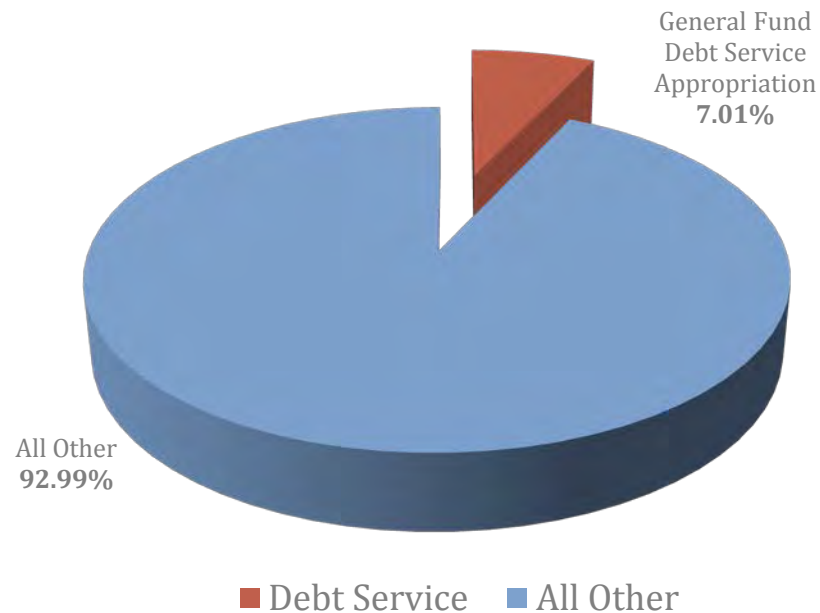
BY LEGISLATIVE SESSION



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

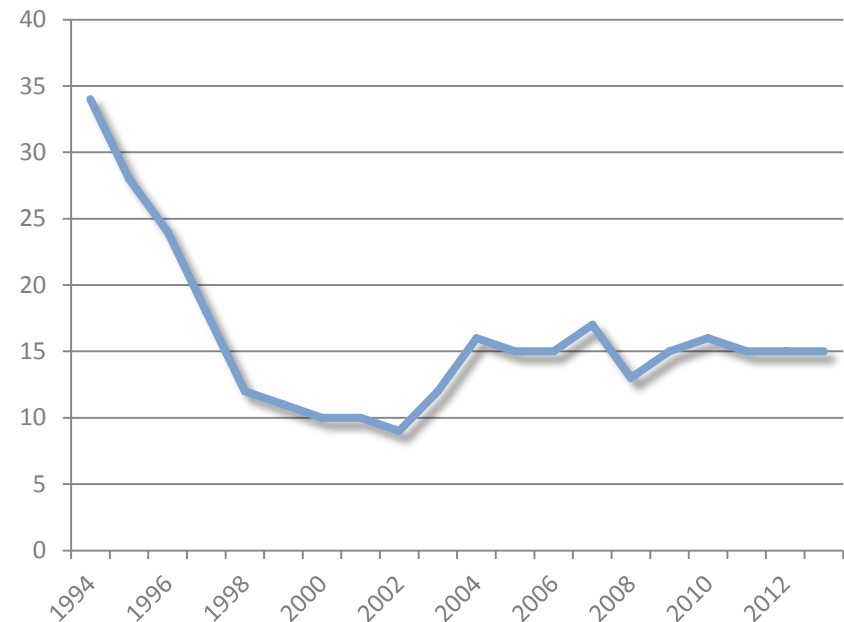
COMPARISON: FY 2015 vs. FY 2016

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

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