



City of

MEMPHIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

JIM STRICKLAND
MAYOR

FISCAL YEAR ENDING JUNE 30, 2023

City of
MEMPHIS

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023

City of Memphis

Tennessee

Jim Strickland

Mayor

PREPARED BY DIVISION OF FINANCE



Jim Strickland

December 29, 2023

Dear Fellow Memphians,

I am pleased to share with you the Fiscal Year 2023 Annual Comprehensive Financial Report. I am excited to report to you that the City of Memphis continues to make progress and gain ground, not only in our employment and tourism levels, but also in significant capital investments in every neighborhood across the City.

I would like to say thank you to the members of the Memphis City Council and our city employees for their hard work and diligent stewardship during my administration. Because of their commitment, our budget was balanced with growth, increased economic development, and all without a property tax increase or a decrease of services to our citizens. I want to thank the Finance Division for the culmination and presentation of this report.

During my administration we have maintained responsible budgets, held our capital spending within debt capacity limits, improved our bond rating, fully funded our annual pension funding requirements, and set the stage for our future generations to gain from our dedicated work, commitment, and sacrifice.

It has been my honor to serve as your mayor.

Sincerely,

Jim Strickland

INTRODUCTORY SECTION

CITY OF MEMPHIS

T E N N E S S E E

INTRODUCTORY
SECTION



December 29, 2023

To the Mayor, City Council, and Citizens of Memphis:

The Annual Comprehensive Financial Report (ACFR) of the City of Memphis (City) for the fiscal year ended June 30, 2023, is hereby submitted. In accordance with the Memphis City Charter requirement, the ACFR includes financial statements that have been audited by an independent certified public accounting firm. The financial statements are presented in conformity with the United States generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and have been audited in accordance with the United States generally accepted auditing standards. Additionally, the report is presented for compliance with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Office of Internal Audit supports the internal controls within the City by reviewing and assessing existing accounting and management controls, ascertaining compliance with existing plans, policies, and procedures, and ascertaining the reliability of accounting and other data developed within the City.

The City's financial statements have been audited by Banks, Finley, White and Co., licensed certified public accountants. Banks, Finley, White & Co. has issued an unmodified ("clean") opinion on the City's financial statements for the year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction and considered integral to the entire report.

Profile of the Government

The City of Memphis is a home rule city under State law and was incorporated in 1826. The present Charter was adopted in 1968 and provides for a Mayor-Council form of government. The Charter provides for the election of a mayor and thirteen council members. The City currently occupies a land area of approximately 315.06 square miles and serves an estimated population of 621,056. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

Under the provisions of the City Charter, the City Council makes the laws that govern the City. The Council is responsible for, among other things, approving the budget, setting the tax rate, and establishing other lawful taxes and fees necessary to secure sufficient revenue to fund the budget as approved. All administrative and executive duties concerning day-to-day operations of the City government are the duty and responsibility of the Mayor. Each of the various Divisions of the City government is managed by a Chief or Director who is appointed by the Mayor with the City Council's approval.

The City provides a full range of municipal services including public safety, culture/recreation, community development, solid waste management, public works, planning and zoning, sewers, utilities, transit, and general administrative services. This report includes the financial statements of the funds of the City and boards and authorities that provide City services and for which the City is financially accountable. "Financial Accountability" is the benchmark used to determine which organizations are considered parts of the primary government or represent component units of the primary government.

The City evaluates its financial reporting entity in accordance with GASB requirements to identify the various organizations as: (1) organizations which are part of the City's legal entity; (2) organizations that are legally separate and for which the City appoints a voting majority of the organization's governing body and the City is either able to impose its will or has the potential of receiving financial benefit or realizing a financial burden from the organization; and (3) organizations that are fiscally dependent on the City.

This report is inclusive of the Division of Memphis Light, Gas, and Water (MLGW). MLGW was created by an amendment to the City Charter by Chapter 381 of the Private Acts of the General Assembly of Tennessee, adopted March 9, 1939, as amended (the "Private Act"). MLGW operates three separate utilities, as Divisions, providing electricity and gas in the City and in Shelby County. Water service is provided by MLGW in the City, and together with other municipal systems, in Shelby County. Each division within MLGW operates as a separate entity for accounting and financial purposes in accordance with the Private Act. For economic reasons, activities common to all three Divisions are administered jointly and costs are prorated monthly among the Divisions. MLGW controls the administration of its activities and business affairs. It operates independently, manages its own finances, and is responsible for obligations incurred in such operations, including indebtedness payable from operations of the Division. MLGW also administers an independent pension and other post-employment benefits (OPEB) plan for the benefit of its employees, and does not in any way participate in the separately managed pension and OPEB plan of the City. MLGW must have the City Council's approval for its annual budget

and before incurring certain obligations, including purchasing real estate and exercising the right of eminent domain. MLGW is managed by a Board of Commissioners. The daily operations of MLGW are managed by the

President and Chief Executive Officer, who is nominated for a five-year term by the Mayor and approved by the City Council. Under the Private Act, the President generally supervises MLGW's operations and its officers and employees. As such, MLGW is audited and reported independently of the annual audit of the City. MLGW also operates on a calendar year basis, and such disclosure is made throughout this report to distinguish the timing and reporting components of the financial information provided. The City's Independent Auditors rely on the information provided under the audit opinion concluded by MLGW's Independent Auditors, and financial information for MLGW is presented without change or modification from its audited presentation.

The following organizations are component units of the City and as such are discretely presented (separated from the primary government) in the basic financial statements section of this report:

- Memphis Metropolitan Land Bank Authority (MMLBA) - formerly known as the Blight Authority of Memphis, Inc.
- Memphis Area Transit Authority (MATA)
- Renasant Convention Center (RCC)
- Memphis and Shelby County Airport Authority (MSCAA)
- Memphis Zoological Society (MZS)

Further explanations of the discretely presented component units and the reasons for their inclusion are provided in the notes to the financial statements.

The following entities are considered to be joint ventures of the City:

- Memphis and Shelby County Port Commission
- New Memphis Arena Public Building Authority of Memphis and Shelby County, Tennessee
- Sports Authority of Memphis and Shelby County Incorporated

These organizations also are further described in the notes to the financial statements.

The following related organizations and jointly governed organizations are excluded from the City's financial statements, as they do not meet the definition of financial accountability as defined by GASB:

- Memphis Housing Authority (*related organization*)
- Depot Redevelopment Corporation of Memphis and Shelby County

- Downtown Memphis Commission
- Economic Development Growth Engine (EDGE) for Memphis and Shelby County
- Industrial Development Board
- Memphis Center City Revenue Finance Corporation
- Memphis and Shelby County Parking Authority

Budget Process

The City administration annually prepares a plan of services for the upcoming fiscal year and the estimated cost of providing these services. This plan is reviewed by the City Council and is formally adopted by the passage of a budget ordinance prior to the end of the fiscal year. The ordinance provides for budgetary control at program levels (e.g., public safety) and by Division (e.g., police), and said budgets cannot be exceeded without the approval of the City Council. The Mayor has authority to approve transfers between categories (e.g., personnel, materials, and supplies) within maximum limits for each transfer and each program. Transfers between programs, however, require authorization by ordinance or resolution of the City Council.

The budgeting process for the coming year takes place before the completion of the annual reporting year. The Fiscal Year 2024 operating budget are available online on the City's website and also in printed form from the Comptroller.

The City has continued to adapt its business model to sustain not only mission critical services, but also the reporting transparency that provides the metrics that track quality, performance, productivity, innovation, and service delivery. The City's top priorities continues to focus on service to its community, and for the protection, safety, and well-being of its employees and citizens.

Economic Condition Assessment

The United States' economy had a mixed year in 2022, with modest economic growth and a healthy labor market overshadowed by historic price hikes. Inflation-adjusted gross domestic product (real GDP) fell by 1.6 percent and 0.6 percent, respectively, in the first two quarters of 2022, but rebounded by 2.9 percent in the third quarter.

Despite a volatile year, the US economy has surpassed worldwide counterparts since the beginning of the COVID-19 pandemic. However, significant economic issues, most notably rising prices and costs faced by

individuals and businesses, lie ahead. During the year, the inflation rate reached 9.1 percent, its highest level since 1981. The Federal Reserve has aggressively raised interest rates in reaction to increasing inflation. While interest rate changes will have minimal effect on supply-side issues, they will affect demand by raising the cost of borrowing money for large purchases. While inflation justifiably dominated headlines in 2022, the economy nevertheless had some bright spots. One such area is the labor market's sustained strength. The unemployment rate was near its lowest point since the Great Recession.

By June 2023, economic activity in five Federal Reserve districts showed moderate growth, while five reported no change. Consumer spending was mixed, with growth in consumer services. The tourism and travel industry thrived, while auto sales remained stable. Manufacturing activity increased in half of the districts, while transportation activity declined due to high inventory levels and labor shortages. Banking conditions were mainly at ease, and demand for residential real estate remained stable. Agricultural conditions were mixed, and energy activity dropped. Economic forecasts indicate a slowing economy.

The purpose of this report is to provide an assessment of the economic condition of the United States as a whole, the state of Tennessee, and the Memphis Metropolitan Statistical Area (MSA).

The National Economy

- Since the beginning of the pandemic, the course of inflation has been historically and objectively difficult to anticipate around the world. Uncertainty regarding the trajectory of the monetary policy rate and the varying impacts of inflation uncertainty on investment, consumption, and employment provide evidence that this rise in inflation uncertainty in the United States could be impeding growth and presenting difficulties for monetary policy.
- Rising interest rates, inflation, a potential recession, and pandemic-related shifts in work locations all have an impact on the health of commercial real estate (CRE) properties and bank loans. The office sector is the most affected, accounting for 15% of the \$21 trillion CRE market. The national office vacancy rate was 17%, with rates around 20% in hard-hit regions such as San Francisco, Austin, and Houston. Major office markets, particularly cities in the Eighth Federal Reserve District such as Memphis and St. Louis, are also impacted. The office market's weakness is partly due to an increase in remote work during the COVID-19 epidemic, which has resulted in reduced valuations, declining rents, and growing vacancy rates. The problems are also affecting surrounding housing and retail establishments that rely on office workers.
- Contractors gradually reverted their focus to worries about construction demand and labor availability as material cost pressures relaxed in 2022, as was normal prior to the COVID-19 pandemic. In 2023, the residential construction market experienced challenges due to increased borrowing rates. In contrast,

demand for nonresidential building construction, particularly industrial and healthcare facility development, remained strong in early 2023.

- The US economy remained resilient and strong in the second quarter of 2023. For the fourth consecutive quarter, real GDP expanded at a marginally faster rate than in the first quarter. Labor markets were tight, with solid payroll job growth and unemployment rates remaining around historically low levels. Labor supply increased, notably among prime-age (25-54) workers, but labor demand cooled slightly, despite high levels of job listings indicating that demand remained solid.
- The second quarter witnessed a notable surge in wage growth within the private sector, demonstrating resilience even when accounting for inflationary factors. The average hourly earnings experienced a notable increase of 4.7 percent on an annualized basis during the period from March to June 2023. This growth rate surpasses the gains observed prior to the pandemic, although it remains slightly lower than the exceptional rates achieved throughout the majority of 2022.
- In 2022, the labor market in the United States saw another year of recovery. Unemployment fell further early in the year before leveling off. In the fourth quarter, both the number of unemployed persons, at 5.9 million, and the unemployment rate, at 3.6 percent, were at pre-COVID-19 levels. The employment-population ratio increased year on year to 60.0 percent in the fourth quarter, although the labor force participation rate remained stable at 62.2 percent. Both indicators remained below pre-pandemic levels.
- Seasonally adjusted nonfarm business sector labor productivity climbed 5.2 percent in the third quarter of 2023, while production increased 6.1 percent and hours worked increased 0.9 percent. Labor productivity has improved at the fastest rate since the third quarter of 2020, when it climbed by 5.7 percent. Nonfarm business sector labor productivity improved 2.4 percent over the same quarter last year.

The Tennessee Economy

- From March 2022 to March 2023, employment increased in all six of Tennessee's large counties (Davidson, Williamson, Rutherford, Hamilton, Knox, and Shelby). Williamson County had the highest year-over-year increase in employment, at 4.7 percent, while Shelby County's over-the-year-increase was at 0.6 percent.
- Average weekly wages in all six major counties in Tennessee rose between the first quarters of 2022 and 2023. Shelby County experienced 7.1 percent average weekly gains from the first quarter of 2022 to the first quarter of 2023.
- Following the pandemic drop in 2020, Tennessee's economy rebounded, with 3,238,559 nonfarm jobs and an annual unemployment rate of 3.4 percent. The average annual employment in 2022 exceeded that of 2019 and surpassed the pre-pandemic level. The average annual unemployment rate in January 2022 was higher than the 3.4 percent rate in February 2019, however it fell to 3.4 percent by February 2022. Tennessee's labor force grew by 0.7% to 3,352,037 in 2022 as the state's economy continued to improve.

- Tennessee's seasonally adjusted unemployment rate in June 2023 was 3.2 percent, down from 4.4 percent in June 2021. The unemployment rate in the United States fell from 5.9 percent in June 2021 to 3.6 percent in June 2023.
- Concerns among Tennessee businesses about a labor shortage to fill open positions are a recurring characteristic of today's economy. A reasonable labor force enables businesses to sustainably increase productivity and expand as the economy grows. In June 2023, the Tennessee Department of Labor and Workforce Development's website advertised 4.3 jobs for every unemployed individual in the state. This represents a roughly 80% increase over 2022.
- In 2022, 141 million visitors spent \$28.9 billion in the Tennessee economy. Compared to the previous year, tourism spending grew by 19%, reaching approximately \$5 billion, and was 18% higher than levels seen before the pandemic. In 2022, the direct visitor spending impact of \$28.9 billion generated \$7.7 billion in labor income, 185,591 jobs, and \$2.9 billion in state and local tax revenues.

The Local Economy

The Memphis Metropolitan Statistical Area (MSA) is made up of eight counties: Shelby, Tipton, and Fayette in Tennessee; DeSoto, Marshall, Tate, and Tunica in Mississippi; and Crittenden in Arkansas. Memphis City accounts for approximately 48% of the Memphis MSA's population, while Shelby County accounts for approximately 70%.

Memphis is conveniently located within 600 miles of most the United States' major cities and commercial markets. The City is a major distribution hub due to its central location and access to the interstate, Mississippi River, railways, and international airport.

- Despite improving employee retention, employers continued to have difficulty attracting workers, particularly qualified ones. Wage pressures have dipped slightly. Consumer spending was relatively stable, while reports indicate a shift away from discretionary items and a decline in demand for large-ticket purchases that require financing. Residential real estate activity increased in June 2023, but commercial real estate conditions in non-premium office and retail locations deteriorated. The banking industry reported moderate decreases in loan demand as well as a compression of net interest margins. Agriculture conditions have moderately deteriorated, and contacts have expressed concern about commodity price declines while input costs remain high. The overall picture is still bleak, although it has improved marginally.
- In terms of tourism and local consumption, visitor spending in Shelby County increased by 16% from 2021 to 2022, compared to a 35% increase from 2020 to 2021. In terms of visitor spending in 2022, Shelby County placed second out of 95 counties in Tennessee. The top three industries in terms of direct spending by visitors were Food & Beverage (33%), Transportation (24%), and Lodging (17%).
- Banking conditions remain stable despite slowed lending activity. Loan volume fell slightly year on year, and small business funding has been slow due to increasing interest rates. Total deposit growth has been

- steadily increasing since the previous quarter, reducing net interest margins. Customer concerns about deposit protection remain low after the Silicon Valley Bank and Signature Bank collapse. Delinquency rates have grown toward pre-pandemic levels, but contacts remain optimistic about credit quality in the near term. Credit card usage has increased dramatically in recent months, bringing credit utilization to its highest level since 2019.
- The unemployment rate in the United States (3.8%) exceeded that in Tennessee (3.1%) as of August 2023, which ranked near the dead center among all 50 states. Memphis MSA unemployment reported for August 2023 remained above the national average at 4.4%.

Unemployment Rate (Seasonally Adjusted) 2022 - 2023

Region	August 2022	August 2023	Percent Change
Memphis MSA	4.6	4.4	-4.3%
TN	3.3	3.1	-6.1%
US	3.7	3.8	-2.7%

Source: U.S. Bureau of Labor Statistics – Civilian Labor Force Summary Tennessee

- The rise in house prices peaked in the second quarter of 2022. While home prices continued to rise, year-over-year price growth slowed in the next four quarters. Memphis' year-over-year house-price rise was lower than pre-pandemic levels by mid-2023 (4.9% in the second quarter of 2023 versus 6.7% in the first quarter of 2020).
- One of the first sectors of the economy to feel the effects of the Federal Reserve's decision to increase interest rates to combat inflation following the COVID-19 pandemic was the housing market. House price growth has halted, and inventories have marginally increased one and a half years after the Federal Reserve's first interest rate increase in March 2022. The construction of single-family homes and multifamily buildings is slowing down, which could keep driving up housing market prices.
- Although hikes in interest rates have calmed the housing market, the structural problems the industry was facing before the COVID-19 pandemic persist. Particularly when it comes to supply, there is still pressure on prices, even with higher mortgage rates. However, the building of single-family houses has also slowed because of rising loan rates.

Throughout 2022, the Memphis real estate market has declined. Total home sales fell 26.3% year over year from 2022 to 2023 (ending mid-September). The median sales price decreased by 4.8%, while the average sales price increased by 1.6%.

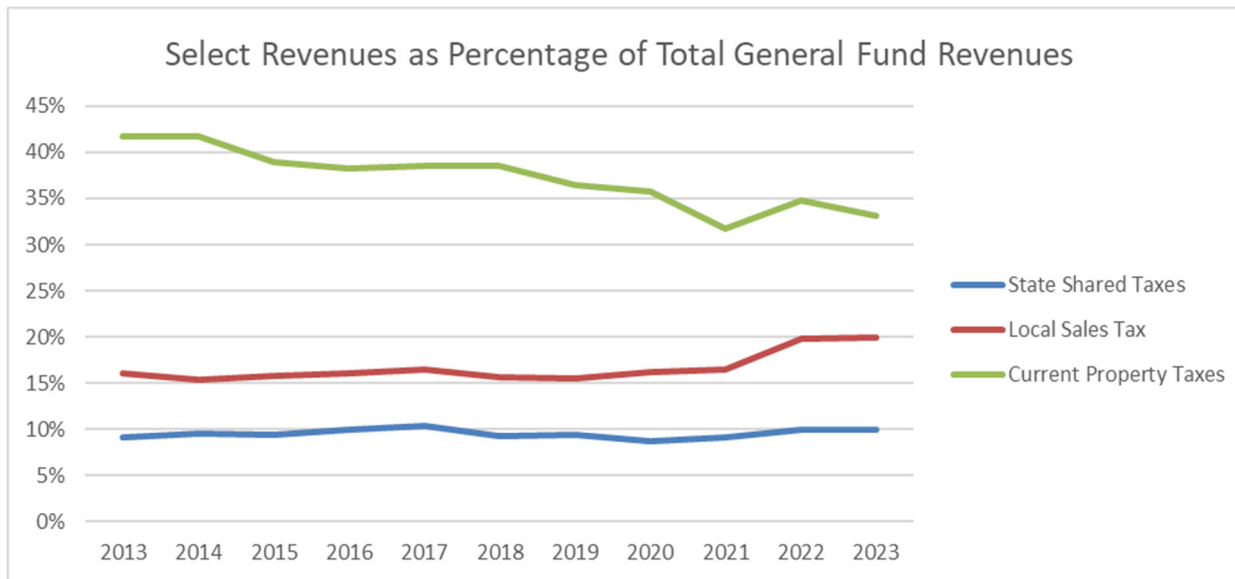
Home Sales in Memphis, Comparative September 2022 -2023

	FY 2022	FY 2023	Percent Change
Home Sales	16,002	11,800	-26.3%
Median Sales Price	\$ 230,000	\$ 220,000	-4.8%
Average Sales Price	\$ 266,021	\$ 270,323	1.6%
Active Listings	2,935	3,542	-17.1%

Source: Memphis Area Association of Realtors – Memphis Area Homes Sales Report September 2022 & 2023

General Fund Information

General Fund Revenues



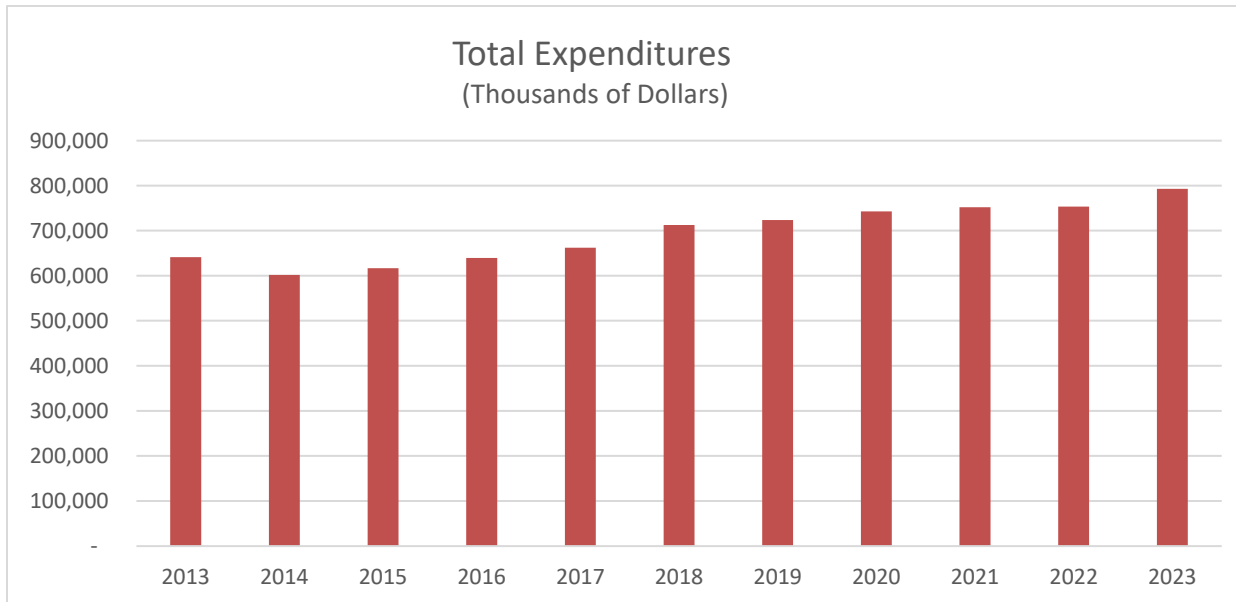
While the chart above depicts the three primary sources of general fund revenues, the chart must be considered in context of the impact of the unique revenue funding related to COVID-19 relief funding for Fiscal Year 2020 and 2021. For comparison, the FY21 included \$75m of CARES-attributed revenues, so even though current property tax decreased \$2m (less than 1%) year over year; as a percentage of total revenues, the decrease was more pronounced at 4%. FY22 revenues also included approximately \$12m of revenues transferred in from the Sales Tax Referendum Fund to accommodate the offset of healthcare premiums for public safety personnel. While other revenue sources are returning to pre-pandemic levels, FY23 revenues are highlighted by the continued growth of sales tax. Local Option Sales Tax at \$159.5m represents an \$8.4m increase over FY22. State Sales Tax at \$75m represents a \$3m year-over-year increase. Local Option Sales Tax from the 2019 Sales Tax Referendum also contributed to the increased revenue over FY22 with an additional \$14.4m infusion into the General Fund to help offset street maintenance expenditures.

Notable trends for the last five years include the following:

- In 2019, general fund revenues increased by \$17 million, attributable to increases in FEMA and TEMA reimbursements of \$10 million and local sales taxes for \$4 million. Current property tax revenues decreased year over year from 39% to 36%.
- In 2020, property tax revenues remained steady at 36%, compared to 2019. General Fund revenues increased by \$14 million, primarily due to Federal Grants in response to the pandemic.
- In 2021, current property tax revenues decreased slightly. General Fund revenues increased by \$91 million, primarily due to Federal Grants in continued response to the pandemic coupled with an increase in sales tax. Local Sales Tax increased \$16m from FY20 to FY21.
- While Total Property Taxes remained basically flat year over year for Fiscal Year 2022, Current Property Taxes experienced a \$5m increase. Fiscal Year 2022 saw another significant increase in sales tax income. Local Option Sales Tax FY22 revenue increased \$16.5m or 12% over FY21. State Shared Taxes also experienced an increase over the prior year of \$4.4m or 6.6%. The continued growth is attributed to the increased activity as a result of the federal stimulus circulated through the economy.
- In Fiscal Year 2023 several revenue line items returned to pre-pandemic levels, while Local Option Sales Tax maintained stimulated levels. FY23 Local Option Sales Tax and the State Shared Sales Tax again contributed to the largest contributions year over year. It is anticipated that FY24 will see a normalization of sales tax activity, especially as fear of a recession is fueled by the increase in interest rates. The Tennessee State Funding Board adopted a modest growth range for general fund collections to fall between a -0.5% to +0.5% for the FY2024-2025 budget. Tennessee's revenue has grown from \$17.4 billion to \$24.7 billion, but revenue is expected to dip as COVID relief funds expire, significant cuts to the business tax have slowed franchise and excise tax collections, and internet sales tax collections have leveled off. Memphis is anticipating a similar economic environment. On an up note, the Interest on Investments rebounded significantly over FY22 with a \$11m increase to the General Fund.

General Fund Expenditures

The following chart shows the General Fund Expenditure trends from fiscal year 2013 through 2023.



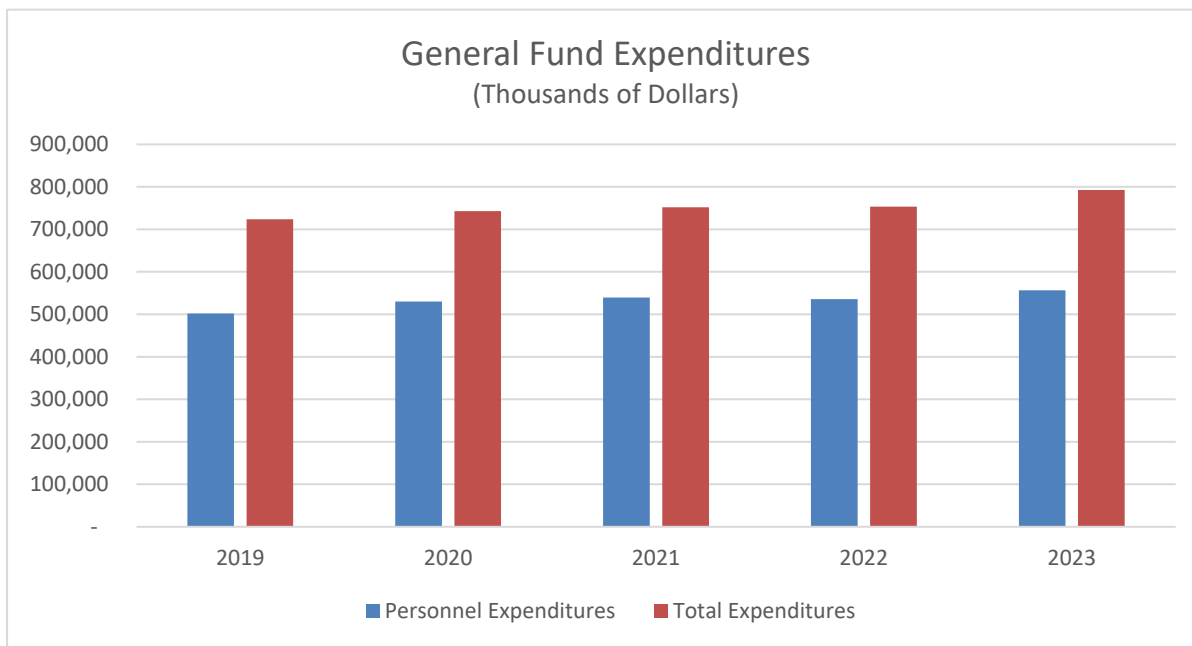
With 70% of the City’s expense budget dedicated to personnel expenditures for the provision of city services; employment, healthcare, and retirement costs are a constant source of concern. For retirement costs, Tennessee state law required the City to progressively increase the funding percentages of the Actuarially Determined Contribution (ADC) for employer retirement contributions for the fiscal years 2015 – 2019, with a 100% ADC funding achieved for fiscal year 2020. Contributions for meeting the ADC continues to be a significant and material component of personnel cost.

Notable trends for the last five years are as follows:

- In Fiscal Year 2019, total expenditures increased by only 1.9%. This slight change was due to the increase in personnel services mainly for the Police Division, totaling \$5.6 million increase. Total personnel expenditures increased 3.9% overall among the City’s general fund divisions.
- In Fiscal Year 2020, total expenditures increased by 2.7%. This change was due to an increase in personnel services for Fire and Police Divisions, totaling \$15.3 million. FY20 personnel expenditures also

- included Hazard Pay for First Responders under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Overall, personnel expenditures increased by 5.7%.
- In Fiscal Year 2021, total expenditures increased by 1.3%. This change was primarily due to an increase in personnel services (salaries) for the Fire Division totaling \$8.1 million. Overall, personnel expenditures increase by 1.8%. FY21 personnel expenditures also included additional Hazard Pay for First Responders under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). FY21 material and supplies expenditures were slightly offset in part by funding provided by the CARES Act.
- Significant changes. The Materials and Supplies category experienced a \$28.5 million dollar increase. Those increases were attributed to the rising cost of fuel and the impact of supply chain challenges and raw material cost increases as a result of the pandemic. The Grants and Subsidies category experienced a \$23.4 million dollar decrease year over year as the City adjusted from the FY21 distribution of CARES relief funds.
- As FY22 faced an increase in crime, recruiting and retaining quality police officers and firefighters is critical to the City's ability to provide effective public safety. Due to the current environment and nationwide competition, the City has committed to progressively increasing the salaries of first responders.
- FY23 continued to experience impacts related to supply chain challenges following the pandemic. Correlated to these events, is the large, double digit price increases associated with Producer Price Index categories like Freight Trucking and Express delivery services.

The Chart below depicts the comparison of personnel cost to total expenditures for the last five years.



Recent Developments

In 2021 the City of Memphis issued \$200 million in bonds to fund this catalytic initiative. Initiation of the Accelerate Memphis project development efforts began in FY 2022. This issue of social bonds (the first in Tennessee) was intended to facilitate community projects that will “accelerate” the growth of the City by improving quality of life, driving equity and inclusion, improving connectivity, and addressing deferred maintenance and other improvements that are far beyond any single year capital budget. As a result of a debt restructure in 2015, the City is poised to experience a dramatic drop in its debt service in 2027. The Accelerate Memphis initiative was developed to take advantage of that decrease, and to immediately and timely execute on \$200 million of one-time transformative capital improvement across all districts of the City. The majority of projects are scheduled to be completed by the end of the 2023 calendar year, with the remaining to be completed in calendar year 2024.

The receipt of Federal fundings from American Rescue Plan Act (ARPA) allowed the City to coordinate the Accelerate Memphis initiatives and the annual Capital Improvement Program (CIP) with ARPA one-time funding to leverage the impact of resources across the City.

The Accelerate Memphis program was developed into three primary targets:

\$75 million was allocated to activating the adopted Comprehensive Plan for the City, Memphis 3.0. Memphis 3.0 provides the road map for where and how to invest in communities to drive growth within the core of the City. There are 15 projects identified, 0 completed, 15 in progress, and \$6.3 million had been expended on these projects as of the end of the fiscal year 2023.

\$75 million was allocated to improving the park assets throughout the City. The City has millions in assets including 150 parks of all sizes, 30 community and senior centers, 17 pools, 7 golf courses, 81 playgrounds, 48 basketball courts, 80 tennis courts, and four dog parks. The execution is intended to provide much needed updates, additions, deferred maintenance, and improvements to these amenities throughout the City. There are 28 projects identified, 1 completed, and 27 in progress. More than \$40.6 million had been expended on these projects as of the end of FY23.

\$50 million was allocated to revitalizing Citywide assets. Regardless of the neighborhoods in which Memphians live, there are common assets that are enjoyed. Many are progressing through their life cycle to critical point at which major repairs or renovations are necessary to maintain their usefulness and vibrancy. As of the end of FY23, there were 6 projects in progress and approximately \$22.1 million had been spent toward those initiatives.

In addition to the extensive projects to be addressed through the Accelerate Memphis Project, there are other major initiatives throughout the City that are designed to leverage or complement ARPA federal funding and to catalyze private investment.

American Snuff Project – a \$200 million project in the Uptown District, that includes 550 apartments, 50 single-family homes, a riverwalk and park area, and planned retail and office space.

South City - \$200 million investment project with 712 mixed-income apartments amid the resurgence of the area.

Northside Renaissance - \$72 million investment and adaptive reuse of Northside High School, a vacant school building in the Klondike-Smokey City neighborhood. The proposed redevelopment will transform the 270,000 SF building into a community hub that will house numerous organizations providing technical skills training, comprehensive health care services, work-force development, along with performing and visual arts programming. Expected completion in 2024.

St. Jude Children’s Research Hospital – \$2 billion capital investment in patient and research facilities.

The Medical District is home to many of Memphis' premier medical facilities. Methodist University Hospital recently completed a \$275 million expansion and LeBonheur Children's Hospital is undergoing a \$94.5 million expansion to its building. UTHSC undergoing a \$45 million expansion to its school of Dentistry. Complementing these investments are multi-family developments like the Rise Apartments and Orleans Station, as well as the \$73 million renovation of a former bread factory as the HQ for Orion Credit Union.

Blue Oval City – Ford Hub - In Feb. 2022, The Megasite Authority of West Tennessee board of directors approved a 30-year lease with the State of Tennessee and Ford Motor Co. for the Blue Oval City project. Ford and South Korean firm SK Innovation announced in Sep. 2021, plans to invest \$5.6 billion at the state-owned, 4,100-acre Megasite of West Tennessee. A 3,600-acre campus in Stanton, northeast of Memphis, will hold a battery manufacturing plant, supplier park, and Ford assembly plant to produce the company's F-series all-electric trucks.

Memphis International Airport – Completed in 2022 a \$245 million modernization of Concourse B. Continued expansion estimated at \$193 million impact is expected in FY24.

Liberty Park - \$69 million Memphis Sports and Events Center opened in December 2022. Negotiations continued in 2023 for other economic developments that will complement the Park and surrounding areas.

Leftwich Tennis Center – this \$30 million project is the largest tennis facility within hundreds of miles, with 24 outdoor and 12 indoor courts — replacing the current facility of eight outdoor and four indoor courts. The new Leftwich is well positioned to host United States Tennis Association regional and national tournaments, bringing visitors to Memphis year-round. It is also a competitive host site for national, regional, and conference-level collegiate tournaments hosted by the University of Memphis. The facility opened in November 2023.

Tom Lee Park – \$61 million of improvements to Tom Lee Park, a park that sits on the Mississippi Riverfront, in Downtown Memphis. The revitalized and reimagined Tom Lee Park hosted the Memphis Music Fest and International Barbeque Contest in the summer of 2023 and officially reopened on Labor Day 2023.

Brooks Museum – the \$150 million, 112,000 square foot new Brooks will be a world-class museum and a great addition to the Memphis skyline. The \$20 million investment by the City of Memphis will be matched by \$120 million of philanthropic giving and grants to fund the publicly owned art museum. The estimated completion for construction at the new Brooks Museum is 2026.

Long-term Financial Planning

The Fiscal Year 2023 Operating Budget was developed with continued priority with the goal of maintaining financial stability while continuing to address current financial issues. The City continues to closely monitor operating expenditures and revenue sources while strategically funding its projects to place emphasis on its essential priorities: to create safe and vibrant neighborhoods, grow prosperity and opportunity for its citizens, invest in the youth of the City, advance a culture of excellence in government, and provide good fiscal stewardship of the City's assets.

This careful consideration and elements related to the pandemic, federal funding, and budget adherence, created a final accounting that ultimately added \$67 million to the total General Fund balance in FY21, \$10 million in FY22, and \$6 million in FY23.

During this unprecedented environment, the City was able to navigate the pandemic without loss to City livelihoods or temporary layoffs, without an increase to the property tax rate, while strategically planning and implementing targeted raises to the first responders of the City.

Specific revenue sources were materially negatively impacted by the pandemic; the Downtown Tourism Development Zone (Downtown TDZ) and the Hotel/Motel Tax among them. However, as of the end of FY23, tourism had rebounded to reflect pre-COVID Levels.

As the City focuses on reprioritizing and economizing its Operating Budget, it is also continually planning for the future and developing a means of continued growth to its economy through strategic and visionary capital investments.

Based on the anticipated decrease in debt service requirements, the City is in the process of creating its first Long Range Strategic Plan for its Capital Improvement Program (CIP). This plan is intended to take the development beyond the normal five-year planning and reporting process and to provide a broader range outlook for the capital assets of the City.

The goal in the years ahead will be to continue to evaluate the operating and CIP service delivery model to ensure the most efficient and effective service possible and direct all savings to priority obligations and the enhancement of core services while leveraging all revenue sources.

Major Initiatives

Considerations for Fiscal Year 2023 and 2024 budgets were planned with intentional use of resources to promote public safety recruitment and to provide incentives for continued employment through the use of

bonuses. Additionally, the resources are designed to promote retention and lessen impacts both to complement and excessive occurrence of overtime while allowing for the strategic planning for salary increases for police and fire.

In 2019, the voters of the City of Memphis Tennessee approved an ordinance to increase the sales and use tax in the City of Memphis by 0.5%, from 2.25% to 2.75%. The 2019 Sales Tax Referendum provided directed proceeds that are first be used to restore and maintain the health care benefits for Public Safety employees (employees and pre-65 retirees of the Memphis Police Services and Fire Services Divisions) to the levels in effect as of July 1, 2014, and to restore and maintain the pension benefits of said employees hired prior to July 1, 2016, to the levels specified in the 1978 City of Memphis Pension Plan. Any remaining proceeds were designated for use for street maintenance and/or pre-kindergarten education.

Due to the increase in sales tax revenues, the 2019 Sales Tax Referendum Fund proceeds surpassed budget expectations and provided the opportunity for utilization of revenues to provide budget relief in the General Fund, Capital Improvement Fund, and the Pre-K Fund.

In addition to the annual operating budget, the City also adopts a Capital Improvement Program (CIP) that is a multi-year plan for capital expenditures to replace and expand the City's infrastructure, vehicles, and equipment. The program is updated annually to reflect the latest priorities, updated cost estimates and available revenue sources. Various sources of revenue include general obligation bonds, federal grants, state grants, user fees, transfers in from other funds, and private funds. Projects are reviewed based on need, impact on the area, quality of life in our neighborhoods, and the general economic climate of the City.

The City's planned CIP spending of \$245.5 million aligns with current priorities that are focused on projects that enhance the City's economic development strategy, leverage federal or private funding, projects that maintain existing facilities, and projects mandated by law.

- The General Obligation Bond Capital Improvement Program funding for fiscal year 2024 is \$95.9 million.
- The Capital Pay Go Capital Improvement Program funding for fiscal year 2023 is \$0.5 million.
- The Enterprise Funds Capital Improvement Program funding for fiscal year 2023 is \$149.1 million.

Highlights of the CIP budget plan for 2024-2028 are as follows:

- \$18.2 million for Memphis Parks maintenance and initiatives, including \$5 million for the Audubon Golf Course Redesign and an additional \$5 million for the New Lester Community Center.

- In Police Services, \$8 million is dedicated to upgrading of Police Capital Equipment, including body worn cameras, non-lethal deterrent devices, and accompanying software support.
- In the Public Works Division, \$17.3 million in funding is provided to pave streets, including ADA ramp improvements and several road projects.
- The Sewer Fund includes \$108.5 million in planned Revenue Bond issuance.
- The Storm Water Fund includes \$40.6 million in planned Revenue Bond issuance for Fiscal Year 2024.

Capital Planning Process

The Finance Division provides financing strategies to assist in developing a plan to fund the capital improvement needs of the City. One element of this strategy includes an annual comprehensive review and assessment of the City's CIP to ensure the coordination and alignment of the City's planning initiatives, financial capacity, and environmental/physical development. The City's CIP has a budget which includes a spending plan for the upcoming year and a plan for capital expenditures that extend up to four (4) years and beyond. The success of the capital improvement program depends on the broad participation, cooperation, and coordination of the City's Divisions, joint ventures, and jointly governed organizations. The CIP is linked to, impacts, and is impacted by the City's operating budget.

The benefits of a successfully managed CIP strategy include preservation of capital assets, improvement of infrastructure, coordination of capital needs and operating budgets, stabilization of debt costs and maintenance and/or improvement of the City's bond rating.

The CIP planning development includes the following processes:

- Identification and determination status of previously approved projects and funding sources for each project.
- Evaluation of the merits of the Division requests for CIP projects and equipment.
- Establishment of a priority list of capital need projects and a timeline for completion.
- Creation of a CIP funding plan that designates a revenue source/method of financing for each proposed project.
- Submission of a CIP funding plan to the Mayor and City Council to include in next year's capital budget and capital expenditure plan for the next four (4) years.

As part of the evaluation of capital improvement projects, the City employs both quantitative and qualitative analysis.

The City is also in the process of creating a Long-Range Strategic Plan for CIP initiatives. The objective is to provide future administrations a benchmark for expenditures required and/or needed to maintain and promote the City's continued progress and growth for prolonged consideration.

Capital Expenditure Analysis

The reviews of CIP are undertaken to ensure that all major capital expenditures are not only necessary and appropriate but also fall into categories that include, but are not limited to:

- Critical Maintenance
- Major Development/New Construction Initiatives
- Infrastructure
- Vehicle and Equipment Acquisition

Capital Improvement Projects are also prioritized and coordinated with the plans of other public entities to maximize the leveraging of resources with other major projects being developed in both the public and private sectors.

Acknowledgments

The preparation of this report could not have been accomplished without the dedicated efforts of the staff of the City's Finance Division and the City's independent public accountants, Banks, Finley, White & Co., CPAs. The City wishes to express its appreciation, with special thanks to Accounting Managers, LaTonya Gray, Sandra Brodnax-Taylor, and Kametris Wyatt for their invaluable contributions to the completion of this audit and report.

Respectfully submitted,



Shirley Ford
Chief Financial Officer



Walter Person
Deputy CFO



Joel Philhours
Comptroller

CITY OF MEMPHIS, TENNESSEE

CITY OFFICIALS

Jim Strickland, Mayor

CITY COUNCIL

Martavius Jones, Chairman (District 8-3)

J. Ford Canale	District 9-2	Worth Morgan	District 5
Chase Carlisle	District 9-1	Patrice Robinson	District 3
Frank Colvett, Jr.	District 2	JB Smiley, Jr.	District 8-1
Edmund Ford, Sr.	District 6	Michalyn Easter- Thomas	District 7
Cheyenne Johnson	District 8-2	Dr. Jeff Warren	District 9-3
Rhonda Logan	District 1	Jana Swearengen-Washington	District 4

COURTS

Myron Lowery	City Court Clerk
Carolyn Watkins	City Court Judge - Division 1
Tarik B. Sugarmon	City Court Judge - Division 2 (Administrative Judge)
Jayne R. Chandler	City Court Judge - Division 3

ADMINISTRATIVE

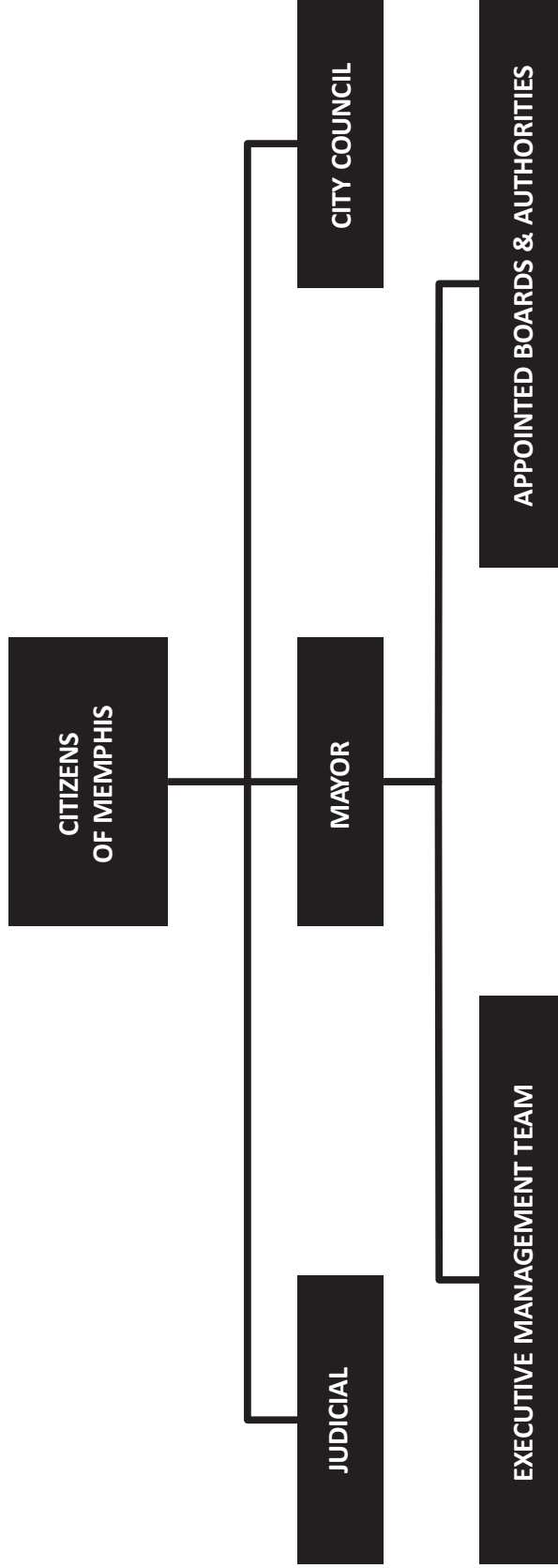
Cerelyn J. Davis	Chief of Police
Michael Fletcher	Interim Chief Legal Officer
Shirley Ford	Chief Financial Officer
Allison Fouche	Chief Communications Officer
Fonda Fouche	Chief Human Resources Officer
Maria Fuhrmann	Chief of Staff
Chandell Ryan	Chief Operating Officer
Gina Sweat	Chief of Fire Services
Antonio Adams	Director, General Services
Debbie Banks	Director, Internal Audit
Manny Belen	Director, City Engineering
Ashley Cash	Director, Housing and Community Development
Phillip Davis	Director, Solid Waste
Wendy Harris	Director, Information Technology
Robert Knecht	Director, Public Works
Nick Walker	Director, Parks & Neighborhoods
John Zeanah	Director, Office of Planning and Development
Walter Person	Deputy CFO, Interim Comptroller
Doug McGowen	President, Memphis Light, Gas and Water Division



City of Memphis, Tennessee

ORGANIZATION CHART

Primary Government and Discretely Presented Component Units



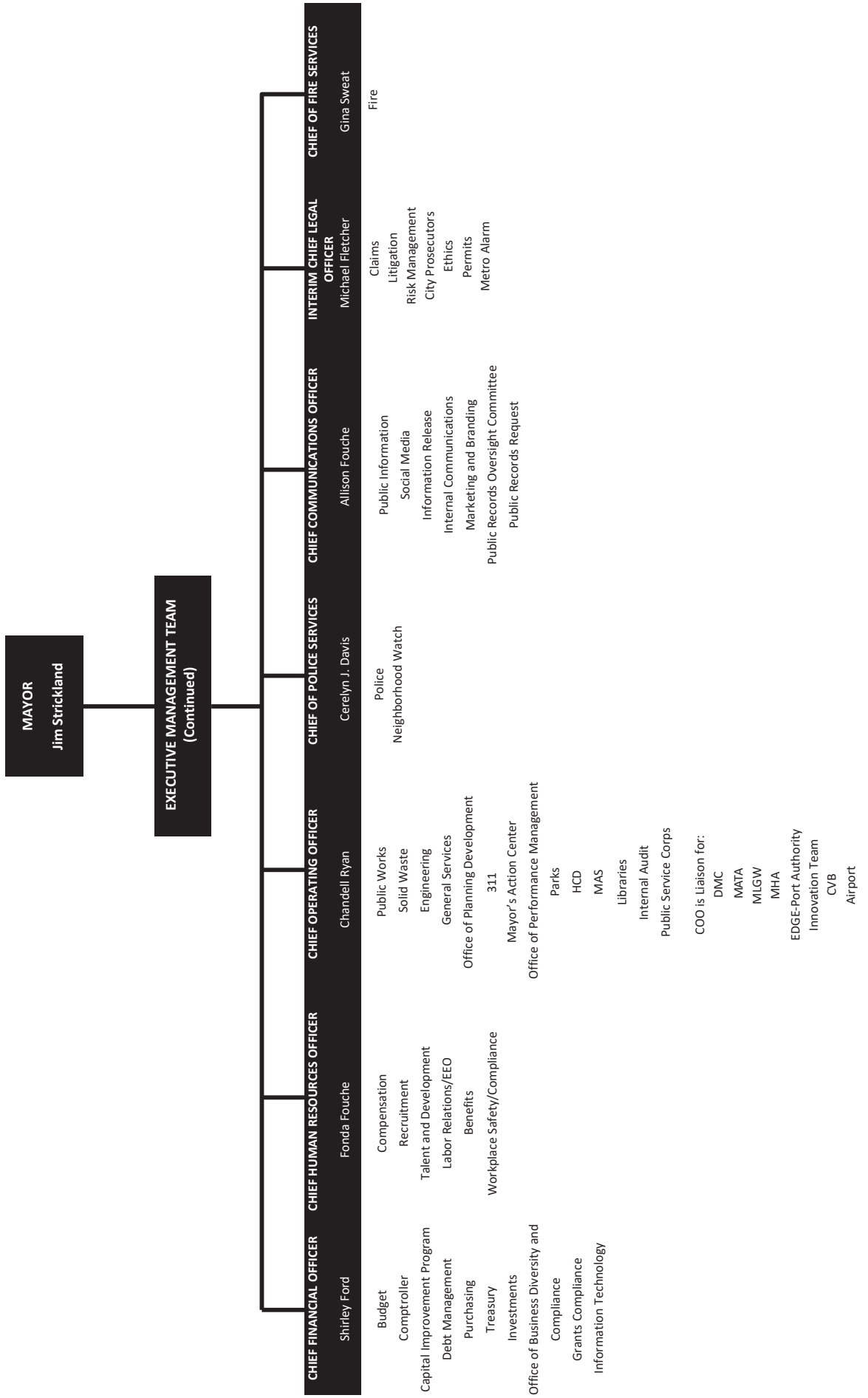
- Memphis Area Transit Authority
- Memphis Light, Gas and Water
- Memphis-Shelby County Airport Authority
- Memphis Light, Gas and Water Retirement and Pension System
- Memphis Metropolitan Land Bank Authority

(1) Appointed boards and authorities for Memphis Area Transit Authority and Memphis-Shelby County Airport Authority are legally separate from the primary government. These component units are discretely reported in a separate column in the combined financial statements to distinguish them from the primary government. Memphis Light, Gas and Water and Memphis Light, Gas and Water Retirement and Pension System are reported as part of the primary government. Certain other boards and commissions not listed above do not meet the definition of component units as presented in GASB Statement 61. These entities are further explained as related organizations, jointly governed organizations, and joint ventures in the Letter of Transmittal and Note 1 of the notes to the financial statements.

City of Memphis, Tennessee

ORGANIZATION CHART

Primary Government and Discretely Presented Component Units (continued)





CITY OF MEMPHIS

T E N N E S S E E

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Memphis, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the statement of revenues and other sources and expenditures and other uses on the basis of budgeting for the general fund, and the aggregate remaining fund information of the City of Memphis, Tennessee (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the statement of revenues and other sources and expenditures and other uses on the basis of budgeting for the general fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Memphis-Shelby County Airport Authority, Memphis Zoological Society, Memphis Metropolitan Land Bank Authority, and Renasant Convention Center, which represent 90%, 1.1%, 0.1%, and 3%, respectively, of the assets, net position, and revenues of the aggregately discretely presented component units. We did not audit the financial statements of the Electric, Gas and Water Divisions of Memphis Light, Gas and Water Division, a major proprietary fund. The Electric, Gas and Water Divisions of Memphis Light, Gas and Water Division represents 42%, 17% and 13%, respectively, of the assets, net position and revenues of the business-type activities of the primary government. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units and the business-type activities of the primary government, is based solely on the report of the other auditors.





Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.



Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 29-45, the *Schedule of Changes in Net OPEB Liability*, *Schedule of Contributions Under GASB 74 and GASB 75*, *Schedule of Changes in Net Pension Liability-City Retirement System*, *Schedule of Contributions-City Retirement System*, *Schedule of Changes in Net Pension Liability-Library Retirement System*, *Schedule of Contributions-Library Retirement System* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative*



Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Memphis, Tennessee
December 31, 2023

Management's Discussion and Analysis

As management of the City of Memphis, Tennessee (the City), the City offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the detailed financial statement disclosures and the additional information that is furnished in the letter of transmittal and notes to the financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The primary government's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$2,625,975 (net position). Total government-wide net position increased by \$441,232 20.2% in fiscal year 2023.
- At June 30, 2023, the City's governmental activities reported ending net position of a negative \$152,376 compared to a negative \$352,376 as restated from the prior year. The governmental activities change in net position for fiscal year 2023 was an increase of \$199,966, or 56.8% from prior year's beginning balance as restated.
- The City's business-type activities reported a June 30, 2023 ending net position of \$2,536,910 an increase of \$241,441 or 9.5% from prior year beginning balance as restated.
- At June 30, 2023, the fund balance for the general fund was \$214,625 a \$6,702 or 3.2% increase from prior year's balance. The unassigned portion, comprising 53.3% of the total general fund balance at fiscal year-end was \$114,476 a \$5,902 or 5.4% increase over the prior year.
- The City's total general obligation, other debt, and revenue bond debt increased by \$37,768 or 2.04% during the current fiscal year for governmental activities and increased \$154,703 or 12% for the business-type activities.
- The City's total liabilities of \$5,155,493 which include, among other items, pension, and other post-employment benefits liabilities, increased 265,666 or 5.4% from prior year total liabilities of \$4,889,827.
- Deferred outflows increased from \$607,885 to \$626,113 for a change of \$18,228 or 3.0%. The year over year change is primarily attributable to changes in actuarial assumptions for pension.
- Deferred Inflows decreased from \$1,518,308 to \$1,111,926 for a decrease of \$406,382 or 26.8%. As with deferred outflows, year over year changes are primarily attributable to changes in actuarial assumptions. For the fiscal year ended June 30, 2023, deferred inflows, and outflows of projected and actual investment earnings for both the pension and other post-employment benefits were aggregated and reported as either a net deferred inflow or net deferred outflow as applicable.

More detailed analysis is provided in the discussion related to the specific categories.

Overview of the Financial Statements

This discussion and analysis document is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information to provide greater detail of data presented in the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities and deferred outflows of resources and deferred inflows of resources. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or worsening.

The statement of activities presents information showing how the City's net position changed during the year ended June 30, 2023. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, community services, transportation, and environment. The business-type activities of the City include the operations of the regional sewer collection and treatment facilities, the distribution of electricity, gas and water, and the operation of the storm water system.

The government-wide financial statements include not only the City itself (the primary government), but also the Memphis Area Transit Authority, the Renasant Convention Center, the Memphis Shelby County Airport Authority, Blight Authority of Memphis, Inc., and the Memphis Zoological Society, each of which is a legally separate entity for which the City is financially accountable. Financial information for these component units is reported separately from the financial

information presented for the primary government itself. The component unit column in the government-wide financial statements includes the financial data of the City's component units. Component Units are reported in separate columns in a combining statement in the basic statements after the fund financial statements to emphasize that they are legally separate from the City. The audits of the component units are performed and reported independently of the annual audit of the City. The City's Independent Auditors rely on the information provided under the audit opinion concluded by the individual component unit's Independent Auditors; therefore, the financial information for the component units is presented throughout this report without change or modification.

The government-wide financial statements are presented as Exhibits A-1 and A-2; component unit financial statements are presented as Exhibits A-14 and A-15.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

In fiscal year 2023, the City maintained 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for its four major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements (Exhibits B-1 and B-2).

The City adopts an annual appropriated budget for its general, special revenue, and debt service funds. Budgetary comparison statements are provided to demonstrate compliance with this budget. There are exceptions for grant funded categories, Miscellaneous Grants and the Community Development Fund in which expenditures are limited to the amount of grants received and the allowable expenditures in accordance with the grant agreement; and Funds in which no monies were budgeted for the fiscal year.

The basic governmental fund financial statements, including reconciliation to the government-wide Statement of Net Position and Statement of Activities, are presented as Exhibits A-3 through A-8.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer collection and treatment facilities, the distribution of electricity, gas and water, and operation of the storm water system. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance for health benefits (Health Insurance Fund), self-insurance for unemployment benefits (Unemployment Compensation Fund), and operations and maintenance of City vehicles (Fleet Management Fund). Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer collection and treatment facilities and the distribution of electricity, gas, and water, both of which are major funds of the City; and operations of the storm water system, a non-major fund. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements.

The basic proprietary fund financial statements are presented as Exhibits A-9 through A-11.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The actuarially determined net pension obligation and the net other postemployment benefit (OPEB) liability are reported in the government-wide statement of net position as governmental activities.

The basic fiduciary fund financial statements are presented as Exhibits A-12 and A-13.

Notes to the Financial Statements

The notes which follow Exhibits A-1 through A-15, provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees is included in the notes to the financial statements.

Combining and Individual Fund Statements and Schedules

Combining schedules provides details about nonmajor governmental funds and internal service funds referred to earlier. Individual fund statements provide greater detail. Combining and individual fund statements and schedules are presented as Exhibits B through F.

Government-wide Financial Analysis

As noted above, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,625,975 at June 30, 2023.

Condensed Statement of Net Position

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 1,374,147	1,490,091	1,642,637	1,483,334	3,016,784	2,973,425
Capital assets	2,178,785	2,074,828	3,071,711	2,936,565	5,250,496	5,011,393
Total assets	<u>3,552,932</u>	<u>3,564,919</u>	<u>4,714,348</u>	<u>4,419,899</u>	<u>8,267,280</u>	<u>7,984,818</u>
Deferred outflows of resources	451,218	494,683	174,897	113,202	626,115	607,885
Long-term liabilities outstanding	2,965,892	2,768,964	1,355,120	1,346,149	4,321,012	4,115,113
Other liabilities	445,773	429,456	388,708	345,258	834,481	774,714
Total liabilities	<u>3,411,665</u>	<u>3,198,420</u>	<u>1,743,828</u>	<u>1,691,407</u>	<u>5,155,493</u>	<u>4,889,827</u>
Deferred inflows of resources	744,861	1,213,524	367,066	304,784	1,111,927	1,518,308
Net positions:						
Net investment in capital assets	1,801,003	1,388,684	1,921,262	1,761,334	3,722,265	3,150,018
Restricted	485,032	532,460	132,780	149,160	617,812	681,620
Unrestricted	<u>(2,438,411)</u>	<u>(2,273,486)</u>	<u>724,309</u>	<u>626,416</u>	<u>(1,714,102)</u>	<u>(1,647,070)</u>
Total net position as restated	<u>\$ (152,376)</u>	<u>(352,342)</u>	<u>2,778,351</u>	<u>2,536,910</u>	<u>2,625,975</u>	<u>2,184,568</u>

The portion of the City's net position that reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related outstanding debt used to acquire those assets is \$3,722,265.

The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided for by other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional \$617,812 portion of the City's net position represents resources that are either subject to external restrictions on how they may be used or formally constrained for a specific purpose by the City Council. The balance remaining is a negative unrestricted net position of \$1,714,102. The majority of the negative unrestricted net position is driven by governmental activities and the result of the City's Pension and Post-retirement benefits liability.

Condensed Statement of Changes in Net Positions

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for services	\$ 176,604	118,994	2,161,836	1,927,438	2,338,440	2,046,432
Operating grants and contributions	167,872	8,628	-	-	167,872	8,628
Capital grants and contributions	8,690	23,943	-	463	8,690	24,406
General revenues:						
Local taxes	746,816	730,241	-	-	746,816	730,241
State taxes (local share)	115,873	103,878	-	-	115,873	103,878
Hotel/motel tax	18,903	17,057	-	-	18,903	17,057
Sale of Capital Assets	-	-	-	-	-	-
Unrestricted investment earnings	33,891	(6,331)	10,051	4,219	43,942	(2,112)
Federal grants and entitlements	-	130,845	712	-	712	-
State grants	-	19,555	-	-	-	-
Other	20,718	57,314	39,929	42,336	60,647	99,650
Total revenues	1,289,367	1,204,124	2,212,528	1,974,456	3,501,895	3,028,180
Expenses:						
General government	537,578	469,127	-	-	537,578	469,127
Public safety	352,372	614,942	-	-	352,372	614,942
Community services	121,382	126,280	-	-	121,382	126,280
Transportation and environment	67,947	113,466	-	-	67,947	113,466
Education	6,403	6,010	-	-	6,403	6,010
Interest on long-term debt	66,535	69,555	-	-	66,535	69,555
Refunding Bonds/Escrow Agent	-	-	-	-	-	-
Sewer collection and treatment	-	-	125,341	121,156	125,341	121,156
Memphis Light, Gas and Water	-	-	1,747,391	1,519,540	1,747,391	1,519,540
Miscellaneous	-	-	-	-	-	-
Storm Water	-	-	23,256	22,934	23,256	22,934
Total expenses	1,152,217	1,399,380	1,895,988	1,663,630	3,048,205	3,063,010
Increase (decrease) in net position before transfers	137,150	(195,256)	316,540	310,826	453,690	115,570
Transfers	62,816	60,829	(75,274)	(72,092)	(12,458)	(11,263)
Increase (decrease) in net position	199,966	(134,427)	241,266	238,734	441,232	104,307
Net position - July 1	-	-	-	-	-	-
Restatement of beginning net position	-	-	-	-	-	-
Net position - July 1, as restated	(352,342)	(217,915)	2,537,085	2,298,176	2,184,743	2,080,261
Net position - June 30	\$ (152,376)	(352,342)	2,778,351	2,536,910	2,625,975	2,184,568

Governmental Activities

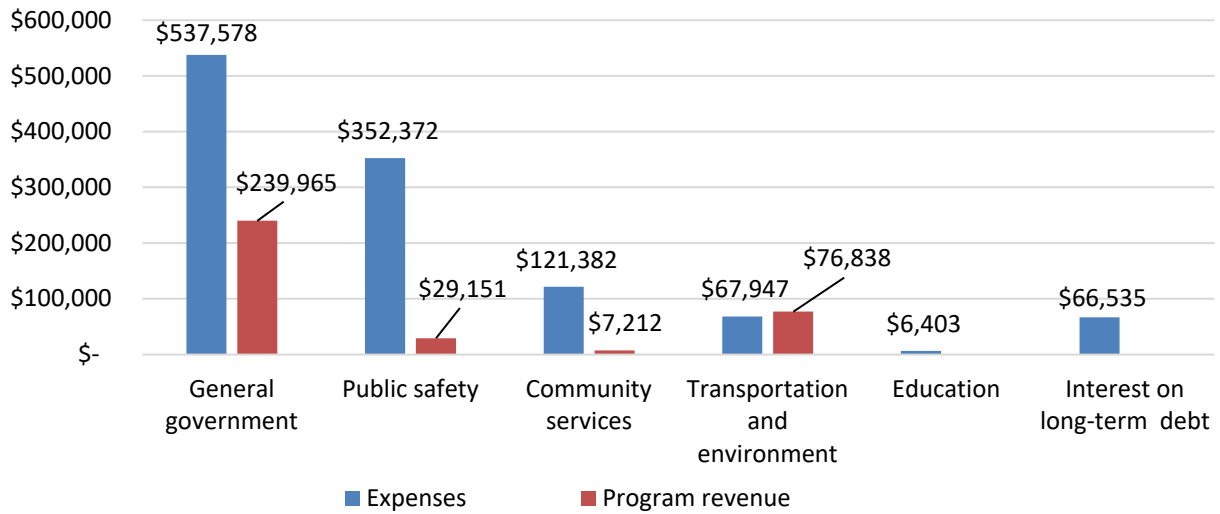
During fiscal year 2023 governmental activities increased the City's net position by \$199,966. Key elements of the governmental activities are discussed below:

- During fiscal year 2023, total revenues increased by \$85,243. Relevant factors include a significant increase in charges for services of \$57,610 and \$159,244 for operating grants and contributions. The increases in local taxes continue to benefit from the upsurge in spending initiated by the federal stimulus payments, though this is slowing. There was a slight gain the Hotel/Motel tax as the economy starts to stabilize and normalize from the impact of the COVID-19 pandemic. Federal Grants took a major hit in 2023, going from \$130,845 in 2022 to \$-0- in 2023, State Grants were also down year-over-year, \$19,555 for 2022 and \$-0- for 2023.

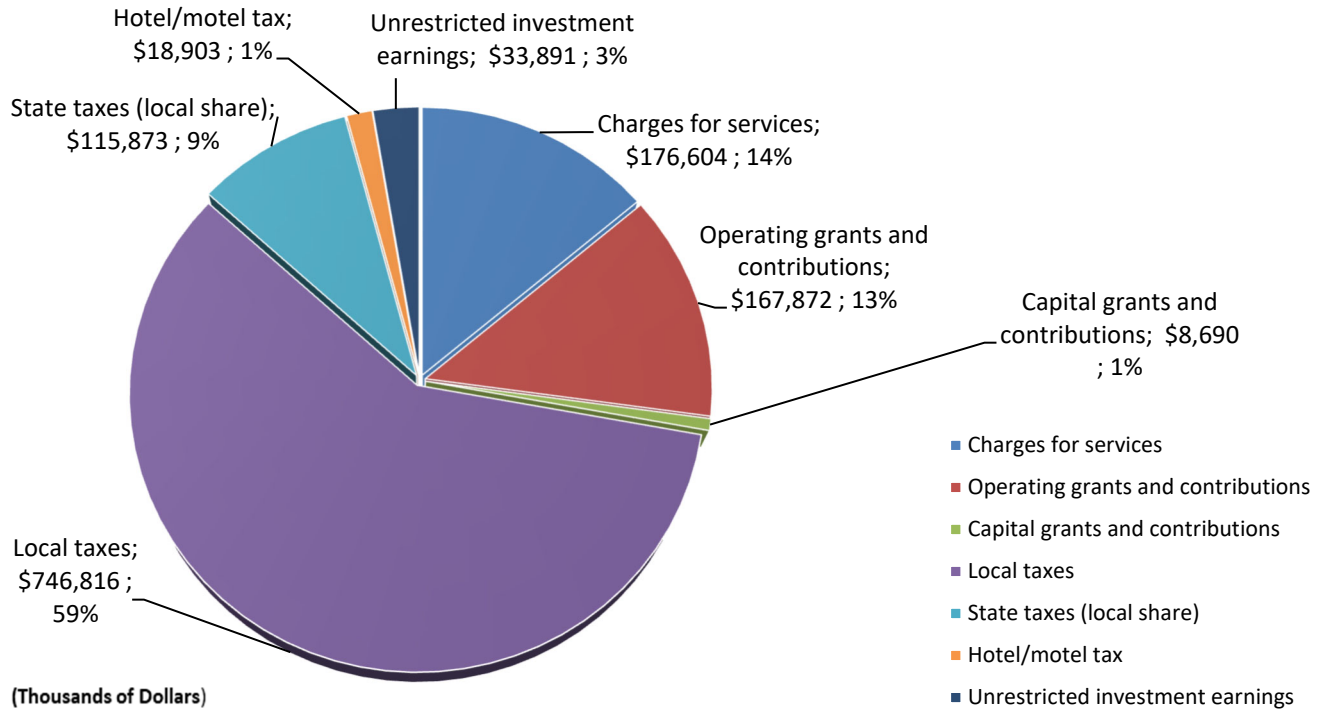
- Total governmental activities expenses decreased \$247,163 or 17.7%, with the most notable decreases in public safety, Transportation and Environment, for a savings of \$262,570 and \$45,519, respectively. General Government increased by \$68,451 over last year. Governmental activities program expenses are detailed in Exhibit A-2.

Expenses and Program Revenues - Governmental Activities

(Thousands of Dollars)



Revenues by Source - Governmental Activities

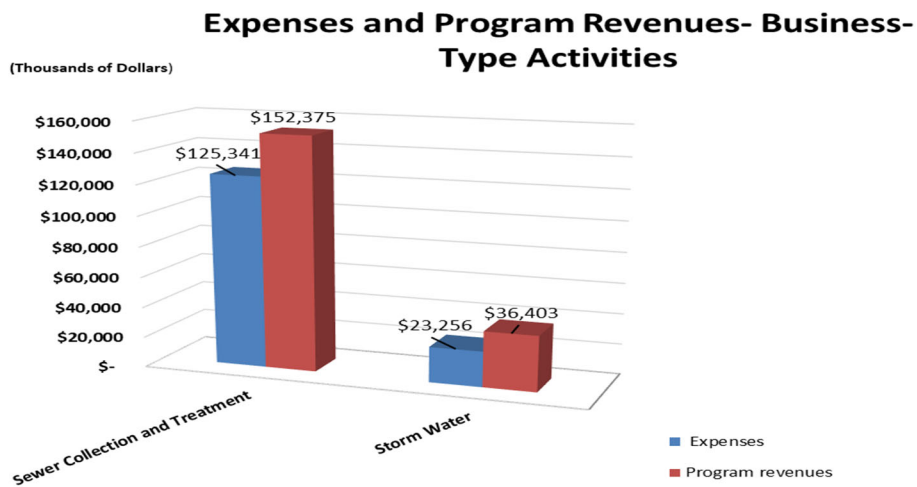
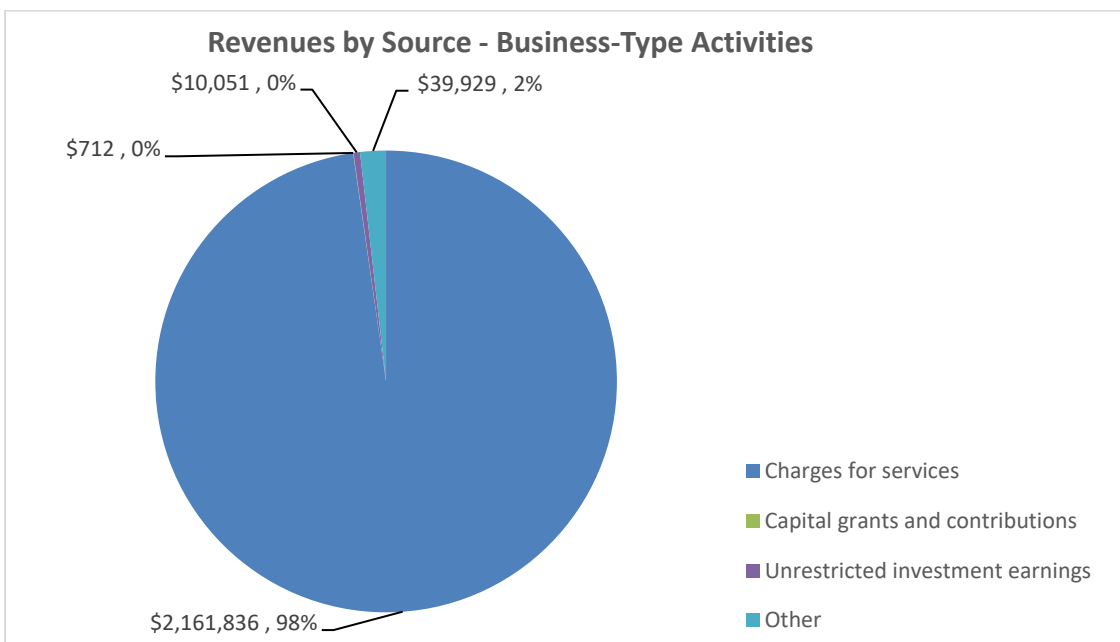


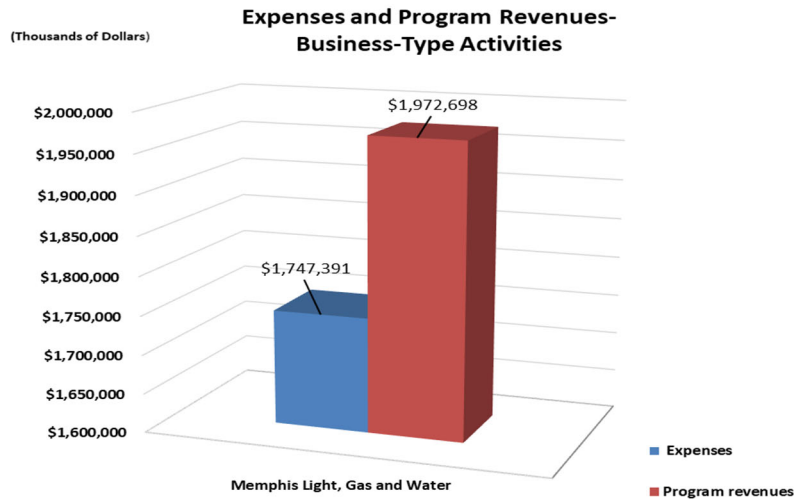
Business-type Activities

Business-type activities increased the City’s net position by \$241,266. Key elements of the increase are as follows:

- Total revenues increased by \$238,072 or 12.1% year over year. Unrestricted investment earnings improved by \$5,832 over last year, coming in at \$10,051. Charges for services was responsible for most of this improvement, offset by a decrease of \$2,407 in Other revenue compared to the prior year.
- Expenses increased across all categories, for a total increase of \$232,358 or 14.0%. The largest increases were attributable to increases for Memphis Light, Gas, and Water.

Business-type program expenses are detailed in Exhibit A-2.





This report is inclusive of the Division of Memphis Light, Gas, and Water (MLGW). MLGW was created by an amendment to the City Charter by Chapter 381 of the Private Acts of the General Assembly of Tennessee, adopted March 9, 1939, as amended (the “Private Act”). MLGW controls the administration of its activities and business affairs. It operates independently, manages its own finances, and responsible for obligations incurred in such operations. MLGW must have the City Council’s approval for its annual budget and before incurring certain obligations. MLGW is managed by a Board of Commissioners. The daily operations of MLGW are managed by the President, who is nominated for a five-year term by the Mayor and approved by the City Council. Under the Private Act, the President generally supervises MLGW’s operations and its officers and employees. As such, MLGW is audited and reported independently of the annual audit of the City. MLGW also operates on a calendar year basis, and such disclosure is made throughout this report to distinguish the timing and reporting components of the financial information provided. The City’s Independent Auditors rely on the information provided under the audit opinion concluded by MLGW’s Independent Auditors, and financial information for MLGW is presented throughout this report without change or modification.

Financial Analysis of the Government’s Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2023, the City's total governmental funds reported combined ending fund balance of \$599,509, a decrease of \$46,111 or 7.1% in comparison with the prior year. Approximately \$114,476 or 19.1% of the fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. Approximately \$146,802 or 24.5% of the fund balance is considered restricted to indicate the amount is subject to external enforceable legal restrictions. Additionally, \$257,270 or 42.9% of the fund balance is reported as committed indicating amounts where utilization is constrained by limitations that the City Council imposed. The remainder of fund balance 80,961 or 13.5% has been assigned by the administration to indicate that it is not available for new spending primarily because it has already been obligated to intergovernmental activities, extraordinary items, and to liquidate contracts and purchase orders of the prior period.

The general fund is the chief operating fund of the City. At June 30, 2023, unassigned fund balance of the general fund was \$114,476 or 53.3% of the total fund balance of \$214,625. The assets of the general fund exceeded the liabilities and deferred inflows of resources by \$214,625, which remains relatively steady from the prior year of \$207,923. The modest increase in total assets is attributable to a slight increase in cash and due from other agencies. General fund liabilities and deferred inflows from resources increased by \$9,713 over the prior year. Deferred inflows decreased \$4,850 due to uncollected property taxes.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14.9% of total general fund expenditures, while total general fund balance represents 28.0% of the fund expenditures.

General Fund

The fund balance of the City's general fund increased by \$6,702 or 3.2% during the fiscal year ended June 30, 2023. Key factors of the change in the general fund are as follows:

- Total general fund revenues resulted in an increase of \$22,060 or 3.3% over the prior year. The primary variances that comprise the changes include a decrease in federal grants and entitlements of \$4,914 year over year. State

grants increased by \$3,302. In the Local taxes category, year over year growth was 2.0% with a \$9,541 increase largely attributed to the increase in local sales tax. There was also a \$3,302 increase in the state taxes attributable to the state portion of sales tax. The general fund also experienced a \$5,720 or 13.5% increase in charges for services as activities normalized to more pre-pandemic levels.

- Total FY 2023 expenditures of \$767,358 increased \$22,181 driving the total slightly above prior year expenditures of \$747,177. However, the total could be misleading without insight as to the specific category changes. General Government was up \$4,340, the Community services category was up \$1,172, and public safety was up \$15,695 for a combined total of \$20,181 in expenditure increases year over year.
- Total other financing sources (uses) decreased \$5,547 year over year.

Debt Service Fund

The fund balance of the City's Debt Service fund increased by \$6,033 or 9.4% during the fiscal year ended June 30, 2023.

Key factors resulting in this change are as follows:

- Total revenues increased by \$91,027 or 23.1% year over year. The increase is primarily due to increases in the "other" category which represents \$319,758 in proceeds from refunded bonds. Local taxes had a modest increase of \$2,622 attributable to the increase in local sales tax revenue across the state.
- Expenditures related to debt service decreased \$23,211 for the fiscal year ended June 20, 2023.
- Total other financing uses increased by \$106,908. Activities included a use of sources in the amount of \$316,970 for payments to refunded bond escrow agent. This activity represented a \$109,886 increase over prior year.

Capital Projects

The fund balance of the City's Capital Projects Fund decreased by \$49,091 for fiscal year ended June 30, 2023. The Capital Projects Fund also includes the activities of the Accelerate Memphis Project initiated in Fiscal Year 2022. Additional information regarding the Accelerate Memphis Project is provided in the Transmittal Letter.

Details Major elements of fund balance change are:

- Revenues increased \$138,212, primarily attributable to Other of \$127,582.
- Expenditures increased \$66,708 due to increase in capital outlay.
- Other financing sources in the form of refunding of bonds/issuance of debt decreased from \$361,154 to \$42,825 over the prior year.

Community Development

The Community Development Fund does not have a legally adopted budget. Expenditures in this Special Revenue Fund are limited to the amount of grants received and the allowable expenditures in accordance with the grant agreement.

- Revenues increased \$53,524.
- Expenditures increased \$53,875.
- The fund balance decreased slightly from \$4,585 to \$4,049.

Details for the other governmental funds, including special revenue funds are presented in Exhibits B-1 and B-2.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

Total net position of business-Type activities for year ended June 30, 2023, is \$2,778,351.

Unrestricted net position of \$724,309 on Exhibit A-1 is comprised of net positions of \$645,031 and \$43,019 for Memphis Light, Gas and Water and the Sewer Collection and Treatment Fund, respectively. The remaining balance represents the Storm Water Fund position of \$33,908.

Detail of Proprietary Funds is presented on Exhibit A-9 Statement of Net Position.

General Fund Budgetary Highlights

The original operating budget for the general fund for fiscal year 2023 anticipated an increase in fund balance of \$759. Actual contribution to fund balance for fiscal year 2023 was a negative \$271.

Differences between the original budget, the final amended budget, and actuals can be found on Exhibits A-7 and A-8 of the Basic Financial Statement section of the report.

Major variances can be briefly summarized as follows:

- Total Revenues had a positive variance of \$35,660 over the final amended budget. The increases were attributed to Local Taxes, which posted \$24,164 over budget, primarily due to a \$14,155 increase in local sales tax and a

\$6,009 increase in property taxes over budget. There were modest gains in other categories of the Local Taxes. The local share of State Sales Tax also posted \$7,653 over budget. These increases were systemic across the state and are believed to be a result of increased spending due to the Federal stimulus proceeds. Charges for services contributed an additional positive variance of \$6,297.

- Total expenditures had a positive variance of \$18,018.
 - General government posted \$17,073 under final budget, material variances occurred in the Executive Division where all categories came in under budget at \$3,318, City Attorney Division with \$3,634 under budget primarily in materials and supplies, Information Technology was \$6,116 under budget.
 - Public Safety was \$3,112 over budget on a net basis. Overtime in the personnel category was a \$14,100 over budget. A positive variance of \$8,331 in Materials and supplies covered 60% of the personnel cost overspend.
 - The Library was \$2,412 under budget. 55% of this was in personnel costs.
 - Community Services came in at \$3,430 under budget.

Capital Asset and Debt Administration

Capital Assets

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2023, totaled \$5,250,496 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, roads, highways, and other infrastructure. The total increase in the City’s capital assets for the current fiscal year was \$239,103 or 4.8%. Both governmental and business-type activities contributed an increase of \$103,957 and \$135,146, respectively.

**Condensed Statement of Capital Assets
(net of depreciation)**

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Land and buildings	\$ 523,978	532,596	26,355	27,469	550,333	560,065
Improvements other than buildings	832,750	753,751	485,210	489,100	1,317,960	1,242,851
Equipment	100,505	126,124	20,776	15,415	121,281	141,539
Construction in progress	721,552	662,357	587,054	491,648	1,308,606	1,154,005
Memphis Light, Gas and Water	-	-	1,952,316	1,912,933	1,952,316	1,912,933
Total	\$ 2,178,785	2,074,828	3,071,711	2,936,565	5,250,496	5,011,393

Major Capital asset events during the current fiscal year included the following:

- Ongoing construction for the adaptive reuse of the former Coke Bottling facility to compensate for the loss of the primary fueling location near the center of Memphis.

- Implemented a new time and attendance system for accurate scheduling and reporting of hours worked.
- Continued construction of a new Fraser Library.
- Final construction of the Audubon Golf Course Redesign.
- Final construction of City Hall Exterior Cladding.
- Continued paving operations of the City of Memphis Street.
- Continued repairs and replacement of speed humps, traffic signals, fire stations, and community centers.

Additional information on the City’s capital assets can be found in Note IV.D.

Long-term Debt

At June 30, 2023, the City had total bonded debt outstanding of \$3,021,335. Of this amount, \$1,887,247 comprises debt backed by the full faith and credit of the government. The remaining balance of \$1,134,088 consists of bonds secured solely by specified revenue sources (i.e., revenue bonds) and state loans.

Condensed Statement of Outstanding Debt General Obligation and Revenue Bonds

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	1,569,229	1,502,553	-	-	1,569,229	1,502,553
Commercial Paper	50,000	75,000	-	-	50,000	75,000
Capital lease obligations	20,308	26,719	-	-	20,308	26,719
SBITA Leases	376	-	-	-	376	-
Settlement obligations	9,333	10,667	-	-	9,333	10,667
EDGE - Accelerate Memphis	24,255	24,255	-	-	24,255	24,255
Guarantee obligations	213,746	210,285	-	-	213,746	210,285
Revenue bonds	-	-	937,329	1,112,652	937,329	1,112,652
State loans	-	-	196,759	176,139	196,759	176,139
Total	\$ 1,887,247	1,849,479	1,134,088	1,288,791	3,021,335	3,138,270

Governmental activities debt increased by \$37,768 or 2.04%, while Business-type activities debt decreased by \$154,703 or 12.0%. The net decrease of \$116,395 included increases in general obligation bonds (Governmental Activities) and Sewer state loans (Business-Type Activities) offset by decreases in Revenue Bonds (Business-Type Activities) and Commercial Paper (Governmental Activities).

The City has long held a high-grade bond rating on indebtedness from the major credit rating services. As of June 30, 2023 the City held ratings of Aa2 by Moody’s Investor Service and AA by S&P Global Rating Service, for general obligation bonds. For sanitary sewerage system revenue bonds, the City held ratings of Aa2 by Moody’s Investor Service and AA+ by S&P Global Rating Service. Some of the factors most commonly cited by these firms in support of the credit rating assigned to the City’s general obligation bonds include a stable and expanding economic climate, broad revenue base, and well-

managed finances. In addition, the City has maintained good relations with the rating services and the major investment institutions through comprehensive disclosure of financial data and direct meetings with rating agency officials. The City continues to follow prudent fiscal policies and practices while expanding its financial base.

The City's full faith and credit and unlimited taxing power has been pledged to the payment of general obligation debt principal and interest. There is no legal limit on the indebtedness which may be incurred.

Additional information on the City's long-term debt can be found in Notes to Financial Statements section IV.G.

Economic Factors and Next Year's Budgets

The municipal budget for the City of Memphis in fiscal year 2023 is influenced by various economic factors. Key determinants include the local employment rate, as higher employment levels contribute to increased tax revenues and decreased demand for social services. Additionally, fluctuations in property values impact property tax revenues, a significant funding source for the city. The overall economic health of the region, including consumer spending and business activities, plays a crucial role in sales tax revenue. External factors, such as federal grants and state funding, further contribute to the city's financial landscape. The city's fiscal planners must navigate these dynamic economic variables to formulate a resilient budget that addresses the needs of the community while maintaining fiscal responsibility. Areas of particular interest include:

- In recent years, the city has experienced relatively stable levels of employment with unemployment levels only marginally higher than pre-pandemic levels.
- Property tax collections had experienced strong performance due to the growth of Real Estate values in many subdivisions within Memphis.
- Headwinds to performance include the impact of inflationary pressure increasing producer prices across a broad array of industries critical to city operation, including:
 - Trucking
 - Transportation
 - Commodities, especially petroleum based products.
- Wage pressures, resulting from tight labor markets in public safety-related jobs have resulting from tight labor markets in the public safety related jobs have resulted in low double-digit increases in the sector.
- The adopted operating budget for all funds calls for expenditures of \$1,545,487,188 against revenues of \$1,527,137,617 – which results in a projected negative impact to Fund balance of \$18,349,571.
- The adopted operating budget for the general fund calls for expenditures of \$799,100,000 against revenues of \$787,408,000 – which results in a projected negative impact to fund balance of \$11,692,001.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Office of the Chief Financial Officer, Room 368, City of Memphis, 125 North Main, Memphis, Tennessee 38103. The Annual Comprehensive Financial Report, the Annual Operating Budget and 5 Year

Capital Improvement Program, and other general information about the City may be found on the City's website, www.memphistn.gov.



CITY OF MEMPHIS

T E N N E S S E E

BASIC FINANCIAL STATEMENTS



STATEMENT OF NET POSITION
(Thousands of Dollars)
June 30, 2023

CITY OF MEMPHIS, TENNESSEE
EXHIBIT A-1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 248,339	\$ 435,938	\$ 684,277	\$ 63,554
Investments	35,911	217,738	253,649	3,875
Derivative financial instruments	-	2,297	2,297	-
Equity in cash and investment pool	469,738	72,614	542,352	-
Restricted funds	8,852	183,577	192,429	-
Receivables (net of allowance for uncollectibles):				
Property taxes	427,354	-	427,354	-
Sales, income, and other taxes	43,612	-	43,612	-
Federal and state grants	11,036	-	11,036	15,787
Interest and dividends on investments	228	315	543	-
Notes and accounts receivable	-	186,413	186,413	9,984
Housing rehabilitation loans	37,647	-	37,647	-
Other	73,898	14,740	88,638	224,467
Due from other agencies and governments	14,879	-	14,879	2,544
Inventories	2,654	92,236	94,890	9,399
Unbilled revenues	-	85,262	85,262	-
Prepaid expense	-	3,191	3,191	5,620
Other assets	-	277,936	277,936	-
Net Pension asset				471
Restricted assets:				
Cash and cash equivalents	-	-	-	147,118
Receivables and other	-	-	-	25,432
Investments	-	70,381	70,381	193,753
Non-depreciable capital assets	799,815	601,171	1,400,986	199,836
Depreciable capital assets (net of accumulated depreciation)	1,378,970	2,470,540	3,849,510	1,041,563
Total Assets	3,552,932	4,714,349	8,267,281	1,943,403
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	372,682	83,942	456,624	21,915
Deferred outflows - OPEB	78,536	90,092	168,628	2,751
Deferred outflows - other	-	861	861	184
Total assets and deferred outflows of resources	4,004,150	4,889,244	8,893,394	1,968,253

(Continued)

STATEMENT OF NET POSITION
(Thousands of Dollars)
June 30, 2023

CITY OF MEMPHIS, TENNESSEE
EXHIBIT A-1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Accounts payable and accrued liabilities	\$ 97,490	\$ 304,891	\$ 402,381	\$ 34,231
Accrued interest payable	14,283	-	14,283	-
Contract retainage	4,580	7,476	12,056	-
Insurance claims payable	7,608	425	8,033	-
Due to other agencies and governments	63,601	-	63,601	3,812
Refundable bonds and deposits	1,559	-	1,559	-
Unearned revenue	42,236	-	42,236	5,842
Other liabilities	95,472	67,577	163,049	-
Noncurrent liabilities:				
Due within one year	118,945	8,339	127,284	34,303
Due in more than one year	1,769,083	1,156,165	2,925,248	491,845
Net OPEB liability - due in more than one year	566,860	170,609	737,469	63,461
Net pension liability - due in more than one year	629,949	28,346	658,295	29,674
Total Liabilities	<u>3,411,665</u>	<u>1,743,828</u>	<u>5,155,493</u>	<u>663,168</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	218,462	190,472	408,934	2,276
Deferred inflows - OPEB	66,158	153,600	219,758	36,233
Deferred inflows - other	460,241	22,993	483,234	271,810
Total liabilities and deferred inflows of resources	<u>4,156,526</u>	<u>2,110,893</u>	<u>6,267,419</u>	<u>973,487</u>
NET POSITION				
Net investment in capital assets	1,801,003	1,921,262	3,722,265	811,792
Restricted for:				
Non-Expendable:				
Debt service	11,261	132,780	144,041	-
Capital acquisitions/projects	-	-	-	264,442
Expendable:				
Solid waste management	6,402	-	6,402	-
Drug enforcement	9,804	-	9,804	-
Operations	457,565	-	457,565	5,016
Unrestricted:	(2,438,411)	724,309	(1,714,102)	(86,484)
Total Net Position	<u>\$ (152,376)</u>	<u>\$ 2,778,351</u>	<u>\$ 2,625,975</u>	<u>\$ 994,766</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
EXHIBIT A-2

	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total		
Functions/Programs									
Primary government:									
Governmental activities:									
General government	\$ 537,578	\$ 63,403	\$ 167,872	\$ 8,690	\$ (297,613)	\$ -	\$ (297,613)	\$ -	
Public safety	352,372	29,151	-	-	(323,221)	-	(323,221)	-	
Community services	121,382	7,212	-	-	(114,170)	-	(114,170)	-	
Transportation and environment	67,947	76,838	-	-	8,891	-	8,891	-	
Education	6,403	-	-	-	(6,403)	-	(6,403)	-	
Interest on long-term debt	66,535	-	-	-	(66,535)	-	(66,535)	-	
Total governmental activities	1,152,217	176,604	167,872	8,690	(799,051)	-	(799,051)	-	
Business-type activities:									
Sewer collection and treatment	125,341	152,735	-	712	-	28,106	28,106	-	
Memphis Light, Gas and Water	1,747,391	1,972,698	-	-	-	225,307	225,307	-	
Storm water	23,256	36,403	-	-	-	13,147	13,147	-	
Total business-type activities	1,895,988	2,161,836	-	712	-	266,560	266,560	-	
Total primary government	\$ 3,048,205	\$ 2,338,440	\$ 167,872	\$ 9,402	\$ (799,051)	\$ 266,560	\$ (532,491)	\$ -	
Component units:									
Memphis Area Transit Authority	81,307	2,574	-	12,256	-	-	-	(66,477)	
Memphis-Shelby County Airport Authority	148,548	115,278	3,166	71,178	-	-	-	41,074	
Renasant Convention Center	8,656	7,493	-	-	-	-	-	(1,163)	
Memphis Metropolitan Land Bank Authority	410	3	133	412	-	-	-	138	
Memphis Zoological Society	29,372	24,875	1,515	1,699	-	-	-	(1,283)	
Total component units	\$ 268,293	\$ 150,223	\$ 4,814	\$ 85,545	\$ -	\$ -	\$ -	\$ (27,711)	

STATEMENT OF ACTIVITIES
(Thousands of Dollars)

For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
EXHIBIT A-2
(continued)

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Component Units
				Governmental Activities	Business-Type Activities	
General revenues:						
Local taxes:						
Property taxes - levied for education				14	-	14
Property taxes - levied for debt service				143,616	-	143,616
Property taxes - levied for capital projects				1,215	-	1,215
Property taxes - levied for general government				285,701	-	285,701
Interest, penalties and commission - property taxes				6,559	-	6,559
Sales tax, general				235,310	-	235,310
Sales tax, beer				14,066	-	14,066
Alcoholic beverage tax				19,013	-	19,013
Gross receipts tax				18,074	-	18,074
Franchise/Excise tax				10,247	-	10,247
Other local taxes				13,001	-	13,001
State taxes-unrestricted:						
Sales tax				76,475	-	76,475
Income tax				45	-	45
Beer tax				289	-	289
Alcoholic beverage tax				483	-	483
Sports Betting				1,033	-	1,033
Petroleum products tax				22,222	-	22,222
State taxes - Debt service				15,326	-	15,326
Hotel/motel tax				18,903	-	18,903
City of Memphis subsidy				-	-	35,080
Investment income				33,891	10,051	20,713
Federal grants and entitlements				-	-	12,464
State grants				-	-	8,622
Other				20,718	39,929	19,965
Transfers				62,816	(75,274)	-
Total general revenues and transfers				999,017	(25,294)	96,844
Changes in net position				199,966	241,266	69,133
Net position - beginning, as restated *				(352,342)	2,537,085	2,184,743
Net position - ending				152,376	2,778,351	994,766

The notes to the financial statements are an integral part of this statement.

* Note: Beginning net position for Business-type has been restated by \$175 due to MLGW.

Beginning net position has been restated to reflect the transfer of certain assets from the Memphis Zoological Society to the Memphis Zoological Foundation. The transfer was effective July 1, 2022.

BALANCE SHEET
GOVERNMENTAL FUNDS
(Thousands of Dollars)
June 30, 2023

CITY OF MEMPHIS, TENNESSEE
EXHIBIT A-3

	General	Debt Service	Capital Projects	Community Development	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 46	\$ -	\$ 159,862	\$ 8,911	\$ 79,518	\$ 248,337
Investments	-	-	35,911	-	-	35,911
Equity in cash and investment pool	229,526	58,361	44,672	1,576	95,263	429,398
Receivables (net of allowance for uncollectibles):						
Property taxes:						
Current property taxes	265,837	121,638	1,189	-	4,280	392,945
Delinquent property taxes	22,887	11,042	86	-	394	34,409
Special assessments:						
Sales, income, and other taxes	35,019	2,079	-	-	6,514	43,612
Federal and state grants	653	-	1,328	3,764	5,289	11,036
Interest and dividends on investments	-	-	-	228	-	228
Housing rehabilitation loans	-	-	-	37,647	-	37,647
Other	47,684	8,299	3,843	8,615	5,456	73,897
Due from other funds	9,126	295	-	-	-	9,421
Due from other agencies and governments	5,120	80	-	-	9,679	14,879
Restricted assets:						
Cash restricted for debt service	-	8,852	-	-	-	8,852
Total assets	\$ 615,898	\$ 210,646	\$ 246,892	\$ 60,741	\$ 206,393	\$ 1,340,571
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 63,955	\$ 32	\$ 17,541	\$ 4,678	\$ 11,094	\$ 97,300
Contract retainage	34	-	4,440	11	94	4,580
Due to other funds	-	-	-	-	9,421	9,421
Due to other agencies and governments	3,088	143	-	-	55,379	58,610
Refundable bonds and deposits	1,559	-	-	-	-	1,559
Unearned revenue	-	-	31,427	-	10,808	42,235
Total liabilities	68,636	175	53,408	4,689	86,796	213,705
Deferred inflows:						
Uncollected property taxes	301,304	137,998	1,273	-	65	440,640
Uncollected anti-neglect fees	184	-	-	-	-	184
Uncollected traffic fines	23,452	-	-	-	-	23,452
Uncollected ambulance fees	7,475	-	-	-	-	7,475
Uncollected special assessments	-	-	-	-	39	39
Uncollected intergovernmental revenue	-	-	-	14,357	-	14,357
Uncollected project loans receivable	-	-	-	37,647	-	37,647
Other deferred inflows	222	2,353	990	-	-	3,565
Total deferred inflows	332,637	140,351	2,264	52,004	104	527,359
Total liabilities and deferred inflows	401,273	140,526	55,672	56,693	86,900	741,064
Fund balances:						
Restricted	19,188	11,261	-	4,049	112,304	146,802
Committed	-	58,859	191,222	-	7,189	257,270
Assigned	80,961	-	-	-	-	80,961
Unassigned	114,476	-	-	-	-	114,476
Total fund balances	214,625	70,120	191,222	4,049	119,493	599,509
Total liabilities, deferred inflows and fund balances	\$ 615,898	\$ 210,646	\$ 246,893	\$ 60,742	\$ 206,393	\$ 1,340,573

See accompanying notes to financial statements.

**RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
(Thousands of Dollars)
June 30, 2023**

**CITY OF MEMPHIS, TENNESSEE
EXHIBIT A-4**

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balances	\$ 599,509
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,178,785
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	62,127
Net pension liabilities, deferred inflows and outflows should be reported as a liability in the government-wide statement of net position. This is the cumulative amount by which the City has underfunded its pension obligations.	(475,729)
Net OPEB liabilities, deferred inflows and outflows should be reported as a liability in the government-wide statement of net position. This is the cumulative amount by which the City has underfunded its OPEB obligations.	(553,636)
Internal service funds are used by management to charge the costs of printing & mail, information systems, health insurance, unemployment compensation, and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	34,141
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,997,573)</u>
Net position of governmental activities	<u>\$ (152,376)</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
EXHIBIT A-5

	General	Debt Service	Capital Projects	Community Development	Nonmajor Funds	Total Governmental Funds
REVENUES						
Local taxes	\$ 516,112	\$ 143,616	\$ 1,215	\$ -	\$ 85,871	\$ 746,814
State taxes (local share)	79,485	15,326	-	-	21,062	115,873
Hotel/motel tax	-	-	-	-	18,903	18,903
Licenses and permits	13,196	-	-	-	2,744	15,940
Fines and forfeitures	10,236	-	-	-	2,789	13,025
Charges for services	48,003	-	-	-	76,838	124,841
Investment income	9,792	5,048	17,387	-	1,193	33,420
Federal grants and entitlements	3,714	1,932	8,346	43,846	70,219	128,057
State grants	-	-	344	44,307	3,854	48,505
Intergovernmental revenues	4,047	-	-	-	-	4,047
Other	14,210	319,758	127,583	175	3,159	464,885
Total revenues	698,795	485,680	154,875	88,328	286,632	1,714,310
EXPENDITURES						
Current:						
General government	179,663	-	-	-	110,660	290,323
Public safety	499,340	-	-	-	27,463	526,803
Community services	69,694	-	-	88,864	1,107	159,665
Transportation and environment	18,661	-	-	-	81,529	100,190
Education	-	-	-	-	6,403	6,403
Capital outlay	-	-	245,781	-	-	245,781
Debt service:						
Redemption of serial bonds and notes	-	104,060	-	-	-	104,060
Lease payments	-	2,809	-	-	-	2,809
Interest	-	65,670	865	-	-	66,535
Bond issuance cost	-	1,182	-	-	-	1,182
Service charges	-	1,292	145	-	-	1,437
Total expenditures	767,358	175,013	246,791	88,864	227,162	1,505,188
Revenues over (under) expenditures	(68,563)	310,667	(91,916)	(536)	59,470	209,122
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	54	-	-	-	-	54
Transfers in	103,150	11,238	42,825	-	7,000	164,213
Transfers out	(27,939)	-	-	-	(75,687)	(103,626)
Payment to refunded bond escrow agent	-	(316,970)	-	-	-	(316,970)
Prior year expense	-	1,097	-	-	-	1,097
Total other financing sources (uses)	75,265	(304,635)	42,825	-	(68,687)	(255,232)
Net change in fund balances	6,702	6,032	(49,091)	(536)	(9,217)	(46,110)
Fund balances - beginning of year	207,923	64,087	240,313	4,585	128,711	645,619
Fund balances - end of year	\$ 214,625	\$ 70,119	\$ 191,222	\$ 4,049	\$ 119,494	\$ 599,509

See accompanying notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
(Thousands of Dollars)
For the fiscal year ended June 30, 2023**

**CITY OF MEMPHIS, TENNESSEE
EXHIBIT A-6**

Amounts reported for governmental activities in the statement of net activities are different because:

Net change in fund balances - total governmental funds	\$ (46,110)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	103,957
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	6,671
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(37,768)
Changes in general liabilities reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(5,192)
Changes in pension and other post employment benefits (OPEB) liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	169,236
Internal service funds are used by management to charge the costs of printing & mail, information technology, health insurance, unemployment compensation, and fleet management to individual funds. The net expenditure of certain activities of internal service funds is reported with governmental activities.	<u>9,172</u>
Change in Net Position of Governmental Activities	<u><u>\$ 199,966</u></u>

GENERAL FUND
STATEMENT OF REVENUES AND OTHER SOURCES -
BUDGET AND ACTUAL ON BASIS OF BUDGETING
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit A-7

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Local taxes:				
Property taxes	\$ 266,700	\$ 266,700	\$ 272,709	\$ 6,009
Interest, penalties and commission - property taxes	7,600	7,600	6,559	(1,041)
Receipts in lieu of taxes contractual	12,800	12,800	12,147	(653)
Sales tax general	145,120	145,120	159,275	14,155
Sales tax beer	15,500	15,500	14,163	(1,337)
Alcoholic beverage tax	7,500	7,500	8,197	697
Liquor by the drink tax	7,500	7,500	11,131	3,631
Gross receipts tax	14,500	14,500	19,927	5,427
Excise tax	2,500	2,500	3,493	993
Franchise tax	9,050	9,050	5,869	(3,181)
Tourism development zone tax	-	-	85	85
Other local taxes	995	995	833	(162)
Total local taxes	<u>489,765</u>	<u>489,765</u>	<u>514,389</u>	<u>24,624</u>
State taxes (local share):				
Sales tax	69,200	69,200	77,281	8,081
Beer taxes	300	300	289	(11)
Alcoholic beverage tax	450	450	464	14
Petroleum special tax	1,285	1,285	1,160	(125)
Sports Betting	400	400	-	(400)
Local Occupancy Tax	50	50	144	94
Total state taxes (local share)	<u>71,685</u>	<u>71,685</u>	<u>79,338</u>	<u>7,653</u>
Licenses and permits:				
Auto licenses	13,000	13,000	11,998	(1,002)
Dog licenses	353	353	362	9
Liquor by the drink licenses	240	240	258	18
Other	413	413	518	105
Total licenses and permits	<u>14,006</u>	<u>14,006</u>	<u>13,136</u>	<u>(870)</u>
Fines and forfeitures:				
City courts	11,469	11,589	10,101	(1,488)
Library	120	-	135	135
Total fines and forfeitures	<u>11,589</u>	<u>11,589</u>	<u>10,236</u>	<u>(1,353)</u>

(Continued)

See accompanying notes to financial statements.

GENERAL FUND
STATEMENT OF REVENUES AND OTHER SOURCES -
BUDGET AND ACTUAL ON BASIS OF BUDGETING
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit A-7
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Charges for services:				
Building and other inspection fees	\$ 275	\$ 275	\$ 774	\$ 499
Park commission revenues	5,389	6,799	7,212	413
Parking meter revenues	800	800	429	(371)
Ambulance service fees	24,000	24,000	27,015	3,015
Rents	2,177	2,777	2,698	(79)
Tax sale attorney fees	700	700	583	(117)
Wrecker and storage fees	1,525	1,525	2,891	1,366
Police special events	300	300	2,136	1,836
Other	4,179	4,530	4,265	(266)
Total charges for services	<u>39,345</u>	<u>41,706</u>	<u>48,003</u>	<u>6,297</u>
Investment income:				
Interest on investments	635	635	4,128	3,493
Other	100	100	47	(53)
Total investment income	<u>735</u>	<u>735</u>	<u>4,174</u>	<u>3,439</u>
Federal grants	<u>9,500</u>	<u>10,049</u>	<u>3,714</u>	<u>(6,334)</u>
Intergovernmental revenues	<u>4,297</u>	<u>4,297</u>	<u>4,048</u>	<u>(249)</u>
Other:				
Auctions	3,500	3,500	5,145	1,645
Property insurance recoveries	250	250	393	143
Local shared revenue	1,745	1,745	1,453	(292)
Miscellaneous	3,854	5,814	6,772	959
Total other	<u>9,349</u>	<u>11,309</u>	<u>13,763</u>	<u>2,454</u>
Total revenues	<u>\$ 650,271</u>	<u>\$ 655,141</u>	<u>\$ 690,801</u>	<u>\$ 35,660</u>
Other sources and transfers in:				
Sale of capital assets	\$ -	\$ -	\$ 54	\$ 54
Transfers in:				
Solid waste management	750	750	750	-
Sewer collection and treatment fund	11,737	11,737	12,225	488
MLG&W fund	58,500	58,500	60,543	2,043
Storm water	106	106	106	-
Metro alarm	1,600	1,600	1,625	25
2019 Sales Tax Referendum	27,900	27,900	27,900	-
Total transfers in	<u>100,593</u>	<u>100,593</u>	<u>103,150</u>	<u>2,557</u>
Total other sources and transfers in	<u>\$ 100,593</u>	<u>\$ 100,593</u>	<u>\$ 103,204</u>	<u>\$ 2,611</u>
Total Revenues, Other Sources & Transfers In	<u>\$ 750,864</u>	<u>\$ 755,734</u>	<u>\$ 794,005</u>	<u>\$ 38,271</u>

See accompanying notes to financial statements.

GENERAL FUND
STATEMENT OF EXPENDITURES AND OTHER USES -
BUDGET AND ACTUAL ON BASIS OF BUDGETING
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit A-8

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
EXPENDITURES				
General government:				
Legislative:				
Personnel services	\$ 2,040	\$ 2,058	\$ 1,992	\$ 66
Materials and supplies	975	1,206	964	242
Total legislative	<u>3,015</u>	<u>3,264</u>	<u>2,956</u>	<u>308</u>
Judicial:				
Personnel services	748	748	777	(29)
Materials and supplies	53	53	39	14
Total judicial	<u>801</u>	<u>801</u>	<u>816</u>	<u>(15)</u>
Court clerk:				
Personnel services	3,756	3,779	3,269	510
Materials and supplies	3,579	4,080	1,763	2,317
Capital outlay	37	36	-	36
Total court clerk	<u>7,372</u>	<u>7,895</u>	<u>5,032</u>	<u>2,863</u>
Executive:				
Personnel services	13,079	12,532	12,007	525
Materials and supplies	6,458	7,612	5,848	1,764
Grants and subsidies	3,566	3,691	3,009	682
Expense reimbursement	(240)	(240)	(587)	347
Total executive	<u>22,863</u>	<u>23,595</u>	<u>20,277</u>	<u>3,318</u>
Finance and administration:				
Personnel services	10,225	9,794	8,679	1,115
Materials and supplies	2,801	3,551	3,408	143
Capital outlay	10	16	13	3
Grants and subsidies	3,309	3,109	2,265	844
Expense reimbursement	(1,083)	(1,083)	(988)	(95)
Total finance and administration	<u>15,262</u>	<u>15,387</u>	<u>13,377</u>	<u>2,010</u>
City attorney:				
Personnel services	5,588	5,588	4,724	864
Materials and supplies	13,577	14,803	12,229	2,574
Grants and subsidies	475	474	159	315
Expense reimbursement	(677)	(677)	(558)	(119)
Total city attorney	<u>18,963</u>	<u>20,188</u>	<u>16,554</u>	<u>3,634</u>

See accompanying notes to financial statements.

(Continued)

GENERAL FUND
STATEMENT OF EXPENDITURES AND OTHER USES -
BUDGET AND ACTUAL ON BASIS OF BUDGETING
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit A-8
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
City engineer:				
Personnel services	\$ 10,955	\$ 10,905	\$ 9,375	\$ 1,530
Materials and supplies	5,303	7,366	5,554	1,812
Capital outlay	85	85	54	31
Expense reimbursement	(6,888)	(6,888)	(5,211)	(1,677)
Total city engineer	9,455	11,468	9,772	1,696
Information technologies:				
Personnel services	7,322	7,022	4,222	2,800
Materials and supplies	18,804	21,972	17,951	4,021
Capital outlay	25	25	21	4
Expense reimbursement	(1,580)	(1,580)	(871)	(709)
Total information technologies	24,571	27,439	21,323	6,116
Human resources:				
Personnel services	5,784	5,936	5,456	480
Materials and supplies	3,851	4,393	3,419	974
Capital outlay	30	24	20	4
Expense reimbursement	(829)	(829)	(838)	9
Total human resources	8,836	9,524	8,057	1,467
General services:				
Personnel services	24,510	23,638	22,680	958
Materials and supplies	9,950	14,269	14,077	192
Capital outlay	85	110	85	25
Expense reimbursement	(9,347)	(9,347)	(10,306)	959
Total general services	25,198	28,670	26,536	2,134
Special appropriations:				
Grants and subsidies	54,480	54,578	65,027	(10,449)
Expense reimbursement	(6,750)	(6,750)	(10,741)	3,991
Total special appropriations	47,730	47,828	54,286	(6,458)
Total general government	\$ 184,066	\$ 196,059	\$ 178,986	\$ 17,073

(Continued)

See accompanying notes to financial statements.

GENERAL FUND
STATEMENT OF EXPENDITURES AND OTHER USES -
BUDGET AND ACTUAL ON BASIS OF BUDGETING
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit A-8
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Public safety:				
Police:				
Personnel services	\$ 265,926	\$ 265,426	\$ 272,522	\$ (7,096)
Materials and supplies	33,374	37,915	31,589	6,326
Capital outlay	491	501	90	411
Grants and subsidies	150	150	7	143
Expense reimbursement	(15,459)	(15,459)	(17,004)	1,545
Total police	<u>284,482</u>	<u>288,533</u>	<u>287,204</u>	<u>1,329</u>
Fire:				
Personnel services	181,287	185,675	192,679	(7,004)
Materials and supplies	22,795	27,745	25,740	2,005
Capital outlay	86	86	83	3
Expense reimbursement	(9,616)	(9,616)	(10,171)	555
Total fire	<u>194,552</u>	<u>203,890</u>	<u>208,331</u>	<u>(4,441)</u>
Total public safety	<u>\$ 479,034</u>	<u>\$ 492,423</u>	<u>\$ 495,535</u>	<u>\$ (3,112)</u>
Community services:				
Library:				
Personnel services	\$ 17,301	\$ 17,301	\$ 15,970	\$ 1,331
Materials and supplies	4,632	5,489	4,496	993
Total library	<u>21,933</u>	<u>22,790</u>	<u>20,378</u>	<u>2,412</u>
Parks and recreation:				
Personnel services	18,948	17,844	18,363	(519)
Materials and supplies	21,614	25,756	25,472	284
Capital outlay	2	2	2	-
Inventory	314	553	403	150
Total parks and recreation	<u>40,878</u>	<u>44,155</u>	<u>43,780</u>	<u>375</u>
Community development:				
Personnel services	4,560	4,560	4,338	222
Materials and supplies	430	465	262	203
Grants and subsidies	1,755	2,272	1,985	287
Expense reimbursement	(1,937)	(1,937)	(1,874)	(63)
Total community development	<u>4,808</u>	<u>5,360</u>	<u>4,711</u>	<u>649</u>
Public service				
Materials and supplies	-	(6)	-	(6)
Total public service	<u>-</u>	<u>(6)</u>	<u>-</u>	<u>(6)</u>

See accompanying notes to financial statements.

(Continued)

GENERAL FUND
STATEMENT OF EXPENDITURES AND OTHER USES -
BUDGET AND ACTUAL ON BASIS OF BUDGETING
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit A-8
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Total community services	\$ 67,619	\$ 72,299	\$ 68,869	\$ 3,430
Transportation and environment:				
Public works:				
Personnel services	\$ 18,370	\$ 17,453	\$ 17,735	\$ (282)
Materials and supplies	15,490	18,781	14,021	4,760
Capital outlay	200	264	85	179
Grants and subsidies	62	47	1	46
Expense reimbursement	(16,225)	(16,250)	(12,174)	(4,076)
Total public works	17,897	20,295	19,668	627
Total transportation and environment	\$ 17,897	\$ 20,295	\$ 19,668	\$ 627
Total Expenditures	\$ 748,616	\$ 781,076	\$ 763,058	\$ 18,018
OTHER USES				
Transfers out				
Capital projects fund	\$ -	\$ 26,000	\$ 26,000	\$ -
Library retirement fund	939	939	939	-
HUB Community Impact fund	550	1,000	1,000	-
Total transfers out	1,489	27,939	27,939	-
Total other uses	\$ 1,489	\$ 27,939	\$ 27,939	\$ -
Total Expenditures and Other Uses	\$ 750,105	\$ 809,015	\$ 790,997	\$ 18,018
Net Change in Fund balances (Budgetary)	\$ 759	\$ (53,281)	\$ 3,008	\$ 56,289
Adjustment for encumbrances			(3,279)	
Revenues over expenditures GAAP basis			(271)	
Fund Balance - beginning			207,922	
Fund Balance - ending			\$ 207,651	
Reconciliation from Cash Basis to Modified Accrual Fund Balance (Modified Accrual)			6,974	
			\$ 214,625	

See accompanying notes to financial statements.

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 (Thousands of Dollars)
 June 30, 2023

CITY OF MEMPHIS, TENNESSEE
 Exhibit A-9

	Business Type Activities - Enterprise Funds						Governmental
	Major Funds						Activities
	Sewer Col- lection and Treatment	MLGW Electric Division	MLGW Gas Division	MLGW Water Division	Non-Major Fund	Total	Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ -	\$ 231,031	\$ 131,041	\$ 73,866	\$ -	\$ 435,938	\$ 1
Investments	22,072	103,335	56,623	33,084	2,624	217,738	-
Equity in cash and investment pool	40,704	-	-	-	31,910	72,614	40,340
Derivative financial instruments	-	-	2,297	-	-	2,297	-
Restricted funds	40,517	41,724	45,491	29,528	26,317	183,577	-
Receivables:							
Notes and accounts	21,954	91,408	48,462	21,597	2,992	186,413	-
Interest on investments	-	-	315	-	-	315	-
Unbilled revenues	-	60,551	18,291	6,420	-	85,262	-
Prepaid power cost	-	-	9,743	-	-	9,743	-
Unrecovered purchased power cost	-	3,279	-	-	-	3,279	-
Prepaid expenses	2,176	-	1,015	-	-	3,191	-
Inventories of materials and supplies	-	73,948	12,460	5,828	-	92,236	2,654
Other current assets	-	5,064	2,495	2,941	-	10,500	-
Total current assets	127,423	610,340	328,233	173,264	63,843	1,303,103	42,995
Non-current assets:							
Restricted assets:							
Investments, less current portion	-	43,929	16,588	9,864	-	70,381	-
Total restricted assets	-	43,929	16,588	9,864	-	70,381	-
Capital assets:							
Land	14,079	-	-	-	37	14,116	-
Buildings	105,196	-	-	-	2,573	107,769	-
Utility plant	-	2,157,215	805,239	618,929	-	3,581,383	-
Improvements other than buildings	764,851	-	-	-	103,755	868,606	-
Machinery and equipment	57,405	-	-	-	21,069	78,474	-
Less accumulated depreciation and amortization	(494,314)	(976,296)	(411,603)	(241,168)	(42,311)	(2,165,692)	-
Total capital assets	447,217	1,180,919	393,636	377,761	85,123	2,484,656	-
Construction in progress	510,460	-	-	-	76,595	587,055	-
Net capital assets	957,677	1,180,919	393,636	377,761	161,718	3,071,711	-
Other non-current assets:							
Right of use assets	-	830	242	179	-	1,251	-
Less accumulated amortization	-	(562)	(152)	(112)	-	(826)	-
Prepayments in lieu of taxes	-	1,612	37	-	-	1,649	-
Unamortized debt expense	-	1,473	776	805	-	3,054	-
Other prepayments	-	13,922	18,330	4,524	-	36,776	-
Net pension asset -long term	-	120,463	46,178	34,132	-	200,773	-
Notes receivable	-	3,735	15,505	2,240	-	21,480	-
Total other non-current assets	-	141,473	80,916	41,768	-	264,157	-
Total non-current assets	957,677	1,366,321	491,140	429,393	161,718	3,406,249	-
Total assets	1,085,100	1,976,661	819,373	602,657	225,561	4,709,352	42,995
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	11,201	40,640	15,578	11,514	5,009	83,942	-
Deferred outflows related to OPEB	4,733	49,634	19,028	14,064	2,633	90,092	112
Unamortized balance of refunded debt	-	861	-	-	-	861	-
Total assets and deferred outflows of resources	\$ 1,101,034	\$ 2,067,796	\$ 853,979	\$ 628,235	\$ 233,203	\$ 4,884,247	\$ 43,107

(Continued)

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 (Thousands of Dollars)
 June 30, 2023

CITY OF MEMPHIS, TENNESSEE
 Exhibit A-9
 (Continued)

	Business Type Activities - Enterprise Funds						Governmental
	Major Funds						Activities
	Sewer Col- lection and Treatment	MLGW Electric Division	MLGW Gas Division	MLGW Water Division	Non-Major Fund	Total	Internal Service Funds
LIABILITIES							
Current liabilities:							
Accounts payable and accrued expenses	\$ 20,025	\$ 153,539	\$ 74,650	\$ 9,945	\$ 2,148	\$ 260,307	\$ 190
Bonds and notes payable	-	10,505	3,963	3,886	-	18,354	-
Accrued liabilities	-	30,365	7,415	6,745	-	44,525	-
Payables due from restricted assets	-	28,545	12,240	6,042	-	46,827	-
Bonds payable - principal from restricted assets	-	986	372	365	-	1,723	-
Bonds payable - interest from restricted assets	-	1,006	455	378	-	1,839	-
Insurance claims payable	425	-	-	-	59	484	7,608
Contract retainage	7,112	-	-	-	364	7,476	-
Current installment of revenue bonds payable	-	-	-	-	838	838	-
State loans payable - current	7,501	-	-	-	-	7,501	-
Vacation, sick and other leave benefits	3,324	10,650	4,093	2,955	1,838	22,860	210
Total current liabilities	38,387	235,596	103,188	30,316	5,247	412,734	8,008
Long-term liabilities:							
Revenue bonds payable	209,530	327,517	140,035	128,982	36,647	842,711	-
State loans payable	180,121	-	-	-	-	180,121	-
Federal loans payable	64,590	-	-	-	-	64,590	-
Net pension liability	19,482	-	-	-	8,864	28,346	-
Net OPEB liability	31,466	72,662	27,854	20,588	18,039	170,609	889
Customer common deposits	-	21,053	6,476	1,982	-	29,511	-
Other	-	9,277	3,423	2,506	-	15,206	-
Total long-term liabilities	505,189	430,509	177,788	154,058	63,550	1,331,094	889
Total liabilities	543,576	666,105	280,976	184,374	68,797	1,743,828	8,897
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	4,511	110,046	42,185	31,179	2,551	190,472	-
Deferred inflows related to OPEB	3,496	89,123	34,164	25,252	1,565	153,600	69
Leases	-	4,233	15,431	1,032	-	20,696	-
Revenue collected in advance	-	-	2,297	-	-	2,297	-
Total liabilities and deferred inflows of resources	551,583	869,507	375,053	241,837	72,913	2,110,893	8,966
NET POSITION							
Net investment in capital assets	466,092	839,962	247,738	243,537	121,293	1,918,622	-
Restricted for debt service	40,341	48,377	21,078	17,893	5,091	132,780	-
Unrestricted (deficit)	43,019	309,953	210,111	124,967	33,908	721,958	34,141
Total net position (deficit)	\$ 549,452	\$ 1,198,292	\$ 478,927	\$ 386,397	\$ 160,292	\$ 2,773,360	\$ 34,141
Net position of business-type activities						\$ 2,773,360	

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit A-10

	Business Type Activities - Enterprise Funds						Governmental
	Major Funds						Activities
	Sewer Col- lection and Treatment	MLGW * Electric Division	MLGW * Gas Division	MLGW * Water Division	Non-Major Fund	Total	Internal Service Funds
Charges for services	\$ 152,735	\$ 1,491,580	\$ 346,264	\$ 134,854	\$ 36,403	\$ 2,161,836	\$ 122,114
Operating revenues	<u>152,735</u>	<u>1,491,580</u>	<u>346,264</u>	<u>134,854</u>	<u>36,403</u>	<u>2,161,836</u>	<u>122,114</u>
Operating expenses other than depreciation and amortization:							
Personnel services	26,953	-	-	-	13,275	40,228	4,865
Materials, supplies, services, and other	72,245	-	-	-	5,987	78,232	24,629
Capital outlay	2,753	-	-	-	-	2,753	480
Purchased power and gas for resale	-	1,151,829	197,956	-	-	1,349,785	-
Production	-	-	-	19,343	-	19,343	-
Operation	-	82,266	55,955	33,287	-	171,508	-
Maintenance	-	61,719	9,081	12,193	-	82,993	-
In lieu of taxes	-	6,313	1,004	-	-	7,317	-
Death benefits	-	-	-	-	-	-	169
PCORI tax	-	-	-	-	-	-	25
Inventories	-	-	-	-	-	-	16,880
Claims incurred	-	-	-	-	-	-	66,835
Total operating expenses other than depreciation and amortization	<u>101,951</u>	<u>1,302,127</u>	<u>263,996</u>	<u>64,823</u>	<u>19,262</u>	<u>1,752,159</u>	<u>113,883</u>
Operating income (loss) before depreciation and amortization	<u>50,784</u>	<u>189,453</u>	<u>82,268</u>	<u>70,031</u>	<u>17,141</u>	<u>409,677</u>	<u>8,231</u>
Depreciation and amortization	<u>15,122</u>	<u>62,149</u>	<u>25,335</u>	<u>12,009</u>	<u>2,306</u>	<u>116,921</u>	<u>-</u>
Operating income (loss)	<u>35,662</u>	<u>127,304</u>	<u>56,933</u>	<u>58,022</u>	<u>14,835</u>	<u>292,756</u>	<u>8,231</u>
Non-operating revenues:							
Transmission credits	-	37,948	-	-	-	37,948	-
Investment income	3,329	4,600	(1,292)	1,803	1,611	10,051	471
Federal grants	10	-	-	-	-	10	-
Other	178	-	-	-	33	211	-
Total non-operating revenues	<u>3,517</u>	<u>42,548</u>	<u>(1,292)</u>	<u>1,803</u>	<u>1,644</u>	<u>48,220</u>	<u>471</u>
Non-operating expenses:							
Loss on disposal of assets	721	-	-	-	-	721	-
Interest on bonded indebtedness	6,016	9,476	3,921	3,555	1,685	24,653	-
Interest on state loan	1,474	-	-	-	-	1,474	-
Other	57	-	-	-	3	60	-
Total non-operating expenses	<u>8,268</u>	<u>9,476</u>	<u>3,921</u>	<u>3,555</u>	<u>1,688</u>	<u>26,908</u>	<u>-</u>
Income (loss) before capital contributions and transfers	<u>30,911</u>	<u>160,376</u>	<u>51,720</u>	<u>56,270</u>	<u>14,791</u>	<u>314,068</u>	<u>8,702</u>
Transfers in	-	-	-	-	-	-	2,230
Transfers out	(12,225)	(40,763)	(17,680)	(4,500)	(106)	(75,274)	-
Capital contributions	712	-	-	-	-	712	-
Change in net position (deficit)	19,398	119,613	34,040	51,770	14,685	239,506	10,932
Total net position (deficit) - beginning of year	530,054	1,078,679	444,887	334,627	145,607		23,209
Total net position - end of year	<u>\$ 549,452</u>	<u>\$ 1,198,292</u>	<u>\$ 478,927</u>	<u>\$ 386,397</u>	<u>\$ 160,292</u>		<u>\$ 34,141</u>

Change in net position of business-type activities \$ 239,506

See accompanying notes to financial statements.

* Restated total net position (deficit) - beginning of the year.



STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

	Sewer Col- lection and Treatment	MLGW Electric Division	MLGW Gas Division	MLGW Water Division	Non-Major Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers and users	\$ 146,475	\$ 1,477,968	\$ 349,173	\$ 132,886	\$ 36,486	\$ 2,142,988	\$ 340
Receipts from other division funds	-	-	-	-	-	-	34,267
Miscellaneous income	174	-	-	-	-	174	-
Employee contributions	-	-	-	-	-	-	15,591
Employer contributions	-	-	-	-	-	-	65,262
Pharmacy rx rebates	-	-	-	-	-	-	6,699
Payments to suppliers	(70,724)	(1,199,712)	(189,168)	(38,432)	(5,836)	(1,503,872)	(26,829)
Payments to/on behalf of employees	(23,498)	(131,232)	(61,095)	(43,270)	(10,940)	(270,035)	(4,973)
Payments from / (to) other divisions or funds	-	(5,986)	(2,698)	(4,411)	-	(13,095)	-
Payments per Affordable Care Act (Re-insurance fees, PCORI tax)	-	-	-	-	-	-	(24)
Payments for taxes	-	(6,494)	(1,001)	-	-	(7,495)	-
Payments for inventory	-	-	-	-	-	-	(17,644)
Payments for death benefits	-	-	-	-	-	-	(169)
Payments for claims incurred	-	-	-	-	-	-	(69,807)
Net cash provided by (used in) operating activities	52,427	134,544	95,211	46,773	19,710	348,665	2,713
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:							
Transfers to City	-	(40,763)	(17,680)	(4,500)	-	(62,943)	-
Principal paid on lease liabilities	-	(281)	(75)	(56)	-	(412)	-
Interest paid on lease liabilities	-	(15)	(5)	(4)	-	(24)	-
Receipt of miscellaneous income	-	-	-	-	34	34	-
Transfers from other funds	-	-	-	-	-	-	2,230
Transfers to other funds	(12,225)	-	-	-	(106)	(12,331)	-
Net cash (used in) provided by non-capital financing activities:	(12,225)	(41,059)	(17,760)	(4,560)	(72)	(75,676)	2,230
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Acquisition and construction of capital assets	(101,111)	(123,395)	(21,950)	(31,346)	(13,005)	(290,807)	-
Contributions in aid of construction	-	31,940	5,465	4,364	-	41,769	-
Proceeds from federal grants	10	-	-	-	-	10	-
Principal payments on capital debt	(10,070)	(11,020)	(4,140)	(4,105)	(815)	(30,150)	-
Interest payments on debt	(10,770)	(12,371)	(5,572)	(4,612)	(1,695)	(35,020)	-
Capital contributions received	712	-	-	-	-	712	-
Proceeds from Federal loan	23,416	-	-	-	-	23,416	-
Proceeds from State Revolving Fund (SRF) loans	11,422	-	-	-	-	11,422	-
Net cash used in capital and related financing activities	(86,391)	(114,846)	(26,197)	(35,699)	(15,515)	(278,648)	-
CASH FLOWS FROM INVESTING ACTIVITIES:							
Sales and maturities of investments	468	69,198	21,328	14,574	12	105,580	-
Purchase of investments	(766)	(79,120)	(43,307)	(25,802)	(110)	(149,105)	-
Payments received on notes receivable	-	-	-	177	-	177	-
Income earned on investments	2,610	1,526	1,041	852	1,607	7,636	471
Net cash provided by (used in) investing activities	2,312	(8,396)	(20,938)	(10,199)	1,509	(35,712)	471
Net increase (decrease) in cash and cash equivalents	(43,877)	(29,757)	30,316	(3,685)	5,632	(41,371)	5,411
Cash and cash equivalents, beginning of year	125,098	337,833	158,155	113,521	52,595	787,202	34,930
Cash and cash equivalents, end of year	\$ 81,221	\$ 308,076	\$ 188,471	\$ 109,836	\$ 58,227	\$ 745,831	\$ 40,341

(Continued)

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (Thousands of Dollars)
 For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
 Exhibit A-11
 (Continued)

	Sewer Col- lection and Treatment	MLGW Electric Division	MLGW Gas Division	MLGW Water Division	Non-Major Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 35,662	\$ 127,304	\$ 56,933	\$ 58,022	\$ 14,835	\$ 292,756	\$ 8,231
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation and amortization	15,122	62,149	25,335	12,009	2,306	116,921	-
Transmission credits	-	37,948	-	-	-	37,948	-
Other income	174	3,073	(2,644)	952	-	1,555	-
(Increase) decrease in assets:							
Accounts receivable	(6,259)	(7,546)	(1,720)	(1,153)	(1)	(16,679)	40
Deferred outflows - Pension	6,665	(1,414)	(542)	(401)	3,657	7,965	-
Deferred outflows - OPEB	(3,940)	(14,641)	(5,613)	(4,148)	(2,162)	(30,504)	(55)
Net pension asset	-	(56,877)	(21,803)	(16,116)	-	(94,796)	-
Unbilled revenues	-	(7,317)	(2,586)	(1,777)	-	(11,680)	-
Prepayments - in lieu of taxes	-	19	-	-	-	19	-
Unrecovered purchased power and gas	-	(2,685)	5,970	-	-	3,285	-
Inventories	-	(24,445)	(238)	327	-	(24,356)	(765)
Other assets	-	(89)	3,531	-	-	3,442	-
Increase (decrease) in liabilities:							
Accounts payable	1,927	20,532	18,749	-	315	41,523	(4,783)
Other accrued expenses	1,928	729	26,554	169	-	29,380	-
Customer deposits	-	1,685	2,222	314	-	4,221	-
Insurance reserves	-	993	(37)	(174)	-	782	-
Medical benefit accrual	-	1,773	809	528	-	3,110	-
Deferred inflows - Pension	(5,126)	21,598	8,016	6,165	(2,813)	27,840	-
Deferred inflows - OPEB	(2,676)	(9,882)	(3,789)	(2,800)	(1,469)	(20,616)	(37)
Net pension liability	3,284	-	-	-	1,802	5,086	-
Net OPEB liability	5,903	(18,415)	(7,059)	(5,217)	3,239	(21,549)	82
Accrued vacation/sick leave	(237)	-	-	-	-	(237)	-
Other	-	52	(6,877)	73	-	(6,752)	-
Total adjustments	16,765	7,240	38,278	(11,249)	4,875	55,909	(5,518)
Net cash provided by (used in) operating activities	\$ 52,427	\$ 134,544	\$ 95,211	\$ 46,773	\$ 19,710	\$ 348,665	\$ 2,713
Reconciliation of cash and cash equivalents per statements of cash flows to the balance sheets:							
Restricted funds	\$ 40,517	\$ 85,653	\$ 62,079	\$ 39,392	\$ 26,317	\$ 253,958	\$ -
Less investments included in restricted funds	-	(8,608)	(4,649)	(3,422)	-	(16,679)	-
Cash and cash equivalents included in restricted funds	40,517	77,045	57,430	35,970	26,317	237,279	-
Current assets - cash and cash equivalents	-	231,031	131,041	73,866	-	435,938	1
Current assets - equity in cash and investment pool	40,704	-	-	-	31,910	72,614	40,340
Total cash and cash equivalents	\$ 81,221	\$ 308,076	\$ 188,471	\$ 109,836	\$ 58,227	\$ 745,831	\$ 40,341

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
(Thousands of Dollars)
June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit A-12

	Pension and OPEB Trust Funds	Sold Property Tax Receivable Custodial Fund
ASSETS		
Cash and cash equivalents	\$ 98,465	\$ -
Investments, at fair value:		
U.S. government securities - long-term	208,564	-
Common stock - domestic	1,537,478	-
Common stock - foreign	353,342	-
Corporate bonds - domestic	297,459	-
Corporate bonds - foreign	122,859	-
Mutual funds and money market funds	72,996	-
Government bonds - domestic	10,820	-
Government bonds - international	22,267	-
Global bond - international	61,461	-
Emerging market bonds ETF	6,806	-
Corporate bond mutual funds - domestic	43,464	-
Convertible bond - international	14,073	-
Collateralized mortgage obligations	6,964	-
Asset-backed pooled securities	7,457	-
Mortgage-backed pooled securities	22,270	-
Fixed income ETF - domestic	34,909	-
Securitized asset fund	15,500	-
Investments in index funds	90,308	-
Investments in limited partnerships	270,178	-
Investments in real estate	558,525	-
Multi-asset - domestic	19,396	-
Private debt funds - domestic	20,874	-
Private equity - domestic	177,022	-
Private equity - international	28,336	-
Investments in international equity fund	419,453	-
Hedge funds	27,817	-
Distressed debt funds - domestic	65,883	-
Distressed debt funds - international	56,186	-
Life Settlement fund	93,939	-
Investments short sales & written options	(31,473)	-
Total investments	4,635,133	-
Equity in cash and investment pool	10,504	2,884
Interest and dividend receivables	12,276	-
Receivable for securities sold	360,439	-
Property tax receivable - current	-	210
Property tax receivable - delinquent	-	3,364
Employer and employee contributions receivable	4,551	-
Other receivables	142	-
Collateral held in trust for securities on loan	92,009	-
Total assets	5,213,519	6,458
LIABILITIES		
Accounts payable and other liabilities	429,113	5,941
Payable for securities purchased	5,860	-
Collateral subject to return to borrowers	92,009	-
Total liabilities	526,982	5,941
NET POSITION		
Restricted for OPEB	645,884	-
Restricted for Pensions	4,040,653	-
Total net position	\$ 4,686,537	\$ 517

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit A-13

	<u>Pension and OPEB Trust Funds</u>	<u>Sold Property Tax Receivable Custodial Fund</u>
ADDITIONS		
Contributions:		
Employer	\$ 130,681	\$ -
Plan members	38,466	-
Total contributions	<u>169,147</u>	<u>-</u>
Transfer from other fund	10,058	-
Pharmacy rebates	1,085	-
Other revenues	<u>-</u>	<u>4,508</u>
Total Revenues	-	4,508
Investment income:		
Interest and dividend income	81,001	-
Securities lending income	442	-
Other investment income	174	-
Gain on real estate investments	20,990	-
Net appreciation in the fair value of investments	(174,048)	-
Less investment expenses	<u>(21,749)</u>	<u>-</u>
Net investment income	<u>(93,190)</u>	<u>-</u>
Total additions	<u>87,100</u>	<u>4,508</u>
DEDUCTIONS		
Benefits	363,858	-
Administrative expenses	18,442	-
Refunds of contributions	21,400	-
Other contributions	<u>-</u>	<u>1,551</u>
Total deductions	<u>403,700</u>	<u>1,551</u>
Net (decrease)/increase	(316,600)	2,957
Net position - beginning of year	<u>5,003,137</u>	<u>(2,440)</u>
Net position - end of year	<u>\$ 4,686,537</u>	<u>\$ 517</u>

See accompanying notes to financial statements.

COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
(Thousands of Dollars)
June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit A-14

	Memphis Area Transit Authority	Memphis - Shelby County Airport Authority	Renasant Convention Center	Memphis Metropolitan Land Bank Authority	Memphis Zoological Society	Total
ASSETS						
Current unrestricted assets:						
Cash and cash equivalents	\$ 4,391	\$ 48,611	\$ 3,814	\$ 435	\$ 6,303	\$ 63,554
Investments	-	517	-	-	3,358	3,875
Receivables:						
Federal and state grants	15,787	-	-	-	-	15,787
Accounts receivable	95	7,508	962	7	1,412	9,984
Due from other agencies and governments	1,841	-	-	-	703	2,544
Inventories of materials and supplies	3,467	5,513	-	-	419	9,399
Prepaid expenses	758	3,844	79	-	939	5,620
Total current unrestricted assets	26,339	65,993	4,855	442	13,134	110,763
Current restricted assets:						
Cash and cash equivalents	-	146,868	-	-	250	147,118
Investments	-	158,642	-	330	-	158,972
Capital contributions receivable	-	22,155	-	-	-	22,155
Accounts receivable	-	2,437	-	-	-	2,437
Accrued interest	-	827	-	-	-	827
Total current restricted assets	-	330,929	-	330	250	331,509
Total current assets	26,339	396,922	4,855	772	13,384	442,272
Non-current unrestricted assets:						
Lease receivable	-	224,467	-	-	-	224,467
Total non-current unrestricted assets	-	224,467	-	-	-	224,467
Non-current restricted assets:						
Investments	485	33,920	-	376	-	34,781
Other assets	13	-	-	-	-	13
Net pension asset	471	-	-	-	-	471
Total non-current restricted assets	969	33,920	-	376	-	35,265
Capital assets:						
Land	2,731	146,554	643	-	-	149,928
Buildings	181,321	800,678	43,984	-	99	1,026,082
Avigation easements	-	58,913	-	-	-	58,913
Improvements other than buildings	-	1,262,997	-	-	-	1,262,997
Machinery, buses and equipment	102,724	188,192	8,683	-	-	299,599
Subscription-based IT arrangements	-	3,539	-	-	-	3,539
Less accumulated depreciation and amortization	(215,176)	(1,344,797)	(49,527)	-	(67)	(1,609,567)
Total capital assets, net	71,600	1,116,076	3,783	-	32	1,191,491
Construction in progress	25,690	23,812	406	-	-	49,908
Net capital assets	97,290	1,139,888	4,189	-	32	1,241,399
Total assets	124,598	1,795,197	9,044	1,148	13,416	1,943,403
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refundings	-	184	-	-	-	184
Deferred actuarial losses-pension	13,904	8,011	-	-	-	21,915
Deferred actuarial losses-OPEB	517	2,234	-	-	-	2,751
Total deferred outflows of resources	14,421	10,429	-	-	-	24,850
Total assets and deferred outflows of resources	139,019	1,805,626	9,044	1,148	13,416	1,968,253

(Continued)

COMBINING STATEMENT OF NET POSITION
 COMPONENT UNITS
 (Thousands of Dollars)
 June 30, 2023

CITY OF MEMPHIS, TENNESSEE
 Exhibit A-14
 (Continued)

	Memphis Area Transit Authority	Memphis - Shelby County Airport Authority	Renasant Convention Center	Memphis Metropolitan Land Bank Authority	Memphis Zoological Society	Total
LIABILITIES						
Current:						
Notes and accounts payable	\$ 6,429	\$ 10,905	\$ 588	\$ 22	\$ 720	\$ 18,664
Due to other agencies and governments	3,812	-	-	-	-	3,812
Accrued liabilities	227	13,090	359	-	1,891	15,567
Unearned revenue	90	3,619	77	-	2,056	5,842
Current installment of revenue bonds payable and future event:	-	30,911	1,053	89	2,250	34,303
Total current liabilities	10,558	58,525	2,077	111	6,917	78,188
Long-term (net of current maturities):						
Net pension liability	5,839	23,835	-	-	-	29,674
Net OPEB liability	50,240	13,221	-	-	-	63,461
Revenue bonds payable	-	485,955	-	-	862	486,817
Other long-term obligations	-	4,652	-	376	-	5,028
Total long-term liabilities	56,079	527,663	-	376	862	584,980
Total liabilities	66,637	586,188	2,077	487	7,779	663,168
DEFERRED INFLOWS OF RESOURCES						
Deferred gain on refunding	-	290	-	-	-	290
Deferred inflows - pension	657	1,619	-	-	-	2,276
Deferred inflows - OPEB	33,850	2,383	-	-	-	36,233
Deferred inflow on leases	-	271,520	-	-	-	271,520
Total deferred inflows of resources	34,507	275,812	-	-	-	310,319
Total liabilities and deferred inflows	101,144	862,000	2,077	487	7,779	973,487
NET POSITION						
Net investment in capital assets	97,290	710,281	4,189	-	32	811,792
Restricted for:						
Capital acquisitions/projects	-	264,342	-	100	-	264,442
Self-insurance	505	-	-	-	-	505
Other	-	-	-	-	4,511	4,511
Unrestricted	(59,920)	(30,997)	2,778	561	1,094	(86,484)
Total net position	37,875	943,626	6,967	661	5,637	994,766
Total liabilities, deferred inflows and net position	\$ 139,019	\$ 1,805,626	\$ 9,044	\$ 1,148	\$ 13,416	\$ 1,968,253

See accompanying notes to financial statements.

COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNITS (Thousands of Dollars)
 For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
 Exhibit A-15

Component units:	Program Revenues				Net (Expense) Revenue and Changes in Net Position							
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Memphis Area Transit Authority	Memphis-Shelby County Airport Authority		Renasant Convention Center	Memphis Metropolitan Land Bank Authority (1)		Memphis Zoological Society	Total
						41,074	41,074		138	(1,283)		
Memphis Area Transit Authority	\$ 81,307	\$ 2,574	\$ -	\$ 12,256	\$ (66,477)	-	-	\$ -	-	\$ -	-	\$ (66,477)
Memphis Metropolitan Land Bank Authority	410	3	133	412	-	-	-	138	-	-	-	138
Memphis Zoological Society	29,372	24,875	1,515	1,699	-	-	-	-	(1,283)	-	(1,283)	(1,283)
Renasant Convention Center	8,656	7,493	-	-	-	-	(1,163)	-	-	-	-	(1,163)
Memphis-Shelby County Airport Authority	148,548	115,278	3,166	71,178	-	41,074	-	-	-	-	-	41,074
Total component units	\$ 268,293	\$ 150,223	\$ 4,814	\$ 85,545	\$ (66,477)	\$ 41,074	\$ (1,163)	\$ 138	\$ (1,283)	\$ -	\$ (1,283)	\$ (27,711)
General revenues:												
City of Memphis subsidy					32,463	-	2,617	-	-	-	-	35,080
Investment income (loss)					(5)	20,445	1	1	271	-	-	20,713
Federal grants and entitlements					12,428	-	-	-	-	-	-	12,428
State grants					8,622	-	-	-	-	-	-	8,622
Other					16	19,934	-	-	15	-	-	19,965
Total general revenues and special items					53,524	40,379	2,654	1	286	-	15	96,844
Change in net position					(12,953)	81,453	1,491	139	(997)	-	-	69,133
Net position - beginning					50,828	862,173	5,476	159	14,369	-	-	933,005
Prior period adjustment					-	-	-	363	(7,735)	-	-	(7,372)
Net position - beginning, as restated					50,828	862,173	5,476	522	6,634	-	-	925,633
Net position - ending					\$ 37,875	\$ 943,626	\$ 6,967	\$ 661	\$ 5,637	\$ -	\$ -	\$ 994,766

See accompanying notes to financial statements.

- (1) Data reported in the City's Fiscal Year 2022 Annual Comprehensive Financial Report was as of June 30, 2020. Beginning net position has been restated to reflect the entity's net position as of June 30, 2022.
- (2) Beginning net position has been restated to reflect the transfer of certain assets from the Memphis Zoological Society to the Memphis Zoological Foundation. The transfer was effective July 1, 2022.

CITY OF MEMPHIS

T E N N E S S E E

NOTES TO FINANCIAL STATEMENTS

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Memphis, Tennessee (the City), incorporated in 1826, operates under an elected Mayor-Council form of government and is organized into the following divisions: City Attorney, City Engineer, Executive, Fire Services, Finance and Administration, General Services, Housing and Community Development, Human Resources, Information Technology, Library, Office of Planning and Development, Park Services, Police Services, Public Works, Solid Waste, and Memphis Light, Gas and Water (MLGW). The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the combining statement of major component units within the basic financial statements (see note below for description) to emphasize that it is legally separate from the City.

This report is inclusive of the Division of Memphis Light, Gas, and Water (MLGW). MLGW was created by an amendment to the City Charter by Chapter 381 of the Private Acts of the General Assembly of Tennessee, adopted March 9, 1939, as amended (the "Private Act"). MLGW controls the administration of its activities and business affairs. It operates independently, manages its own finances, and responsible for obligations incurred in such operations. MLGW must have the City Council's approval for its annual budget and before incurring certain obligations. MLGW is managed by a Board of Commissioners. The daily operations of MLGW are managed by the President, who is nominated for a five-year term by the Mayor and approved by the City Council. Under the Private Act, the President generally supervises MLGW's operations and its officers and employees. As such, MLGW is audited and reported independently of the annual audit of the City. MLGW also operates on a calendar year basis, and such disclosure is made throughout this report to distinguish the timing and reporting components of the financial information provided. The City's Independent Auditors rely on the information provided under the audit opinion concluded by MLGW's Independent Auditors, and financial information for MLGW is presented throughout this report without change or modification.

Fiscal Year-End

The City of Memphis maintains a fiscal year of July 1 – June 30. Memphis Light, Gas and Water (MLGW), a division of the primary government, has a fiscal year-end of December 31. Thus, the amounts and disclosures for the MLGW Enterprise Funds, the MLGW Other Post Employment Benefits Trust Fund and the MLGW Retirement System Fund are as of December 31, 2022. The disclosures for other divisions, component units, and joint ventures are as of their June 30 fiscal year-end.

Discretely Presented Component Units

The component unit column in the government-wide financial statements includes the financial data of the City's component units. Component Units are reported in separate columns in a combined statement in the basic statements after the fund financial statement to emphasize that they are legally separate from the City.

The audits of the component units are performed and reported independently of the annual audit of the City. The City's Independent Auditors rely on the information provided under the audit opinion concluded by the individual component unit's Independent Auditors; therefore, the financial information for the component units is presented throughout this report without change or modification.

Renasant Convention Center - The Renasant Convention Center (the "Center"), formerly named the Memphis Cook Convention Center was formed in 1917 under the Tennessee Private Act (TPA) of 1917, Chapter 420, as subsequently amended. In accordance with the TPA, deficit results from operations, maintenance, repairs and insurance that are not funded from the operations of the Center were paid equally by the City and Shelby County (the County) through June 30, 2011. Prior to August 25, 2011, the Center was jointly owned by the City and the County. On August 25, 2011, the City became the sole owner of the Center and the deficit is now solely funded by the City. Memphis Management Group, LLC, a wholly owned subsidiary of Memphis Convention and Visitors Bureau, manages the facility.

While the Center self-reports as an Enterprise Fund, for City reporting purposes the Center is considered a discretely presented component unit. In fiscal year 2016, the City opted to disclose the Center as a blended component unit under the guidelines of Governmental Accounting Standards Board Statement No. 61 (GASB 61); however upon further analysis, the City has determined that the Center meets the requirements of a discretely presented component unit under GASB 14. Complete financial statements for the Center may be obtained at The City of Memphis, 125 North Main Street - Third Floor, Room 368, Memphis, TN 38103 Phone: 901-636-6657.

This entity was deemed a component unit of the City of Memphis under the guidelines of GASB 14.

Memphis Area Transit Authority (MATA) – MATA was created by City ordinance on May 13, 1975, replacing the Memphis Transit Authority, created by the 1943 Tennessee Private Acts ch. 26, and amended by the 1961 Private Acts ch. 319. The MATA Board consists of seven members nominated by the City Mayor and approved by the City Council for terms of three years. All MATA staff and employees are employed by Mid-South Transportation Management, Inc (MTM) providing MATA the authority to supervise the operations of the City's transit system. The system is managed by a private management firm hired by MATA. MATA is funded by a combination of user fees, federal and state grants, and a subsidy from the City. MATA's annual budget, rates and fares are approved by the City Council. MATA must also obtain the approval of the City Council before incurring certain obligations. MATA's fiscal year-end is June 30.

Complete financial statements for this component unit may be obtained at the entity's administrative office: MATA, 1370 Levee Road, Memphis, TN 38108 Phone: 901-722-7159.

This entity was deemed a component unit of the City of Memphis under the guidelines of GASB 14.

Memphis Shelby County Airport Authority (MSCAA) – MSCAA was established by City resolution on September 30, 1969. MSCAA is reported separately to emphasize that it is legally separate from the primary government and is governed by a separate board. The Mayor of the City, with the Mayor of Shelby County nominating two, appoints all members of the seven-member Board of Commissioners (the "Board") to govern MSCAA. The Memphis City Council confirms these appointments for a seven-year term. A member of the Board may be removed from office by a two-thirds vote of the Memphis City Council, but only after notice of cause for the

removal has been served and the member has been granted an opportunity for a public hearing on the matter. The Board appoints the President, who serves as the chief executive officer. The President appoints, and the Board confirms, the remaining officers. These officers manage and operate the Authority's airports. MSCAA has the power to issue bonds to accomplish any of the purposes authorized by the Metropolitan Airport Authority Act of Tennessee. MSCAA's fiscal year is June 30. Complete financial statements for this component unit may be obtained at the entity's administrative office: MSCAA, 2491 Winchester Road, Suite 113, Memphis, TN 38116 Phone: 901-922-8000.

This entity was deemed a component unit of the City of Memphis under the guidelines of GASB 14.

Memphis Zoological Society (MZS) – MZS was created as a nonprofit in April 1951 by Charter to manage and support the Memphis Zoo and Aquarium in its efforts to preserve wildlife through education, conservation, and research. All land, buildings, exhibits, and other physical assets used by MZS are the property of the City of Memphis. MZS operates on a 52-53 week fiscal year ending on the last Sunday in the month of June. The year ended June 30, 2022, contained 52 weeks.

Complete financial statements for this component unit may be obtained at the entity's administrative office: MZS, 2000 Prentiss Place, Memphis, TN 38112 Phone: 901-333-6500.

This entity was deemed a component unit of the City of Memphis under the guidelines of GASB 14.

Memphis Metropolitan Land Bank Authority (MMLBA) – is a quasi-governmental nonprofit agency established in 2015 by the Memphis City Council as a local land bank, within the meaning of the Tennessee Local Land Bank Program, Tenn. Code Ann. § 13-30-101. MMLBA is a nonprofit 501(c)(3) organization. The general nature of the business to be transacted by the corporation and the general purpose for which it is organized is to conduct business as a land bank as prescribed by the Tennessee Local Land Bank Program. The organization is declared to be performing a public function on behalf of the City of Memphis and to be a public instrumentality of the City by providing a tool to support economic revitalization through returning blighted properties, vacant properties, abandoned properties, and tax-delinquent properties to productive use.

The MMLBA is managed by a Board of Directors which may consist of nine (9) voting members, who shall be qualified residents and voters of the City of Memphis, all of whom shall be appointed by the Mayor of the City of Memphis and approved by the Memphis City Council. The Board shall also include one (1) non-voting member who shall be the Mayor of the City of Memphis, or a City official acting as the Mayor's designee, and one (1) non-voting member who shall be a member of the City Council. The organization is established with a fiscal year ending June 30. Complete financial statements for the MMLBA may be obtained at The City of Memphis, 125 North Main Street - Third Floor, Room 368, Memphis, TN 38103 Phone: 901-636-6657.

This entity was deemed a component unit of the City of Memphis under the guidelines of GASB 14.

Related Organization

The City Mayor has the right to appoint members of the Memphis Housing Authority (MHA) Board, but the City is not able to impose its will as such members can only be removed with cause. Furthermore, the potential for MHA to provide financial benefit to or impose a financial burden on the City does not exist.

Joint Ventures

Joint ventures represent organizations owned, operated, or governed by two or more participants where no single participant has the ability to unilaterally control the joint venture. The City is a participant in several joint ventures in which it retains an ongoing financial interest or an ongoing financial responsibility. The City participates in the following joint ventures (see Note V. D.):

- Memphis and Shelby County Port Commission-subsidiary of Economic Development Growth Engine Industrial Development Board (EDGE)
- New Memphis Arena Public Building Authority of Memphis and Shelby County, Tennessee
- Sports Authority of Memphis and Shelby County Incorporated

Jointly Governed Organizations

The City, in conjunction with Shelby County, Tennessee (the County), created the following organizations that are not considered joint ventures as the City and the County do not retain an ongoing financial interest or responsibility.

Downtown Memphis Commission (the Commission) – The Commission is an organization responsible for promotion and redevelopment of the Memphis Center City area. Board members (ten) are appointed by the City and the County Mayors, with approval by the City Council and the County Commission, for three-year terms. The City collects special assessment taxes for the promotion and maintenance of the Memphis downtown area that are remitted annually to the Commission for such activities. Prior to July 1, 2011 the Commission's official name was the Center City Commission.

Memphis and Shelby County Parking Authority (the Parking Authority) – The Parking Authority is a nonprofit corporation established jointly by the City and the County in fiscal year 1998 under the laws of the State of Tennessee. The Parking Authority provides uniform parking policies, coordinated management including the relation of parking to public and private transportation patterns, and strategic planning for existing and future parking facilities. The City and County Mayors appoint the Board members (seven) for terms that range from two to six years.

Memphis and Shelby County Community Redevelopment Agency (CRA) – Memphis and Shelby County Community Redevelopment Agency (CRA) is a joint operation of the City and County and is managed by a seven-member board. Three members are appointed by the City Mayor with approval by the City Council and three members are appointed by the County Mayor with the approval of the County Commission. One member is jointly approved by the City and County. The CRA’s purpose is to ameliorate the slum and blight conditions within the City of Memphis and unincorporated areas of Shelby County.

Memphis Center City Revenue Finance Corporation (CCRFC) – CCRFC is a nonprofit corporation established jointly by the City and the County under the laws of the State of Tennessee. The Finance Corporation provides various forms of financial assistance for development projects. The City and the County Mayors appoint the Board members (nine), with approval by the City Council and the County Commission, for six-year terms.

Economic Development Growth Engine Industrial Development Board (EDGE) – In January 2011, Shelby County Commissioners and the Memphis City Council approved a resolution establishing the authorization and formation of the Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, TN (EDGE). The resolution approved and directed the Industrial Development Board (IDB), the Depot Redevelopment Corporation of Memphis and Shelby County and the Memphis and Shelby County Port Commission to take all actions appropriate to effectuate coordination and consolidate operations where possible within EDGE. EDGE operates as a nonprofit corporation for the purpose of acting as the leading and coordinating entity of Memphis and Shelby County, Tennessee, for all economic, developmental, and growth initiatives among other development organizations. The eleven-member EDGE board is comprised of five members nominated by each the City and Shelby County Mayors, one jointly appointed member that serves as board chair and one non-voting member from both the Memphis City Council and the Shelby County Commission.

Industrial Development Board (IDB) – The IDB operates as a nonprofit corporation for the purpose of promoting industrial development in the City and the County. The nine Board members are appointed by the City and the County Mayors, with approval by the City Council and the County Commission, for six-year terms. A resolution approving and directing the IDB to consolidate within the Economic Development Growth Engine Industrial Development Board (EDGE) was passed in January 2011 by the Memphis City Council and Shelby County Commission.

Depot Redevelopment Corporation of Memphis and Shelby County (the Corporation) – The Depot Redevelopment Corporation is a nonprofit corporation established jointly by the City and County under the laws of the State of Tennessee. The primary purpose of the Corporation is to secure from the United States the land, building, and equipment of the Memphis Defense Depot (closed as a military base in 1997); enter into agreements to acquire, construct, improve, lease, operate, and dispose of property; and to promote the redevelopment of the Memphis Depot for the citizens of the City and County. Board members (nine) are appointed by the City and County Mayors, with approval by the City Council and County Commission, for six-year terms. A resolution approving and directing the Depot Redevelopment Corporation to consolidate within EDGE was passed in January 2011 by the Memphis City Council and Shelby County Commission.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary and custodial funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. In accordance, with the Governmental Accounting, Auditing and Financial Reporting Standards, the City's A-7 Schedule (Statement of Revenues and Other Sources – Budget and Actual on Basis Budgeting) and A-8 (Statement of Expenditures and Other Uses – Budget and Actual on Basis Budgeting) are presented as cash basis for FY2023.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and thus have been recognized as revenues of the current fiscal period. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except for investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received.

The City reports the following major governmental funds:

General Fund – The General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those reported by proprietary funds and trust funds.

Community Development – This fund is used to account for the Community Development Block Grant and other related grants. Funds are restricted to uses approved under Federal guidelines.

The City reports the following major proprietary funds:

Sewer Collection and Treatment Enterprise Fund – The Sewer Collection and Treatment Fund accounts for the operations of the regional sewer collection and treatment facilities operated by the City.

Memphis Light, Gas and Water Division (MLGW) Enterprise Funds – The MLGW Funds account for the provision of electricity, gas and water to customers in Shelby County, Tennessee, which includes the City.

Additionally, the City reports the following fund types:

Internal Service Funds – The City’s Internal Service Funds account for the financing of goods or services provided by one department to other departments or agencies of the City on a cost reimbursement basis. The City reports the following Internal Service Funds:

Fleet Management Internal Service Fund

Health Insurance Internal Service Fund

Unemployment Compensation Internal Service Fund

Fiduciary Funds – The City’s Fiduciary Funds account for the activities of the pension and other postemployment benefit plans, which accumulate resources for payments to qualified participants and investments held for external organizations. Fiduciary funds include the City’s Custodial Fund, which accounts for the assets and the related liability held by the City for purchasers of the City’s delinquent property tax receivables. The City reports the following fiduciary funds:

City Other Post-Employment Benefits Trust Fund

City Retirement System Fund

Library Retirement System Fund

Memphis Light, Gas and Water Other Post-Employment Benefits Trust Fund

Memphis Light, Gas and Water Retirement System Fund

Sold Property Tax Receivable Custodial Fund

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu-of-taxes and other charges between MLGW and the Sewer Collection and Treatment Fund and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Sewer Collection and Treatment Fund, the MLGW Fund, and the City’s internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Prior Period Adoption

In June 2017, **GASB issued Statement No. 87, Leases**. This Statement increases the usefulness of governments' financial statements by requiring recognition of lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City implemented this statement in fiscal year 2022.

In June 2022, all three MLGW Divisions implemented GASB Statement No. 87, *Leases*. The full-year impact of this accounting change was reflected. Accordingly, the accompanying MLGW December 31, 2022, audited financial statements are also in compliance.

New Accounting Standards Adopted

In May 2019 **GASB issued Statement No. 91, Conduit Debt Obligations**. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City implemented this statement in fiscal year 2023.

GASB Statement 92, Omnibus 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

This Statement addresses a variety of topics and includes specific provisions about the following:

The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports. Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets* that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits. The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements. Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. Terminology used to refer to derivative instruments. The City of Memphis has made – and will continue make – the proper effort to be in full compliance with each of the topics noted, where applicable.

GASB 93, Replacement of Interbank, Offered rates. (Issued March 2020) With some governments having entered into agreements in which variable payments, made or received, depend on an Interbank Offered Rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the

purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Processes are in place to identify financing situations involving Interbank-based rates, as well as the impact on accounting processes, reporting and the Annual Comprehensive Financial Report.

GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* was issued March 2020 and implemented by the City in Fiscal 2023, where applicable, using the facts and circumstances that exist at the beginning of the period of implementation. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

GASB Statement 96 *Subscription-Based Information Technology Arrangements*, issued May 2020. Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The City implemented requirements of this Statement in Fiscal 2023

Prior Period Restatements

In June 2022, MLGW implemented GASB Statement No. 87, *Leases*. GASB 87 requires lessee to recognize an intangible right of use asset and a lease liability, and a lessor to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information regarding leasing activities. Accordingly, the accompanying financial statements, as of and for year ended December 31, 2021, have been restated for the change, which did have an immaterial impact on the net position. As a result of the implementation of this provision, MLGW increased Electric, Gas and Water Divisions net position for 2021 by \$83, \$255, and \$20, respectively.

As lessee and as a result of adopting GASB 87, as of December 31, 2021, MLGW's Electric Division recorded total intangible right of use assets of \$830 with accumulated amortization of \$281 and recognized total lease liabilities of \$560, (\$281 current). Electric Division also reclassified \$296 from operating expenses to \$281 as amortization expense and \$26 as interest expense.

As lessee and as a result of adopting GASB 87, as of December 31, 2021, MLGW's Gas Division recorded total intangible right of use assets of \$242 with accumulated amortization of \$76 and recognized total lease liabilities of \$169, (\$75 current). Gas Division also reclassified \$80 from operating expenses to \$76 as amortization expense and \$8 as interest expense.

As lessee and as a result of adopting GASB 87, as of December 31, 2021, MLGW's Water Division recorded total intangible right of use assets of \$179 with accumulated amortization of \$56 and recognized total lease liabilities of \$125, (\$56 current). Water Division also reclassified \$59 from operating expenses to \$56 as amortization expense and \$6 as interest expense.

Future Accounting Pronouncements

GASB Statement 99, *Omnibus 2022*, was issued in April 2022. The requirements of this Statement are effective as follows: The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The City continues to track this statement in order to understand our particular situation as it relates to the topics noted in the statement.

In June 2022 GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance,

timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The City continues to track this statement in order to understand how it impacts our current procedures, accounting transactions, reporting and the Annual Comprehensive Financial Report.

GASB Statement 101, *Compensated Absences*, was issued June 2022, with the objective to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. The effective date is for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The City continues to analyze the impact Statement 101 has on our procedures, accounting transactions, reporting, and Annual Comprehensive Financial Report compilation. We anticipate being compliant as required.

D. Assets, liabilities, and net position of equity

Cash and Cash Equivalents and Investments

The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Investments are stated at their related fair value (see Note IV.A). Investments of the government as well as its component units are generally stated at fair value. Fair value is based on quoted market prices, if available, or estimated using quoted market prices for similar securities. The City uses amortized cost on all investments that mature within a year or less of the date of purchase.

Property Taxes Receivable

Property taxes are recorded as receivables when levied, net of estimated uncollectible accounts. The receivables collected during the current fiscal year and those collected by August 31, 2023, related to tax levies for fiscal year 2023 and prior, are recorded as revenue. Amounts received related to the property tax levy of the next fiscal year and the net receivables estimated to be collectible after August 31, 2023, are recorded as deferred inflows at June 30, 2023.

Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at June 30 are referred to as "due to/from other funds." Interfund loan agreements in the form of bond anticipation notes or grant anticipation notes are executed in accordance with the provisions of Title 9, Chapter 21 of the Tennessee Code Annotated for interfund balances that are not related to timing differences.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Direct expenses (charges based on actual use) are not eliminated, whereas indirect expense allocations made in the funds are reversed in the Statement of Activities.

Transactions that constitute reimbursements of a fund for expenditures or expenses initially made from it that are properly applicable to another fund, such as insurance claims, are recorded as expenditures or expenses (as appropriate) in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed.

All interfund transactions except those that represent interfund services provided and used are accounted for as transfers in or transfers out. Non-recurring or non-routine transfers of equity between funds are considered equity transfers.

Under the Charter of the City of Memphis, the City is entitled to dividends from MLGW based upon equity. These dividends are recorded as a transfer.

Inventories and Prepaid Expenditures

Inventories in the Proprietary Funds are stated at cost determined principally by the first-in/first-out (FIFO) method. General Fund inventories are recorded as expenditures when purchased, and there were no significant inventories on hand at June 30, 2023. All other inventories are recorded as expenditures when consumed rather than when purchased (Consumption Method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 (amount not in thousands) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at acquisition value at the date received. The capital assets reported include infrastructure that was acquired in fiscal years ending after June 30, 1980.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The total interest expense incurred by the Sewer Collection and Treatment Fund during the current fiscal year was \$7,489. Of this amount, none was included as part of the cost of capital assets constructed with bond proceeds.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	25-50 years
Improvements	10-60 years
Infrastructure	50 years
Machinery and Equipment	3-15 years

Equity / Fund Balance – Purpose and Function

Fund Balance is the total accumulation of operating surpluses and deficits since the beginning of a local government's existence. Fund Balance = Assets – Liabilities.

The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is "bound to observe constraints" imposed upon the use of the resources reported in governmental funds.

Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned – fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned - fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Encumbrances - represent contractual obligations that have occurred but have not been paid under the current year budget allowance.

Compensated Absences

City employees are granted vacation, sick and other leave benefits in varying amounts in accordance with administrative policy and union agreements. Vacation days earned are required to be utilized annually but may be carried forward upon written request. In the event of termination, an employee is reimbursed for accumulated vacation days. Employees are required to take their vacation days in their last year of employment prior to retirement. Employees are generally reimbursed for accumulated unused sick leave, not to exceed 75 days, only upon retirement, and only for those employees with service of 25 years or more with the City. Certain exceptions to this policy occur in accordance with the terms of various union contracts.

The liability for vacation, sick and other leave benefits related to and intended to be paid from Governmental Funds is accrued for and reported only if such benefits (e.g., unused reimbursable leave still outstanding following an employee's resignation or retirement) have matured. The liability for vacation, sick and other leave benefits related to and intended to be paid from Proprietary Funds is included in the fund financial statements.

Additionally, the long-term portion of the liability for these benefits to be paid by Governmental and Proprietary Funds is reported in the government-wide financial statements.

Deferred Compensation Plan

The City and MLGW offer their employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

The City and MLGW's amended plans meet the requirements of Internal Revenue Code Section 457. The amended plans provide that assets or income of the plans shall be used for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of the administration of the plans. Since the assets of the amended plans are held in custodial and annuity accounts for the exclusive benefit of plan participants, the related assets of the plans are not reflected on the Statement of Net Position.

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, general obligation bonds, revenue bonds and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Use of Estimates

Estimates used in the preparation of financial statements require management to make assumptions that affect the recorded amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Fund Equity - Net Position

Fund equity is generally the difference between assets plus deferred outflows and liabilities plus deferred inflows. Government-wide and proprietary fund statements report fund equity as net position. Fund equity for governmental fund statements is reported as fund balance (see Note IV.I.).

Government-wide and proprietary funds' net positions are classified into three components. "Net investments in capital assets" consists of capital assets net of accumulated depreciation plus capital-related deferred outflows of resources and reduced by capital-related borrowings and deferred inflows of resources. The "Restricted" category net position consists of assets that must be used for a particular purpose as specified by creditors, grantors, or contributors external to the City. The "Unrestricted" net position consists of the remaining net position that does not meet the definition of the other two categories.

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The statement provides that fund balance be reported and classified in the following manner based on the relative strength of the constraints that control how specific amounts can be spent:

Non-spendable Fund balance includes amounts that cannot be spent because they are either: (a) not in spendable form (e.g., inventories, pre-paid); or (b) legally or contractually required to remain intact (e.g., endowments).

Restricted Fund balance includes amounts constrained for a specific purpose by external parties, constitutional provision, or enabling legislation (e.g., State and Federal Grant Funds). Effectively, restrictions may only be changed or lifted with the consent of the resource provider.

Committed Fund balance includes amounts formally constrained for a specific purpose by a government using its highest level of decision-making authority. The commitment of these funds can only be changed by the government taking the same formal action that imposed the constraint originally. As such, the City Council, the highest level of decision-making authority for the City of Memphis, can adopt an ordinance prior to the end of the fiscal year to commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until an adoption of another ordinance to remove or revise the limitation is passed.

Assigned Fund balance includes amounts a government intends to use for a particular purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City's Finance Director (Chief Financial Officer) was delegated the authority by a City Council resolution to assign fund balance. Refer to section IV.I. Fund Balance By Purpose for details of Governmental Fund balances.

Unassigned Fund balance represents general fund amounts not classified elsewhere.

City Council, the City's highest level of decision-making authority, passed a resolution establishing fund balance policies as required by GASB 54. The policies stipulate that: (1) when it is appropriate for fund balance to be assigned, the authority to do so has been delegated to the Chief Finance Officer; (2) in circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance; and (3) the City shall strive to maintain a yearly fund balance in the general operating fund in which the unassigned fund balance is ten (10) percent of the total operating expenditures.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position

The governmental funds balance sheet includes a reconciliation between fund balance as reflected on the total governmental funds balance sheet and the net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of the \$1,997,573 difference are as follows:

General obligation bonds payable	\$ 1,483,252
Premium on general obligation bonds	85,977
Commercial Paper	50,000
Lease agreement	20,308
Settlement Obligation	9,333
EDGE- Accelerated Memphis	24,255
Related party loan	102,850
Related party loan premium	25,822
Related party debt obligation	85,074
Legal Claims and Judgments	1,184
Accrued interest	14,283
Vacation, sick, and other leave benefits	91,034
On the job injury	3,826
SBITA Leases	<u>377</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	<u><u>\$ 1,997,573</u></u>

B. Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances as reflected on the total governmental funds balance sheet and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
(Continued)

The details of the \$103,957 difference are as follows:

Capital outlay	\$ 185,722
Retirement	(0)
Depreciation Expense	<u>(81,765)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at change in the net position of governmental activities	<u><u>\$ 103,957</u></u>

Another element of the reconciliation states that “the issuance of long-term debt (e.g., bond, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of the (\$37,768) difference are as follows:

Debt Issued or incurred:

General obligation bonds payable	\$ (66,676)
Commercial Paper	25,000
Lease agreements	6,411
Settlement Obligation	1,334
Related party loan	10,610
Related party debt obligation	1,995
Related party loan premium & Related party debt obligation premium	(16,066)
SBITA Leases	(376)

Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (37,768)</u></u>
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Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of the \$164,044 difference are as follows:

Liability Changes:	
Claims and judgments liability	\$ 2,164
Accrued interest expense	(864)
Personnel cost (OJI, Vacation, Sick, Other)	<u>(6,492)</u>
	<u>(5,192)</u>
Net pension liability adjustment	157,607
Net OPEB liability adjustment	<u>11,629</u>
	<u>169,236</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 164,044</u>

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
(Continued)

Net Investment in Capital Assets

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Total capital assets (both tangible and intangible)	\$ 3,262,141	\$ 5,237,403
Less: Accumulated depreciation/amortization	<u>(1,083,356)</u>	<u>(2,165,692)</u>
Net carrying value of capital assets	2,178,785	3,071,711
Less:		
Outstanding principal of capital-related borrowings related to the government's own capital assets (limited to proceeds expended for capital purposes and excluding unspent proceeds) ("outstanding capital debt")	1,887	740,705
Outstanding principal of debt and other borrowing used to refund capital-related borrowings		252,211
Outstanding principal balance of any other (non-debt) capital related liabilities as of fiscal year end, including capital accounts payable and retainage payable	4,580	7,476
Unamortized original issue premiums on outstanding capital debt	111,799	103,448
Capital-related deferred inflows of resources (such as a gain on refunding of outstanding capital debt)		647
Specify <u>Unspent bond proceeds</u>	259,516	49,505
	<u>377,782</u>	<u>1,153,992</u>
Plus:		
Capital-related deferred outflows of resources (such as a loss on refunding of outstanding capital debt)		903
	<u>-</u>	<u>903</u>
Equals: Net investment in capital assets	<u><u>\$ 1,801,003</u></u>	<u><u>\$ 1,918,622</u></u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The City Council annually approves the budget ordinance for the General Fund, Enterprise Funds, Internal Service Funds, Debt Service Fund, and Special Revenue Funds (except the Community Development Fund, the Central Business Improvement District Fund, the Community Services Fund, and the Education Fund) of the City.

During the fiscal year, budgetary control is maintained at a program level. The City Mayor has the authority to approve transfers between line items within the total amounts of each program category (Personnel Services, Materials and Supplies, Capital Outlay, Grants and Subsidies, Inventory and Expense Reimbursements). The City Mayor also has the authority to approve transfers between program categories within the total amounts of each program; however, each transfer shall have a maximum limit of \$50 and each program shall have an annual cumulative limit of \$100 for transfers between categories within the total amounts of each program. During the fiscal year, any transfer of appropriations between programs can be made only upon the authorization by ordinance or resolution of the City Council.

For the Community Development Special Revenue Funds, spending budgets are approved annually upon the availability of the grants from the federal government. The lives of most grants range from two to three years.

Encumbrance accounting is utilized in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are typically designated by the Chief Financial Officer (CFO) with the approval of the Mayor as an assignment of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. The basis of accounting applied to budgetary data presented is not consistent with generally accepted accounting principles for governmental funds, as actual expenditures are increased by current year encumbrances in order to be consistent with the basis of budgeting used.

B. Excess of expenditures over appropriations

In demonstrating compliance with the City's legally prescribed budgetary requirements, expenditures at June 30, 2023, did not exceed appropriations at the program level. The comparison of actual expenditures to the budget for the General Fund reflects no unfavorable variances from budget at the program level.

C. Deficit net position

No funds had a deficit net position at the end of fiscal year 2023.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Statutes authorize the City to invest in bonds, notes or treasury bills of the United States or its agencies, certificates of deposit, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the local government investment pool, prime banker's acceptances and prime commercial paper. Statutes require that (1) deposits have as collateral securities whose market value is equal to 105% of the value of the deposits, less so much of such amount as is insured by federal deposit insurance and (2) securities underlying repurchase agreements must have a market value at least 102% of the amount of funds invested in the repurchase agreements. Tennessee Code Annotated Sections 9-4-502 and 9-4-504 state that collateralization coverage for cash deposits may be computed based on average daily balances of the preceding month.

Cash and Investment Pool

The City uses a central cash and investment pool ("C&I Pool") for all funds other than the Pension Trust Funds, MLGW Funds, and certain investments of the Capital Projects Fund and Sewer Collection and Treatment Fund. The equity of the other funds within the reporting entity that participate in the C&I Pool is recorded as an asset on the books in those funds. The City's component units do not participate in the C&I Pool. The individual fund pool balances in the C&I Pool are based upon actual cash receipts and disbursements with investment income, including any unrealized gains from changes in the fair value of investments, allocated monthly to each fund on a pro-rata basis.

The fair value of the C&I Pool is the same as the value of the Pool shares. The City's investment policy with respect to the Pool is to maximize investment earnings while maintaining an acceptable level of risk. Since investments in the Pool must provide for the future cash needs of the City, flexibility and liquidity of investments are generally maintained at all times. The City does not provide guarantees to the Pool participants to support the values of their equity positions.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to fair value losses arising from increasing interest rates by limiting the duration of the portfolio, excluding bond proceeds, to less than one (1) year. Furthermore, no investment can have a maturity of greater than two (2) years from date of purchase unless such maturity is approved by the State Director of Local Finance.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. It is the City's policy to limit its investments to prime commercial paper, which shall be rated at least A1 or equivalent by at least two (2) nationally recognized rating services. Proceeds of bonds, notes, and other obligations issued by the City, reserves held in connection therewith, and the investment income therefrom, may be invested in obligations that: (a) are rated in either of the two highest-rated categories by a nationally recognized rating agency; (b) are direct general obligations of a state of the United States, or a political subdivision or instrumentally thereof, having general taxing powers; and (c) have a final maturity on the date of investment not to exceed twenty-four (24) months or which may be tendered by the holder to the issuer thereof, or an agent of the issuer, at not less than twenty-four (24) month intervals unless approved by the State Director of Local Finance.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the government's investment in a single issuer. The City's investment policy requires portfolio diversification by security type and institution.

The maximum percentage of the portfolio permitted in each eligible security is as follows:

U.S. Treasury	100% maximum
Federal Agency (Fixed Rate)	100% maximum
Federal Agency (Variable Rate)	10% maximum
Repurchase Agreement	50% maximum
Commercial Paper	15% maximum
Banker's Acceptances	15% maximum
Insured/Collateralized Certificates of Deposit	20% maximum
Municipal Obligations	20% maximum
Tennessee LGIP	25% maximum

The City's investment policy is further diversified and limits the exposure to any one issuer. No more than 5% of the City's portfolio is allowed to be invested in the securities of any single issuer with the following exceptions:

Each Federal Agency	35% maximum
Each Repurchase Agreement Counterparty	20% maximum

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned. At June 30, 2023 all deposits were insured or collateralized as required by policy. The City’s investment policy provides that all securities purchased by the City or held as collateral on either deposits or investments shall be held in third-party safekeeping at a financial institution.

Deposits held by the C&I Pool at June 30, 2023, totaled \$111,034 and cash draws against future deposits of (\$18,804).

The investments held by the pool consist of the following at June 30, 2023:

<u>Description</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Fair Value</u>	<u>Duration</u>
U.S. Government Obligations	June 2022 – February 2027	0.45% - 3.375%	\$ 459,879	.07 - 2.65
Cash Equivalents	August 2023 - October 2023	0%	3,632	.09 - .26
Total Investments			<u>\$ 463,511</u>	

The C&I Pool does not issue separate financial statements. Condensed financial information as of June 30, 2023, is as follows (dollar amounts and share amounts are the same):

Condensed Statement of Net Position

Cash deposits	\$ 111,034
Cash draws against future deposits	(18,804)
Investments	<u>463,511</u>
Net position	<u>\$ 555,741</u>
Net position held in trust for pool participants:	
Internal participants	<u>555,741</u>
Total net position held in trust for pool participants	<u>\$ 555,741</u>

Condensed Statement of Changes in Net Position

Additions:	
Investment income	\$ 133,442
Purchase of units	<u>2,123,570</u>
Total additions	2,257,012
Deduction:	
Redemption of units	<u>2,359,387</u>
Net increase	(102,375)
Net position held in trust for pool participants:	
Beginning of year	<u>658,116</u>
End of year	<u><u>\$ 555,741</u></u>

Investments Outside of the Pool

Several funds in the primary government own investments outside of the C&I Pool. The Capital Projects Fund’s investments were purchased from the unexpended portion of general obligation bond issues, which require the City to maintain separate investments for arbitrage purposes. The Sewer Collection and Treatment Fund’s investments were purchased to set aside funds to satisfy certain revenue bond covenants. Investments in these funds are generally of the same type as in the C&I Pool with the addition of collateralized certificates of deposit. These funds also are required to deposit funds relating to certain construction projects in the State of Tennessee Treasurer’s Local Government Investment Pool (“LGIP”).

Deposits with the LGIP, which may be withdrawn with a maximum of one day’s notice, are classified as cash equivalents and are valued at cost. The LGIP is not registered with the SEC as an investment company; however, the LGIP has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net position to compute share prices if certain conditions are met. State statutes require the State Treasurer to administer the LGIP under the same terms and conditions, including collateral requirements, as required for other funds invested by the Treasurer. The reported value of the pool is the same as the fair value of the pool shares. Although the LGIP itself is unrated, its types of investments and maturities provide a level of credit risk similar to that detailed in the aforementioned credit risk section.

All of MLGW’s investments are outside of the C&I Pool. MLGW’s investments are invested under a cash management program which provides for the investment of excess cash balances in short-term investments and the investment of debt service funds in instruments maturing as the related debt matures. These investments are similar to those described above with the addition of commercial paper and mutual funds.

The MLGW Statement of Investment Policy has been adopted and approved by the MLGW Board of Commissioners. This policy sets forth the investment and operational policies for the management of the public

funds of MLGW. The Board of Commissioners has the power to invest and reinvest MLGW funds in accordance with the prudent investor rule.

The Board members exercise authority and control over MLGW’s investment portfolio by setting policies that MLGW’s investment staff executes either internally or using external prudent experts.

Investments in the City Retirement Fund, the Library Retirement Fund, and the MLGW Retirement and Pension System include stocks, corporate and government bonds, mortgage-backed securities, mutual funds, limited partnerships, real estate investments and commercial paper in addition to the money market securities mentioned above.

Deposits and cash on hand-held by the primary government outside of the C&I Pool at June 30, 2023, totaled \$930,409.

The investments held by the primary government outside the C&I Pool at June 30, 2023:

<u>Description</u>	<u>Fair Value</u>
Short-term investments	\$ 36,362
Money market	3,129
U.S. Government securities	(66,910)
Federal Agency securities	189,422
Federal Agency callable	39,074
Total	<u>\$ 201,077</u>
Investments not subject to categorization:	
State of Tennessee LGIP	<u>69,249</u>
Total Investments	<u><u>\$ 270,326</u></u>

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
(Continued)

A reconciliation of cash and investments as shown on the governmental and proprietary funds for the governmental entity-wide is as follows:

C&I Pool deposits	\$ 111,034
C&I Pool draws against future deposits	(18,804)
C&I Pool investments	463,511
Derivative financial instruments- MLGW	2,297
Other deposits and cash on hand	930,409
Other investments	<u>270,326</u>
Total	1,758,773
Equity in C&I Pool – Custodial funds	(10,504)
Equity in C&I Pool – Fiduciary funds	<u>(2,884)</u>
Total	<u><u>\$ 1,745,385</u></u>

Cash and cash equivalents	\$ 684,277
Investments	255,946
Equity in cash and investment pool	542,352
Restricted special fund-customer deposits	192,429
Restricted investments	<u>70,381</u>
Total	<u><u>\$ 1,745,385</u></u>

Deposits and investments relating to discretely presented component units are as shown below. Investment policy and risk discussion may be found in each of the component units audited financial statements.

Memphis Area Transportation Authority (MATA) as of June 30, 2023

Cash and Cash Equivalents	\$ 4,391
Restricted Investments	
Federal Home Loan Mortgage Obligation	\$ 485
Total Investments	\$ 485

RENASANT CONVENTION CENTER as of June 30, 2023

Cash and Cash Equivalents	\$ 3,814
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Memphis Shelby County Airport Authority (MSCAA) as of June 30, 2023

Deposits

Cash deposits	\$ 48,608
Cash on hand	3
Total Deposits and cash on hand	\$ 48,611

Restricted Cash

Bonds, construction and other miscellaneous	\$ 146,868
Total Restricted Cash	\$ 146,868

Investments

U.S. Government agencies	\$ 169,239
Investments not subject to categorization:	
Forward purchase agreement	23,840
Total Investments	\$ 193,079

Memphis Zoological Society (MZS) as of June 30, 2023

Cash and Cash Equivalents	<u>\$ 6,303</u>
Restricted Cash	
Construction of new parking	\$ 250
Total Restricted Cash	<u>\$ 250</u>
Investments	
Community Foundation of Greater Memphis funds	\$ 3,358
Total Investments	<u>\$ 3,358</u>

Memphis Metropolitan Land Bank Authority as of June 30, 2023

Cash and Cash Equivalents	<u>\$ 435</u>
Restricted Investments	
Property held for resale	\$ 330
Property held under Land Deposit Agreements	376
Total Investments	<u>\$ 706</u>

City of Memphis Retirement System – Deposits and Investments

The City of Memphis Retirement System (the City Plan) is administered by the Board of Administration of the City of Memphis Retirement System (the Pension Board). The Pension Board has established and given authority to the Pension Investment Committee (the “Investment Committee”) to exercise authority and control of investments solely in the interest of participants of the City Plan and their beneficiaries. Additionally, the Pension Board executes its policies with the aid of external investment advisors.

Investment allocation is subject to the restrictions set forth in applicable City of Memphis Ordinances that limit the percentage of investments that may be allocated to equity investments and real estate investments. To achieve its risk/return objectives and to be in compliance with applicable ordinances, the Investment Committee endeavors to invest funds in the following ranges:

	<u>Minimum</u>	<u>Maximum</u>
Cash equivalents	0%	5%
Real estate	5%	10%
Private equity	2%	6%
Hedge Fund of Funds	2%	6%
Domestic equities	14%	28%
International equities	24%	38%
Fixed income	20%	36%

In exceptional circumstances, deviations from these may occur on a limited basis.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. Duration is the measure of the price sensitivity of a fixed income portfolio to changes in interest rates. The longer the duration of a portfolio, the greater is its price sensitivity to changes in interest rates. The City Plan limits its exposure to interest rate risk by diversifying its investments by security type and institution.

The fair values of fixed income investments, grouped by maturity at June 30, 2023, are as follows:

Current to one year	\$ 123,295
One to two years	133,188
Two to three years	19,691
Three to four years	27,328
Four to five years	44,206
Five or more years	302,422
	<hr/>
	650,130
Funds with indeterminable maturities	129
	<hr/>
	<u>\$ 650,259</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To control credit risk, credit quality guidelines have been established. Investment parameters are established by the Board and the Investment Committee.

The City Plan’s exposure to credit risk at June 30, 2023, is presented below by investment category as rated by S&P Global Rating service.

Type of Investment	Fair Value	Ratings	Percentage of Fixed Income
Government bonds	\$ 200,103	AAA	30.77%
Non-government-backed CMOs	6,964	AAA	1.07%
Corporate bonds and index funds	80,168	AAA	12.33%
	69	AA+	0.01%
	2,261	AA	0.35%
	783	AA-	0.12%
	1,507	A+	0.23%
	19,407	A	2.98%
	1,572	A-	0.24%
	714	BBB+	0.11%
	18,224	BBB	2.80%
	11,856	BBB-	1.82%
	14,736	BB+	2.26%
	15,885	BB	2.45%
	21,635	BB-	3.33%
	16,606	B+	2.56%
	10,324	B	1.59%
	7,838	B-	1.21%
	3,758	CCC+	0.58%
	1,788	CCC	0.27%
	283	CC	0.04%
	249	D	0.04%
	209,781	NR	32.26%
Government mortgage-backed securities	3,748	AAA	0.58%
Total Fixed Income	\$ 650,259		100.00%

Foreign currency risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment.

The City Plan's exposure to foreign currency risk – in U.S. Dollars – as of June 30, 2023, is as follows:

Currency	Equities	Corporate Bonds	Total
Australian dollar	\$ 3,833	\$ 1,086	\$ 4,919
Bermudian dollar	-	508	508
British pound sterling	26,921	21,824	48,745
Canadian dollar	13,710	4,501	18,211
Cayman Islands dollar	-	8,191	8,191
Danish krone	7,878	1,786	9,664
Euro	59,465	22,902	82,367
Hong Kong dollar	601	-	601
Indian rupee	334	176	510
Indonesian rupiah	300	-	300
Israeli shekel	830	-	830
Japanese yen	35,340	533	35,873
Mexican peso	490	26,473	26,963
New Zealand dollar	-	5,953	5,953
Norwegian krone	1,077	-	1,077
Qatari riyal	-	199	199
Singapore dollar	2,710	200	2,910
South Korean won	523	-	523
Swedish krona	4,093	-	4,093
Swiss franc	10,107	-	10,107
New Taiwan dollar	669	-	669
Total securities subject to foreign credit risk	\$ 168,881	\$ 94,332	\$ 263,213
International portfolio in U.S dollars	419,453	-	419,453
	\$ 588,334	\$ 94,332	\$ 682,666

Securities Lending Program

The City of Memphis Retirement System (the City Plan) is authorized by the Charter and Statement of Investment Objectives to lend securities to brokerage firms on a temporary basis through their custodian bank, Bank of New York Mellon (Custodian). During the fiscal year, the Custodian lent City Plan securities and received cash, U.S. Treasury, U.S. Treasury Inflation Protected Securities (TIPS), and U.S. Agency Mortgages as collateral. The Custodian did not have the ability to pledge or sell non-cash collateral delivered absent a borrower default. Borrowers were required to deliver collateral for each loan in amounts equal to or not less than 102% of the market value of loaned domestic securities and 104% of the market value of loaned foreign securities. The City retains the interest income on the securities being transferred and earned \$250 during the year ended June 30, 2023.

The City Plan imposed no restrictions on the amount of securities lent by the Custodian during the year on its behalf. There were no violations of legal or contractual provisions and there were no borrowing or lending agency default losses during the year. The contract with the Custodian requires indemnification only in cases of custodian negligence.

All securities loans can be terminated on demand by either the lender or the borrower. The average term of the City Plan's loans for the year ended June 30, 2023, was approximately 60 days. Cash collateral is invested in a short-term investment pool. The relationship between the maturities of the investment pool and the Custodian's loans is affected by the maturities of the securities loans made by other entities that use the Custodian's pool, which the Custodian's system cannot determine. Cash collateral may also be invested in "term loans", in which case the investments match the loan term. As the loans are terminable at will, the duration of the investments generally did not match the duration of the investments made with cash collateral.

On June 30, 2023, the collateral held and the market value of the securities on loan was \$55,796 and \$53,758 respectively for the City Plan. The cash collateral is recorded as both an asset and a liability on the Plan financial statements (Exhibit E-1). Securities received as collateral at June 30, 2023 are not recorded in the Statement of Net Position, as the Plan cannot sell or pledge the collateral received absent a borrower default.

Derivatives

The City of Memphis is empowered by Tennessee Code Annotated Section 6-56-106 and City Charter Section 50 to invest idle funds to the maximum extent practical. The Investment Committee has adopted written policies governing the use of bankers' acceptances and commercial paper with such policies being no less restrictive than those established by the State Funding Board to govern state investments in such instruments. Such guidelines are established in the *City of Memphis Statement of Investment Policy* which applies to all financial assets of the City, except for such funds that make up the retirement system portfolio that are allocated to outside trustees and money managers.

Investment guidelines for investments within the retirement system portfolio are established within the *City of Memphis Retirement System Statement of Investment Objectives*.

Instruments utilized during fiscal year 2023 included specifically assigned derivative instruments used to manage risk or to make investments. At year end, the City Plan held investments with a market value of \$13,543 in money market futures, government futures, currency forwards, interest rate swaps and credit default swaps. The objective of the account holdings is to provide a means of managing interest rate and volatility exposure, replicate government bond positions, and to gain exposure to foreign currencies.

City OPEB Trust-Deposits and Investments

City OPEB Trust Investments at June 30, 2023, were as follows:

<u>Description</u>	<u>Fair Value</u>
Mutual Funds	\$4,145

Financial Instruments Reported at Fair Value

In February 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for periods beginning after June 15, 2015, and was implemented during fiscal year 2016.

Disclosures concerning financial instruments that are reported at fair value are presented below. Fair value has been determined based on the City's assessment of available market information and appropriate valuation methodologies. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
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CITY OF MEMPHIS, TENNESSEE
(Continued)

The following table summarizes fair value disclosures and measurements at June 30, 2023:

	Total Fair Value	Fair Value Measurements at Reporting Date Using		
		Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Money Market Instruments	\$ 84,740	\$ 5,231	\$ 55,010	\$ 24,499
Convertible Securities	400,209	356,768	43,441	-
Equities	273,991	270,593	-	3,398
Equity Mutual Funds	37,840	-	37,840	-
Fixed Income Securities	1,079,859	192,663	872,317	14,879
Fixed Income Mutual Funds	15,935	-	15,935	-
Futures Contracts	(252)	(252)	-	-
Real Estate Funds	168,214	-	-	168,214
Partnerships	268,929	-	-	268,929
REIT	4,610	-	4,610	-
Preferred Securities	996	559	437	-
	<u>\$ 2,335,071</u>	<u>\$ 825,562</u>	<u>\$ 1,029,590</u>	<u>\$ 479,919</u>
LGIP	-			
NAV Expedient:	<u>\$ 757,208</u>			
Total Leveling, NAV, LGIP	\$ 3,092,279			
Less Cash Equivalents	(60,338)			
Net Leveling	<u>\$ 3,031,941</u>			

The following methods were used to estimate the fair value of each valuation level:

Level 1 – Values were determined by taking closing market prices for identical instruments owned and multiplying by the number of units or shares owned.

Level 2 – Values were determined by taking closing market prices for somewhat similar instruments and multiplying them by the number of units owned. Many of the investments are in repos, or mortgage-backed securities where identical instruments are not that actively traded.

Level 3 – Values were determined by estimates and assumptions that market participants would use. These investments are typically thinly traded, some are private placements, and some are outside the United States

Asset Class:

Money Market Instruments – Financial instruments issued by financial institutions or governments, such as certificates of deposit and treasury bills, that are extremely low-risk. These short-term instruments tend to have lower return than higher risk investments, but are much safer due to being backed by the resources and reputation of an institution, state or sovereign. Fund managers may also hold cash equivalents in their portfolios subject to their specific mandates.

Convertible Securities – Securities investments of convertible preferred stock and convertible debt that may be exchanged for common stock in the entity issuing the exchangeable security at a certain ratio and/or a certain price.

Equities – Stock holdings in U.S. and global equity funds. Includes issues of U.S. domiciled corporations with market capitalization generally above \$100 million, and issues of foreign domiciled corporations which are routinely traded on recognized stock exchanges.

Fixed Income Securities – U.S. Treasury investments, global holdings, non-U.S. government bonds, real estate, real estate investment trusts, and other fixed income instruments with terms to maturity exceeding one year. Exposure to non-U.S. dollar denominated fixed income securities and below investment grade issues may be maintained as authorized by specific manager mandates.

Futures Contracts – Investments of international government bond futures, U.S. Treasury bonds, and U.S. Treasury notes representing standardized, transferable, exchange-traded contracts that require delivery of a commodity, bond, currency, or stock index, at a specified price, on a specified future date.

Other Global Funds – U.S. regulated global asset allocation funds and global balanced funds. The global sovereign portfolio is expected to be globally diversified and may invest in debt obligations issued or guaranteed by U.S. and foreign governments, U.S. and foreign agencies and instrumentalities, supranational entities, zero coupon bonds, floating rate notes, physical currencies and spot and forward currency contracts.

Real Estate Funds and Partnerships – Consist of interests in open-end or closed-end funds, portfolios of real estate investment trusts or similar companies, whether publicly traded or privately held, that are professionally managed and oriented to intuitional investors. Although the individual funds may not be so diversified, the Fund's holding of real estate assets will in the aggregate be broadly diversified by property type, geographic location and size. In addition, such individual funds or company shall have assets of not less than \$5 million at the time the investment is made, and shall hold real property and securities that are lawful holdings for United States investors.

Preferred Securities – Holdings in preferred stock generally issued by bank holding companies.

Each asset class is normally maintained within the prescribed ranges as established by the *City of Memphis Retirement System Statement of Investment Objectives*. If market fluctuations or cash flows cause the holdings of a class to move outside the allocation range as of the end of any calendar quarter, corrective action is promptly considered to remove the imbalance within a reasonable time, considering market conditions, transactional costs, and other relevant factors.

Management accepts the disclosures of its custodial banks, Bank of New York Mellon and First Tennessee bank, as presented for Real Estate Funds, Partnerships and investments in certain entities that calculate the net asset value (NAV) per share. Investments in the State of Tennessee Treasurer's Local Government Investment Pool (LGIP) are disclosed as presented. Investment Leveling disclosures for Memphis Light Gas and Water (MLGW) and the component units may be obtained within the respective entity's complete financial statements.

There are no significant restrictions on the ability to sell investments in certain equities that calculate the net asset value (NAV) per share or its equivalent, and the City may redeem investments in those equities with a range of 90 to 120 days.

The above-referenced investments have been deemed appropriate within the guidelines of the *City of Memphis Statement of Investment Policy* which applies to all financial assets of the City except for such funds that make up the retirement system portfolio. Separately, each of the above referenced investments have been deemed appropriate within the guidelines established by the *City of Memphis Retirement System Statement of Investment Objectives*.

The fair value presented herein is based on pertinent information available to management as of June 30, 2023. Although management is not aware of any facts that would significantly affect the fair value amounts presented, events occurring in the future or alternative valuation techniques could generate significantly different results from the fair value amounts presented herein.

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
(Continued)

B. Receivables

Receivables as of year-end for the City's individual major funds and nonmajor governmental funds, in the aggregate, including the applicable allowances for the uncollectible accounts, are as follows:

	General	Debt Service	Capital Projects	Sewer Collection and Treatment	Memphis Light, Gas and Water	Community Development	Nonmajor and Other Funds	Total
Receivables:								
Property taxes	\$ 303,760	\$ 139,943	\$ 1,272	\$ -	\$ -	\$ -	\$ 65	\$ 445,040
Special assessments	(3)	-	-	-	-	-	4,609	4,606
Sales, income, and other taxes	35,019	2,079	-	-	-	-	6,514	43,612
Federal and state grants	653	-	5,245	-	-	12,369	4,863	23,130
Interest and dividends on investments	4,987	-	-	-	-	228	-	5,215
Notes and accounts receivable	-	-	-	22,165	180,375	-	-	202,540
Housing and rehabilitation loans	-	-	-	-	-	47,060	-	47,060
Due from other funds	9,126	295	-	-	-	-	-	9,421
Due from other agencies and governments	5,120	80	-	-	-	-	7,722	12,922
Other	187,687	8,299	-	-	-	9	7,839	203,834
Gross receivables	546,349	150,696	6,517	22,165	180,375	59,666	31,612	997,380
Less allowance for uncollectibles	(160,023)	(7,263)	(71)	(211)	(18,593)	(9,412)	-	(195,573)
Net total receivables	\$ 386,326	\$ 143,433	\$ 6,446	\$ 21,954	\$ 161,782	\$ 50,254	\$ 31,612	\$ 801,807

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At June 30, 2023, deferred revenue principally represents: (1) amounts received for various capital projects upon which revenues will not be recognized until such projects have started; (2) amounts relating to property taxes as described above; (3) operating subsidies received in advance; (4) uncollected principal on Housing Rehabilitation Loans; and (5) long-term receivables due from agencies.

C. Property taxes

The City levies property taxes for the calendar year annually based on assessed valuations. The various types of property are assessed at a percentage of market value on January 1 of each year as follows:

Farm and residential real property	25%
Commercial and industrial real property	40%
Commercial and industrial personal property	30%
Public utilities real and personal property	55%

The assessed value upon which the fiscal year 2023 levy was based was approximately \$15.3 billion. Taxes attach as an enforceable lien on property on June 1, the day taxes are levied, and are due by September 1. Current tax collections for the year ended June 30, 2023, were 100.04% of the tax levy.

At June 30, 2023, the allowance for uncollectible property taxes by fund was as follows:

General Fund	\$	15,035
Debt Service Fund		7,263
Capital Project Fund		71
Pre-K Fund		3
	\$	<u>22,372</u>

The property tax levy is without legal limit. The rate, as permitted by Tennessee State Law and City Charter, is set annually by the City Council and collected by the City Treasurer. The City allocated the property tax per \$100 of assessed value for the year ended June 30, 2023, as follows:

General Fund	1.845868
Capital Projects Fund	0.008287
Debt Service Fund	0.847485
	<u>2.701640</u>

The Sewer Collection and Treatment Fund and MLGW are assessed a payment-in-lieu-of-tax (PILOT) with all proceeds from these sources allocated to the General Fund. The amounts remitted by MLGW to the City and Shelby County were calculated based on City Council resolutions and City Charter provisions governing the PILOT sharing arrangement with Shelby County.

Tax Abatements

The City through the Economic Development Growth Engine (EDGE), Downtown Memphis Commission, both jointly governed organizations with Shelby County, and Health Education & Housing Facility Board, a public corporation, offers Payment in Lieu of Tax (PILOT) incentive programs. In addition to the PILOT program, EDGE also offers a tax incremental financing program (TIF). Both PILOTs and TIFs are tax abatement programs that offer incentives to encourage economic development in the City.

<p><i>City of Memphis Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board</i></p>	<p>Downtown Memphis Commission (PILOT Program administered by Center City Revenue Finance Corporation)</p>
<p>Purpose of Program</p>	<p>Financial incentive designed to encourage commercial real estate development in and around the Downtown Memphis area.</p>
<p>Tax being abated</p>	<p>Real and/or personal property taxes</p>
<p>Authority under which abatement agreements are entered into</p>	<p>Tennessee Code Annotated 7-53-102</p>
<p>Criteria to be eligible to receive abatement.</p>	<p>In order to be eligible for the Program, applicants must meet the following requirements:</p> <ul style="list-style-type: none"> - The project should be located within the Central Business Improvement District (CBID), and/or within the Parkways (Appendix I). - The value of the proposed building renovations, site improvements or new construction must be equal to or greater than 60 percent of the total project cost. - The project must pass a "but for" test that determines that the project would not be financially feasible without a PILOT. - Applicant must own the property or have an option or other right to purchase the property. - Residential projects with 51 units or more are subject to the DMC's affordable housing requirement. This requirement stipulates that at least 20 percent of the residential rental units shall be occupied by, or held available solely for, individuals and families of low or moderate income, defined as no more than 80 percent of the median gross income for Shelby County, Tennessee. - No project on Mud Island south of A. W. Willis Avenue shall be considered for a PILOT without consideration of the Riverfront Development Corporation's recommendation. - Only multi-family projects or mixed-use developments that include a multi-family component are eligible for a PILOT outside of the CBID. <ul style="list-style-type: none"> o Projects should incorporate natural gas, heat pumps, or another high-efficiency system as deemed adequate by DMC staff and Memphis Light, Gas & Water (MLGW) staff. This requirement applies to both new construction and building renovation projects. o The only exception to this requirement will be for instances where using natural gas, heat pumps, or another high-efficiency system is deemed technically infeasible by MLGW staff due to unavoidable characteristics of the project, use, building, or site.
<p>How recipients' taxes are reduced</p>	<p>Taxes are reduced by 75% of the increase in the assessment from the date of the PILOT closing</p>
<p>How amount of abatement is determined</p>	<p>Payments shall be based on the predevelopment assessment, plus 25 percent of the increase in the assessment from the date of the PILOT closing.</p>
<p>Provisions for recapturing abated taxes</p>	<p>N/A</p>
<p>Types of commitments made by the City other than to reduce taxes</p>	<p>N/A</p>
<p>Fiscal Year 2023 Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreements</p>	<p>5,892</p>

**NOTES TO FINANCIAL STATEMENTS
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**CITY OF MEMPHIS, TENNESSEE
(Continued)**

City of Memphis Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board		Programs Administered by Economic Development Growth Engine (Industrial Development Board)	
Purpose of Program	Community Builder PILOT The intent of the program is to spur investment and job creation in distressed areas of the City of Memphis and unincorporated Shelby County, which areas are defined as Eligible Census Tracts eligible for the federal New Markets Tax Credit Program.	Destination Retail PILOT The intent of the program is to increase employment within the State of Tennessee.	Expansion PILOT The intent of the program is to increase employment within the State of Tennessee.
Tax being abated	Real and/or personal property taxes	Real and/or personal property taxes	Real and/or personal property taxes
Authority under which abatement agreements are entered into	Tennessee Code Annotated section 7-53-101, et seq	Tennessee Code Annotated section 7-53-101, et seq	Tennessee Code Annotated section 7-53-101, et seq
Criteria to be eligible to receive abatement.	<ol style="list-style-type: none"> 1) Only eligible uses proposed by the applicant for locations in, contiguous to or adjacent to New Markets Tax Credit Program Eligible Census Tracts. 2) No designated site will be awarded a PILOT unless said award is recommended in writing by the Mayor of the City of Memphis and the Mayor of Shelby County. The Mayor of Shelby County shall act alone, if the designated site is located in the unincorporated area of Shelby County. 3) Applicants must demonstrate compliance with the payment of all municipal, county and state taxes due for all properties owned by it and located in Shelby County at the time of closing the Lease Agreement and during the entire PILOT Term. 4) All projects must comply with the Local Business Participation Program. 	<ol style="list-style-type: none"> 1) A project must create at least one hundred (100) Net New Jobs. 2) A Capital Investment of at least \$50M is required. 3) The project must be applicant's only comparable retail location within 200 miles of Shelby County. Comparable retail locations will be determined by the Board, in its sole discretion, based on the size, investment, number of jobs, intended market and/or other criteria. 4) The project must comply with Local Business Participation Program requirements. 	<ol style="list-style-type: none"> 1) The project must result in the retention of at least one hundred (100) retained jobs. 2) A capital investment of at least \$10M is required. 3) The applicant must have been operating and directly employing workers in Shelby County for ten (10) consecutive years prior to applying. 4) The applicant must comply with the Local Business Participation Program requirements. 5) In order to be considered, the project must be one of the specified types of projects.
How recipients' taxes are reduced	Through a reduction of the property's assessed value.	Through a reduction of the property's assessed value.	Through a reduction of the property's assessed value.
How amount of abatement is determined	Payments are based on one hundred percent (100%) of the property taxes which would otherwise be collected and attributable to the unimproved property and twenty-five percent (25%) of the property taxes which would otherwise be collected and attributable to the real property improvements at the time EDGE takes title of the property. For tangible personal property utilized for the project, such payments are to be based on twenty-five percent (25%) of the property taxes that would otherwise be collected and attributable to the tangible property being utilized for the project.	The payments are based on one-hundred percent (100%) of the property taxes which would otherwise be collected and attributable to the land and a fraction of the real property taxes which would otherwise be collected and attributable to the real property improvements resulting from the project at the time EDGE takes title of the property. At the present time, the minimum allowable fraction is subject to change from time to time by action of the Memphis City Council, Shelby County Commission, and/ or EDGE Board, but no such change shall be applied retroactively to any previously approved PILOT. The minimum allowable PILOT payment for real property improvements is twenty-five percent (25%) for the City of Memphis, if located in whole or in part within the City of Memphis, and twenty-five percent (25%) for Shelby County.	The payments are based on one-hundred percent (100%) of the property taxes which would otherwise be collected and attributable to the land and a fraction of the real property taxes which would otherwise be collected and attributable to the real property improvements resulting from the Project at the time EDGE takes title of the property. The minimum allowable fraction is subject to change from time to time by action of the Memphis City Council, Shelby County Commission and/ or EDGE Board, but no such change shall be applied retroactively to any previously approved PILOT. The minimum allowable PILOT payment for real property improvements is twenty-five percent (25%) for the City of Memphis, if located in whole or in part within the City of Memphis, and twenty-five percent (25%) for Shelby County.
Provisions for recapturing abated taxes	N/A	N/A	N/A
Types of commitments made by the City other than to reduce taxes	N/A	N/A	N/A
Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreements.		<i>See next page.</i>	

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**CITY OF MEMPHIS, TENNESSEE
(Continued)**

	Fast Track PILOT	Jobs PILOT	Residential PILOT
<p><i>City of Memphis Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board</i></p>	<p>Programs Administered by Economic Development Growth Engine (Industrial Development Board)</p>		
<p>Purpose of Program</p>	<p>The intent of this program is to attract new business to Memphis and Shelby County and spur industrial, industrial warehouse and office investment in conjunction with employer job creation in the City of Memphis and unincorporated Shelby County.</p>	<p>The intent of the program is to increase employment within the State of Tennessee.</p>	<p>The intent of this program is to spur investment in market-rate multi-family residential rental projects in the City of Memphis and unincorporated Shelby County.</p>
<p>Tax being abated</p>	<p>Real and/or personal property taxes</p>	<p>Real and/or personal property taxes</p>	<p>Real and/or personal property taxes</p>
<p>Authority under which abatement agreements are entered into</p>	<p>Tennessee Code Annotated section 7-53-101, et seq</p>	<p>Tennessee Code Annotated section 7-53-101, et seq</p>	<p>Tennessee Code Annotated section 7-53-101, et seq</p>
<p>Criteria to be eligible to receive abatement.</p>	<p>1) The project must create at least twenty-five (25) net new jobs. 2) A Capital Investment of \$1M is required. 3) The applicant must meet the minimum LBP Standard in the Local Business Participation Program. 4) The project must be located in the City of Memphis or Shelby County. 5) In order to be considered, the project must be one of the specified types of projects.</p>	<p>1) The project must create at least fifteen (15) net new jobs. 2) A Capital Investment of \$1M is required. 3) The applicant must meet the minimum LBP Standard in the Local Business Participation Program. 4) In order to be considered, the project must be one of the specified types of projects.</p>	<p>1) The minimum requirements are that the project must entail 25 residential units - new construction or substantial renovation. The applicant must own or control the site and demonstrate proof of construction and post-construction financing. Additionally, sixty percent (60%) of the total project costs must be spent on hard construction and/or building renovation and site work. 2) Applicants must demonstrate that the project is not financially feasible without the PILOT benefit. EDGE will analyze the project pro forma, third party market analysis of comparable projects, and other data to determine the need for the PILOT. 3) Applicant must provide project pro forma on a monthly basis through stabilization and then annually thereafter for the duration of the project. The project pro forma must include anticipated rental and occupancy rates. Additionally, sponsor principals annual financial statements for the past three (3) years plus an interim financial statement no more than 90-days old at the time of the PILOT approval must be provided for review. 4) For projects with 25-50 units, 10% (rounded-up) must be set aside for individuals or families that qualify as low/moderate income units. For projects with 51-75 units, 15% must be set aside; for projects with 76 or more units, 20% must be set aside. Applicants that provide an extraordinary number of low/moderate income units will be awarded one (1) extra year on their PILOT. 5) The applicant must comply with the Local Business Participation Program requirements.</p>
<p>How recipients' taxes are reduced</p>	<p>Through a reduction of the property's assessed value. PILOT payments are to be based on one-hundred percent (100%) of the property taxes which would otherwise be collected and attributable to the land and twenty-five percent (25%) of the property taxes which would otherwise be collected and attributable to the real property improvements resulting from the Project at the time EDGE takes title of the property. For tangible personal property, PILOT payments are to be based on twenty-five percent (25%) property taxes that would otherwise be collected and attributable to the tangible personal property that is new to Shelby County at the time EDGE takes title of the property. The tangible personal property must be new or Shelby County at the time it is included into the PILOT.</p>	<p>Through a reduction of the property's assessed value. The payments are based on one-hundred percent (100%) of the property taxes which would otherwise be collected and attributable to the real property taxes which would otherwise be collected and attributable to the real property improvements resulting from the project at the time EDGE takes title of the property. The minimum allowable PILOT payment for real property improvements is twenty-five percent (25%) for the City of Memphis, if located in whole or in part within the City of Memphis, and twenty-five percent (25%) for Shelby County. For tangible personal property, PILOT payments are to be based on a fraction of the property taxes that would otherwise be collected and attributable to the tangible personal property that is new to Shelby County at the time EDGE takes title of the property. The tangible personal property must be new to Shelby County at the time it is included into the PILOT. The minimum allowed PILOT payment is twenty-five percent (25%) for the City of Memphis, if located in whole or in part within the City of Memphis, and twenty-five percent (25%) for Shelby County.</p>	<p>Through a reduction of the property's assessed value. Generally and subject to exceptions set forth herein, for real property, such PILOT payments are to be based on one-hundred percent (100%) of the property taxes which would otherwise be collected and attributable to the land and a fraction of the property taxes which would otherwise be collected and attributable to the real property improvements resulting from the Project at the time EDGE takes title to the property. In unique cases, the EDGE Board reserves the right to waive this provision and provide a Community Reinvestment Credit. At the present time, the minimum allowable fraction is subject to change from time to time by action of the Memphis City Council, Shelby County Commission, and/or EDGE Board, but no such changes shall be applied retroactively to any previously approved PILOT. The minimum allowed PILOT payment for real property improvements is twenty-five (25%) for the City of Memphis, if located in whole or in part within the City of Memphis, and twenty-five (25%) for Shelby County.</p>
<p>How amount of abatement is determined</p>	<p>Through a reduction of the property's assessed value. PILOT payments are to be based on one-hundred percent (100%) of the property taxes which would otherwise be collected and attributable to the land and twenty-five percent (25%) of the property taxes which would otherwise be collected and attributable to the real property improvements resulting from the Project at the time EDGE takes title of the property. For tangible personal property, PILOT payments are to be based on twenty-five percent (25%) property taxes that would otherwise be collected and attributable to the tangible personal property that is new to Shelby County at the time EDGE takes title of the property. The tangible personal property must be new or Shelby County at the time it is included into the PILOT.</p>	<p>Through a reduction of the property's assessed value. The payments are based on one-hundred percent (100%) of the property taxes which would otherwise be collected and attributable to the real property taxes which would otherwise be collected and attributable to the real property improvements resulting from the project at the time EDGE takes title of the property. The minimum allowable PILOT payment for real property improvements is twenty-five percent (25%) for the City of Memphis, if located in whole or in part within the City of Memphis, and twenty-five percent (25%) for Shelby County. For tangible personal property, PILOT payments are to be based on a fraction of the property taxes that would otherwise be collected and attributable to the tangible personal property that is new to Shelby County at the time EDGE takes title of the property. The tangible personal property must be new to Shelby County at the time it is included into the PILOT. The minimum allowed PILOT payment is twenty-five percent (25%) for the City of Memphis, if located in whole or in part within the City of Memphis, and twenty-five percent (25%) for Shelby County.</p>	<p>Through a reduction of the property's assessed value. Generally and subject to exceptions set forth herein, for real property, such PILOT payments are to be based on one-hundred percent (100%) of the property taxes which would otherwise be collected and attributable to the land and a fraction of the property taxes which would otherwise be collected and attributable to the real property improvements resulting from the Project at the time EDGE takes title to the property. In unique cases, the EDGE Board reserves the right to waive this provision and provide a Community Reinvestment Credit. At the present time, the minimum allowable fraction is subject to change from time to time by action of the Memphis City Council, Shelby County Commission, and/or EDGE Board, but no such changes shall be applied retroactively to any previously approved PILOT. The minimum allowed PILOT payment for real property improvements is twenty-five (25%) for the City of Memphis, if located in whole or in part within the City of Memphis, and twenty-five (25%) for Shelby County.</p>
<p>Provisions for recapturing abated taxes</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p>Types of commitments made by the City other than to reduce taxes</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p>Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreements.</p>	<p>8,351</p>	<p>8,351</p>	<p>8,351</p>

NOTES TO FINANCIAL STATEMENTS
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CITY OF MEMPHIS, TENNESSEE
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<p><i>City of Memphis Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board</i></p>	<p>LCH (Health, Education & Housing Facility Board)</p>
<p>Purpose of Program</p>	<p>The purpose of the program is to issue bonds for the purpose of financing the acquisition and development of qualified multi-family residential facilities for low and moderate-income families.</p>
<p>Tax being abated</p>	<p>Real and/or personal property taxes</p>
<p>Authority under which abatement agreements are entered into</p>	<p>Tennessee Code Annotated Section 48-101-301 et seq</p>
<p>Criteria to be eligible to receive abatement.</p>	<p>1) The value of the building renovations, site improvements or new construction must be equal to or greater fifty-percent (50%) of the property acquisition cost. 2) The applicant must have site control which shall be the equivalent of fee simple title, 99 year lease, or an option to purchase with no contingencies except financing. 3) Applicant must have evidence of financing commitment for total project costs. 4) 20% of the applicant's units must be occupied by individuals whose income is 50% less of the median gross income or 40% more of the units must be occupied by individuals whose income is 60% less of the median gross income. 5) Applicant must provide written projection of how tax abatement savings will directly benefit tenants through one or more of the following - additional property improvements, rent reduction or stabilization, and tenant services to include any special social services.</p>
<p>How recipients' taxes are reduced</p>	<p>The taxes being abated are fifty percent (50%) of the real property taxes of the qualified multi-family housing property at the time that the PILOT Agreement and PILOT Lease Agreement are entered into.</p>
<p>How amount of abatement is determined</p>	<p>The current assessed value of the qualified multi-family housing property is frozen at fifty percent for the full-term of the PILOT and is used to determine the amount of the annual PILOT payments due to the City of Memphis and Shelby County.</p>
<p>Provisions for recapturing abated taxes</p>	<p>N/A</p>
<p>Types of commitments made by the City other than to reduce taxes</p>	<p>N/A</p>
<p>Fiscal Year 2023 Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreements</p>	<p>4,386</p>

Tax Incremental Funding District (TIF) Abatements																							
Purpose of Program	Tennessee Code Annotated 9-23-101 et seq. establishes the codes that allow the diversion of a portion of future tax revenues of an approved area for economic development.																						
Tax being abated	Real property taxes																						
Authority under which abatement agreements are entered into	Tennessee Code Annotated 9-23-101																						
Agency Community Redevelopment Agency	<table border="1"> <thead> <tr> <th>District</th> <th>Abatement</th> </tr> </thead> <tbody> <tr> <td>Binghampton</td> <td>4,689,347</td> </tr> <tr> <td>Highland Row</td> <td>1,100,500</td> </tr> <tr> <td>Uptown 1</td> <td>11,686,122</td> </tr> <tr> <td>Uptown 2</td> <td>209,653</td> </tr> <tr> <td>Uptown 3</td> <td>32,328</td> </tr> <tr> <td>Economic Development Growth Engine</td> <td></td> </tr> <tr> <td>Highland Strip</td> <td>394,291</td> </tr> <tr> <td>Graceland</td> <td>2,056,715</td> </tr> <tr> <td>Klondike</td> <td>296,792</td> </tr> <tr> <td>Poplar Corridor</td> <td>796,041</td> </tr> </tbody> </table>	District	Abatement	Binghampton	4,689,347	Highland Row	1,100,500	Uptown 1	11,686,122	Uptown 2	209,653	Uptown 3	32,328	Economic Development Growth Engine		Highland Strip	394,291	Graceland	2,056,715	Klondike	296,792	Poplar Corridor	796,041
District	Abatement																						
Binghampton	4,689,347																						
Highland Row	1,100,500																						
Uptown 1	11,686,122																						
Uptown 2	209,653																						
Uptown 3	32,328																						
Economic Development Growth Engine																							
Highland Strip	394,291																						
Graceland	2,056,715																						
Klondike	296,792																						
Poplar Corridor	796,041																						
Total TIF Abatements	21,261,789																						

NOTES TO FINANCIAL STATEMENTS
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CITY OF MEMPHIS, TENNESSEE
(Continued)

D. Capital assets

Capital asset activity for the year ended June 30, 2023, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 77,730	\$ -	\$ -	\$ 532	\$ 78,262
Construction in progress	662,357	180,400	-	(121,204)	721,553
Total capital assets not being depreciated	<u>740,087</u>	<u>180,400</u>	<u>-</u>	<u>(120,672)</u>	<u>799,815</u>
Capital assets being depreciated:					
Buildings	826,528	-	-	10,000	836,528
Improvements other than buildings	1,183,032	-	-	106,249	1,289,281
Machinery and equipment	326,784	5,322	(12)	4,423	336,517
Total capital assets being depreciated	<u>2,336,344</u>	<u>5,322</u>	<u>(12)</u>	<u>120,672</u>	<u>2,462,326</u>
Less accumulated depreciation for:					
Buildings	(371,662)	(19,150)	-	-	(390,812)
Improvements other than buildings	(429,281)	(27,251)	-	-	(456,532)
Machinery and equipment	(200,660)	(35,364)	12	-	(236,012)
Total accumulated depreciation	<u>(1,001,603)</u>	<u>(81,765)</u>	<u>12</u>	<u>-</u>	<u>(1,083,356)</u>
Total capital assets being depreciated, net	<u>1,334,741</u>	<u>(76,443)</u>	<u>-</u>	<u>120,672</u>	<u>1,378,970</u>
Governmental activities capital assets, net	<u>\$ 2,074,828</u>	<u>\$ 103,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,178,785</u>

NOTES TO FINANCIAL STATEMENTS
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CITY OF MEMPHIS, TENNESSEE
(Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets not being depreciated:					
Land	\$ 14,116	\$ -	\$ -	\$ -	\$ 14,116
Construction in progress	491,648	111,339	(15,933)	-	587,054
Memphis Light, Gas and Water assets	239,532	121,848	(102,029)	-	259,351
Total capital assets not being depreciated	<u>745,296</u>	<u>233,187</u>	<u>(117,962)</u>	<u>-</u>	<u>860,521</u>
Capital assets being depreciated:					
Buildings	107,769	-	-	-	107,769
Improvements other than buildings	861,727	110,482	(103,603)	-	868,606
Machinery and equipment	67,885	10,716	(126)	-	78,475
Memphis Light, Gas and Water assets	3,244,498	102,443	(24,909)	-	3,322,032
Total capital assets being depreciated	<u>4,281,879</u>	<u>223,641</u>	<u>(128,638)</u>	<u>-</u>	<u>4,376,882</u>
Less accumulated depreciation for:					
Buildings	(94,417)	(1,113)	-	-	(95,530)
Improvements other than buildings	(372,627)	(11,883)	1,114	-	(383,396)
Machinery and equipment	(52,469)	(5,356)	126	-	(57,699)
Memphis Light, Gas and Water depreciation*	(1,571,097)	(101,321)	43,351	-	(1,629,067)
Total accumulated depreciation	<u>(2,090,610)</u>	<u>(119,673)</u>	<u>44,591</u>	<u>-</u>	<u>(2,165,692)</u>
Memphis Light, Gas and Water, Intangible Right of Use Assets:					
Office equipment	1,251	-	-	-	1,251
Less amortization	(413)	(413)	-	-	(826)
Total intangible right of use assets, net	<u>838</u>	<u>(413)</u>	<u>-</u>	<u>-</u>	<u>425</u>
Total capital assets being depreciated, net	<u>2,192,107</u>	<u>103,555</u>	<u>(84,047)</u>	<u>-</u>	<u>2,211,615</u>
Business-type activities capital assets, net	<u>\$ 2,937,403</u>	<u>\$ 336,742</u>	<u>\$ (202,009)</u>	<u>\$ -</u>	<u>\$ 3,072,136</u>

*The Federal Energy Regulatory Commission's Uniform System of Accounts states that upon the retirement of a utility's assets, the cost of removal and the proceeds from salvage are to be charged against the accumulated depreciation accounts when they are incurred. As a result, gains or losses generally are not recorded in the retirement of the utility's assets and the increase in accumulated depreciation may not balance to the depreciation expense for the period.

Construction Commitments

The government had active construction projects as of June 30, 2023. At year-end, the government's commitments with contractors were as follows:

<u>Function/Activity</u>	<u>Commitment</u>
Executive	\$ 805
Fire services	794
Police services	2,793
Park services	3,224
Public works	42,235
Public services	(37,540)
General services	12,099
Housing and Community Development	6,765
Engineering	3,220
Information services	1,892
Library	4,981
Storm Water	10,860
Sewer	25,818
	<u>\$ 77,946</u>

Depreciation Expense

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Finance	\$ 2,823
Human Services	1
Fire Services	9,337
Police Services	2,905
Park Services	8,096
Public Works	15,074
Human Resources	15
Public Services	1,076
General Services	18,104
Housing and Community Development	5,942
Information Systems	6,136
Executive	1,848
Engineering	3,437
Library	3,934
Solid Waste	<u>3,026</u>
Total depreciation expense - Governmental activities	<u>\$ 81,754</u>
Business-type activities:	
Sewer	\$ 15,122
Storm Water	2,306
Memphis Light, Gas and Water	<u>99,493</u>
Total depreciation expense - Business-type activities	<u>\$ 116,921</u>

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
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CITY OF MEMPHIS, TENNESSEE
(Continued)

The reported depreciation expense for MLGW as of December 31, 2022, was as follows:

	MLGW Electric Division	MLGW Gas Division	MLGW Water Division	Total
Statement of Revenues, Expense and Changes in Net Position (<i>Dollars in Thousands</i>):				
Depreciation expense	57,460	18,168	11,049	86,677
Transportation costs	1,855	1,824	426	4,105
Salvage returns	1,271	1,257	319	2,847
Amortization	2,834	5,343	534	8,711
Retirements	(1,271)	(1,257)	(319)	(2,847)
Statement of Cash Flows, Depreciation Expense	<u>62,149</u>	<u>25,335</u>	<u>12,009</u>	<u>99,493</u>
 Per MLGW Annual Report F-6 Statement of Cash Flows (<i>Dollars in Thousands</i>):				
Depreciation of utility plant	<u>62,149</u>	<u>25,335</u>	<u>12,009</u>	<u>99,493</u>

Discretely Presented Component Units

Activity for the Memphis Area Transit Authority for the year ended June 30, 2023, was as follows:

	Beginning				Ending
	Balance	Increases	Decreases	Transfers	Balance
Capital assets not being depreciated:					
Land	\$ 2,731	\$ -	\$ -	\$ -	\$ 2,731
Construction in progress	19,859	5,831	-	-	25,690
Total capital assets not being depreciated	<u>22,590</u>	<u>5,831</u>	<u>-</u>	<u>-</u>	<u>28,421</u>
Capital assets being depreciated:					
Buildings and improvements	178,127	3,194	-	-	181,321
Buses and other revenue vehicles	66,524	4,624	-	-	71,148
Machinery and equipment	30,665	1,514	(602)	-	31,577
Total capital assets being depreciated	<u>275,316</u>	<u>9,332</u>	<u>(602)</u>	<u>-</u>	<u>284,046</u>
Less accumulated depreciation for:					
Buildings and improvements	(127,998)	(6,371)	-	-	(134,369)
Buses and other revenue vehicles	(51,323)	(4,603)	-	-	(55,926)
Machinery and equipment	(25,192)	(279)	589	-	(24,882)
Total accumulated depreciation	<u>(204,513)</u>	<u>(11,253)</u>	<u>589</u>	<u>-</u>	<u>(215,177)</u>
Total capital assets being depreciated, net	<u>70,803</u>	<u>(1,921)</u>	<u>(13)</u>	<u>-</u>	<u>68,869</u>
Capital assets, net	<u>\$ 93,393</u>	<u>\$ 3,910</u>	<u>\$ (13)</u>	<u>\$ -</u>	<u>\$ 97,290</u>

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
(Continued)

Activity for the Memphis-Shelby County Airport for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 146,554	\$ -	\$ -	\$ 146,554
Avigation easements	58,913	-	-	58,913
Construction in progress	246,802	70,320	(293,310)	23,812
Total capital assets not being depreciated	<u>452,269</u>	<u>70,320</u>	<u>(293,310)</u>	<u>229,279</u>
Capital assets being depreciated:				
Runways, taxiways, aprons and airfield lighting	776,532	269,696		1,046,228
Buildings	782,443	18,235		800,678
Facilities constructed for tenants	139,411			139,411
Roads, bridges and fences	77,358			77,358
Equipment and utility systems	183,423	5,010	(241)	188,192
Subscription-based IT arrangements		3,539		3,539
Total capital assets being depreciated	<u>1,959,167</u>	<u>296,480</u>	<u>(241)</u>	<u>2,255,406</u>
Less accumulated depreciation for:				
Runways, taxiways, aprons and airfield lighting	(615,252)	(19,947)	-	(635,199)
Buildings	(415,618)	(18,419)	-	(434,037)
Facilities constructed for tenants	(69,128)	(4,262)	-	(73,390)
Roads, bridges and fences	(69,142)	(3,325)	-	(72,467)
Equipment and utility systems	(116,740)	(12,452)	240	(128,952)
Subscription-based IT arrangements	-	(752)	-	(752)
Total accumulated depreciation	<u>(1,285,880)</u>	<u>(59,157)</u>	<u>240</u>	<u>(1,344,797)</u>
Total capital assets being depreciated, net	<u>673,287</u>	<u>237,323</u>	<u>(1)</u>	<u>910,609</u>
Capital assets, net	<u>\$ 1,125,556</u>	<u>\$ 307,643</u>	<u>\$ (293,311)</u>	<u>\$ 1,139,888</u>

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
(Continued)

Activity for the Renasant Convention Center for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 643	\$ -	\$ -	\$ -	\$ 643
Construction in progress	255	393	(242)	-	406
Total capital assets not being depreciated	898	393	(242)	-	1,049
Capital assets being depreciated:					
Buildings and improvements	43,545	247	192	-	43,984
Furniture and Equipment	8,275	358	50	-	8,683
Total capital assets being depreciated	51,820	605	242	-	52,667
Less accumulated depreciation for:					
Buildings and improvements	(42,016)	(185)	-	-	(42,201)
Furniture and Equipment	(7,167)	(159)	-	-	(7,326)
Total accumulated depreciation	(49,183)	(344)	-	-	(49,527)
Total capital assets being depreciated, net	2,637	261	242	-	3,140
Capital assets, net	\$ 3,535	\$ 654	\$ -	\$ -	\$ 4,189

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
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CITY OF MEMPHIS, TENNESSEE
(Continued)

E. Interfund receivables, payables, and transfers

The composition of interfund transfers for the year ended June 30, 2023, is as follows:

	Transfers In										Total Transfers-Out	
	General Fund	Debt Service	Capital Projects	Nonmajor Special Revenue HUB Community Impact Fund	Pre-K Fund	Internal Service Healthcare Fund	City Retirement System	Fiduciary Library Retirement System	OPEB Trust Fund			
Transfer Out of Funds Below:												
General Fund	\$ -	\$ -	\$ 26,000	\$ 1,000	\$ -	\$ -	\$ -	\$ 939	\$ -	\$ -	\$ -	\$ 27,939
Nonmajor Special Revenue												
State Street Aid	-	1,768	-	-	-	-	-	-	-	-	-	1,768
Miscellaneous Grants	-	193	-	-	-	-	-	-	-	-	-	193
American Rescue Plan Act	-	-	14,471	-	-	-	-	-	-	-	-	14,471
Solid Waste	750	2,644	-	-	-	-	-	-	-	-	-	3,394
Hotel/Motel Tax	-	6,633	-	-	-	-	-	-	-	-	-	6,633
Metro Alarm	1,625	-	-	-	-	-	-	-	-	-	-	1,625
2019 Sales Tax Referendum	27,900	-	2,354	-	6,000	2,230	1,846	-	7,273	-	-	47,603
Total Nonmajor Special Revenue	30,275	11,238	42,825	1,000	6,000	2,230	1,846	939	7,273	-	-	103,626
PROPRIETARY FUND TYPES												
Enterprise:												
Sewer Collection and Treatment	12,226	-	-	-	-	-	-	-	-	-	-	12,226
Memphis Light, Gas and Water	60,543	-	-	-	-	-	-	-	-	-	-	60,543
Storm Water	106	-	-	-	-	-	-	-	-	-	-	106
Total Proprietary Fund Types	72,875	-	-	-	-	-	-	-	-	-	-	72,875
Total Transfers-In	\$ 103,150	\$ 11,238	\$ 42,825	\$ 1,000	\$ 6,000	\$ 2,230	\$ 1,846	\$ 939	\$ 7,273	\$ -	\$ -	\$ 176,501

NOTE: Any differences in the transfers between City of Memphis and Memphis Light, Gas & Water is due to changes in PILOT agreements and/or the timing of fiscal year-end reporting.

(Thousands of Dollars)

(Continued)

For the fiscal year ended June 30, 2023

Transfers:

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The City of Memphis Interfund transfers are attributable to the budgeted allocation of resources from one fund to another, primarily for debt service requirements, operating subsidies and the funding of capital items.

Governmental Funds:

FY23 Transfers in to General Fund from Solid Waste fund represents annual payment of an interfund loan, from Metro Alarm represents fines redistributed to police, fire, and legal for false alarms, and from the 2019 Sales Tax Referendum Fund represents transfers for offsets to the Police and Fire for benefits restoration and Engineering and Solid Waste for street maintenance in accordance with the referendum.

FY23 Transfers in to the Debt Service Fund from State Street Aid represents the portion of current debt related to street maintenance, transfers in from Solid Waste represents the lease payments for equipment, and Transfers In to Capital Project Fund includes \$26m of one-time project spend from the General Fund fund balance, \$14,471 from the American Rescue Plan for allowable expenditures related to the pandemic, and \$2,354 for capital acquisitions related to street maintenance in accordance with the parameters of the 2019 Sales Tax Referendum Fund.

The transfer in \$1m to the HUB Community Impact Fund represents allocations toward the homeless initiatives.

Transfers in the Pre-K Fund represents amounts allocated by ordinance to support the Pre-K initiative as allowed under the parameters of the 2019 Sales Tax Referendum.

The transfers in the Healthcare Fund from the 2019 Sales Tax Referendum support the cost of benefit restoration allowed under the parameters of the 2019 Sales Tax Referendum.

The transfers in to the City Retirement Fund represents the cost of benefit restoration for Police and Fire under the parameters of the 2019 Sales Tax Referendum.

The transfer in to the Library Pension Fund from the General Fund represents the deficit required by the closed Retirement Fund to support disbursements to retirees under the closed plan. Employee and Employer contributions are insufficient to cover the cost of pension disbursements to retirees.

The transfer in to the OPEB Fund from the 2019 Sales Tax Referendum Fund represents the restoration cost of benefits to retired police and fire employees under the parameters of the 2019 Sales Tax Referendum.

Proprietary Funds:

Transfers in to the General Fund from Sewer Fund and the Storm Water Fund represents the assessment for PILOT related to the infrastructure, and the transfer in from MLGW represents PILOT payments related to the utility infrastructure.

Transfers In to the New Memphis Arena Fund represents MLGW PILOT payments specific to the debt service of the bonds issued for the FedEx Forum arena.

The composition of interfund balances as of June 30, 2023, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
GOVERNMENTAL FUND TYPES		
General		
	State Street Aid	\$ 3,876
	Solid Waste Management	<u>5,250</u>
		<u>9,126</u>
Debt Service	State Street Aid	<u>295</u>
		<u>295</u>
Total		<u><u>\$ 9,421</u></u>

Interfund Balances:

These balances resulted from timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, and (2) payments between funds occur. Also, there are some interfund balances resulting from working capital loans made between the funds. The majority of these balances are scheduled to be collected in the subsequent year. One exception is the \$1,792 receivable in the Debt Service Fund recorded for the allocation of commercial paper issuance to Storm Water, which was issued in 2016. As Storm Water is a proprietary fund, a long-term commercial paper liability is presented in conformity with generally accepted accounting principles (GAAP).

F. Leases

Leases

The City of Memphis has entered into lease agreements as a lessee for financing the acquisition of buildings equipment for the Solid Waste, Fire Services, City Court Clerk, Parks, Information Technology, City Engineering and Community Development Divisions. The lease agreements qualified as leases for accounting purposes and, therefore, were recorded at the present value of future minimum lease payments as of the inception dates.

City of Memphis, TN has 19 outstanding Lease issues in the amount of \$20,308,000.

In 2018, a tax-exempt \$4,400,000 Series 2018 Solid Waste Lease - 1000144086 was issued with maturities ranging from \$417,423 to \$466,973. The Series 2018 Solid Waste Lease - 1000144086 was bank placed with JP Morgan Chase Bank and is repaid from the Debt Service Fund.

On 07/01/2021, City of Memphis, TN entered a 22-month lease as Lessee for the use of NovaTech Inc Contract #34644. An initial lease liability was recorded in the amount of \$200,457.60. As of 06/30/2023, the value of the lease liability is \$0.00. City of Memphis, TN is required to make monthly fixed payments of \$9,129.90. The lease has an interest rate of 0.2177%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$200,457.60 with accumulated depreciation of \$109,249.62 is included with Equipment on the Lease Class activities table found below. City of Memphis, TN has 2 extension option(s), each for 12 months.

In 2014, tax-exempt \$17,925,000 Series 2014 A Sports Facility Revenue Bonds were issued with maturities ranging from \$680,000 to \$2,005,000. The Series 2014 A Sports Facility Revenue Bonds were publicly sold and are repaid from the Debt Service Fund.

In 2014, taxable \$5,720,000 Series 2014 B Sports Facility Revenue Bonds were issued with maturities ranging from \$285,000 to \$635,000. The Series 2014 B Sports Facility Revenue Bonds were publicly sold and are repaid from the Debt Service Fund.

In 2019, a tax-exempt \$8,000,000 Series 2019 Solid Waste Lease - Property No. 6 was issued with maturities ranging from \$761,659 to \$839,462. The Series 2019 Solid Waste Lease - Property No. 6 was bank placed with Banc of America Public Capital Corp. and is repaid from the Debt Service Fund.

In 2019, a tax-exempt \$1,183,957.93 Series 2019 Fire Services Lease - Mobile Data Terminal was issued with maturities ranging from \$761,659 to \$839,462. The Series 2019 Fire Services Lease - Mobile Data Terminal was bank placed with Renasant Bank and is repaid from the Debt Service Fund.

On 07/01/2021, City of Memphis, TN entered a 38-month lease as Lessee for the use of 119 South Main Street. An initial lease liability was recorded in the amount of \$1,242,804.46. As of 06/30/2023, the value of the lease liability is \$505,671.46. City of Memphis, TN is required to make monthly fixed payments of \$33,106.46. The lease has an interest rate of 0.3147%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$1,242,804.46 with accumulated depreciation of \$394,261.49 is included with Buildings on the Lease Class activities table found below.

On 09/01/2021, City of Memphis, TN entered a 60-month lease as Lessee for the use of 2129 Troyer Street Bldg. 249. An initial lease liability was recorded in the amount of \$221,618.16. As of 06/30/2023, the value of the lease liability is \$141,031.98. City of Memphis, TN is required to make monthly fixed payments of \$5,166.29. The lease has an interest

rate of 0.5773%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$221,618.16 with accumulated depreciation of \$36,582.66 is included with Buildings on the Lease Class activities table found below.

On 07/01/2021, City of Memphis, TN entered a 30-month lease as Lessee for the use of 2714 Union Ave - Suite #100. An initial lease liability was recorded in the amount of \$135,608.82. As of 06/30/2023, the value of the lease liability is \$27,200.03. City of Memphis, TN is required to make monthly fixed payments of \$5,487.17. The lease has an interest rate of 0.3147%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$135,608.82 with accumulated depreciation of \$54,136.93 is included with Buildings on the Lease Class activities table found below. City of Memphis, TN has 1 extension option(s), each for 24 months.

On 07/01/2021, City of Memphis, TN entered a 30-month lease as Lessee for the use of 2714 Union Ave - Suite #600, #610, #700, #625. An initial lease liability was recorded in the amount of \$562,701.07. As of 06/30/2023, the value of the lease liability is \$108,987.69. City of Memphis, TN is required to make monthly fixed payments of \$16,544.12. The lease has an interest rate of 0.3147%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$562,701.07 with accumulated depreciation of \$236,251.68 is included with Buildings on the Lease Class activities table found below. City of Memphis, TN has 1 extension option(s), each for 24 months.

On 07/05/2021, City of Memphis, TN entered a 24-month lease as Lessee for the use of 2714 Union Extended Building - Suite #400. An initial lease liability was recorded in the amount of \$288,926.57. As of 06/30/2023, the value of the lease liability is \$12,063.44. City of Memphis, TN is required to make monthly fixed payments of \$12,065.63. The lease has an interest rate of 0.2177%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$288,926.57 with accumulated depreciation of \$132,272.36 is included with Buildings on the Lease Class activities table found below.

On 07/01/2021, City of Memphis, TN entered a 24-month lease as Lessee for the use of 2714 Union Extended Building - Suite #500. An initial lease liability was recorded in the amount of \$344,322.14. As of 06/30/2023, the value of the lease liability is \$0.00. City of Memphis, TN is required to make monthly fixed payments of \$14,376.70. The lease has an interest rate of 0.2177%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$344,322.14 with accumulated depreciation of \$172,004.98 is included with Buildings on the Lease Class activities table found below.

On 07/01/2021, City of Memphis, TN entered a 15-month lease as Lessee for the use of 2801 Applying Center Cove. An initial lease liability was recorded in the amount of \$125,849.26. As of 06/30/2023, the value of the lease liability is \$0.00. City of Memphis, TN is required to make monthly fixed payments of \$8,400.00. The lease has an interest rate of 0.1850%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$125,849.26 with accumulated depreciation of \$100,657.03 is included with Land on the Lease Class activities table found below. City of Memphis, TN has 1 extension option(s), each for 60 months. City of Memphis, TN had a termination period of 2 months as of the lease commencement.

On 07/01/2021, City of Memphis, TN entered an 84-month lease as Lessee for the use of 3657 Old Gatewell Rd. An initial lease liability was recorded in the amount of \$3,366,903.69. As of 06/30/2023, the value of the lease liability is \$2,529,887.11. City of Memphis, TN is required to make monthly fixed payments of \$41,081.89. The lease has an interest rate of 0.8333%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$3,366,903.69 with accumulated depreciation of \$407,747.83 is included with Buildings on the Lease Class activities table found below. City of Memphis, TN has 2 extension option(s), each for 60 months.

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
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On 07/01/2021, City of Memphis, TN entered a 21-month lease as Lessee for the use of 600 Jefferson Avenue. An initial lease liability was recorded in the amount of \$294,981.93. As of 06/30/2023, the value of the lease liability is \$0.00. City of Memphis, TN is required to make monthly fixed payments of \$14,072.25. The lease has an interest rate of 0.2177%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$294,981.93 with accumulated depreciation of \$168,446.47 is included with Buildings on the Lease Class activities table found below.

On 07/01/2021, City of Memphis, TN entered a 28-month lease as Lessee for the use of Farrisview Industrial Park. An initial lease liability was recorded in the amount of \$101,241.48. As of 06/30/2023, the value of the lease liability is \$14,718.33. City of Memphis, TN is required to make monthly fixed payments of \$3,522.92. The lease has an interest rate of 0.2177%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$101,241.48 with accumulated depreciation of \$42,721.73 is included with Buildings on the Lease Class activities table found below.

On 07/01/2021, City of Memphis, TN entered a 30-month lease as Lessee for the use of Memphis Depot Business Park. An initial lease liability was recorded in the amount of \$455,658.64. As of 06/30/2023, the value of the lease liability is \$92,210.23. City of Memphis, TN is required to make monthly fixed payments of \$14,704.39. The lease has an interest rate of 0.3147%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$455,658.64 with accumulated depreciation of \$183,985.86 is included with Buildings on the Lease Class activities table found below. City of Memphis, TN has 1 extension option(s), each for 36 months. City of Memphis, TN had a termination period of 6 months as of the lease commencement.

On 07/01/2021, City of Memphis, TN entered a 198-month lease as Lessee for the use of Pidgeon Industrial Park. An initial lease liability was recorded in the amount of \$1,216,817.30. As of 06/30/2023, the value of the lease liability is \$1,071,774.21. City of Memphis, TN is required to make annual fixed payments of \$85,000.00. The lease has an interest rate of 1.4270%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$1,216,817.30 with accumulated depreciation of \$76,388.01 is included with Land on the Lease Class activities table found below. City of Memphis, TN has 2 extension option(s), each for 60 months.

On 07/01/2021, City of Memphis, TN entered a 94-month lease as Lessee for the use of Universal Life Building. An initial lease liability was recorded in the amount of \$819,702.15. As of 06/30/2023, the value of the lease liability is \$627,362.36. City of Memphis, TN is required to make monthly fixed payments of \$13,858.75. The lease has an interest rate of 0.9670%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$819,702.15 with accumulated depreciation of \$93,818.43 is included with Buildings on the Lease Class activities table found below. City of Memphis, TN has 2 extension option(s), each for 60 months.

The assets acquired through leases are as follows:

Assets:	
Equipment	\$ 4,600
Facility	42,006
SBITA- Subscription-Based Information Technology Arrangement	752
Accumulated Amortization	(376)
Accumulated Depreciation	(26,299)
Total	<u>\$ 20,683</u>

Schedule of Changes in Lease Assets

	Year Ending June 30, 2022	Additions	Subtractions	Year Ending June 30, 2023
Lease Assets				
Facilities	\$ 42,006	\$ -	\$ -	\$ 42,006
Equipment	4,600	-	-	4,600
SBITA	-	752	-	752
	<u>46,606</u>	<u>752</u>	<u>-</u>	<u>47,358</u>
Less: Accumulated Amortization				
Facilities	(19,778)	(6,320)	-	(26,098)
Equipment	(109)	(92)	-	(201)
SBITA	-	(376)	-	(376)
	<u>(19,887)</u>	<u>(6,788)</u>	<u>-</u>	<u>(26,675)</u>
Total Lease Assets, net	<u>\$ 26,719</u>	<u>\$ (6,036)</u>	<u>\$ -</u>	<u>20,683</u>

The remaining debt service requirement for lease obligations for the City at June 30, 2023, is as follows:

Lease Obligation

Fiscal Year

2024	5,938
2025	4,034
2026	3,059
2027	3,107
2028	
2028-2037	3,703
Interest	(2,346)
Present Value of Payments	<u>\$ 17,494</u>

Subscriptions Leases

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On 07/01/2022, Memphis, TN entered a 16-month subscription for the use of Conduent's eTims System. An initial subscription liability was recorded in the amount of \$366,321.75. As of 06/30/2023, the value of the subscription liability is \$0.00. Memphis, TN is required to make annual fixed payments of \$368,445.00. The subscription has an interest rate of

1.7103%. The value of the right to use asset as of 06/30/2023 of \$366,321.75 with accumulated amortization of \$366,322.31 is included with Software on the Subscription Class activities table found below. Memphis, TN had a termination period of 1 month as of the subscription commencement.

On 07/01/2022, Memphis, TN entered a 32-month subscription for the use of Research Institute. An initial subscription liability was recorded in the amount of \$18,900.33. As of 06/30/2023, the value of the subscription liability is \$9,488.73. Memphis, TN is required to make annual fixed payments of \$9,696.00. The subscription has an interest rate of 2.1843%. The value of the right to use asset as of 06/30/2023 of \$18,900.33 with accumulated amortization of \$9,411.05 is included with Software on the Subscription Class activities table found below. Memphis, TN had a termination period of 1 month as of the subscription commencement.

G. Long-term debt

General Obligation Bonds

The City's full faith and credit and unlimited taxing power has been pledged that the payment of general obligation debt principal and interest. There is no legal limit on the indebtedness which may be incurred.

As of June 30, 2023, the City's bond ratings were as follows: Aa2 by Moody's Investors Service, Inc. and AA by S&P Global Ratings as it relates to the Series 2020A Bonds.

In July 2022, the City issued \$138,010 of Local Government Public Improvement Bonds, Series 2022A to finance the cost of public works projects of the CITY and provide payment of the cost of issuance of the Series 2022A Bonds. The issue resulted in net proceeds of \$149,177 (after the payment of \$101 in the underwriter's discount and \$577 cost of issuance).

In July 2022, the City issued \$167,555 of General Improvement Refunding Bonds, Series 2022 to refund General Improvement & Refunding Bonds 2014B and General Improvement & Refunding Bonds 2015C and to finance the cost of public works projects of the CITY and provide payment of the cost of issuance of the Series 2022 Bonds. The issue resulted in net proceeds of \$167,969 (after the payment of \$45 in bank counsel fees and \$541 cost of issuance).

The proceeds of debt related to capital improvements as well as the associated issue costs paid by the City were recorded in the Capital Projects Fund. The proceeds and extinguishment of debt related to Commercial Paper as well as the associated issue costs paid by the City were recorded in the Debt Service Fund.

Commercial Paper Program

In October 2018, the City entered agreements to sell tax-exempt bond anticipation notes in the form of General Obligation Commercial Paper. The Commercial Paper is issued under the State of Tennessee Commercial Paper Program in an amount not to exceed \$150,000. The purpose of the Commercial Paper is to provide interim financing of various capital projects. The Commercial Paper notes have varying maturities of not more than 270 days from their respective dates of issuance. The City entered into a line of credit agreement to provide liquidity support for this Commercial Paper Program. Unless earlier terminated or substituted, the agreement will expire on October 04, 2023. The debt is classified as long-term debt and is reflected in the City's Statement of Net Position and the City's Capital Projects Fund based on the City's ability to refinance the debt under the line of credit agreement. As of June 30, 2023, the outstanding balance is \$50,000.

Sewer and Stormwater Revenue Bonds

As of June 30, 2023, the City's bond ratings were as follows: AA+ by S&P Global Ratings and Aa2+ by Moody's Investors Service, Inc. as it relates to the Series 2020 Bonds.

In October 2020, the City issued \$123,535 of Sanitary Sewerage System Revenue and Revenue Refunding Bonds, Series 2020B. Proceeds from the bonds are to be used by the City for the purpose of financing improvements, additions and extensions to the City's sanitary sewerage water system and refunding of all or a portion of the City's outstanding Sanitary Sewerage System Revenue Bond, Series 2010 Bonds and Sanitary Sewerage System Revenue Bonds, Series 2013. The issue resulted in net proceeds of \$157,923 (after the underwriter's discount of \$352 and issuance costs of \$578). The proceeds and issuance costs of this debt instrument were recorded in the City's Sewer Collection and Treatment Fund. Interest on the Series 2020 Bonds is payable semiannually on each October 1 and April 1, commencing October 1, 2020. The interest rate is 5.000%. The aggregate difference in debt service between the refunding debt and the refunded debt was \$4,478. The economic gain on this transaction was \$4,230.

In November 2019, the City issued \$35,830 of Storm Water System Revenue Bonds, Series 2019. Proceeds from the bonds are to be used by the City for the purposes of financing improvements, additions, and extensions to the storm water system of the City, consisting of storm water facilities, a storm water drainage system, and a flood protection system, funding a reserve fund for the Series 2019 Bonds and paying the costs of issuance of the Series 2019 Bonds. The issue resulted in net proceeds of \$42,984 (after the underwriter's discount of \$132 and issuance costs of \$338)

State Loans

The City is part of a Revolving Fund Loan Agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority. The purpose of the agreement is to provide for the financing of all or a portion of a wastewater facility by the City as a Tennessee governmental entity authorized to own, operate, and manage wastewater facilities. The current loan agreement consists of the following: SRF 2006-195 obligation of \$2,267 with an interest rate of 2.59% payable over a 11-year period, SRF 2013-311 obligation of \$84,844 with an interest rate of 0.75% payable over a 18-year period, SRF 2013-309 obligation of \$8,789 with an interest rate of 0.75% payable over a 16-year period, 2015-355 obligation of \$22,371 with interest rate of 0.75% over a 19 year period, SRF 2018-409 obligation of \$9,758 with an interest rate of 0.81% payable over a 19-year period, SRF 2019-421 obligation of \$5,729 with an interest rate of 1.20% payable over a 19-year period, SRF 2019-434 obligation of \$48,000 with an interest rate of 0.47% payable over a 20-year period, and SRF 2021-451 obligation of \$15,000 with an interest rate of 0.61% payable over a 20-year period.

Defeased Debt

In prior years, the City defeased other general obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on old bonds. Accordingly, the trust account assets and the liability of the defeased bonds are not included in the City's financial statements. On June 30, 2023, a total of approximately \$160,105 bonds outstanding were considered defeased.

Center City Revenue Finance Corporation

Qualified Energy Conservation Bonds (QECB) are issued by CCRFC on behalf of the City to provide funding for the “Green Communities Program” for energy conservation installations and improvements to privately owned facilities with proceeds of qualified energy conservation bonds.

The City entered into a loan agreement with CCRFC on February 18, 2015, whereby the City would receive an amount not to exceed \$8,316 of the proceeds from CCRFC QECB, Series 2015A. Actual proceeds totaled \$8,316. Interest on the loan is 3.72%, and the loan matures in 2025. Under the provisions of the agreement, the proceeds of the loan must be spent on specific authorized projects within a limited time period. The proceeds are held in an escrow account. As allowable expenditures are incurred, the developer will submit expenditures to the City. Upon approval of expenditures, the City will request the release of the funds from the escrow account to reimburse the developer. The bonds mature annually through January 5, 2025, with semiannual interest payments. The City is required to pay the remaining portion of the CCRFC’s debt service payments based on this guarantee.

The City of Memphis has paid \$6,653 in principal and \$1,572 in interest on the guarantee through June 30, 2023. The amount of liability recognized is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee.

June 30, 2022	Increases	Decreases	June 30, 2023
\$2,494	\$0	\$832	\$1,662

The City entered a loan agreement with CCRFC on April 29, 2015 whereby the City would receive an amount not to exceed \$2,015 of the proceeds from CCRFC QECB, Series 2015B. Actual proceeds totaled \$2,015. Interest on the loan is 3.91%, and the loan matures in 2025. Under the provisions of the agreement, the proceeds of the loan must be spent on specific authorized projects within a limited time period. The proceeds are held in an escrow account. As allowable expenditures are incurred, the developer will submit expenditures to the City. Upon approval of expenditures, the City will request the release of the funds from the escrow account to reimburse the developer. The bonds mature annually through January 5, 2025 with semiannual interest payments. The City is required to pay the remaining portion of the CCRFC’s debt service payments based on this guarantee. City of Memphis has paid \$1,813 in principal and \$377 in interest on the guarantee through June 30, 2023. The amount of liability recognized is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee.

June 30, 2022	Increases	Decreases	June 30, 2023
\$403	\$0	\$201	\$202

The City entered into a loan agreement with CCRFC on April 29, 2015 whereby the City would receive an amount not to exceed \$340 of the proceeds from CCRFC QECB, Series 2015C. Actual proceeds totaled \$340. Interest on the loan is 3.91%, and the loan matures in 2025. Under the provisions of the agreement, the proceeds of the loan must be spent on specific authorized projects within a limited time period. The proceeds are held in an escrow account. As allowable expenditures are incurred, the developer will submit expenditures to the City. Upon approval of expenditures, the City will request the release of the funds from the escrow account to reimburse the developer. The bonds mature annually through January 5, 2025, with semiannual interest payments. The City is required to pay the remaining portion of the CCRFC's debt service payments based on this guarantee. The City of Memphis has paid \$306 in principal and \$64 in interest on the guarantee through June 30, 2023. The amount of liability recognized is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee.

June 30, 2022	Increases	Decreases	June 30, 2023
\$68	\$0	\$34	\$34

Economic Development Growth Engine

Pursuant to a Trust Indenture dated as of May 18, 2017 (the "Indenture"), the Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (EDGE) issued its \$36,215 Federally Taxable Senior Revenue Bonds, Series 2017A, its \$87,725 Tax-Exempt Subordinate Revenue Bonds, Series 2017B and its \$34,300 Federally Taxable Subordinate Revenue Bonds, Series 2017C. The Series 2017 EDGE Bonds are payable principally from distributions of state and local sales and use taxes in a tourist development zone that includes the Pyramid Arena, the Pinch District of the City and the Memphis Cook Convention Center.

Pursuant to the Indenture, the proceeds of the Series 2017 EDGE Bonds were used to, among other things, provide funds to make a loan (the "Series 2017 Loan") to the City pursuant to that certain Loan Agreement dated as of May 18, 2017 (the "Loan Agreement") between EDGE and the City. The City used the proceeds of the Series 2017 Loan to (a) refund and defease the Refunded Bonds, Memphis Center City Revenue Finance Corporation of Memphis, Tennessee (CCRFC), Series 2011; and (b) pay the costs of issuance with respect to the Series 2017 EDGE Bonds.

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
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CITY OF MEMPHIS, TENNESSEE
(Continued)

The bonds mature annually through November 1, 2030, with semiannual interest payments. The City is required to pay the remaining portion of the EDGE's debt service payments based on this guarantee.

The City of Memphis has paid \$55,390 in principal and \$32,357 in interest on the guarantee obligation through June 30, 2023. The amount of liability recognized is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee.

June 30, 2022	Increases	Decreases	June 30, 2023
\$113,460	\$0	\$10,610	\$102,850

Changes in long-term liabilities

Various bond indentures contain significant limitations and/or restrictions for annual debt service requirements, maintenance of and flow of monies through various restricted accounts and minimum amounts to be maintained in various sinking funds. The City is in compliance with these limitations and restrictions.

The following is a summary of general obligation, other debt, and revenue bonds by fund at June 30, 2023:

	General Obligation Bonds (1)	Bond Anticipation Notes / Commercial Paper	Capital Lease Obligations	Settlement Obligation	Guarantee Obligations	Economic Development Bonds	Revenue Bonds	State Loans	Total
Governmental Funds	\$ 1,569,229	50,000	20,683	9,333	213,746	24,255	-	-	1,887,246
Enterprise Funds	-	-	-	-	-	-	937,329	196,759	1,134,088
Total long-term debt	\$ 1,569,229	50,000	20,683	9,333	213,746	24,255	937,329	196,759	3,021,334

(1) Per City of Memphis resolution, \$10 million of Series 2016 was allocated to the Storm Water Fund

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
(Continued)

Long-term liability activity for the year ended June 30, 2023, was as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
<i>Bonds and Other Obligations:</i>					
General obligation bonds payable	\$ 1,427,952	305,565	(250,265)	1,483,252	95,615
Premium on general obligation bonds	74,601	11,376	-	85,977	-
Commercial Paper	75,000	125,000	(150,000)	50,000	-
Lease agreements	26,719	-	(6,411)	20,308	4,859
SBITA Leases	-	752	(376)	376	376
Settlement Obligation	10,667	-	(1,334)	9,333	1,333
EDGE- Accelerated Memphis	24,255	-	-	24,255	1,000
	<u>\$ 1,639,194</u>	<u>442,694</u>	<u>(408,387)</u>	<u>1,673,501</u>	<u>103,184</u>
<i>Guarantee Obligations:</i>					
Related party loan	\$ 113,460	-	(10,610)	102,850	10,900
Related party loan premium	9,756	16,066	-	25,822	1,645
Related party debt obligation	87,069	-	(1,995)	85,074	2,435
Related party debt obligation premium	-	-	-	-	-
	<u>\$ 210,285</u>	<u>16,066</u>	<u>(12,605)</u>	<u>213,746</u>	<u>14,980</u>
Subtotal	<u>\$ 1,849,479</u>	<u>458,760</u>	<u>(420,992)</u>	<u>1,887,247</u>	<u>118,164</u>
<i>Other Liabilities:</i>					
Legal Claims and Judgments	\$ 3,348	-	(2,164)	1,184	407
Accrued Interest	13,419	864	-	14,283	-
Vacation, sick and other leave benefits On the Job Injury	85,984	56,602	(51,552)	91,034	375
	2,384	1,442	-	3,826	-
	<u>\$ 105,135</u>	<u>58,907</u>	<u>(53,716)</u>	<u>110,326</u>	<u>781</u>
Total	<u>\$ 1,954,614</u>	<u>517,667</u>	<u>(474,708)</u>	<u>1,997,573</u>	<u>118,945</u>
Business-type activities:					
Revenue bonds	\$ 347,765	-	(69,795)	277,970	11,375
Long term commercial paper	(0)	-	-	(0)	-
Net premium/discount on revenue bonds	41,170	-	(10,915)	30,255	-
MLGW revenue bonds	566,665	-	(19,265)	547,400	21,025
Premium on MLGW revenue bonds	157,052	-	(75,348)	81,704	-
Sewer State Loan	176,139	20,619	1	196,759	7,571
Subtotal	<u>\$ 1,288,791</u>	<u>20,619</u>	<u>(175,322)</u>	<u>1,134,088</u>	<u>39,971</u>
Vacation, sick and other leave benefits	42,392	3,620	(8,030)	37,983	497
Total	<u>\$ 1,331,183</u>	<u>24,239</u>	<u>(183,352)</u>	<u>1,172,071</u>	<u>40,468</u>

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
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CITY OF MEMPHIS, TENNESSEE
(Continued)

The compound interest bonds are subject to optional redemption by the City prior to their maturities at state redemption prices which are calculated based upon the compounded accreted value at the date of redemption. A summary of General Obligation, Other Debt and Revenue Bonds at June 30, 2023 follows:

Description	Interest Rates(%)	Original Issue	Balance Outstanding at Year End
General Obligation Debt:			
General City Government Serial Bonds	2.91-6.14	\$ 1,671,377	\$ 1,483,252
Bond Anticipation Notes-Commercial Paper	variable	150,000	50,000
Net Premium/(Discount) on General Obligation Debt		<u>186,001</u>	<u>85,977</u>
Total General Obligation Debt		2,007,378	1,619,229
Lease Obligations	3.75-4.32	46,607	20,308
SBITA		752	376
Settlement Obligation		20,000	9,333
EDGE- Accelerated Memphis		24,255	24,255
Guarantee Obligations	variable	216,564	187,924
Net Premium/(Discount) on Guarantee Obligations		<u>18,433</u>	<u>25,822</u>
		234,997	213,746
Total Governmental Funds Debt		\$ <u>2,333,989</u>	\$ <u>1,887,247</u>
Business-Type Debt:			
Long term commercial paper	2.91-6.14	\$ 10,000	\$ (0)
Sanitary & Storm Water Sewerage Systems	3.00-6.30	267,536	277,970
Electric / Gas Division, MLG&W (1)	2.00-5.00	521,000	420,290
Water Division, MLG&W (1)	2.00-5.00	138,000	127,110
Net Premium/(Discount) on revenue bonds		134,555	111,959
State Loans	.75-2.59	<u>153,009</u>	<u>196,758</u>
Total Business-Type Debt		\$ <u>1,224,100</u>	\$ <u>1,134,086</u>
Total		\$ 3,558,089	\$ 3,021,333

(1) All MLG&W bonds reflect amounts outstanding at December 31, 2021.

**CITY OF MEMPHIS, TENNESSEE
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**NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023**

Debt service requirements to maturity for governmental long-term indebtedness at June 30, 2023 are as follows:

Total Long-term Indebtedness

Fiscal Year	General Obligations		Settlement Obligation (3)		Guarantee Obligations		Revenue				MLG&W(2)		Total Requirements				
	Principal (4) (5)	Interest (1)	Principal	Interest	Principal (4)	Interest	Sewer and Storm Water		State Loan		Federal Loan		Principal (4)	Interest	Principal	Interest	Total
							Principal (4)	Interest (1)	Principal	Interest	Principal	Interest					
2023	-	-	-	-	-	-	-	-	-	-	-	-	20,075	21,744	20,075	21,744	41,819
2024	95,615	56,975	1,333	646	13,335	6,949	11,375	9,956	7,571	1,151	-	-	21,025	20,791	155,546	97,366	252,912
2025	95,520	51,835	1,333	538	14,684	6,486	11,890	9,418	7,634	1,082	-	-	22,000	19,815	156,557	90,071	246,628
2026	99,080	47,652	1,333	432	14,423	5,981	10,455	8,902	7,697	1,013	-	-	23,040	18,769	158,654	83,547	242,202
2027	54,306	45,027	1,333	330	15,218	5,229	8,665	8,446	7,760	944	-	-	24,120	17,694	114,176	78,568	192,746
2028	56,570	42,524	1,333	221	15,910	4,540	9,105	8,002	7,824	874	-	-	25,250	16,568	116,961	73,626	192,587
2029	58,936	39,890	1,333	122	16,640	3,811	8,130	7,571	7,889	803	-	-	26,420	15,396	121,948	68,491	190,439
2030	61,434	37,132	1,335	23	17,405	3,042	7,495	7,154	7,955	731	-	-	27,645	14,171	124,679	63,152	187,831
2031	58,489	34,379	-	8	18,215	2,233	6,885	6,403	8,021	659	-	-	28,825	12,990	121,121	57,920	179,042
2032	57,696	33,906	-	7	3,108	1,780	6,885	6,071	8,154	513	-	-	29,920	11,900	105,774	55,480	161,254
2033	60,717	32,147	-	6	3,273	1,619	7,570	5,721	7,985	441	-	-	31,070	10,754	109,054	52,089	161,142
2034	62,390	28,509	-	4	3,355	1,533	7,935	5,354	8,026	373	-	-	27,120	8,360	111,860	48,596	160,456
2035	58,217	26,837	-	2	3,445	1,443	8,315	4,970	8,088	304	-	-	28,065	7,417	108,907	45,030	153,938
2036	55,164	25,267	-	1	2,270	1,348	8,720	4,567	8,151	235	-	-	20,680	6,467	95,289	38,772	134,061
2037	56,647	23,807	-	-	2,335	1,283	9,145	4,145	8,003	165	-	-	10,025	5,769	86,155	36,067	122,222
2038	58,262	22,194	-	-	2,400	1,215	9,590	3,701	7,641	99	-	-	10,320	5,467	88,213	33,573	121,786
2039	59,935	20,507	-	-	2,475	1,144	10,055	3,236	5,893	35	-	-	10,635	5,157	88,993	30,976	119,970
2040	61,862	18,717	-	-	2,545	1,071	10,540	2,747	1,378	4	-	-	10,955	4,840	90,913	28,277	119,190
2041	59,757	16,582	-	-	2,620	996	11,050	2,237	48,000	4	3,632	-	11,275	4,510	136,385	25,172	161,557
2042	61,073	14,481	-	-	2,700	917	11,590	1,699	15,000	-	3,734	-	11,620	4,171	105,717	22,064	127,781
2043	59,787	12,306	-	-	2,780	834	12,150	1,136	-	-	3,786	-	12,060	3,735	90,563	18,765	109,318
2044	48,813	10,161	-	-	2,870	748	9,520	610	-	-	3,839	-	12,510	3,282	77,562	15,493	93,045
2045	36,467	8,503	-	-	2,955	660	7,435	186	-	-	3,892	-	12,980	2,812	63,729	12,799	76,528
2046	23,060	1,844	-	-	3,045	569	-	-	-	-	3,946	-	13,500	2,292	43,551	5,290	48,841
2047	24,090	816	-	-	3,140	474	-	-	-	-	4,001	-	14,000	1,754	45,271	3,573	48,844
2048	-	-	-	-	3,240	374	-	-	-	-	4,057	-	14,605	1,191	21,902	2,039	23,941
2049	-	-	-	-	3,345	272	-	-	-	-	4,113	-	15,185	607	22,643	1,296	23,939
2050	-	-	-	-	3,450	165	-	-	-	-	4,170	-	-	-	7,620	525	8,146
2051	-	-	-	-	3,560	56	-	-	-	-	4,228	-	-	-	7,788	368	8,146
2052	-	-	-	-	-	-	-	-	-	-	4,287	-	-	-	4,287	243	4,530
2053	-	-	-	-	-	-	-	-	-	-	4,347	-	-	-	4,347	184	4,531
2054	-	-	-	-	-	-	-	-	-	-	4,407	-	-	-	4,407	123	4,530
2055	-	-	-	-	-	-	-	-	-	-	4,468	-	-	-	4,468	62	4,530
2056	-	-	-	-	-	-	-	-	-	-	4,468	-	-	-	4,468	62	4,530
TOTAL	\$ 1,483,252	682,329	20,683	2,345	187,924	58,373	213,380	118,986	196,758	10,009	64,590	23,157	547,400	257,995	2,723,321	1,153,195	3,876,516

- (1) Interest on variable general obligation bonds is estimated.
- (2) At 12-31-22
- (3) No interest associated with the Settlement Obligation
- (4) Excludes premiums and/or discounts
- (5) Per City of Memphis resolution, \$10 million of Series 2016 was allocated to the Storm Water Fund

H. Restricted assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

Insurance reserves - injuries and damages	\$ 11,571
Insurance reserves - casualties and general	40,909
Medical benefits	37,453
Customer deposits	46,903
Sewer bond escrow	40,517
Storm Water bond escrow	26,317
Bond reserve and debt service	50,288
Total	<u>\$ 253,958</u>

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
(Continued)

I. Fund balance by purpose

Following is more detailed information on the governmental fund balances.

Equity - Fund Balances:	General	Debt Service	Capital Projects	Community Development	Nonmajor	Total Governmental Funds
Restricted						
Parks Special Services	\$ 2,345	-	-	-	-	2,345
Photo Enforcement	11,242	-	-	-	-	11,242
Bass Pro	1,863	-	-	-	-	1,863
Sex Offender Registry	221	-	-	-	-	221
Miscellaneous Activities	1,347	-	-	-	-	1,347
E-Traffic Citation Fee	-	-	-	-	539	539
Debt Service - Related Party Loan	-	8,852	-	-	-	8,852
Debt Service - Capital Lease	-	2,100	-	-	-	2,100
Debt Service - Pledged TDZ Revenue	-	309	-	-	-	309
Solid Waste Management	-	-	-	-	6,402	6,402
Drug Enforcement	-	-	-	-	9,804	9,804
Community Development	-	-	-	4,049	-	4,049
Beale Street	-	-	-	-	1,751	1,751
Central Business Improvement District	-	-	-	-	80	80
Fire EMS	-	-	-	-	3,900	3,900
Pre-K	-	-	-	-	10,619	10,619
Community Catalyst	-	-	-	-	27	27
Affordable Housing	-	-	-	-	474	474
2019 Sales Tax Referendum	-	-	-	-	75,415	75,415
Local Occupancy Tax	282	-	-	-	-	282
Sports Betting	1,888	-	-	-	-	1,888
Transit and Mobility	-	-	-	-	3,293	3,293
Committed						
Debt Service Requirements	-	58,859	-	-	-	58,859
Metro Alarm	-	-	-	-	2,961	2,961
New Memphis Arena	-	-	-	-	111	111
Hotel/Motel Tax	-	-	-	-	4,117	4,117
Capital Projects	-	-	191,222	-	-	191,222
Assigned						
Encumbrances for General Fund	13,269	-	-	-	-	13,269
Intergovernmental - Shelby County	20,000	-	-	-	-	20,000
MATA Operating Loan	20,000	-	-	-	-	20,000
Grants Contingency/Payback	12,000	-	-	-	-	12,000
Sports Authority - CapX	5,000	-	-	-	-	5,000
Election FY24	4,000	-	-	-	-	4,000
Use to Balance FY24 Budget	6,692	-	-	-	-	6,692
Unassigned	114,476	-	-	-	-	114,476
Total Fund Balances	\$ 214,625	70,120	191,222	4,049	119,493	\$ 599,509

J. Deferred inflows and deferred outflows

The following is a reconciliation of the deferred outflows of resources and deferred inflows of resources presented in the government-wide statement of net position.

Deferred Outflows of Resources

Governmental Activities

Deferred outflows - pensions	\$ 372,682
Deferred outflows - OPEB	78,536
Total Governmental Activities Deferred Outflows	<u>\$ 451,218</u>

Business-Type Activities

Deferred outflows - pensions	\$ 83,942
Deferred outflows - OPEB	90,092
Deferred outflows - other	861
Total Business-Type Activities Deferred Outflows	<u>\$ 174,895</u>

Total Deferred Outflows of Resources	<u><u>\$ 626,113</u></u>
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Deferred Inflows of Resources

Governmental Activities

Deferred inflows - pensions	\$ 218,462
Deferred inflows - OPEB	66,158
Uncollected property taxes	409,285
Uncollected special assessments	(4,613)
Uncollected intergovernmental revenues	14,357
Uncollected project loans receivable	37,647
Other	3,565
Total Governmental Activities Deferred Inflows	<u>\$ 744,861</u>

Business-Type Activities

Deferred inflows - pensions	\$ 190,472
Deferred inflows - OPEB	153,600
Revenue collected in advance	22,993
Total Business-Type Activities Deferred Inflows	<u>\$ 367,065</u>

Total Deferred Inflows of Resources	<u><u>\$ 1,111,926</u></u>
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V. OTHER INFORMATION

A. Risk management

The City is self-insured for health and medical benefits as well as on-the-job injury (OJI) claims. The Health Insurance Internal Service Fund charges premiums to other funds (primarily to the General Fund) that are used to pay claims and to fund the accrual for “incurred but not reported” (IBNR) claims and administrative costs of its health and medical benefits program. Additionally, OJI claims payable of \$3,650 were recorded in the Governmental Funds.

There were no significant incremental claim adjustment expenditures/expenses other than the expected cost of administering the claims paid by third-party administrators. These liabilities, including IBNR claims, are based on the estimated ultimate cost of settling the claims, using past experience adjusted for current trends and any other factors that would modify past experience.

The changes in the insurance claims payable for the years ended June 30, 2022 and 2023 are as follows:

	On the Job Injury				
	Health	OPEB	Sewer Collection and Treatment Fund	Storm Water Fund	Governmental Funds
Balance - June 30, 2021	\$ 9,382	454	219	59	4,014
Current year provision	(71,215)	(15,711)	(186)	(56)	(7,021)
Payments	72,412	15,823	294	56	5,391
Balance - June 30, 2022	\$ 10,579	566	327	59	2,384
Current year provision	(69,673)	(15,767)	(199)	(51)	(6,198)
Payments	66,702	15,970	297	51	7,464
Balance - June 30, 2023	\$ 7,608	769	425	59	3,650

B. Subsequent events

The City has evaluated subsequent events for potential recognition and disclosure through December 31, 2023.

In July 2023, the City of Memphis Solid Waste Division, closed the following \$6,800,000 general obligation loan with the Public Building Authority of the City of Clarksville, Tennessee Local Government Loan Program Bond, Series 2023.

On December 19, 2023, the Memphis City Council voted to transfer control of Simmons Bank Liberty Stadium to the University of Memphis. The agreement will allocate \$120 million to the University of Memphis for renovations to Simmons Bank Liberty Stadium and shift ownership to the university. There are still steps that will need to be worked through over the coming weeks, including the approval the minutes of the 12/19/23 transfer vote.

C. Contingent liabilities and commitments

The City's police department was involved in an incident that occurred in January 2023, resulting in the death of a citizen, which gained national attention. A case has been filed regarding the incident. The probability of outcome and potential damages are not known at this time.

The City is a defendant in a number of other various lawsuits filed in the ordinary course of its operations. The City believes that \$4,130 is a reasonable measure of the ultimate settlement of these matters.

Amounts received or receivable from grantors, principally the Federal and State governments, are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the City as revenue, would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time although City officials expect such amounts, if any, to be immaterial.

Pursuant to an interlocal agreement by and among The Memphis and Shelby County Sports Authority, Inc. (the "Sports Authority"), Shelby County (the "County") and the City, in the event the revenues pledged to the support of certain senior lien bonds issued by the Sports Authority (the "Senior Lien Bonds") prove to be insufficient to pay debt service on the Senior Lien Bonds in any bond year (ending on October 31), the City and the County, pursuant to the provisions of Section 7-67-116 of the Tennessee Code Annotated, have covenanted to timely appropriate from legally available non-ad valorem revenues, not later than October 31 of the fiscal year ending June 30 following the date of such deficit, sufficient moneys to replenish draws from the debt service reserve fund used to make scheduled debt service on the Senior Lien Bonds in the prior year.

The City has commitments at June 30, 2023, for outstanding purchase orders and outstanding contracts reported as assigned fund balance for encumbrances in the General Fund of \$13,269.

The City had additional commitments totaling \$77,946 for certain infrastructure and sewer construction projects.

Pursuant to an interlocal agreement by and between the Economic Development Growth Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (“EDGE”), the City, and the County of Shelby, Tennessee (the “County”), the City and the County have covenanted to timely appropriate from legally available non-ad valorem revenues sufficient moneys to pay scheduled debt service on the Revenue Refunding Bond, Series 2022 (Electrolux Project), (the “2022 Bond”). The obligation of the City and the County to support the payment of debt service on the 2022 Bond shall be apportioned on the following basis: 50% from the City, and 50% from the County, and shall not be a joint obligation. The obligation to support the payment of debt service on the 2022 Bond is not a general obligation of the City or the County. As of June 30, 2023, the 2022 Bond was outstanding in the aggregate principal amount of \$27,080 of which the City’s obligation is \$13,540.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 49 Accounting and Financial Reporting for Pollution Remediation Obligations, the City has determined that an obligating event has occurred and should be disclosed to account for pollution remediation obligations that have previously not been reported. The City, the United States Environmental Protection Agency (EPA), Tennessee Department of Environment and Conservation (TDEC), and the Tennessee Clean Water Network (TCWN) have entered into a Consent Decree effective as of September 21, 2012, that requires the City to develop and implement plans for the continued maintenance and improvement of its Wastewater Collection and Transmission System and Wastewater Treatment Plants to address Sanitary Sewer Overflows and effluent limitation for foam. The Consent Decree program is estimated to last for a minimum 9 to 12 years.

The Consent Decree is a result of a Complaint filed against the City by the United States Department of Justice and State of Tennessee on February 5, 2010, alleging that the City had violated and continued to violate Sections 201 and 402 of the Clean Water Act, 33 U.S.C. §§ 69-3-101 et seq., and the regulations promulgated pursuant thereto.

Due to the nature of the remediation, the range of all components of the liability cannot be reasonably estimated. In accordance with the statement, the City has reviewed a series of recognition benchmarks in determining when component of pollution remediation liabilities are reasonably estimable. It is anticipated that the recognition would increase over time as more components become reasonably estimable or when new information indicates increases or decreases in estimated outlays. Expenses incurred as a result of the Consent Decree have been transacted utilizing access to the State Revolving Fund Loan Agreement (Loan Agreement) with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority. Said Loan Agreements currently have a cap of \$ 198,670; expensed components of the remediation outlays to date are approximately \$ 125,636. The City will re-evaluate expenses annually for GASB 49 disclosure requirements.

D. Joint ventures

Memphis and Shelby County Port Commission - subsidiary of Economic Development Growth Engine (EDGE) and Industrial Development Board (IDB)

The Memphis and Shelby County Port Commission (the Port Commission), is a joint operation between the City and the County. The Port commission is governed by five commissioners selected from members of the Board

of Directors of EDGE. In addition, the Directors of Public Works for the City and for the County serve as ex officio members of the board with the right to vote. Capital expenditures over \$5 must be approved by both the City and the County. Net operating revenues of the Port Commission are distributed to EDGE based on the January 2011 joint resolution between the City of Memphis and Shelby County.

The Port Commission entered into an agreement between Shelby County, the City of Memphis, and Electrolux to fund the construction of the Electrolux facility with the use of debt issued by the Port Commission. The County and the City each guarantee the debt, which is payable solely from the County's and City's covenants to timely appropriate from legally available non-ad valorem revenues, although the debt is in the name of the Port Commission and is being held on the financial statements of the Port Commission. The Port Commission is under no obligation to pay the debt principal or interest. Receivables from the City and County have been booked for the principal and will be booked for the interest as it becomes due. Coupon rates on the 24-year, 7-month bonds range from 2.0% to 5.25% over the lives of the bonds.

Financial statements for the Port Commission may be obtained from the Memphis and Shelby County Port Commission, 1115 Riverside Blvd., Memphis, TN 38106-2504.

New Memphis Arena Public Building Authority of Memphis and Shelby County, Tennessee

In August 2001, the City and the County entered into a joint operation creating a nonprofit corporation, The New Memphis Arena Public Building Authority of Memphis and Shelby County, Tennessee (The New Arena PBA). The New Arena PBA is a non-profit corporation established under the statutes of the State of Tennessee and is governed by a Board of Directors whose members are jointly appointed by the Mayors of Memphis and Shelby County and approved by the Memphis City Council and the Shelby County Commission. The New Arena PBA was responsible for the construction of a multi-purpose sports and entertainment facility (FedEx Forum). The total construction cost of \$250,000 was funded from \$186,000 from Senior Lien Revenue Bonds, \$20,000 from Subordinate Lien Revenue Bonds, \$12,000 each by the City and the County from non-ad valorem revenues, and \$20,000 from the State of Tennessee for a parking structure.

The New Arena PBA did not have any financial activity for the current fiscal year and only has ownership rights to the FedEx Forum as assets. The Tennessee Comptroller of the Treasury has granted an exemption from an annual audit. As such, no audited financial statements are presented.

Sports Authority of Memphis and Shelby County Incorporated

The Sports Authority of Memphis and Shelby County Incorporated (the Sports Authority) is a nonprofit corporation established jointly by the City and County under the provisions of the Sports Authority Act of 1993 (State of Tennessee). The purpose of the Sports Authority is to review and/or act upon issues dealing with sports entities, teams, stadiums, arenas, and other matters related to the improvement of sports-related activities.

Board members (eleven) are appointed by the City and the County Mayors, with approval by the City Council and County Commission, for six-year terms. The Sports Authority has issued bonds in connection with the financing of a multi-purpose sports and entertainment facility (FedEx Forum). Pursuant to the Interlocal Agreement, the City and the County have agreed to replenish the Debt Service Reserve Fund in the event that

a draw is required to make a debt service payment on the Senior Bonds. The bonds are to be repaid by the following revenue sources: seat rental fees – pledge until bonds are paid in full; sales tax rebates related to certain taxes generated by the Memphis Grizzlies – effective 2001–2031; car rental fees – pledged by the County until bonds are paid in full; hotel/motel taxes – pledged by City and County; MLGW in-lieu-of-tax payments received from the City’s Water Division of MLGW - pledged annually until the end of 2028. Financial statements for the Sports Authority may be obtained from the Sports Authority of Memphis and Shelby County, 2491 Winchester Road Ste. 113, Memphis, TN 38116-3856.

E. Other postemployment benefits

City of Memphis Other Postemployment Benefits Trust Fund

The City's other postemployment benefits (OPEB) is a Defined Benefit Plan in accordance with GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Other Than Pensions*, established new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement replaces Statements No. 43 and No. 57.

The primary objective of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This Statement replaces the requirements of Statements No. 45 and No. 57. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures.

As a result of the initial adoption of GASB Statement No. 45, the City established an OPEB trust fund for the exclusive benefit of the City's eligible retired employees and their dependents to fund the postemployment benefits provided through the health and welfare benefit plan. Amounts contributed to the OPEB Trust by the City are held in trust, are irrevocable, and are for the sole and exclusive purpose of funding for health and welfare benefits of the eligible participants, and the cost of operating and administering the Trust. In the event the individual fund is unable to meet its obligations, the deficit would be funded proportionally from the General Fund, the Sewer Fund, and the Storm Water Fund.

By agreement adopted on October 19, 2007, as amended and restated on February 12, 2008 (the Trust Agreement), the duty and responsibility for investing the Trust assets is vested in the Trustee. The Trust Agreement provides that the Trustee is a committee composed of the following members: the Director of Finance (Chief Financial Officer) who serves as Chairman, the City Comptroller, the City Treasurer, the Deputy Chief of Finance, the Investment Manager, and the Senior Investment Analyst.

The funding of postemployment benefits is long term in nature; therefore, the investment of Trust assets shall have a long-term focus. It is a recognized principle of investment management that there are risks inherent in investing in the securities markets. These risks are acceptable so long as the Trust Fund is invested primarily for capital appreciation over the long term. The return objective of the Trust Fund should be primarily long term in nature and focused on meeting or exceeding the actuarial discount rate used to value the obligation.

The Tennessee Other Post Employment Benefit Investment Trust Act of 2006 permits an OPEB Trust investment committee to adopt an investment policy authorizing assets in the OPEB Trust to be invested and managed in accordance with the investment policy the City utilizes to manage pension assets.

Separate financial statements for the City of Memphis Trust OPEB Plan are not issued.

As of and for its year ended June 30, 2023, the City OPEB Fund reported the following net position:

	<u>City OPEB Fund</u>
ASSETS	
Investments, at fair value:	
Mutual funds and money market funds	\$ 4,145
Total investments	<u>4,145</u>
Equity in cash and investment pool	7,736
Interest and dividend receivables	<u>5</u>
Total assets	<u>11,887</u>
LIABILITIES	
Accounts payable and other	<u>894</u>
Total liabilities	<u>894</u>
NET POSITION	
Held in trust for pension benefits, pool participants and OPEB	<u>\$ 10,993</u>

As of and for its year ended June 30, 2023, the City OPEB Fund reported the following changes in net position:

	City OPEB Fund
ADDITIONS	
Contributions:	
Employer	\$ 16,394
Plan members	3,967
Total contributions	<u>20,361</u>
Transfer from other fund	7,273
Pharmacy rebate	1,085
Investment income:	
Interest and dividend income	87
Net appreciation in the fair value of investments	305
Total investment income	<u>392</u>
Total additions	<u>29,111</u>
DEDUCTIONS	
Benefits	15,970
Administrative expenses	8,676
Total deductions	<u>24,646</u>
Net increase / decrease	4,465
Net position - beginning of year	<u>6,528</u>
Net position - end of year	<u><u>\$ 10,993</u></u>

City of Memphis Other Postemployment Benefits (OPEB) Plan

Plan Description – The City’s OPEB Defined Benefit Plan is a single-employer plan for GASB accounting purposes. This Plan provides medical and life insurance benefits to eligible retired City of Memphis General, Police, Fire, and Airport Authority employees and their dependents based on firmly established past practices.

On June 30, 2023, the number of active participants in the OPEB Defined Benefit Plan was 6,692. There were 5,523 inactive participants eligible, of which 3,293 were enrolled. Eligibility for OPEB benefits is based on two pension options: Normal retirement or disability retirement. The applicable pension plan provisions are as follows:

General Employees – 1948 Plan Participants

- Normal – Age 60 and 10 years of service, or 25 years of service
- Disability – Non-Line of Duty, 5 years of service

General Employees – 1978 Plan Participants

- Normal – Age 60 and 10 years of service, or age 65 and 5 years of service, or 25 years of service
- Disability – Non Line-of-Duty, 5 years of service

General Employees 2012 and 2016 Plan Participants

- Normal – Age 65 and 5 years of service, or 25 years of service
- Disability – Non Line-of-Duty, 5 years of service

Police and Fire (Uniform) 1948 Plan Participants

- Normal – Age 55 and 10 years of service, or 25 years of service
- Disability – Line-of-Duty, no service requirement

Police and Fire (Uniform) 1978, 2012, and 2016 Plan Participants

- Normal – Age 55 and 10 years of service, or 25 years of service
- Disability – Line-of-Duty, no service requirement

Spouses of eligible retirees may receive postretirement medical benefits. Surviving widowed spouses are eligible if receiving a pension payment from the City of Memphis and coverage was in force prior to the retiree’s death. Working spouses with available coverage elsewhere do not receive postretirement medical benefits.

Summary of Plan Provisions

Medical Benefits

During fiscal year 2023, the Pre-65 Line-of-Duty Disableds/Commissioned Police and Fire/Paramedics/Dispatchers and Grandfathered Post-65 Retirees without Medicare received postretirement medical and drug coverage through the City’s self-insured Select or Choice Plans. The Choice Plan was eliminated effective April 1, 2023. The City pays for costs in excess of required retiree premiums.

All other participants who were Pre-65 and Post-65 Retirees are provided with a set amount of money each year that goes into a Health Retirement Account (HRA). The amount depends on the type of retiree (LOD/Other) and age according to the table below:

		Annual HRA Amount	
		Retiree	Spouse
Line of Duty	Pre-65	10,000	10,000
	Post-65	2,000	1,000
Other	Pre-65	5,000	5,000
	Post-65	1,000	500

Life Benefits

The City provides a life insurance benefit of \$5,000 to all participants. The payment of the \$5,000 by the City depends on if the participant had supplemental insurance as an active participant prior to retirement. If the participant elected supplemental life insurance as an active employee, the supplemental insurance drops to \$3,000, and is fully insured by the City. In addition, the City pays an additional \$2,000 which is self-insured. If the participant did not elect supplemental life insurance as an active employee, the City pays \$5,000 upon death, which is self-insured.

Summary of Accounting Policies – The financial statements of the OPEB Plan are prepared using the accrual basis of accounting. In fiscal year 2017, the City adopted the new statement of financial accounting standards issued by the Governmental Accounting Standards Board (GASB) Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and also adopted the early implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Financial statement reporting information for the City’s fiscal year ended June 30, 2023, is in accordance with GASB 74 and GASB 75. Required disclosures under GASB 74 and GASB 75 implementation are presented herein and in the Required Supplementary Information section of this report. Investments of the City of Memphis OPEB Plan are reported at fair value. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expenses or expenditures, information about the fiduciary net position, and the additions to and deductions from the Plan’s fiduciary net position, have been determined in accordance with GASB 74 and GASB75 implementation and are disclosed herein.

Funding Policy – The contribution requirements of the plan members and the City are established by and may be amended by the City. The City pays for medical costs in excess of required retiree premiums and may elect through adoption of the City’s annual budget ordinance to contribute an amount in excess of the total annual benefit payments to a qualified trust for the purpose of funding future OPEB benefits. The City’s receipt of Medicare Part D prescription drug subsidies is included in operating income.

In fiscal year 2009, the City adopted and established an OPEB Trust for the exclusive purpose of pre-funding and providing for payment of OPEB benefits under the plan. At June 30, 2023, the value of the Trust assets within the OPEB Fund was \$11,887. The current fiscal year includes interest at 4.13% on the beginning of year total OPEB liability and service cost offset by a half-year of interest on benefit payments. For the 2023 fiscal year, the net investment return for the year was a positive \$392 compared to the expected return on assets of \$0.

Schedule of Contributions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the contractual contribution of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The City is contractually required to pay benefits as they come due and make HRA contributions to participants enrolled in the retiree or an allowable plan.

The Schedule of Contributions under GASB 74 and GASB 75, presented in the Required Supplementary Information section following the Notes to the Financial Statements Exhibit RSI-4, is presented for those years for which it is available and was prepared prospectively from the Plan’s fiscal year ending June 30, 2023, for GASB 75 purposes. The City is contractually required to pay benefits as they come due and make HRA contributions to participants enrolled in an allowable plan. The actual covered payroll of \$369,163 represents the total covered payroll for the prior calendar year, increased by the salary scale. For calendar year 2023, the average salary was \$58,336. The net OPEB liability as a percentage of covered payroll was 170.5% for the year ending June 30, 2023.

Calculations for Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability are presented below and in the Required Supplementary Information section of this report as Exhibit RSI-1, Exhibit RSI-2, and Exhibit RSI-3 respectively.

The Memphis Shelby County Airport Authority (MSCAA), a component unit of the City, participates in the City's OPEB Plan. The Net OPEB Liability of \$629,587 includes the allocated share to MSCAA in the amount of \$13,221. This amount can be found in the basic financial statements on Exhibit A-14 Combining Statement of Net Position for Component Units.

City of Memphis OPEB Plan	
Total OPEB Liability - beginning balance	\$ 529,145
Total Service Cost	15,545
Interest Cost	22,136
Experience (Gains)/Losses	(1,394)
Assumption Changes	107,697
Changes of Benefit Terms	(12,955)
Net Benefit Payments	<u>(19,594)</u>
Total OPEB Liability - ending balance	<u>640,580</u>
OPEB Fiduciary Net Position - beginning balance	\$ 6,528
Employer Contribution	23,667 (1)
Employee Contribution	3,967
Investment Return	392
Benefit Payments	(14,885) (2)
Administrative Expenses	<u>(8,676)</u>
Fiduciary Net Position - ending balance	<u>10,993</u>
Total OPEB Liability	\$ 640,580
Net Fiduciary Position	<u>10,993</u>
Net OPEB Liability	<u>629,587</u>
Fiduciary Net Position as a % of Total OPEB Liability	1.7%
Actual Covered Employee Payroll	\$ 369,163
Net OPEB Liability as a % of Covered Payroll	170.5%

(1) Includes 7M Transfer In.

(2) Actual benefit payments reduced by Pharmacy Rebate of 1,085.

Actuarial Methods and Assumptions

The City of Memphis retained PricewaterhouseCoopers LLP (PwC) to perform an actuarial valuation of the OPEB Plan for the purpose of calculating accounting results in accordance with Governmental Accounting Standards Board Statement No. 74 (GASB 74) and Governmental Accounting Standards Board Statement No. 75 (GASB 75) for the Plan's fiscal year ending December 31, 2022, and the City's fiscal year ending June 30, 2023 respectively. GASB 74 and GASB 75 require that each significant assumption reflect the best estimate of the City's future experience solely with respect to that assumption. The valuation year spanned July 1, 2022 – June 30, 2023. The date of the census data was July 1, 2023.

For the July 1, 2023 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. This method determines a normal cost rate as a fixed percentage of compensation for each active participant. The current year's normal cost is the participant's compensation multiplied by the normal cost rate. Annual contributions in this amount, from the date the participant entered the plan (or would have entered, if the plan had always been in effect and the participant had entered at the earliest possible date) until retirement, would be sufficient to provide for the actuarial present value of the participant's plan benefits. The total normal cost is the sum of the normal costs for all active participants.

Other actuarial assumptions are as follows:

Mortality

- General – Fully Generational PubG-2010 Public Sector Mortality table for general employees adjusted by a one year set forward with MP-2021 projection scale from 2010.
- Police and Fire – Fully Generational PubS-2010 Public Sector Mortality table for safety employees adjusted by a one year set forward with MP-2021 projection scale from 2010.
- Disabled - Fully Generational PubNS-2010 Public Sector Disabled Mortality table for non-safety employees adjusted by a three-year setback with MP-2021 projection scale from 2010.

Disability

Disability rates are set based on the Plan's historical experience and future expectations with periodic monitoring of observed gains and losses caused by disability patterns different than assumed. The assumption for 2023 used the 1968 Social Security Experience Table with ages ranging from 20 – 55+ and combined male/female percentages ranging from 0.10% - 1.33%.

Termination

Termination rates are set based on the Plan's historical experience and future expectations with periodic monitoring of observed gains and losses caused by termination patterns different than assumed. The assumption for 2023 used Select and Ultimate rates based on age and years of service for (1978 and 2016 Plans) Police and Fire males, Police and Fire females, General Males, and General Females.

Retirement Rates

Retirement rates are set based on the Plan's historical experience and future expectations with periodic monitoring of observed gains and losses caused by retirement patterns different than assumed. The assumption for 2023 for both General employees and Police and Fire employees, the rates vary by age, gender, and pension plan (1978/2012 or 2016 Plan).

Participation Rates

Participation rates are set based on the Plan's historical experience under the current plan design and future expectations with periodic monitoring of observed gains and losses caused by participation patterns different than assumed. The assumptions used for 2023 are as follows:

- 10% and 45% of active employees are assumed to elect Pre-65 and Post-65 Retiree Exchange coverage upon retirement, respectively.
- 0% and 0% of current Pre-65 and Post-65 Retirees that have opted out of Retiree Exchange coverage are assumed to elect coverage in future years, respectively.
- 60% of future participating male General Employee Retirees, 15% of future participating female General Employee retirees, and 46% of Police and Fire Employee Retirees are assumed to have spouses that elect to be covered.

Future Salary Increases

Rates vary by age and service and do not include inflation (assumed to be 2.25%).

Per Capita Costs

The per capita claims costs for the self-insured Select and Choice plans were developed by PwC based on historical 2021-July 2022 claims experience for City of Memphis retired participants adjusted for enrollment and plan design provisions. The Choice Plan was eliminated effective April 1, 2023. The 2024 calendar year annual per capita costs used to develop per capita costs (before rebates) for the fiscal year beginning July 1, 2023 are:

- Pre-65 – Select Plan \$17,760, Choice Plan n/a
- Post-65 No Medicare – Select Plan \$20,316, Choice Plan n/a

Self-Insured Premiums

The 2024 calendar year monthly Retiree Premiums that were used to develop per capita cost for the fiscal year beginning July 1, 2023, are provided below:

- Single – Select Plan \$216.00, Choice Plan n/a
- Family – Select Plan \$427.00, Choice Plan n/a

The Choice Plan was eliminated effective April 1, 2023.

Tobacco Surcharge

The tobacco surcharge rates are set based on the Plan's historical experience and future expectations with periodic monitoring of observed gains and losses caused by tobacco usage patterns different than assumed. Assumption for 2023 is \$120 per month per family; based on current inactive experience, 10% of future inactive participants are assumed to pay the tobacco surcharge.

Life Insurance Per Capita Costs

Assumption for 2023 is based on current face amount of \$5,000.00.

Administrative Expenses

Administrative expenses are assumed to be included in per capita costs.

Medicare Eligibility

- 100% of future retirees are eligible for Medicare at age 65.
- 90% of current Pre-65 retirees are assumed to be Medicare eligible at age 65.

Persistence Assumption

Persistence rates are set based on the Plan’s historical experience and future expectations with periodic monitoring of observed gains and losses caused by persistence patterns different than assumed. For 2023, the assumption is that all inactive participants are assumed to continue to receive retiree medical coverage for their lifetime.

Spouse Age Difference

Material rates are set based on the Plan’s historical experience and future expectations with periodic monitoring of observed gains and losses caused by marital patterns different than assumed. The assumption for 2023 is that husbands are assumed to be three years older than wives for future retirees who are married and assumed to cover a spouse.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13% as of June 30, 2023 which is equal to the single rate of return developed pursuant to GASB 75. GASB 75 requires that projected benefit payments expected to be satisfied by the plan’s fiduciary net position (i.e. assets) be discounted using the long-term rate of return on OPEB plan investments and that projected benefit payments not expected to be satisfied by the plan’s fiduciary net position be discounted using a yield or index rate of a 20-year tax-exempt general obligation municipal bond rated AA/Aa or higher. Based on the City’s current funding policy effective June 30, 2023 the OPEB Plan’s fiduciary net position is not projected to be available to make all projected future benefit payments of current plan members. The discount rate assumption for determining the total OPEB liability was based on the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 30, 2023.

The discount rate sensitivity on the net OPEB liability is presented below:

	<u>1% Decrease (3.13%)</u>	<u>Current Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
Net OPEB Liability	\$693,332	\$629,587	\$573,623

Annual Health Care Trend Rate

Annual health care trend assumptions represent a blend of medical and drug trends and are set based on the plan’s historical experience and future industry expectations with periodic monitoring of observed gains and losses caused by trend patterns different than assumed. The actuarial assumption for the annual health care trend rate beginning in year 2024 will be 7.00% with declining rates for years 2024 - 2033+ ranging from 7.00% to 4.50%. HRA amounts are not assumed to increase in the future.

The health care trend sensitivity on the net OPEB liability is presented below:

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$571,970	\$629,587	\$696,451

Changes in Actuarial Methods and Assumptions

The last actuarial valuation of the City of Memphis Retiree Health and Life Insurance Benefits was performed as of July 1, 2022. The following is a summary of the changes that have occurred since the last valuation.

- Per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience and to reflect expected prescription drug rebates.
- The trend assumptions were updated based on plan experience and healthcare industry trend projections.
- The discount rate assumption changed from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023 based on the change in the S&P Municipal Bond Rate Index at the measurement date.
- The participation assumptions for commissioned police and fire, paramedics, and dispatchers (“restored”) changed based on emerging experience and the City’s best estimate of long-term enrollment rates:
 -65% of active employees and current Pre-65 retirees are assumed to elect Post-65 Retiree Exchange coverage (down from 75%).
- The participation assumptions for all other participants changed based on emerging experience and the City’s best estimate of long-term enrollment rates:
 -45% of active employees and current Pre-65 retirees are assumed to elect Post-65 Retiree Exchange coverage (down from 55%).
- The future spouse assumption was changed from 56% for general male retirees, 15% for general female retirees, and 46% for police and fire retirees to 60% for all future participating male retirees and 15% for all future female participating retirees, based on emerging experience and the City’s best estimate of long-term enrollment rates.
- The percentage of current pre-65 retirees assumed to enroll in Medicare at age 65 was updated from 99% as of June 30, 2022 to 90% as of June 30, 2023 based on recent plan experience.
- Per the City, the valuation will reflect the known salary increase ranging from 2% to 14% effective on July 1, 2023.

There were no other changes in assumptions or methods since the prior year.

Changes in Plan Provisions from the Prior Year

There were no other changes in plan provisions since the prior year.

Change in Plan Experience

Below is a table summarizing the changes in the census information over the prior year:

<u>City of Memphis OPEB Plan</u>	<u>Census Data</u>	
	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Active		
Number of Participants	6,796	6,692
Average Age of Participants	45.24	45.43
Average Years of Service	13.1	13.1
Actual Covered Payroll (000's)	\$ 378,824	\$ 368,709
Inactive *		
Number Eligible (Retiree/Disabled)	5,683	5,523
Number Enrolled (Retiree/Disabled)	2,296	2,285
Number Enrolled (Dependent Spouse)	1,027	1,008
Number Enrolled (Total)	3,323	3,293

*Retirees, Disabled, and Dependent Spouses

Deferred Outflows of Resources and Deferred Inflows of Resources

The implementation of GASB 74 and GASB 75 required the calculation and disclosure of deferred outflows of resources and deferred inflows of resources related to certain changes in the components of the net OPEB liability (or asset) not yet recognized in OPEB expense. GASB 75 also requires that most changes in the net OPEB liability be included in OPEB expense in the period of change. In circumstances in which the net OPEB liability is determined based on the results of an actuarial valuation, the effects of certain other changes in the net OPEB liability are required to be included in OPEB expense over the current period and future periods. Under all means of determining the net OPEB liability, the effect on the net OPEB liability of differences between the projected earnings on OPEB plan investments and actual experience with regard to those earnings is required to be included in OPEB expense in a systematic and rational manner over a closed period of five years, beginning in the current period.

The determination of resources of deferred outflows and resources of deferred inflows for the fiscal year ended June 30, 2023, is provided below.

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
(Continued)

City of Memphis OPEB Plan

Determination of Resources of Deferred Outflows and Deferred Inflows					Balances at June 30, 2023	
	Established in Fiscal Year Ending June 30	Loss	(Gain)	Cumulative Amounts Recognized in Expense through June 20, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
a. Experience (Gains) and Losses	2019		\$ (13,201)	\$ (13,201)	\$ -	\$ -
	2020		\$ (2,264)	\$ (2,060)	\$ -	\$ (204)
	2021		\$ (2,215)	\$ (1,575)	\$ -	\$ (640)
	2022	\$ 12,287		\$ 6,318	\$ 5,969	\$ -
	2023		\$ (1,394)	\$ (361)	\$ -	\$ (1,033)
					\$ 5,969	\$ (1,877)
b. Changes in Assumptions	2019		\$ (21,941)	\$ (21,941)	\$ -	\$ -
	2020	\$ 21,629		\$ 19,664	\$ 1,965	\$ -
	2021		\$ (74,550)	\$ (52,998)	\$ -	\$ (21,552)
	2022		\$ (101,817)	\$ (52,348)	\$ -	\$ (49,469)
	2023	\$ 107,697		\$ 27,901	\$ 79,796	\$ -
					\$ 81,761	\$ (71,021)
c. Investment (Gains) and losses	2019		\$ (221)	\$ (221)	\$ -	\$ -
	2020		\$ (190)	\$ (152)	\$ -	\$ (38)
	2021		\$ (905)	\$ (543)	\$ -	\$ (362)
	2022	\$ 693		\$ 278	\$ 415	\$ -
	2023		\$ (392)	\$ (78)	\$ -	\$ (314)
					\$ 415	\$ (714)
d. Collective deferred outflows/(inflows) of resources: a + b + c					\$ 88,145	\$ (73,612)

Allocated Deferred Outflows and Deferred Inflows

Allocated Balances at June 30, 2023

	Deferred Outflows	Deferred Inflows
Governmental Activities	\$ 78,424	\$ (66,089)
Business Type - Sewer	4,733	(3,496)
Business Type - Storm Water	2,633	(1,565)
Internal Service Fund - Health Care	112	(69)
Component Unit - MSCAA	2,243	(2,393)
Total	\$ 88,145	\$ (73,612)

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
(Continued)

The schedule of deferred outflows of resources and deferred inflows of resources to be recognized in future OPEB expenses under GASB 74 and GASB 75 is provided below.

City of Memphis OPEB Plan

Year Ending June 30	Total	Governmental Activities	Business Type Sewer Fund	Business Type Storm Water	Internal Service Fund Health Care	Component Unit MSCAA
2024	\$ (12,063)	\$ (9,791)	\$ (1,027)	\$ (886)	\$ (35)	\$ (324)
2025	2,934	2,561	250	216	9	(102)
2026	23,742	19,629	2,021	1,745	69	279
2027	(80)	(64)	(7)	(6)	(0)	(3)
2028	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-
	<u>\$ 14,533</u>	<u>\$ 12,335</u>	<u>\$ 1,237</u>	<u>\$ 1,068</u>	<u>\$ 43</u>	<u>\$ (150)</u>

The schedule of OPEB expenses under GASB 74 and GASB 75 For the fiscal year ended June 30, 2023, is provided below.

City of Memphis OPEB Expense Fiscal Year 2023	Total	Governmental Activities	Business Type Sewer	Business Type Storm Water	Internal Service Health Care	Component Unit MSCAA
Service Cost	\$ 15,545	\$ 13,943	\$ 839	\$ 435	\$ 2	\$ 326
Interest Cost						
Interest on Total OPEB Liability at beginning of year	\$ 21,901	-	-	-	-	-
Interest on Service Cost	636	-	-	-	-	-
Half-year Interest on Benefit Payments	<u>(401)</u>	-	-	-	-	-
Total	22,136	19,854	1,195	620	2	465
Change of Benefit Terms	(12,955)	(11,619)	(700)	(363)	(1)	(272)
Recognition of deferred (inflows) and outflows of resources related to						
Liability Experience (Gains)/Losses	\$ (11)	-	-	-	-	(1)
Assumption Changes (Gains)/Losses	(13,964)	-	-	-	-	(294)
Investment (Gains)/Losses	<u>(203)</u>	-	-	-	-	(5)
Changes in proportion of net OPEB liability and deferred (inflows) / outflows						(179)
Changes in actual contributions and proportionate share of contributions						(26)
Total	(14,178)	(12,509)	(766)	(397)	(1)	(505)
Total OPEB Expense (Income)	<u>\$ 10,548</u>	<u>9,668</u>	<u>570</u>	<u>295</u>	<u>1</u>	<u>14</u>

Memphis Light, Gas and Water Division Other Postemployment Benefits Trust Fund

The information presented below is taken directly from the MLGW audited financial statements dated December 31, 2022.

The Memphis Light, Gas and Water Division OPEB Trust (“OPEB Trust”) was established for the exclusive benefit of MLGW’s retired employees and their dependents (who meet the eligibility requirements) to fund the postemployment benefits provided through the health and welfare benefit plan. Amounts contributed to the OPEB Trust by MLGW are held in trust and are irrevocable and are for the sole and exclusive purpose of funding health and welfare benefits of the eligible participants, and the cost of operating and administering the OPEB Trust. The OPEB Trust is administered by the MLGW OPEB Trust Investment Committee.

Plan Description - Memphis Light, Gas and Water Division, by resolution of its Board of Commissioners, has established, adopted, and maintains medical benefits (health and welfare) plan (the “Plan”) for its retired employees and their eligible dependents. The Plan is a single employer defined benefit healthcare plan administered by MLGW. MLGW issues a separate audited financial report for the OPEB Trust that includes financial statements and required supplementary information. That report may be obtained by writing to: Manager, General Accounting, P.O. Box 430, Memphis, Tennessee 38101-0430.

The Plan provides postemployment coverage for health care, life insurance, accident/death, and dismemberment (AD&D), medical, and prescription drugs to eligible retirees and their dependents. Benefits are payable to retirees and their spouses for their lifetime. Qualified dependents will continue to receive benefits as long as they are qualified under the Plan. Dental, dependent life insurance, cancer, accident, and long-term care benefits are available, but are 100% paid by the retiree.

Employees retired under the MLGW Retirement and Pension Plan or disabled with five years of service at any age or disabled in the line of duty at any age with no years of service restriction, are eligible for OPEB benefits. Health care benefits are also offered to qualifying survivors of active employees who are eligible to retire at time of death.

Members of the Plan consisted of the following at December 31, 2021 (valuation date):

	Medical	Life
Retired members currently receiving benefits	2,040	2,040
Beneficiaries currently receiving benefits	1,701	-
Vested terminated members entitled to, but not yet receiving benefits	-	-
Active members	<u>2,426</u>	<u>2,426</u>
Total	<u>6,167</u>	<u>4,466</u>

MLGW Funding Policy - The contribution requirements of plan members and MLGW are established and may be amended by the MLGW Board of Commissioners. Contribution rates for retired plan members and beneficiaries currently receiving benefits are periodically reset and are currently at 25% of costs for medical and drug benefits. For life insurance and AD&D, retirees contribute 40% of the cost.

The Board of Commissioners has set the employer contribution rate based on the Actuarially Determined Contribution (“ADC”). The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The ADC is based on the prior year’s valuation, then adjusted forward at an assumed payroll growth rate. MLGW contributed \$38,381 and \$37,561 for the years ended December 31, 2022, and 2021, respectively to the OPEB Trust.

Schedule of Employer Contributions – The schedule of employer contributions is as follows:

Year Ended December 31	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions*	Contribution Deficiency / (Excess)	Covered- Employee Payroll	Contributions as a Percentage of covered Employee Payroll
2013	\$ 42,854	\$ 43,043	\$ (189)	\$ 154,759	27.81%
2014	\$ 38,386	\$ 42,100	\$ (3,713)	\$ 152,368	27.63%
2015	\$ 38,187	\$ 38,438	\$ (251)	\$ 160,641	23.93%
2016	\$ 45,289	\$ 42,496	\$ 2,793	\$ 161,926	26.24%
2017	\$ 46,978	\$ 45,184	\$ 1,794	\$ 167,221	27.02%
2018	\$ 48,270	\$ 48,972	\$ (702)	\$ 169,605	28.87%
2019	\$ 31,701	\$ 33,949	\$ (2,248)	\$ 170,946	19.86%
2020	\$ 32,111	\$ 34,895	\$ (2,784)	\$ 173,425	20.12%
2021	\$ 32,403	\$ 37,561	\$ (5,158)	\$ 175,790	21.37%
2022	\$ 31,406	\$ 38,381	\$ (6,975)	\$ (184,710)	-20.78%

*Starting with 2016, contributions are shown on an accrual basis.

Note: As MLGW is a separately audited and reported division of the primary government the supplementary information presented above is not captured in Exhibit RSI-4.

Actuarial Methods and Assumptions – The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2014 to December 31, 2018. The plan’s measurement date is December 31, 2021.

Inflation Rate	2.50%
Salary Increases	Inflation plus merit increases based on age and service.
Discount Rate	7.00%
Healthcare costs trend rates	
Medical	7.00% graded to 4.50% over 10 years
Prescription drug	8.00% graded to 4.50% over 14 years
Administrative costs	3.00%
Mortality Rates	PRI-2012 Healthy Annuitant Mortality Table, Headcount-Weighted, for males and females, as appropriate, with adjustments for mortality improvement using Scale SSA-2019.

Pre-retirement mortality rates are based on the PRI-2012 Employee Mortality Table with sex-distinct rates. Healthy annuitant mortality rates are based on the PRI-2012 Healthy Annuitant Mortality Table with sex-distinct rates, plus a 20% load. Disabled annuitant mortality rates are based on the PRI-2012 Disabled Retiree Mortality Table with sex-distinct rates, plus a 20% load. All mortality tables above are projected generationally with Scale SSA-2019.

Investment Rates of Return - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	35%	6.40%
International Equity	9%	7.37%
Fixed Income	24%	0.77%
Alternatives	15%	7.85%
Real Estate	15%	3.90%
Short Term Investments	2%	-0.10%
Total	100%	

Discount Rate – The discount rate used to measure the total OPEB liability (TOL) was 7.00% and 7.25 % as of December 31, 2021 and December 31, 2020, respectively. The projection of cash flows used to determine the discount rate assumed that MLGW contributions would be made at rates equal to actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members are not included. Based on these assumptions, the OPEB Plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of both December 31, 2021 and December 31, 2020.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Cost Trend - The following presents the net OPEB liability (NOL) of MLGW as of December 31, 2021, calculated using the discount rate of 7.00%, as well as what the Division’s NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate. Also, shown is the NOL as if it were calculated using healthcare cost trend rates that were 1-percentage point lower or 1-percentage point higher than the current healthcare trend rates:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability (asset)	\$232,613	\$121,104	\$29,377
	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase in Health Care Cost Trend Rates
Net OPEB liability (asset)	\$31,470	\$121,104	\$231,215

OPEB Plan’s Fiduciary Net Position - Detailed information about the MLGW OPEB Trust’s fiduciary net position is available in the separately issued plan financial statements. For purposes of measuring the NOL, all information about the OPEB plan’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position have been determined on the same basis as they are reported by the MLGW OPEB Trust.

The MLGW OPEB Trust’s financial statements are prepared using the accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. Investments are stated at fair value. Benefits payments are recognized when due and payable in accordance with the terms of the plan.

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Net OPEB Liability – The net OPEB liability reported under GASB 75 is the difference between the actuarial present value of projected OPEB benefit payments attributable to employees’ past service and the Plan’s fiduciary net position. Previous to this new guidance, a liability was recognized only to the extent that contributions made to the OPEB Trust were exceeded by the actuarially calculated contributions.

MLGW CHANGES IN NET OPEB LIABILITY	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 16,093	\$ 15,401	\$ 15,804	\$ 15,381	\$ 19,520
Interest	54,019	51,713	53,030	50,559	64,666
Change of benefit terms	-	-	-	-	(61,896)
Differences between expected and actual experience	12,400	(4,090)	15,351	(3,134)	3,674
Changes of assumptions	30,869	-	(46,584)	-	(200,370)
Benefit payments, including refunds of member contributions	(33,268)	(30,588)	(31,916)	(28,676)	(29,457)
Net change in Total OPEB Liability	\$ 80,113	\$ 32,436	\$ 5,685	\$ 34,130	\$ (203,863)
Total OPEB Liability - beginning	745,339	712,903	707,218	673,088	876,951
(a) Total OPEB Liability - ending	\$ 825,452	\$ 745,339	\$ 712,903	\$ 707,218	\$ 673,088
Plan Fiduciary Net Position					
Contributions - employer	37,561	34,895	33,949	48,972	45,184
Net investment income	106,511	84,891	76,564	(14,273)	57,671
Benefit payments, including refunds of member contributions	(32,445)	(29,775)	(31,146)	(27,876)	(28,765)
Administrative expense	(823)	(812)	(770)	(801)	(692)
Net change in Plan Fiduciary Net Position	\$ 110,804	\$ 89,199	\$ 78,597	\$ 6,022	\$ 73,398
Plan Fiduciary Net Position - beginning	593,544	504,345	425,748	419,726	346,328
(b) Plan Fiduciary Net Position - ending	\$ 704,348	\$ 593,544	\$ 504,345	\$ 425,748	\$ 419,726
(c) Net OPEB Liability - ending (a) - (b)	\$ 121,104	\$ 151,795	\$ 208,558	\$ 281,470	\$ 253,362
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	85.33%	79.63%	70.75%	60.20%	62.36%
Covered Employee Payroll ¹	\$ 175,790	\$ 173,425	\$ 170,946	\$ 169,605	\$ 167,221
Plan Net OPEB Liability as a percentage of covered employee payroll	68.05%	87.53%	122.00%	165.96%	151.51%

(1) Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

As MLGW is a separately audited and reported division of the primary government, the supplementary information presented above is not captured in Exhibit RSI-3

Notes to schedule:

Benefit Changes: There have been no material changes in plan provisions.

Changes of assumptions: Effective with the December 31, 2021 measurement the following assumption changes were made:

- Healthcare claims cost and trend rates were updated to reflect the most recent experience
 - The discount rate approved for the December 31, 2021 measurement date was 7.00%. The discount rate for December 31, 2020 measurement date was 7.25%.
- Historical data : This schedule will be expanded to include up to ten years of historical data as the data becomes available.

NOTES TO FINANCIAL STATEMENTS
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CITY OF MEMPHIS, TENNESSEE
(Continued)

OPEB Expense for the year-ended December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Service cost	\$ 16,093	\$ 15,400
Interest on total OPEB liability	54,019	51,713
Expensed portion of current-period difference between expected and actual experience in the total OPEB liability	2,067	(682)
Expensed portion of current-period changes of assumptions or other inputs	5,145	-
Projected earnings on plan investments	(43,188)	(36,721)
Expensed portion of current-period difference between actual and projected earnings on plan investments	(12,665)	(9,634)
Recognition of beginning of year deferred outflows of resources as OPEB expense	12,473	12,473
Recognition of beginning of year deferred inflows of resources as OPEB expense	(67,130)	(56,814)
Total OPEB expense	<u>\$ (33,186)</u>	<u>\$ (24,265)</u>

Projected Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – The following table presents the projected deferred outflows of resources and deferred inflows of resources related to OPEB for the year-ended December 31, 2022.

Deferred outflows/inflows of resources related to OPEB		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 38,381	\$ -
Changes of assumptions or other inputs	25,724	(56,687)
Net difference between projected and actual earnings on OPEB plan investments	-	(88,081)
Difference between expected and actual experience in the Total OPEB Liability	18,621	(3,771)
Total	\$ 82,726	\$ (148,539)

Note: The \$38,381 contribution made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2023. Memphis Light, Gas and Water (MLGW), a division of the primary government, has a fiscal year-end of December 31. Thus, the amounts and disclosures for the MLGW Other Post Employment Benefits Trust Fund are as of December 31, 2022.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:

2023	\$ (53,888)
2024	(30,408)
2025	(20,975)
2026	(6,135)
2027	(7,212)
Thereafter	-

Total aggregate amount of OPEB expense is as follows

City of Memphis	\$ 10,548
MLGW	<u>(33,186)</u>
Total OPEB expense	<u><u>\$ (22,638)</u></u>

F. Pension and retirement plans

City of Memphis Retirement System

General - The City's Retirement System is established under Chapter 25, Code of Ordinances, City of Memphis, Tennessee, and is administered by a Board of Administration under the direction of the Mayor. The purpose of the fund established for the investment of the City of Memphis Retirement is to provide retirement income to pension plan participants. Fund assets shall be invested for the exclusive benefit of the plan participants and solely in their interest. In the event the individual fund is unable to meet its obligations, the deficit would be funded proportionally from the General Fund, the Sewer Fund, and the Storm Water Fund.

The Pension Investment Committee (the Committee) was initially organized by authority of the Board of Administration of the City of Memphis Retirement System pursuant to the Pension Ordinances adopted on December 5, 1989. On July 21, 2006, the City Code of Ordinances, Chapter 25, Article III, Section 25-31 was amended to establish the Investment Committee by ordinance. Section 25-31 establishes the membership, authority, and functions of the Pension Investment Committee. The Committee consists of seven members: Finance Director (Chief Financial Officer), Deputy Chief of Finance, City Treasurer, City Comptroller, Investment Manager, Senior Investment Analyst, and a Citizen member. Guidance is established in the *City of Memphis Retirement System Statement of Investment Objectives*.

Separate financial statements are available and can be obtained from The City of Memphis, Finance Division, 125 North Main Street, Memphis, TN 38103.

NOTES TO FINANCIAL STATEMENTS
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CITY OF MEMPHIS, TENNESSEE
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As of June 30, 2023, the City Retirement System Fiduciary Trust Fund reported the following net position:

	<u>City Retirement System</u>
ASSETS	
Cash and cash equivalents	\$ 64,427
Investments, at fair value:	
U.S. government securities - long-term	200,103
Common stock - domestic	763,792
Common stock - foreign	168,881
Corporate bonds - domestic	254,804
Corporate bonds - foreign	94,332
Mutual funds and money market funds	16,528
Collateralized mortgage obligations	6,964
Asset-backed pooled securities	2,286
Mortgage-backed pooled securities	3,748
Investments in index funds	90,308
Investments in limited partnerships	270,178
Investments in real estate	173,490
Investments in international equity fund	419,453
Investments in short sales & written options	<u>(31,473)</u>
Total investments	2,433,394
Equity in cash and investment pool	2,768
Interest and dividend receivables	7,899
Receivable for securities sold	351,483
Employer and employee contributions receivable	2,879
Other Receivables	142
Collateral held in trust for securities on loan	<u>55,796</u>
Total assets	<u>2,918,788</u>
LIABILITIES	
Accounts payable and other	425,821
Collateral subject to return to borrowers	<u>55,796</u>
Total liabilities	<u>481,617</u>
NET POSITION	
Held in trust for pension benefits, pool participants and OPEB	<u>\$ 2,437,171</u>

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
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CITY OF MEMPHIS, TENNESSEE
(Continued)

As of and for its year ended June 30, 2023, the City Retirement System Fiduciary Trust Fund reported the following changes in net position:

	City Retirement System
ADDITIONS	
Contributions:	
Employer	\$ 54,860
Plan members	19,737
Total contributions	<u>74,597</u>
Transfer from other fund	1,846
Investment income:	
Interest and dividend income	51,819
Securities lending income	250
Other investment income	4
Gain on real estate investments	14,961
Net appreciation / (depreciation) in the fair value	125,014
Less investment expenses	<u>(15,658)</u>
Total investment income	176,390
Total additions	<u>252,833</u>
DEDUCTIONS	
Benefits	191,054
Administrative expenses	8,339
Refunds of contributions	<u>14,442</u>
Total deductions	<u>213,835</u>
Net increase / decrease	39,018
Net position - beginning of year	<u>2,398,153</u>
Net position - end of year	<u><u>\$ 2,437,171</u></u>

The statements presented above accurately report the pension activity within the City Retirement System Fiduciary Trust Fund and are presented in Exhibit E-1 and E-2 of this report. The statements include the pension activity related to the eligible participants of the Governmental Funds, Enterprise Funds and the Memphis Shelby County Airport Authority (MSCAA) component unit.

Pension related financial transaction information for those entities is presented in accordance with GASB 67 and GASB 68 within the appropriate reporting segment of this report; Exhibit A-9 and Exhibit A-10 for the Enterprise Funds, and Exhibit A-14 and Exhibit A-15 for the MSCAA component unit.

The FY23 year-end GASB results are based on a 7/1/2022 *valuation date*, which is rolled forward to the June 30, 2023 *measurement date*. This roll-forward approach is permissible under GASB 67/68 and GASB 74/75. And, a change in the valuation date from the prior year or a deviation from prior practice is also permissible as long as the valuation date falls within the time frame allowable under GASB. The prior year data is the same data used for the FY21 year-end GASB information.

Plan Description - The City Retirement System pension trust fund accounts for the activity of the City's Retirement System and is a single employer, public employee retirement system. Substantially all permanent full-time salaried employees of the City (including component unit MSCAA, excluding component unit MATA and Enterprise Fund MLGW) are required to participate in one of the following plans:

1948 Plan – for salaried employees hired prior to July 1, 1978

1978 Plan – for salaried employees hired on or after July 1, 1978, but prior to July 1, 2016

2016 Plan – All regular salaried employees on their date of hire and hired on or after July 1, 2016. In addition, any non- grandfathered employee in the 1978 Plan will participate in the 2016 Plan as of July 1, 2016. For this purpose, a non- grandfathered employee is any employee with less than 7 ½ years of service as of July 1, 2016.

Under City Ordinances, trust assets are reported in one trust fund and not segregated between the benefit plans. Permanent, full-time employees in job classifications covered by contract with the Social Security Administration are not participants of the Retirement System as they are covered under the Federal Insurance Contribution Act (Social Security).

Effective July 1, 2012, an ordinance was adopted to change benefit levels for participants hired after July 1, 2012. Changes in benefit levels include a reduction in the accrual rate, introduction of early commencement factors for early retirement, and the averaging period in determining average compensation. In addition, the employee contribution rate for Police and Fire was increased to 8.0%.

The plan was amended effective July 1, 2016, to encompass a new hybrid plan design. Participants with seven and one-half (7½) years of service or more will be grandfathered into their current plan, and all other employees will participate in the new hybrid plan design. As of June 30, 2021, active employees included 2,815 grandfathered participants. Non-grandfathered participants will move from a traditional defined benefit formula to a hybrid defined benefit formula that includes both a market based cash balance component and a defined contribution component.

At June 30, 2023, the Retirement System membership consisted of:

Retired members, beneficiaries and DROP enrollees receiving benefits	4,828 *
Disabled members receiving benefits	758
Terminated (vested and nonvested) plan members entitled to but not yet receiving benefits	1,447
Active employees:	
Fully vested	2,854
Non-vested	<u>3,026</u>
Total	<u><u>12,913</u></u>

*Includes 220 employees currently participating in the Deferred Retirement Option Plan (DROP) and 3 employees who temporarily froze participation in the DROP Program effective November 1, 2015 or November 1, 2016.

The Plans provide retirement benefits as well as death and disability benefits. Retirement benefits vest after ten years of service.

Summary of Plan Provisions

Normal Retirement

Under the 1948 Plan, General Employees may retire after completion of 25 years of service or, if earlier, after age 60 and the completion of 10 years of service.

Fire and Police Employees may retire after completion of 25 years of service, or at age 55 and completion of 10 years of service.

Under the 1978 Plan, General Employees hired before July 1, 2012, may retire after the completion of 25 years of service, age 60 and the completion of 10 years of service, or age 65 and the completion of 5 years of service. Employees hired on or after June 30, 2012 may retire after the completion of 25 years of service or at age 65 and the completion of 5 years of service.

Fire and Police Employees hired before July 1, 2012, may retire after the completion of 25 years of service, or age 55 and completion of 10 years of service. Fire and Police Employees hired on or after June 30, 2012, may retire after the completion of 25 years of service, or age 55 and completion of 10 years of service.

Under the 2016 Plan, General Employees may retire after the completion of 25 years of service or at age 65 and the completion of 5 years of service.

Fire and Police Employees may retire after the completion of 25 years of service, or age 55 and completion of 10 years of service.

Elected and appointed participants hired before November 1, 2004, may retire the first day of month coincident with or next following completion of 12 years of service. Otherwise, normal retirement eligibility follows their respective plan.

Disability Retirement

For both General Employees and Fire and Police Employees there is a five-year service eligibility requirement for non-line-of-duty, and no service eligibility requirement for line-of-duty disability.

For 1948 Plan participants, disabled employees while actively employed for reasons other than line-of-duty are entitled to receive the greater of 25% of average monthly compensation as of the date of disability, or the accrued benefit as of the date of disability.

For 1978 Plan participants an employee who becomes disabled while actively employed for reasons other than line-of-duty is entitled to receive the accrued benefit as of the date of disability.

For 2016 Plan participants, an employee who becomes disabled while actively employed for reasons other than line-of-duty is entitled to receive the accrued benefit as of the date of disability.

A Plan participant who becomes disabled while performing City duties is entitled to receive the greater of 60% of average monthly compensation as of the date of disability, or the accrued benefit as of the date of disability.

Average monthly compensation for General Employees for the 1948 Plan and 1978 employees hired before July 1, 2012, is calculated as the highest average monthly compensation received for any five consecutive years of service, or the most recent year's earnings if greater. For 1978 Plan employees hired after June 30, 2012, it calculated as the highest average monthly compensation received for any three consecutive years of service.

Average monthly compensation for Fire and Police Employees under the 1948 Plan is calculated as the highest average monthly compensation received for any five consecutive years of service, or the most recent year's earnings, if greater. For Fire and Police employees under the 1978 Plan and the 2012 Plan, average monthly compensation is calculated as the highest average monthly compensation received for any three consecutive years of service preceding the participant's date of termination. Police officers hired prior to January 31, 1979, who retire with 30 years of service, have their accrued benefit determined based on Captain's compensation if greater than their actual compensation, regardless of their rank.

Pre-Retirement Death Benefit

For both General Employees and Fire and Police Employees there is a five-year service eligibility requirement for non-line-of-duty, and no service eligibility requirement for line-of-duty pre-retirement death benefit.

The non-line-of-duty pre-retirement death benefit for the 1948 Plan is paid to the surviving spouse (or children) of a participant who dies while actively employed. The beneficiary will receive 100% of the participant's accrued benefit as of the date of the participant's death.

For the 1978 Plan, the surviving spouse (or children) of a participant who dies while actively employed will receive 75% of the participant's accrued benefit as of the date of the participant's death.

For the 2016 Plan, the surviving spouse (or children) of a participant who dies while actively employed will receive 75% of the normal form of annuity as of the date of the participant's death.

Under a normal form of annuity, the following conditions are applicable: If single, an annuity for the life of the participant. A married participant will receive this annuity during his/her lifetime with a 75% continuation to his/her spouse upon the participant's death. For the 1948 plan participants, 100% of the annuity is payable to the spouse upon the death of the participant.

Employee Contributions

General Employees in the 1948 Plan must contribute 5% of compensation. General Employees in the 1978 Plan must contribute 8% of compensation. General Employees in the 2016 Plan must contribute 2% of compensation to the cash balance account and 6% of compensation to the IRC section 401(a) defined contribution account.

The Fire and Police Employee contributions in the 1948 Plan range from 5% to 5.5%, depending on years of service. The contributions under the 1978 Plan range from 6.2% to 8% depending on the date of hire. The contribution rate for current non-vested employees as of July 1, 2012, will increase annually in 0.5% increments beginning July 1, 2012, until the contribution rate reaches 8%. Fire and Police employees in the 2016 Plan must contribute 2% to the cash balance account and 6% to the defined contribution account.

Summary of Accounting Policies – For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City of Memphis Retirement System and the additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Financial statement reporting information for the City of Memphis fiscal year ended June 30, 2023, is in accordance with Government Accounting Standards Board Statement No. 68 (GASB 68), as amended by GASB Statement No. 82.

Method Used to Value Investments - All investments of the City of Memphis Retirement System are reported at fair value. Short-term investments are reported at cost, which approximates fair value. All other investments are valued based upon quoted market prices except for real estate investments, which are appraised by independent appraisals. Ordinance Section 25-31 grants the Board the authority to make investments including but not limited to stocks, bonds, mutual funds, notes, and units of any commingled, collective, common pooled or mutual trust fund. The City of Memphis Retirement System had no individual investments in excess of 5% of plan net position.

Rate of Return - For the year ended June 30, 2023, the annual money-weighted rate of return on the City's pension plan investments, net of pension plan investment expense, was 8.42% compared to the assumed discount rate of 7.5%.

Contributions - The Plans' funding policy provided for actuarially determined periodic contributions at rates of 5% per annum for General city employees and up to 7% for Police and Fire employees. The City is required to contribute the remaining amounts necessary to fund the Plans using the actuarial basis specified by statute. The Actuarially Determined Contribution (ADC) for fiscal year 2023 was \$52,765 of which the City contributed 100%.

The employer contribution is 6% of compensation, as determined by the Pension Ordinance. Employer contributions as a percentage of actual covered payroll for the year ended June 30, 2023, were 14.8%. For its year ended June 30, 2023, the City of Memphis Retirement System reported total employer and plan member contributions of \$54,860 and \$19,737 respectively.

Actual covered payroll is defined under GASB 82 to be payroll on which contributions to a pension plan are based.

The contribution information for the City Retirement System is presented in the Required Supplementary Information section of this report as Exhibit RSI-8.

The Total Pension Liability (TPL), Plan Fiduciary Net Position (FNP), and Net Pension Liability (NPL) for the year ended June 30, 2023, are as follows:

Total Pension Liability

Total Pension Liability - Beginning of year	\$	2,955,423
Service Cost ¹		38,430
Interest Cost ²		209,393
Experience (gains)/losses		23,676
Benefit Payments		(205,496)
Transfer In / (Out)		1,846
Total Pension Liability - End of year	\$	<u>3,023,272</u>

Plan Fiduciary Net Position

Plan Fiduciary Net Position - Beginning of year	\$	2,406,675
Employer Contributions		54,860
Employee Contributions		19,737
Investment return		
Expected Investment Return ³	\$	154,137
Investment Gain/(Loss)		<u>10,754</u>
Net Investment Return	\$	164,891
Benefit Payments		(205,496)
Transfer In / (Out)		1,846
Administrative Expenses		<u>(8,339)</u>
Plan Fiduciary Net Position - End of year	\$	2,434,174

Net Pension Liability

Net Pension Liability	589,098
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.5%

¹ Determined as of the beginning of the year.

² Interest at 7.25% on the prior year ending Total Pension Liability and current year beginning service cost offset by a half year of interest on benefit payments.

³ Calculated assuming a 7.25% investment return, net of investment expenses, and assuming actual benefit payments, transfer in/out, and contributions occur at mid year.

The Net Pension Asset (NPL) represents the funded status of the City Plan as of the measurement date. The NPL for the fiscal year ended June 30, 2023, is \$589,098 in comparison to the prior year's Net Pension Liability of 545,979. The results reflect the impact of favorable asset experience in gains (net investment return). Assets returned 8.42% compared to the assumed 7.25% investment yield.

The Schedule of Changes in the Net Pension Liability and Related Ratios which depicts Total Pension Liability (TPL), Plan Fiduciary Net Position (FNP), and Net Pension Liability (NPL) for the City Retirement System are presented in the Required Supplementary Information section of this report as Exhibit RSI-5, RSI-6, and RSI-7 respectively.

The Memphis Shelby County Airport Authority (MSCAA), a component unit of the City, participates in the City's Pension Plan. The Net Pension Liability of \$589,098 includes the allocated share to MSCAA in the amount of \$23,835. This amount can be found in the basic financial statements on Exhibit A-14 Combining Statement of Net Position for Component Units.

Actuarial Methods and Assumptions – The City obtains annually an actuarial valuation of the Retirement System for calculating the necessary information for accounting and reporting requirements in accordance with Governmental Accounting Standards. The actuarial asset valuation method is the Entry Age Normal Actuarial Cost Method. This method determines a normal cost rate as a fixed percentage of compensation for each active participant. The current year's normal cost is the participant's compensation multiplied by the normal cost rate. Annual contributions in this amount, from the date the participant entered the plan (or would have entered, if the plan had always been in effect and the participant had entered at the earliest possible date) until retirement, would be sufficient to provide for the actuarial present value of the participant's plan benefits. The total normal cost is the sum of the normal costs for all active participants.

Significant actuarial assumptions include: (a) a rate of return on the investment of present and future assets of 7.5% per year for GASB 67 and GASB 68 purposes; (b) projected future salary increases on a scale that varies by age and service with a weighted average of 4.25% per year; (c) no COLA increases; (d) measurement date as of June 30, 2023 and valuation date as of June 30, 2022.

Mortality rates used for the Net Pension Liability calculation are as follows:

- Healthy General - Fully Generational PubG-2010 Public Sector Mortality table for general employees with MP-2021 projection scale from 2010.
- Healthy Police and Fire - Fully Generational PubG-2010 Public Sector Mortality table for safety employees with MP-2021 projection scale from 2010.
- Disabled General - Fully Generational PubNS-2010 Public Sector Disabled Mortality table for non-safety employees with MP-2021 projection scale from 2010 and adjusted by a three-year set back.
- Disabled Police and Fire - Fully Generational PubNS-2010 Public Sector Disabled Mortality table for safety employees with MP-2021 projection scale from 2010 and adjusted by a three-year set back
- Survivors General - Fully Generational PubS-2010 Public Sector Contingent Survivor table for general employees with MP-2021 projection scale from 2010 and adjusted by a one year set forward.
- Survivors Police and Fire - Fully Generational PubS-2010 Public Sector Contingent Survivor table for safety employees with MP-2021 projection scale from 2010 and adjusted by a one year set forward

Other actuarial assumptions are as follows:

- Marriage - 80% of male General Employees, 50% of female General Employees, 80% of male Police and Fire Employees, and 40% of female Police and Fire are assumed to be married. Wives are assumed to be three years younger than their husbands.
- Death/Disability – Deaths and disabilities for active General Employees are assumed to be not line-of-duty. Deaths and disabilities for active Fire and Police Employees are assumed to be line-of-duty.
- Form of Payment – It is assumed that benefits will be paid in the normal annuity form applicable to the particular benefit.
- Account Balance Conversion - Account balances under the 2016 Plan (effective July 1, 2016) are converted at 5.0% interest and the applicable mortality table under IRC 417(e) in effect on the current valuation date.
- Changes in Assumptions – The mortality improvement scale was updated from MP2019 to MP-2021.

Discount Rate – The discount rate used to measure the total pension liability was 7.25% as of June 30, 2023, and is equal to the long-term expected return on plan investments. The projection of cash flows used to determine the discount rate assumed that City contributions would be made at the actuarially calculated amount computed in accordance with the current funding policy adopted by the City, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level dollar installments over 30 years utilizing a closed-period approach. Pursuant to The Public Employee Defined Benefit Financial Security Act of 2014, the City will phase into funding 100% of the actuarially calculated amount over a 5-year period beginning with the fiscal year beginning July 1, 2015. Based on this assumption, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Discount Rate Sensitivity – The following presents the net pension liability of the City calculated using the discount rate of 7.25%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Net pension liability	\$893,130	\$589,098	\$295,376

At June 30, 2023, the employer reported a payable of \$52,325 for the outstanding amount of contributions to the pension plan subsequent to the measurement date of the net pension liability (January 1, 2023) and before the end of the reporting period (June 30, 2023). Per GASB 68, Paragraph 34, contributions to the pension plan from the employer subsequent to the measurement date of the net pension liability (January 1) and before the end of the reporting period (June 30) will be reported as a deferred outflow of resources related to pensions.

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Deferred Outflows of Resources and Deferred Inflows of Resources - The balance of deferred inflows and outflows of resources after recognition in current year pension expense are (\$218,462) and \$372,682 respectively. The determination of resources of deferred inflows and resources of deferred outflows for the fiscal year ending June 30, 2023, is as follows:

Determination of Resources of Deferred Outflows and Resources of Deferred Inflows				Balances at June 30, 2023		
	Established in Fiscal Year ending June 30	Loss (a)	(Gain) (b)	Cumulative Amounts Recognized in Expense through June 30, 2023 (c)	Deferred Outflows of Resources	Deferred Inflows of Resources
					(d) = (a - c)	e = (b - c)
a. Experience (Gains) and Losses	2019	\$ -	\$ (20,127)	\$ (20,127)	\$ -	\$ -
	2020	6,622	-	5,600	1,022	-
	2021	1,214	-	861	353	-
	2022	-	(1,912)	(932)	-	(980)
	2023	23,676	-	6,009	17,667	-
					\$ 19,042	\$ (980)
b. Changes in Assumptions	2019	\$ 71,345	\$ -	\$ 71,345	\$ -	\$ -
	2020	-	(91,982)	(77,788)	-	(14,194)
	2021	-	(8,859)	(6,282)	-	(2,577)
	2022	85,019	-	41,472	43,547	-
					\$ 43,547	\$ (16,771)
c. Investment (Gains) and losses	2019	\$ 69,439	\$ -	\$ 69,439	\$ -	\$ -
	2020	120,788	-	96,632	24,156	-
	2021	-	(480,270)	(288,162)	-	(192,108)
	2022	476,563	-	190,626	285,937	-
	2023	-	(10,574)	(2,151)	-	(8,603)
					\$ 310,093	\$ (200,711)
d. Collective Deferred Outflows/(Inflows) of Resources: (a) + (b) + (C)					\$ 372,682	\$ (218,462)

Deferred outflows of resources are presented as positive amounts. Deferred inflows of resources are presented as negative amounts. No assumption changes were made during fiscal year 2023.

Allocated Deferred Outflows and Deferred Inflows	Allocated Balances at June 30, 2023	
	Deferred Outflows	Deferred Inflows
Governmental Activities	340,051	(201,371)
Business Type - Sewer	11,201	(4,511)
Business Type - Storm Water	5,009	(2,551)
Component Unit - MSCAA	16,421	(10,029)
Total	372,682	(218,462)

Future Amortization of Net Deferred Outflows and Deferred Inflows – The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions recognized in pension expense are as follows:

Year Ending June 30	Total	Governmental Activities	Business Type Sewer Fund	Business Type		Component Unit MSCAA
				Storm Water		
2024	\$ 32,564	\$ 28,894	\$ 1,373	\$ 572		\$ 1,725
2025	22,970	20,830	1,004	403		733
2026	100,836	90,885	4,407	1,521		4,023
2027	(2,150)	(1,929)	(94)	(38)		(89)
2028	-	-	-	-		-
Thereafter	-	-	-	-		-
	<u>\$ 154,220</u>	<u>\$ 138,680</u>	<u>\$ 6,690</u>	<u>\$ 2,458</u>		<u>\$ 6,392</u>

Pension Expense – The pension expense under GASB 68 for the fiscal year ending June 30, 2023 is as follows:

Fiscal Year 2023	Total	Governmental Activities	Business Type Sewer Fund	Business Type		Component Unit MSCAA
				Storm Water		
Net employer service cost	\$ 27,053	\$ 24,002	\$ 1,239	\$ 679		\$ 1,133
Interest cost	209,393	185,773	9,590	5,256		8,774
Expected return on assets	(169,795)	(150,643)	(7,776)	(4,262)		(7,114)
Changes of benefit terms	-	-	-	-		-
Recognition of deferred (inflows)/ outflows	48,356	42,884	2,186	668		2,618
Total collective pension expense	<u>\$ 115,007</u>	<u>\$ 102,016</u>	<u>\$ 5,238</u>	<u>\$ 2,341</u>		<u>\$ 5,411</u>

Deferred Retirement Option Program (DROP) – According to the terms of the Deferred Retirement Option Program (DROP) specified in City of Memphis Ordinance 4548, an eligible participant is an employee who has attained his or her normal retirement date and has at least twenty-five years of service.

An eligible employee can make an irrevocable election to participate in the DROP for a maximum one-year, two-year, or three-year period, thereby agreeing to retire no later than the end of his or her one-year, two-year, or three-year period of participation. During the one-year, two-year, or three-year period elected, the employee’s contributions and the City’s contributions to the appropriate Plan shall cease as of the effective date. The employee’s benefit under the Plan is frozen (fixed) as of the date his or her election is effective. A DROP account shall be established for the employee that will be credited with an amount equal to the monthly pension benefit the electing participant would receive had he or she retired and begun receiving payments on the effective date. Interest will be credited each calendar quarter on the average monthly balance in the DROP account based on twenty-five percent (25%) of the 90-day Treasury Bill yield published in the last Wall Street Journal of such quarter.

After participation in the DROP ceases, the City will begin to pay the employee his or her monthly benefit and also pay the employee in a lump sum the balance in his or her DROP account as of the end of the last quarter. The lump sum payment of the DROP account may be rolled over at the participant's direction. The DROP Program account balance as of June 30, 2023, is \$15,286.

All plan information presented under the section of City of Memphis Retirement System is reported inclusive of all participants in the plan, including those who for purposes of financial reporting are presented in the Enterprise Funds in Exhibits A-9 and A-10 and in the Memphis Shelby County Airport Authority (MSCAA) component unit in Exhibits A-14 and A-15 respectively.

Retirement System of Memphis and Shelby County Public Library and Information Center

General - The Retirement System of the Memphis and Shelby County Public Library and Information Center (the Library) is established under Chapter 18, Code of Ordinances, City of Memphis, Tennessee, and is administered by a Board of Administration under the direction of the Library Board of Trustees and City Council.

As of June 30, 2023, the Retirement System for the Library reported the following net position:

	Library Retirement System
ASSETS	
Cash and cash equivalents	\$ (184)
Investments, at fair value:	
Mutual funds and money market funds	51,527
Total investments	51,527
Interest and dividend	49
Total assets	51,392
NET POSITION	
Held in trust for pension benefits	<u>\$ 51,392</u>

As of and for its year ended June 30, 2023, the Retirement System for the Library reported the following changes in net position:

	Library Retirement System
ADDITIONS	
Contributions:	
Employer	\$ 105
Plan members	105
Total contributions	<u>210</u>
Transfer from other fund	939
Investment income:	
Interest and dividend income	1,425
Net depreciation in the fair value of investments	<u>3,084</u>
Total investment income	<u>4,509</u>
Total additions	<u>5,658</u>
DEDUCTIONS	
Benefits	4,375
Administrative expenses	<u>99</u>
Total deductions	<u>4,474</u>
Net increase	1,184
Net position - beginning of year	<u>50,208</u>
Net position - end of year	<u>\$ 51,392</u>

Plan Description - The Retirement System for the Library pension trust fund accounts for the activity of the Retirement System of Memphis and Shelby County Public Library and Information Center, a single employer, public employee retirement system. Substantially all regular full-time and permanent part-time employees of the Library are required to participate in either of two contributory defined benefit pension plans (the Library Plans). All assets of the Retirement System for the Library are available for the payment of pension benefits to either Plan I or Plan II. The Plans are as follows:

Plan I - Originally effective October 21, 1926; most recently amended effective July 1, 2005, to limit membership.

All full-time and permanent part-time employees hired prior to April 1, 1979, were eligible from the effective date of entering such service. Employees hired after July 1, 2005, are not eligible to participate.

Plan II - Originally effective April 1, 1979; most recently amended effective July 1, 2005, to limit membership.

All employees hired after April 1, 1979, are eligible at the date of employment and have to apply for membership as a condition of employment. "Employee" means any person employed on a regular full-time or permanent part-time basis prior to July 1, 1992. On or after January 1, 1992, permanent part-time employees are excluded unless they are already participants. Employees hired after July 1, 2005, are not eligible to participate.

Hourly-rate employees are not eligible for coverage under the above Library Plans since they are covered under the Federal Insurance Contribution Act (Social Security).

The Retirement System of Memphis and Shelby County Public Library and Information Center Plan has no new participants. Employees hired after July 1, 2005, if otherwise meeting eligibility requirements, became eligible to participate and are included in the City of Memphis Retirement System.

At January 1, 2023, the Retirement System for the Library membership consisted of:

Retired members, beneficiaries and disabled members receiving benefits	175
Terminated vested plan members entitled to but not yet receiving benefits	12
Active employees:	
Fully vested	<u>73</u>
Total	<u><u>260</u></u>

The Library Plans provide retirement benefits as well as death and disability benefits. Retirement benefits, under Plan I, vest after 15 years of service, with partial vesting occurring after 5 years of service. Under Plan II, retirement benefits vest after 10 years of service.

Summary of Plan I Provisions

Normal Retirement

Under Plan I, employees may retire under any of the following sets of criteria as applicable:

- Completion of 30 years of credited service;
- Completion of 25 years of credited service and attainment of age 55;
- Completion of 10 years of credited service and attainment of age 60.

Effective July 1, 1992, the normal retirement benefit, 1/12 of which is payable monthly for life, is determined as 2.5% of average compensation multiplied by years of credited service not in excess of 25 plus 1% of average compensation for the next 10 years with a maximum benefit of 72.5% of average compensation. The minimum pension is \$100 per month. "Average Compensation" means the greater of the average monthly compensation for the three consecutive years of service during which compensation was the highest or average monthly compensation of the 12 months preceding the date of retirement if employed prior to July 1, 1975.

For those who retire on or after July 1, 1993, at the death of the retiree, 75% of the benefit continues to the surviving spouse until death or remarriage and to surviving children upon the death of the spouse. For those who retire before January 1, 1993, 100% of the retiree benefit continues to the spouse.

Disability Retirement

If disability occurs not in line-of-duty prior to the completion of five years of credited service, a refund of the participant's contributions with interest is payable to the participant. If disability occurs not in line-of-duty after completion of five years of credited service, the benefit on or after July 1, 1992, will be determined as 2.5% of average compensation times years of service up to 25. The benefit shall not exceed 62.5% of average compensation. If disability occurs in line-of-duty regardless of the number of years of credited service, the benefit will be 2.5% of average compensation per year of service with a minimum of 60% and a maximum of 72.5% of average compensation.

Pre-Retirement Death Benefit

If death occurs not in line-of-duty prior to the completion of five years of credited service, a refund of the participant's contributions with interest is payable at the time of his or her death. If death occurs not in line-of-duty after the completion of five years of credited service, a surviving spouse or minor child will receive a benefit equal to 75% of the participant's accrued benefit. A minimum benefit of \$100 applies to an employee with at least 15 years of service at death provided he or she is not categorized as a permanent part-time employee. If death occurs in line-of-duty regardless of the number of years of credited service, a benefit on or after July 1, 1992, equal to 2.5% per year of service up to 25 of the participant's average compensation will be paid to the spouse until death or remarriage, or to minor children under 18 if no spouse is living, or to the father and/or mother who was supported by the deceased member at the time of his or her death. The benefit will not be less than 50% or greater than 62.5% of average compensation.

Optional Retirement Benefit

Optional forms of benefit are permitted by the plan if actuarially equivalent to the normal form of payment. For married participants, the normal form of payment is an unreduced 75% Joint and Survivor Annuity. For unmarried participants, the normal form of payment is the Single Life Annuity.

Other available options include the 50% or 100% Joint and Survivor Annuities, as well as a Life Annuity with 60, 120, or 180 payments guaranteed.

Conversion of Unused Sick Leave into Creditable Service

- Effective January 2, 2001, employees may elect to convert sick leave into creditable service time to become initially qualified for retirement benefits or provide enhancement of a full and normal retirement. If an employee requests to use unused sick leave to become eligible for a full and normal retirement, credit time will be given for all unused leave. Upon full and normal retirement eligibility, full-time employees with 35 years or less of creditable service will have the following options:
- Employees may be paid up to 520 hours of accumulated sick leave.
- Employees may elect to add accumulated sick leave days to their creditable service for pension calculations.
- Percentage will not exceed 72.5% of average annual compensation.

For purposes of converting accumulated sick leave hours to service time, 173.33 hours of accumulated sick leave will equal one month of creditable service.

Contributions

Effective January 1, 1993, employees contribute 5.0% of compensation to Plan I of the retirement plan. Effective January 1, 2000, this percentage decreased to 3.0% of compensation. The Library contributes no less than the amount employees contribute.

Cost of Living Adjustment (COLA)

Cost of living adjustment to retirees is granted on an ad-hoc basis as determined annually by the Board.

Changes Since Prior Valuation

There have been no changes to Plan I since the prior valuation

Summary of Plan II Provisions

Normal Retirement

Under Plan II, employees may retire under any of the following sets of criteria as applicable:

- Completion of 30 years of credited service and attainment of age 60;
- Completion of 25 years of credited service and attainment of age 62; or,
- Completion of 5 years of credited service and attainment of age 65.

Effective July 1, 1992, the normal retirement benefit, 1/12 of which is payable monthly for life, is determined as 2.5% of average compensation multiplied by years of credited service not in excess of 25 plus 1% of average

compensation multiplied by years of service greater than 25 but less than 35, with a maximum benefit of 72.5% of average compensation. The minimum pension is \$100 per month.

“Average Compensation” means the average monthly compensation for the three consecutive years of service during which compensation was the highest.

At the death of the retiree, 75% of the benefit continues to the surviving spouse until death or remarriage or the surviving children upon the death of the spouse.

Early Retirement

Under Plan II, employees may retire with reduced benefits after completion of 25 years of credited service and attainment of age 55.

Disability Retirement

If disability occurs not in line-of-duty prior to the completion of five years of credited service, a refund of the participant’s contributions with interest is payable to the participant. If disability occurs not in line-of-duty after completion of five years of credited service, the benefit will be determined as in normal retirement provided that the benefit will not be greater than 62.5% of average compensation. If disability occurs in line-of-duty regardless of the number of years of credited service, the benefit will be 2.5% of average compensation per year of service with a minimum of 60% and a maximum of 72.5% of average compensation.

Pre-Retirement Death Benefit

If death occurs not in line-of-duty prior to the completion of five years of credited service, a refund of the participant’s contributions with interest is payable at the time of his or her death. If death occurs not in line-of-duty after the completion of five years of credited service, the participant’s eligible spouse as defined in the plan will receive 75% of the participant’s accrued benefit until remarriage. If the participant’s spouse does not survive him or her or if the spouse dies or remarries, the benefit will be paid to the child or divided among the children of the participant until they reach age 18. If the child is handicapped, payments continue for the lifetime of the child. If death occurs in line-of-duty regardless of the number of years of credited service, a benefit equal to 2.5% per year of service up to 25 of the participant’s average compensation will be paid to the spouse until death or remarriage or to minor children under 18 if no spouse is living. The benefit will not be less than 50% or greater than 62.5% of average compensation.

Optional Retirement Benefit

For retirement from active status, optional forms of benefit are permitted by the plan if actuarially equivalent to the normal form of payment. For married participants, the normal form of payment is an unreduced 75% Joint and Survivor Annuity. For unmarried participants, the normal form of payment is the Single Life Annuity. Other available options include the 50% or 100% Joint and Survivor Annuities, as well as a Life Annuity with 60, 120, or 180 payments guaranteed.

Conversion of Unused Sick Leave into Creditable Service

Effective January 2, 2001, employees may elect to convert sick leave into creditable service time to become initially qualified for retirement benefits or provide enhancement of a full and normal retirement. If an

employee requests to use unused sick leave to become eligible for a full and normal retirement, credit time will be given for all unused leave.

Upon full and normal retirement eligibility, full-time employees with 35 years or less of creditable service will have the following options:

- Employees may be paid up to 520 hours of accumulated sick leave.
- Employees may elect to add accumulated sick leave days to their creditable service for pension calculations.
- Percentage will not exceed 72.5% of average annual compensation.

For purposes of converting accumulated sick leave hours to service time, 173.33 hours of accumulated sick leave will equal one month of creditable service.

Contributions

Effective January 1, 1993, employees contribute 5.0% of compensation to Plan I of the retirement plan. Effective January 1, 2000, this percentage decreased to 3.0% of compensation. The Library contributes no less than the amount employees contribute.

Cost of Living Adjustment (COLA)

Cost of living adjustment to retirees is granted on an ad-hoc basis as determined annually by the Board.

Changes Since Prior Valuation

There have been no changes to Plan II since the prior valuation.

Summary of Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and the additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Financial statement reporting information for the City of Memphis fiscal year ended June 30, 2023, is in accordance with Government Accounting Standards Board Statement No. 68 (GASB 68), as amended by Governmental Accounting Standards Board Statement No.82 (GASB 82). As permitted under paragraph 20 of GASB 68, a measurement date of January 1, 2023 was utilized for the Retirement System of the Public Library and Information Center. The valuation was performed using census data and assets as of December 31, 2022 and reflects the plan provision effective December 31, 2022.

Method Used to Value Investments - All investments of the Retirement System of the Library are reported at fair market value. Short-term investments are reported at cost, which approximates fair market value. All other investments are valued based upon quoted market prices. The Retirement System of the Library has no investments in any one organization that represent more than 5% of plan net position.

Rate of Return – For the year ended June 30, 2023, the annual money-weighted rate of return on Library pension plan investments, net of pension plan investment expense, was 21.38% compared to the assumed discount rate of 7.25%.

Contributions – For both Plan I and Plan II, effective January 1, 1993, employees contribute 5.0% of compensation to the retirement plan. Effective January 1, 2000, this percentage decreased to 3.0% of compensation. The Library contributes no less than what employees contribute. For the year ended June 30, 2023, the Library contributions of \$1,044 represented 29.7% of actual covered payroll of \$3,511 under GASB 67 and contributions of \$1,044 represented 29.9% of actual covered payroll of \$3,494 under GASB 68. The actual covered payroll is defined under GASB 82 to be payroll on which contributions to a pension plan are based.

The contribution information for the Library Retirement System is presented in the Required Supplementary Information section of this report as Exhibit RSI-12 and RSI-13.

Total Pension Liability – The Retirement System of the Library Total Pension Liability (TPL) for the year ended June 30, 2023 is \$68,241. The components of the TPL are as follows:

TPL - beginning balance	\$	68,095
Service cost		245
Interest cost		4,796
Experience (gains)/losses		(527)
Benefit payments		(4,368)
TPL – ending balance	\$	<u>68,241</u>

Plan Fiduciary Net Position – The Retirement System of the Library Plan Fiduciary Net Position (FNP) for the year ended June 30, 2023 is \$48,451. The components of the FNP are as follows:

FNP - beginning balance	\$	65,388
Employer contributions		1,044
Employee contributions		105
Investment return		
Expected return	\$	4,623
Investment gain/(loss)		<u>(18,251)</u>
Net investment return		(13,628)
Benefit payments		(4,368)
Administrative expenses		<u>(90)</u>
FNP – ending balance	\$	<u>48,451</u>

Net Pension Liability – The Net Pension Liability (NPL) for the Retirement System of the Library for the year ended June 30, 2023, is \$19,790. The components of the Net Pension Liability (NPL) are as follows:

Total Pension Liability	\$ 68,241
Plan Fiduciary Net Position	<u>(48,451)</u>
Net Pension liability	<u>\$ 19,790</u>
FNP as a percentage of the TPL	71.0%
Actual Covered Employee Payroll	3,511
Net Pension Liability as a percentage of the covered payroll	563.7%

The Net Pension Liability represents the funded status of the Library Plan as of the measurement date. The NPL for fiscal year ended June 30, 2023 increased \$17,083 from prior year.

The Schedule of Changes in the Net Pension Liability and Related Ratios which depicts Total Pension Liability (TPL), Plan Fiduciary Net Position (FNP), and Net Pension Liability (NPL) for the Library Retirement System is presented in the Required Supplementary Information section of this report as Exhibit RSI-9, RSI-10, and RSI-11 respectively.

Actuarial Methods and Assumptions - The actuarial asset valuation method is the Entry Age Normal Actuarial Cost Method. This method determines a normal cost rate as a fixed percentage of compensation for each active participant. The current year's normal cost is the participant's compensation multiplied by the normal cost rate. The total normal cost is the sum of the normal costs for all active participants. Significant actuarial assumptions include: (a) a rate of return on the investment of present and future assets of 7.25% per year for GASB 67 and GASB 68 purposes; (b) projected salary increases of 3.5% per year including a 2.25% projected inflation; and (c) Cost of Living Adjustment (COLA) increases of 2.5% per year.

The healthy mortality assumption utilized the Fully Generational PubG-2010 Public Sector Mortality table for general employees with MP-2020 projection scale from 2010 and adjusted by a one year set forward. The disabled mortality assumption utilized the Fully Generational PubNS-2010 Public Sector Disabled Mortality table for non-safety employees with MP-2020 projection scale from 2010 and adjusted by a three-year set back.

Other actuarial assumptions are as follows:

- Sick Leave – for every year of creditable service an additional 0.05 years of creditable service time is assumed to be added for sick leave accrual.
- Marriage (Actives only) – 65% of male active employees and 50% of female active employees are assumed to be married. Wives are assumed to be three years younger than their husbands.
- Death/Disability – Deaths and disabilities for active employees are assumed to be other than line-of-duty.
- Form of Payment – It is assumed that benefits will be paid in the normal annuity form upon retirement. Current terminated vested participants are assumed to elect payment in the form of a single life annuity at age 65.
- Data Assumptions – Retiree and disabled members that do not have a retirement option listed are assumed to be receiving a 75% joint and survivor annuity.

Discount Rate – The discount rate used to measure the total pension liability was 7.5% as of December 31, 2022, which is equal to the single rate of return developed pursuant to paragraphs 40 – 45 under GASB 67 and paragraphs 26-31 of GASB 68. GASB 67/68 requires that projected benefit payments expected to be satisfied by the plan's fiduciary net position (i.e. assets) be discounted using the long-term rate of return on pension plan investments and that projected benefit payments not expected to be satisfied by the plan's fiduciary net position be discounted using a yield or index rate of a 20-year tax-exempt general obligation municipal bond rated AA/Aa or higher. For this purpose, the City and the Library have selected a long-term rate of return on pension plan assets of 7.25% and S&P Municipal Bond 20-Year High Grade Rate Index as of January 1, 2023 of 4.26%.

The projection of cash flows used to determine the discount rate assumed that Library contributions would be made at the actuarially calculated amount computed in accordance with the current funding policy adopted by the City, which complies with State of Tennessee Public Law No. 990. This law requires 100% payment of the Actuarially Determined Contribution (ADC), which consists of normal cost and amortization of the unfunded actuarially accrued liability in level dollar installments over 30 years utilizing a closed period approach. In accordance with Public Law No. 990, the City will phase-in to the 100% payment of the ADC funding requirement over a 5-year period commencing July 1, 2015. As of January 1, 2021 the City is fully phased-in to paying 100% of the ADC.

Based on this assumption, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. As such, the discount rate assumption for determining the total pension liability is the long-term rate of return on pension plan investments.

Discount Rate Sensitivity – The following presents the net pension liability of the Library calculated using the discount rate of 7.25%, as well as what the Library’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Net Pension Liability	\$27,123	\$19,790	\$13,575

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
(Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources - The balance of deferred inflows and outflows of resources after recognition in current year pension expense is (\$3,296) and \$15,365 respectively. The net of the deferred inflows and outflows for the fiscal year is 12,069. The determination of resources of deferred inflows and resources of deferred outflows for the fiscal year ending June 30, 2023, is as follows:

	Established in Fiscal Year ending June 30					Balances at June 30, 2023	
		Loss (a)	(Gain) (b)	Cumulative Amounts Recognized in Expense through June 30, 2023 (c)	Deferred Outflows of Resources (d) = (a - c)	Deferred Inflows of Resources e = (b - c)	
a. Experience (Gains) and Losses							
	2021	\$ -	\$ (3,446)	\$ (3,446)	\$ -	\$ -	
	2022	-	(1,766)	(1,666)	-	\$ (100)	
	2023	-	(527)	(261)	-	\$ (266)	
					\$ -	\$ (366)	
b. Changes in Assumptions							
	2021	\$ -	\$ (460)	\$ (460)	\$ -	\$ -	
	2022	1,895	-	1,788	107	-	
	2023	-	-	-	-	-	
					\$ 107	\$ -	
c. Investment (Gains) and losses							
	2019	\$ 9,213	\$ -	\$ 9,213	\$ -	\$ -	
	2020	-	(5,767)	(4,613)	-	(1,153)	
	2021	1,513	-	908	605	-	
	2022	-	(2,962)	(1,185)	-	(1,777)	
	2023	18,251	-	3,650	14,601	-	
					\$ 15,206	\$ (2,930)	
d. Contributions subsequent to the measurement date	2023	N/A	N/A	N/A	\$ 52	\$ -	
e. Collective Deferred Outflows/(Inflows) of Resources: a + b + c					<u>\$ 15,365</u>	<u>\$ (3,296)</u>	

Deferred outflows of resources are presented as positive amounts. Deferred inflows of resources are presented as negative amounts.

Future Amortization of Net Deferred Outflows and Deferred Inflows – The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions recognized in pension expense is as follows:

Year Ending June 30	
2024	\$ 1,954
2025	3,355
2026	3,058
2027	3,650
2028	-
Thereafter	-
	<u>\$ 12,017</u>

This report includes financial statement reporting information for the Plan Year ending December 31, 2022, in accordance with our understanding of Governmental Accounting Standards Board Statement No. 87, as amended by Government Accounting Standards Board Statement No. 82.

Pension Expense – The pension expense under GASB 68 for the fiscal year ending June 30, 2023, is 3,788 It was developed using a measurement date of January 1, 2023, as permitted under paragraph 20 of GASB 68, not adjusted to the fiscal year-end for passage of time.

Employer Service Cost	\$ 245
Actual employee contributions	(105)
Administrative expenses	90
Interest Cost	4,796
Expected Return on Assets	(4,624)
Changes in Benefit Terms	-
Recognition of deferred (inflows)/outflows	<u>3,386</u>
Total collective pension expense	<u>\$ 3,788</u>

MLGW Retirement System

The information presented below is taken directly from the MLGW audited financial statements dated December 31, 2022.

General – The Memphis Light, Gas and Water Division (the Division), a division of the City of Memphis, under resolution by the Board of Commissioners, established the Memphis Light, Gas and Water Division Retirement and Pension System (the MLGW Pension Plan). The MLGW Retirement System is administered by the MLGW Pension Board under the direction of the Board of Commissioners. Separate financial statements for the MLGW Retirement System and the MLGW Retiree Medical and Life Insurance Benefits are issued as of and for its year-ended December 31, and can be obtained by writing to the MLGW Manager of Risk Management & Employee Benefits, P.O. Box 430, Memphis, Tennessee 38101.

Plan Description – The Memphis Light, Gas and Water Division Pension Board is the administrator of a single employer retirement system established by the Division to provide retirement benefits for its employees. Prior to 1988, the retirement system included two contributory defined benefit plans (the “1948 Plan” and the “1978 Plan”). The 1948 Plan and the 1978 Plan were amended and superseded as of July 1, 1988.

All employees who were members of the 1948 Plan and the 1978 Plan automatically became members of the amended, restated, and consolidated Memphis Light, Gas and Water Division Retirement and Pension System (the MLGW Pension Plan), a division of the City of Memphis, Tennessee. The MLGW Pension Plan was amended and restated effective January 1, 2015. Participants in the 1948 Plan (which includes those employees hired before July 1, 1978) are entitled to the greater of their retirement benefit determined under the 1948 Plan or their retirement benefit under the MLGW Pension Plan.

Employees Covered – The MLGW Pension Plan covers permanent full-time employees and appointed commissioners who opt to participate. Plan membership consisted of the following participants as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Retirees and beneficiaries receiving benefits	2,700	2,678
Participants inactive during year ended December 31 with vested rights	34	37
Active members fully invested	1,023	1,051
Active members not vested	1,403	1,429
Total	<u>5,160</u>	<u>5,195</u>

The MLGW Pension Plan provides death and disability benefits as well as retirement benefits. MLGW Pension Plan members hired prior to January 1, 2014 who attain the age of fifty-five (55) and retire on or after ten (10) years of creditable service, or attain the age of seventy (70) and retire on or after five (5) years of creditable service, or attain twenty-five (25) years of creditable service regardless of age are entitled to an annual retirement allowance.

The allowance is computed by multiplying the applicable percentage for the age of retirement times the number of years of creditable service, which equals the benefit percentage times the final average compensation.

MLGW Pension Plan members hired on or after January 1, 2014 who attain the age of sixty (60) and retire on or after ten (10) years of creditable service, or attain the age of seventy (70) and retire on or after five (5) years of creditable service, or attain the age of fifty-five (55) with twenty-five (25) years of creditable service are entitled to an annual retirement allowance. The allowance is computed by multiplying the applicable percentage for the age of retirement times the number of years of creditable service, which equals the benefit percentage times the final average compensation.

Effective January 1, 2001, the following table is the applicable benefit percentage for each year of creditable service at the applicable retirement age under the MLGW Pension Plan:

<u>Retirement Age</u>	<u>Benefit Percentage For Each Year of Creditable Service</u>
59 1/2 and less	2.25%
60	2.30%
61	2.40%
62 and older	2.50%

Final average compensation is the member’s basic earnings (which includes member contributions pursuant to Section 414(h) and Section 457 of the Internal Revenue Code (the “Code”) for the three (3) consecutive years of creditable service if less than thirty (30) years, two (2) consecutive years if more than thirty (30) years and one (1) year if 35 or more years of creditable service during which the compensation was the highest) plus work out of classification pay, shift differential pay, and automobile allowance for such employees designated by Resolution of the Board of Commissioners. The annual retirement allowance shall not exceed 85.0% of the member’s final average compensation. The 2022 minimum monthly retirement benefit for all members is the greater of \$50 per month per year of service or \$500.

Cost of Living Adjustments - As of July 1 of each plan year, each retired participant who (1) has attained age fifty-six (56) on such date and (2) has been terminated from the employment of the Division for at least twelve (12) months, shall be entitled to an increase in the amount of his/her monthly benefit under The MLGW Pension Plan equal to the cost of living adjustment. A surviving spouse or handicapped receiving death benefits shall be entitled to a cost-of-living adjustment if the surviving spouse has attained age fifty-six (56) and the deceased participant has separated from service at least twelve (12) months prior to July 1. The cost-of-living adjustment

shall be equal to the product of the monthly benefit payable to the participant, the surviving spouse, or handicapped child under the MLGW Pension Plan for the immediately preceding plan year multiplied by the applicable percentage increase in the Consumer Price Index (CPI) for the immediately preceding calendar year.

The applicable percentage increase shall be determined based on the age of the participant, surviving spouse, or handicapped child as of the first day of July of the plan year in which the adjustment is made as follows:

<u>Age</u>	<u>Percentage of CPI Increase</u>
56 - 58	30%
59 - 61	60%
62 and older, and all Disabled Participants	75%

The cost-of-living adjustment for any retired participant or surviving spouse in any plan year shall not exceed five percent (5%) of the retired participant’s or surviving spouse, or handicapped child’s benefit under the MLGW Pension Plan for the immediately preceding plan year. Under no circumstances shall the cost-of-living adjustment result in a decrease in the benefit of a retired participant surviving spouse, or handicapped child.

Contributions – The contribution requirements of pension plan members and MLGW are established and may be amended and approved by the MLGW Pension Board, the MLGW Board of Commissioners, and the Memphis City Council. Pension plan members are required to contribute 8% of their annual covered salary. Under Article III, Section 3.2 of the pension plan, MLGW shall contribute to the pension fund such amounts as from time to time are estimated by the actuary. MLGW also funds the 8% pension plan member’s contributions on behalf of the president and vice presidents. For 2019, MLGW contributed 12.76% of the annual covered payroll. Employer contributions recognized by the MLGW Pension Plan during 2020 totaled \$24,504.

Schedule of Employer Contributions – The schedule of employer contributions is as follows:

Year Ended December 31	Actuarially Determined Contribution (ADC)	Actual Contribution in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 30,705	\$ 30,706	\$ (1)	\$ 154,759	19.84%
2014	\$ 26,812	\$ 26,804	\$ 8	\$ 152,368	17.59%
2015	\$ 21,390	\$ 21,390	\$ -	\$ 160,641	13.32%
2016	\$ 21,390	\$ 21,390	\$ -	\$ 161,926	13.21%
2017	\$ 22,390	\$ 22,390	\$ -	\$ 167,221	13.39%
2018	\$ 22,174	\$ 22,174	\$ -	\$ 169,605	13.07%
2019	\$ 21,813	\$ 21,813	\$ -	\$ 170,946	12.76%
2020	\$ 24,504	\$ 24,504	\$ -	\$ 174,270	14.06%
2021	\$ 24,199	\$ 24,199	\$ -	\$ 175,790	13.77%
2022	\$ 20,941	\$ 20,941	\$ -	\$ 184,710	11.34%

As MLGW is a separately audited and reported division of the primary government, the supplementary information presented above is not captured in Exhibit RSI-12.

Actuarial Methods and Assumptions – The actuarial assumptions used in the valuation as of January 1, 2022 are based on the results of an experience study for the period January 1, 2014 to December 31, 2018.

Inflation	2.50%
Salary increases	Inflation plus merit increases that vary by age and service, ranging from 0.00% to 8.50%
Investment rate of return	7.00%, including inflation, net of investment expenses, previously 7.25
Cost of living adjustments	0.75% for ages 56-58 1.50% for ages 59-61 1.875% for ages 62 and older, and all disabled participants

Pre-retirement mortality rates are based on the PRI-2012 Employee Mortality Table with. Healthy annuitant mortality rates are based on 120% of PRI-2012 Health Annuitant Mortality Table. Disabled annuitant mortality rates are based on 120% of PRI-2012 Disabled Retiree Mortality Table. All mortality tables above are projected generationally with Scale SSA-2019.

Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but

before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	35%	6.40%
International Equity	9%	7.37%
Fixed Income	24%	0.77%
Alternatives	15%	7.85%
Real Estate	15%	3.90%
Short Term Investments	2%	-0.10%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability is 7.00% as of December 31, 2021. The projection of cash flows used to determine the discount rate assumes employee contributions will be made at the current 8.00% of pay contribution rate and that MLGW contributions will equal to the actuarially determined contribution. For this purpose, only employee and employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, the MLGW Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2021.

Discount Rate Sensitivity – The following presents the net pension liability of MLGW as of December 31, 2021, calculated using the discount rate of 7.00%, as well as what MLGW’s net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net pension liability	\$(20,294)	\$(200,773)	\$352,142

Pension Plan’s Fiduciary Net Position – Detailed information about the MLGW Pension Plan’s fiduciary net position is available in the separately issued Plan financial statement. For purposes of measuring the net pension liability, all information about the pension plan’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position have been determined on the same basis as they are reported by the MLGW Pension Plan.

The MLGW Pension Plan’s financial statements are prepared using the accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board.

Investments are stated at fair value. Benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the plan.

Summary of Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Memphis Light, Gas and Water Retirement and Pension System (the “MLGW Pension Plan”) and additions to and deductions from the MLGW Pension Plan’s fiduciary net position have been determined on the same basis as they are reported by the MLGW Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Pension Liability – The net pension liability reported under GASB 68 is the difference between the actuarial present value of projected pension benefit payments attributable to employees’ past service and the Plan’s fiduciary net position. Previous to this new guidance, a liability was recognized only to the extent that contributions made to the plan were exceeded by the actuarially calculated contributions.

	(a)	(b)	(a) - (b)
	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2020	\$ 1,569,558	\$ 1,675,537	\$ (105,979)
Service Costs	32,463	-	32,463
Interest	111,732	-	111,732
Changes of Benefit Terms	4,760	-	4,760
Differences between expected and actual experience	6,177	-	6,177
Changes of assumptions	40,219	-	40,219
Employer contributions	-	24,199	(24,199)
Employee contributions	-	14,216	(14,216)
Net investment income	-	252,598	(252,598)
Benefit payments including refunds of employee contributions	(121,781)	(121,781)	-
Administrative expenses	-	(868)	868
Net change in plan fiduciary net position	<u>\$ 73,570</u>	<u>\$ 168,364</u>	<u>\$ (94,794)</u>
Balance at December 31, 2021	<u>\$ 1,643,128</u>	<u>\$ 1,843,901</u>	<u>\$ (200,773)</u>

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
(Continued)

Required Schedule of Changes in Net Pension Liability

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability									
Service Cost	\$ 32,463	\$ 32,142	\$ 31,636	\$ 31,185	\$ 31,977	\$ 32,591	\$ 30,139	\$ 31,786	\$ 33,122
Interest Cost	111,732	109,265	110,927	108,432	103,731	102,248	99,940	100,436	98,818
Changes of Benefit Terms	4,760	-	-	-	-	-	-	-	-
Difference between expected and actual experience	6,177	9,102	(5,040)	3,726	4,908	(11,298)	2,275	(16,338)	(14,280)
Changes in assumptions	40,219	-	(174)	-	-	-	-	(22,112)	-
Benefit Payments, including refunds of employee contributions	(121,781)	(111,826)	(107,731)	(113,316)	(104,919)	(102,628)	(100,528)	(100,249)	(91,931)
Net change in total pension liability	73,570	38,683	29,618	30,027	35,697	20,913	31,825	(6,477)	25,730
Total pension liability - beginning	1,569,558	1,530,875	1,501,257	1,471,230	1,435,533	1,414,620	1,382,794	1,389,271	1,363,542
Total pension liability - ending	\$ 1,643,128	\$ 1,569,558	\$ 1,530,875	\$ 1,501,257	\$ 1,471,230	\$ 1,435,533	\$ 1,414,619	\$ 1,382,794	\$ 1,389,271
Plan Fiduciary Net Position									
Employer Contributions	\$ 24,199	\$ 24,504	\$ 21,813	\$ 22,174	\$ 22,390	\$ 21,390	\$ 21,390	\$ 26,804	\$ 30,706
Employee Contributions	14,216	13,828	13,462	13,217	12,959	12,513	12,310	11,729	12,000
Net investment income	252,598	192,438	237,314	(39,996)	216,498	108,008	15,231	98,931	185,707
Benefit Payments including refunds of employee contributions	(121,781)	(111,826)	(107,731)	(113,315)	(104,919)	(102,628)	(100,528)	(100,249)	(91,931)
Administrative Expenses	(868)	(779)	(931)	(871)	(860)	(730)	(759)	(714)	(657)
Other	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	\$ 168,364	\$ 118,165	\$ 163,927	\$ (118,791)	\$ 146,068	\$ 38,553	\$ (52,356)	\$ 36,501	\$ 135,825
Other Adjustments	-	-	-	-	-	-	788	-	-
Plan fiduciary net position - beginning	1,675,537	1,557,372	1,393,445	1,512,237	1,366,169	1,327,616	1,379,184	1,342,683	1,206,858
Plan fiduciary net position - ending	\$ 1,843,901	\$ 1,675,537	\$ 1,557,372	\$ 1,393,446	\$ 1,512,237	\$ 1,366,169	\$ 1,327,616	\$ 1,379,184	\$ 1,342,683
System's net pension liability - ending	\$ (200,773)	\$ (105,979)	\$ (26,497)	\$ 107,811	\$ (41,007)	\$ 69,364	\$ 87,003	\$ 3,610	\$ 46,588
Plan fiduciary net position as a percentage of the total pension liability	112.22%	106.75%	101.73%	92.82%	102.79%	95.17%	93.85%	99.74%	96.65%
Covered employee payroll	\$ 175,790	\$ 173,425	\$ 170,946	\$ 169,605	\$ 167,221	\$ 161,926	\$ 160,641	\$ 152,368	\$ 154,759
System's net pension liability as a percentage of covered employee payroll	-114.21%	-61.11%	-15.50%	63.57%	-24.52%	42.84%	54.16%	2.37%	30.10%

As MLGW is a separately audited and reported division of the primary government, the supplementary information presented above is not captured in Exhibit RSI-11. This schedule will be expanded in future years to include up to ten years of historical data as the required information becomes available.

Notes to schedule:

Changes of Benefit Terms: Effective January 1, 2022, the minimum benefit increased from \$50 per month per year of service or \$500 total to \$60 per month per year of service or \$600 total.
Change of assumptions: The discount rate was lowered from 7.25% to 7.00% with the December 31, 2021 measurement.

Pension Expense – Pension expense for the year ended December 31, 2023, is as follows:

Service cost	\$ 32,463
Interest on total pension liability	111,732
Employee contributions	(14,216)
Administrative expenses	868
Expected return on assets	(118,423)
Expensed portion of current year period differences between expected and actual experience in total pension liability	1,029
Expensed portion of current year period assumption changes	6,703
Changes of Benefit Terms	4,760
Expensed portion of current year period differences between projected and actual investment earnings	(26,835)
Current year recognition of deferred inflows and outflows established in prior years	(36,595)
Total expense	<u>\$ (38,514)</u>

Deferred outflows of resources and deferred inflows of resources – GASB 68 requires recognition of deferred outflows and inflows of resources associated with the difference between projected and actual earnings on Plan investments, to be amortized to pension expense over a closed five-year period. Also, to be recognized as deferred outflows and inflows of resources are differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension liability, to be amortized to pension expense over a closed period equal to the average of the expected remaining service lives of all employees receiving pension benefits. Employer contributions to the pension trust made between the net pension liability measurement date and the employer’s fiscal year-end are recognized as deferred outflows of resources related to pensions. GASB 68 also requires the deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods to be aggregated and reported as a net deferred outflow of resources related to pensions or a net deferred inflow of resources related to pensions.

Deferred outflows/inflows of resources related to pension

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 20,941	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(180,803)
Net difference between projected and actual experience in total Pension Liability	13,275	(2,520)
Assumption changes	33,516	(87)
Total	\$ 67,732	\$ (183,410)

Note: The \$20,941 contribution made subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2023.

Amounts reported as outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31	
2022	\$ (30,479)
2023	(61,389)
2024	(34,898)
2025	(17,585)
2026	7,733
Thereafter	-

Total aggregate amount of Pension expense is as follows

City of Memphis	\$	115,007
Library		3,788
MLGW		<u>(38,514)</u>
Total Pension expense	\$	<u>80,281</u>

G. Component units

As referenced in Note I.A. Reporting Entity, the City of Memphis currently has five discretely presented component units.

Renasant Convention Center (RCC) – Renasant Convention Center, formerly known as Memphis Cook Convention Center, was formed in 1917 under the Tennessee Private Act (TPA) of 1917, Chapter 420, as subsequently amended. On August 25, 2011, the City became the sole owner of the Center and the deficit is now solely funded by the City. Memphis Management Group, LLC, a wholly owned subsidiary of Memphis Convention and Visitors Bureau, manages the facility.

In fiscal year 2016, the City opted to disclose the Convention Center as a blended component unit under the guidelines of Governmental Accounting Standards Board Statement No. 61 (GASB 61); however upon further analysis, the City has determined that the Renasant Convention Center meets the requirements of a discretely presented component unit under GASB 14. Complete financial statements for the Center may be obtained at The City of Memphis, 125 North Main Street - Third Floor, Room 368, Memphis, TN 38102 Phone: 901-636-6657.

Memphis Area Transit Authority (MATA) – MATA was created by City ordinance on May 13, 1975, replacing the Memphis Transit Authority. MATA has the authority to supervise the operations of the City's transit system. MATA is funded by a combination of user fees, federal and state grants, and a subsidy from the City.

Memphis Shelby County Airport Authority (MSCAA) – MSCAA was established by City resolution on September 30, 1969. MSCAA's Board selects management staff, sets user charges, establishes budgets and controls all aspects of general aviation, airport management and development.

Memphis Zoological Society (MZS) – MZS was created as a nonprofit in April 1951 by Charter to manage and support the Memphis Zoo and Aquarium in its efforts to preserve wildlife through education, conservation and research. All land, buildings, exhibits and other physical assets used by MZS are the property of the City of Memphis.

Memphis Metropolitan Land Bank Authority (MMLBA) – MMLBA was authorized by City of Memphis Resolution and created in November 2015 as a nonprofit 501(c)(3) organization. The general nature of the business to be transacted by the corporation and the general purpose for which it is organized is to conduct business as a land bank as prescribed by the Tennessee Local Land Bank Program. The organization is declared to be performing a public function on behalf of the City of Memphis and to be a public instrumentality of the City by providing a tool to support economic revitalization through returning blighted properties, vacant properties, abandoned properties, and tax-delinquent properties to productive use. The organization is established with a fiscal year ending June 30.

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
(Continued)

Each component unit is reported in a combined statement within the basic financial statements segment of this report as Exhibit A-14 and Exhibit A-15 to emphasize that the entities are legally separate from the City. The complete financial statements for each of the individual component units may be obtained at the entity's administrative offices. Essential disclosures related to the discretely presented component units are included in the complete financial statements of each of the individual component units.

Condensed financial statement information for these discretely presented component units is shown below:

	MATA	MSCAA	RCC	MMLBA (1)	TOTAL	ZOO	COMPONENT UNITS TOTAL
Current Assets	\$ 26,339	\$ 396,922	\$ 4,855	\$ 772	\$ 428,888	\$ 13,384	\$ 442,272
Property, plant and equipment (net of accumulated depreciation)	97,290	1,139,888	4,189	-	1,241,367	32	1,241,399
Other assets	498	258,387	-	376	259,261	-	259,261
Net pension asset	471	-	-	-	471	-	471
Total assets	<u>124,598</u>	<u>1,795,197</u>	<u>9,044</u>	<u>1,148</u>	<u>1,929,987</u>	<u>13,416</u>	<u>1,943,403</u>
Deferred outflows - charges on refunding	-	184	-	-	184	-	184
Deferred actuarial losses - pension	13,904	8,011	-	-	21,915	-	21,915
Deferred actuarial losses - OPEB	517	2,234	-	-	2,751	-	2,751
Total assets and deferred outflows	<u>\$ 139,019</u>	<u>\$ 1,805,626</u>	<u>\$ 9,044</u>	<u>\$ 1,148</u>	<u>\$ 1,954,837</u>	<u>\$ 13,416</u>	<u>\$ 1,968,253</u>
Current liabilities	\$ 10,558	\$ 58,525	\$ 2,077	\$ 111	\$ 71,271	\$ 6,917	\$ 78,188
Long-term liabilities	56,079	527,663	-	376	584,118	862	584,980
Total liabilities	<u>66,637</u>	<u>586,188</u>	<u>2,077</u>	<u>487</u>	<u>655,389</u>	<u>7,779</u>	<u>663,168</u>
Deferred inflows - revenue received in advance of expense	34,507	275,812	-	-	310,319	-	310,319
Net position	37,875	943,626	6,967	661	989,129	5,637	994,766
Total liabilities, deferred inflows, and net position	<u>\$ 139,019</u>	<u>\$ 1,805,626</u>	<u>\$ 9,044</u>	<u>\$ 1,148</u>	<u>\$ 1,954,837</u>	<u>\$ 13,416</u>	<u>\$ 1,968,253</u>
Operating revenues	\$ 2,574	\$ 118,444	\$ 7,493	\$ 136	\$ 128,647	\$ 26,390	\$ 155,037
Operating expenses	70,054	76,008	8,312	410	154,784	29,372	184,156
Operating income (loss) before depreciation and amortization	<u>(67,480)</u>	<u>42,436</u>	<u>(819)</u>	<u>(274)</u>	<u>(26,137)</u>	<u>(2,982)</u>	<u>(29,119)</u>
Depreciation and amortization	(11,253)	(59,157)	(344)	-	(70,754)	-	(70,754)
City of Memphis subsidy	32,463	-	2,617	-	35,080	-	35,080
Federal and State grant revenues	21,050	-	-	-	21,050	-	21,050
Interest and investment income (loss)	(5)	20,445	1	1	20,442	271	20,713
Other revenue (expense)	12,272	91,112	-	412	103,796	1,714	105,510
Change in net position	(12,953)	81,453	1,491	139	70,130	(997)	69,133
Net position - beginning of year, as restated	50,828	862,173	5,476	522	918,999	6,634	925,633
Net position - end of year	<u>\$ 37,875</u>	<u>\$ 943,626</u>	<u>\$ 6,967</u>	<u>\$ 661</u>	<u>\$ 989,129</u>	<u>\$ 5,637</u>	<u>\$ 994,766</u>

(1) Data reported in our Fiscal Year 2022 Annual Comprehensive Financial Report was as of June 30, 2020. Beginning net position has been restated to reflect the entity's net position as of June 30, 2022.
(2) Beginning net position has been restated to reflect the transfer of certain assets from the Memphis Zoological Society to the Memphis Zoological Foundation. The transfer was effective July 1, 2022.

H. Covid-19 Financial Impacts

With the passing of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the City of Memphis received \$113,607,217 in funding from the US Department of Treasury to assist in navigating the impact of the COVID-19 outbreak. The federal allocation was received in April 2020, and approximately \$23.5m was spent in fiscal year 2020. Approximately \$85m was executed during fiscal year 2021, and the remaining \$5.1m allocation was expended in fiscal year 2022.

In conjunction with the CARES Act, the Housing and Community Development Division of the City received \$8m in Emergency Solutions Grant through the US Department of Housing and Urban Development.

On March 1, 2021, the American Rescue Plan Act (ARPA) was signed into law by the President. Section 9901 of ARPA amended Title VI of the Social Security Act to add section 602, which established the Coronavirus State Fiscal Recovery Fund, and section 603, which established the Coronavirus Local Fiscal Recovery Fund (together, the Fiscal Recovery Funds). None of the ARPA funds were expended or recognized as revenue in fiscal year 2021. The City was scheduled to receive \$161,061,490 in funding and such funding must be expended in accordance with Treasury guidance.

Use of Funds – the metropolitan city shall only use the funds provided under a payment made under this section to cover cost incurred by the metropolitan city by December 31, 2024

- (a) to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;*
- (b) to respond to works performing essential work during the COVID-19 public health emergency by providing premium pay to eligible works of the metropolitan city that are performing such essential work, or by providing grants to eligible employers that have eligible works who perform essential work;*
- (c) for the provision of government services to the extent of the reduction in revenue of such metropolitan city due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the metropolitan city; or*
- (d) to make necessary investments in water, sewer, or broadband infrastructure.*
- (e) to provide emergency relief from natural disasters or the negative economic impacts of natural disasters;*
- (f) for projects eligible under the 26 surface transportation programs specified in the 2023 CAA (Surface Transportation projects); or*
- (g) for projects eligible under Title I of the Housing and Community Development Act of 1974 (Title I projects).*

The first tranche was received just prior to the FY21 year-end close, and the second tranche was received in May 2022 just prior to the year-end close. As of FY22, all funding had been allocated to projects and initiatives in accordance with the guidelines. Approximately \$59 million was appropriated for operational support, \$33 million for public safety initiatives, \$15 million toward broadband infrastructure, and \$54 million for community initiatives in response to the pandemic. As of the close of FY23, more than \$107 million had already been

expended. As of December 2023, more than \$127 million had been expended with \$34 million in commitments and/or contracts.

Also, in conjunction with the Fiscal Recovery Funds, the Housing and Community Development Division of the City also received \$90m in funding multiple allocations through the US Department of Treasury to provide Emergency Rental Assistance. Those initiatives have been appropriated and are on-going.

FINANCIAL SECTION

CITY OF MEMPHIS

T E N N E S S E E

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY
INFORMATION

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS UNDER GASB 74 AND GASB 75
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

Total OPEB Liability

Fiscal Year Ending June 30 (1)	Beginning Total OPEB Liability	Total Service Cost	Interest (2)	Experience (Gains) / Losses	Assumption Changes (3)	Changes of Benefit Terms (4)	Net Benefit Payments (5)	Ending Total OPEB Liability
2017	\$ 691,738	\$ 14,943	\$ 18,877	\$ 18,838	\$ 25,586	\$ (331,901)	\$ (20,190)	\$ 417,891
2018	\$ 417,891	\$ 8,035	\$ 13,113	\$ (11,621)	\$ (76,034)	\$ -	\$ (13,928)	\$ 337,456
2019	\$ 337,456	\$ 5,042	\$ 10,015	\$ (13,201)	\$ (21,941)	\$ -	\$ (12,817)	\$ 304,554
2020	\$ 304,554	\$ 4,176	\$ 8,437	\$ (2,264)	\$ 21,629	\$ 346,334	\$ (12,678)	\$ 670,188
2021	\$ 670,188	\$ 20,348	\$ 18,184	\$ (2,215)	\$ (74,550)	\$ -	\$ (13,799)	\$ 618,156
2022	\$ 618,156	\$ 17,340	\$ 13,871	\$ 12,287	\$ (101,817)	\$ (12,405)	\$ (18,287)	\$ 529,145
2023	\$ 529,145	\$ 15,545	\$ 22,136	\$ (1,394)	\$ 107,697	\$ (12,955)	\$ (19,594)	\$ 640,580

- (1) This schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years. The information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017, for GASB 75 purposes.
- (2) For the current fiscal year, includes interest at 4.09% on the beginning-of-year Total OPEB Liability (including the change due to updated census as of July 1, 2022) and service cost offset by a half-year of interest on benefit payments.
- (3) Assumption changes for the most recent fiscal year reflect changes to the mortality, turnover, Medicare eligibility, per capita costs, trend, and discount rate assumptions.
- (4) For 2023, the plan change reflects the elimination of the Choice Plan effective April 1, 2023.
- (5) Paid claims including administrative expenses less retiree contributions.

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS UNDER GASB 74 AND GASB 75
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
(Thousands of Dollars)
For the fiscal year ended June 30, 2023**

Plan Fiduciary Net Position

Fiscal Year Ending June 30 (1)	Beginning Fiduciary Net Position	Employer Contribution (2)	Employee Contribution	Investment Return	Benefit Payments (3)	Administrative Expenses	Investment Expenses	Ending Fiduciary Net Position
2017	\$ 6,450	\$ 16,654	\$ 5,531	\$ 289	\$ (21,476)	\$ (4,245)	\$ -	\$ 3,203
2018	\$ 3,203	\$ 14,420	\$ 1,829	\$ 257	\$ (6,468)	\$ (9,289)	\$ -	\$ 3,952
2019	\$ 3,952	\$ 12,659	\$ 1,945	\$ 221	\$ (8,112)	\$ (6,650)	\$ -	\$ 4,015
2020	\$ 4,015	\$ 12,263	\$ 1,807	\$ 190	\$ (7,222)	\$ (7,263)	\$ -	\$ 3,790
2021	\$ 3,790	\$ 13,084	\$ 2,573	\$ 905	\$ (8,763)	\$ (7,609)	\$ -	\$ 3,980
2022	\$ 3,980	\$ 21,528	\$ 3,668	\$ (693)	\$ (14,331)	\$ (7,624)	\$ -	\$ 6,528
2023	\$ 6,528	\$ 23,667	\$ 3,967	\$ 392	\$ (14,885)	\$ (8,676)	\$ -	\$ 10,993

Note: The money average rate of return used to measure the total OPEB liability was 4.13% as of June 30, 2023, which is equal to the single rate of return developed pursuant to GASB 75.

- (1) This schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years. The information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017, for GASB 75 purposes.
- (2) Includes employer contributions to the trust and transfers from other funds.
- (3) Includes benefits paid less Medicare Part D subsidies and pharmacy Rx rebates received.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS UNDER GASB 74 AND GASB 75
 OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 (Thousands of Dollars)

For the fiscal year ended June 30, 2023

Net OPEB Liability

Fiscal Year Ending June 30 (1)	Total OPEB Liability	Net Fiduciary Position	Net OPEB Liability	Net Fiduciary Position as % of Total OPEB Liability	Actual Covered Payroll (2)	Net OPEB Liability as a Percentage of Covered Payroll
2017	\$ 417,891	\$ 3,203	\$ 414,688	0.8%	\$ 379,324	109.3%
2018	\$ 337,456	\$ 3,952	\$ 333,504	1.2%	\$ 368,922	90.4%
2019	\$ 304,554	\$ 4,015	\$ 300,539	1.3%	\$ 400,195	75.1%
2020	\$ 670,188	\$ 3,790	\$ 666,398	0.6%	\$ 410,167	162.5%
2021	\$ 618,156	\$ 3,980	\$ 614,176	0.6%	\$ 378,824	162.1%
2022	\$ 529,145	\$ 6,528	\$ 522,617	1.2%	\$ 368,709	141.7%
2023	\$ 640,580	\$ 10,993	\$ 629,587	1.7%	\$ 369,163	170.5%

(1) This schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years. The information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.

(2) The actual covered payroll represents the total covered payroll for the prior calendar year, increased by the salary scale. Where a salary amount was not provided, an average salary of the other participants for that year was assumed. For calendar year 2022, the average salary was \$58,336.

**SCHEDULE OF CONTRIBUTIONS UNDER GASB 74 AND GASB 75
OTHER POSTEMPLOYMENT BENEFITS (OPEB)**
(Thousands of Dollars)

CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-4

For the fiscal year ended June 30, 2023

Schedule of Contributions

Fiscal Year Ending June 30 (1)	Contractual Contribution (2)	Actual Employer Contributions	Contribution Excess / (Deficiency)	Actual Covered Payroll (3)	Contributions as a Percentage of Covered Payroll
2017	\$ 16,654	\$ 16,654	\$ -	\$ 379,324	4.4%
2018	\$ 14,420	\$ 14,420	\$ -	\$ 368,922	3.9%
2019	\$ 12,659	\$ 12,659	\$ -	\$ 400,195	3.2%
2020	\$ 12,263	\$ 12,263	\$ -	\$ 410,167	3.0%
2021	\$ 13,084	\$ 13,084	\$ -	\$ 378,824	3.5%
2022	\$ 21,528	\$ 21,528	\$ -	\$ 368,709	5.8%
2023	\$ 23,667	\$ 23,667	\$ -	\$ 369,163	6.4%

- (1) The information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.
- (2) The City is contractually required to pay benefits as they come due and make HRA contributions to participants enrolled in the retiree exchange or an allowable plan. Any difference between actual benefits paid and employer contributions is due to a timing difference plus retiree contributions.
- (3) The actual covered payroll represents the total covered payroll for the prior calendar year, increased by the salary scale. Where a salary amount was not provided, an average salary of the other participants for that year was assumed. For calendar year 2022, the average salary was \$58,336.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS UNDER GASB 67 AND 68
CITY RETIREMENT SYSTEM
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-5

Total Pension Liability

Year Ending June 30 (1)	Beginning Total Pension Liability	Service Cost (2)	Interest (3)	Experience (Gains)/ Losses	Assumption Changes	Changes of Benefit Terms	Benefit Payments	Transfer In/(Out)	Ending Total Pension Liability
2014	\$ 2,592,987	\$ 55,409	\$ 192,223	\$ 58,245	\$ (128,961)	\$ -	\$ (170,833)	\$ -	\$ 2,599,070
2015	\$ 2,599,070	\$ 48,189	\$ 190,459	\$ (60,057)	\$ -	\$ (20,805)	\$ (173,991)	\$ -	\$ 2,582,865
2016	\$ 2,582,865	\$ 44,343	\$ 190,419	\$ (12,367)	\$ (9,882)	\$ -	\$ (176,566)	\$ -	\$ 2,618,812
2017	\$ 2,618,812	\$ 42,678	\$ 193,004	\$ 44,176	\$ (41,610)	\$ -	\$ (176,205)	\$ -	\$ 2,680,855
2018	\$ 2,680,855	\$ 44,158	\$ 197,627	\$ (64,966)	\$ (13,322)	\$ -	\$ (179,985)	\$ -	\$ 2,664,367
2019	\$ 2,664,367	\$ 41,840	\$ 196,197	\$ (20,127)	\$ 71,345	\$ -	\$ (180,484)	\$ -	\$ 2,773,138
2020	\$ 2,773,138	\$ 41,858	\$ 203,958	\$ 6,622	\$ (91,982)	\$ -	\$ (191,109)	\$ -	\$ 2,742,485
2021	\$ 2,742,485	\$ 35,847	\$ 201,121	\$ 1,214	\$ (8,859)	\$ 9,610	\$ (193,431)	\$ 17,772	\$ 2,805,759
2022	\$ 2,805,759	\$ 39,311	\$ 205,824	\$ (1,912)	\$ 85,019	\$ 20,163	\$ (201,510)	\$ 2,769	\$ 2,955,423
2023	\$ 2,955,423	\$ 38,430	\$ 209,393	\$ 23,676	\$ -	\$ -	\$ (205,496)	\$ 1,846	\$ 3,023,272

Note: The Transfer In for 2021 reflects the transfer of the 401(a) account balances from the 401(a) Plan to the defined benefit Plan's trust for participants who elected to restore benefits from the 2016 Plan to the 1978 Plan.

The Transfer In for 2023 reflects the transfer from 401(a) accounts for participants retiring from the 2016 Plan. It is an estimate of the increase in the accrued liability when the 401(a) accounts are transferred to the pension trust and converted to an annuity payable under the defined benefit plan.

- (1) This schedule is prepared to satisfy the requirement to show information regarding the Net Pension Liability and Related Ratios for 10 years. The information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2014 for GASB 67 purposes and prospectively from fiscal year ending June 30, 2015 for GASB 68 purposes.
- (2) The service cost includes the employee contributory portion of the benefit earned during the measurement period and excludes expenses.
- (3) For the current fiscal year, includes interest at 7.25% on the prior year ending Total Pension Liability and current year beginning service cost offset by a half year of interest on benefit payments.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS UNDER GASB 67 AND 68
CITY RETIREMENT SYSTEM
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

Plan Fiduciary Net Position

Year Ending June 30 (1)	Beginning Fiduciary Net Position	Employer Contribution	Employee Contribution	Investment Return	Benefit Payments	Administrative Expenses	Investment Expenses	Transfer In/(Out)	Ending Fiduciary Net Position
2014	\$ 2,040,069	\$ 19,440	\$ 24,173	\$ 342,614	\$ (170,833)	\$ (1,478)	\$ (8,827)	\$ -	\$ 2,245,158
2015	\$ 2,245,158	\$ 46,215	\$ 23,319	\$ 70,687	\$ (173,991)	\$ (1,975)	\$ (8,864)	\$ -	\$ 2,200,549
2016	\$ 2,200,549	\$ 51,875	\$ 23,912	\$ 6,890	\$ (176,566)	\$ (2,228)	\$ (12,846)	\$ -	\$ 2,091,586
2017	\$ 2,091,586	\$ 55,441	\$ 20,016	\$ 286,536	\$ (176,205)	\$ (3,119)	\$ (12,670)	\$ -	\$ 2,261,585
2018	\$ 2,261,585	\$ 55,059	\$ 18,578	\$ 205,516	\$ (179,985)	\$ (3,700)	\$ (13,272)	\$ -	\$ 2,343,781
2019	\$ 2,343,781	\$ 58,896	\$ 18,027	\$ 115,989	\$ (180,484)	\$ (5,282)	\$ (13,528)	\$ -	\$ 2,337,399
2020	\$ 2,337,399	\$ 54,194	\$ 17,884	\$ 64,036	\$ (191,109)	\$ (6,060)	\$ (13,983)	\$ -	\$ 2,262,361
2021	\$ 2,262,361	\$ 61,534	\$ 17,780	\$ 663,368	\$ (193,431)	\$ (4,669)	\$ (17,034)	\$ 17,772	\$ 2,807,681
2022	\$ 2,807,681	\$ 54,458	\$ 20,014	\$ (251,646)	\$ (201,510)	\$ (6,090)	\$ (19,001)	\$ 2,769	\$ 2,406,675
2023	\$ 2,406,675	\$ 54,860	\$ 19,737	\$ 180,549	\$ (205,496)	\$ (8,339)	\$ (15,658)	\$ 1,846	\$ 2,434,174

Note: The money average rate of return used to measure the total Pension liability was 7.25% as of June 30, 2023, and is equal to the long-term expected return on plan investments as developed pursuant to GASB 67 and 68.

The Transfer In for 2021 reflects the transfer monies from 401(a) accounts for participants who elected to restore benefits from the 2016 Plan to the 1978 Plan.

The Transfer In for 2022 reflects the transfer monies from the Sales Tax Referendum Revenue Fund.

The Transfer In for 2023 reflects the transfer monies from the Sales Tax Referendum Revenue Fund.

(1) This schedule is prepared to satisfy the requirement to show information regarding the Net Pension Liability and Related Ratios for 10 years.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS UNDER GASB 67 AND 68
CITY RETIREMENT SYSTEM**

**CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-7**

(Thousands of Dollars)

For the fiscal year ended June 30, 2023

Net Pension Liability

Year Ending June 30 (1)	Total Pension Liability	Net Fiduciary Position	Net Pension Liability	Net Fiduciary Position as % of Total Pension Liability	Actual Covered Payroll (2)	Net Pension Liability as a Percentage of Covered Payroll
2014	\$ 2,599,070	\$ 2,245,158	\$ 353,912	86.4%	\$ 324,000	109.2%
2015	\$ 2,582,865	\$ 2,200,549	\$ 382,316	85.2%	\$ 327,627	116.7%
2016	\$ 2,618,812	\$ 2,091,586	\$ 527,226	79.9%	\$ 300,123	175.7%
2017	\$ 2,680,855	\$ 2,261,585	\$ 419,270	84.4%	\$ 336,505	124.6%
2018	\$ 2,664,367	\$ 2,343,781	\$ 320,586	88.0%	\$ 333,171	96.2%
2019	\$ 2,773,138	\$ 2,337,399	\$ 435,739	84.3%	\$ 338,373	128.8%
2020	\$ 2,742,485	\$ 2,262,361	\$ 480,124	82.5%	\$ 372,817	128.8%
2021	\$ 2,805,759	\$ 2,807,681	\$ (1,922)	100.1%	\$ 379,346	-0.5%
2022	\$ 2,952,654	\$ 2,406,675	\$ 545,979	81.5%	\$ 402,813	135.5%
2023	\$ 3,023,272	\$ 2,434,174	\$ 589,098	80.5%	\$ 371,676	158.5%

(1) This schedule is prepared to satisfy the requirement to show information regarding the Net Pension Liability and Related Ratios for 10 years.

(2) The *actual covered payroll* is defined under GASB 82 to be payroll on which contributions to a pension plan are based. As pensionable pay is used for determining contributions under the plan, pensionable pay is shown above starting June 30, 2016. Prior to June 30, 2016 the gross payroll is shown, consistent with the requirements prior to the release of GASB 82.

SCHEDULE OF CONTRIBUTIONS
CITY RETIREMENT SYSTEM
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

Schedule of Contributions

Year Ending June 30	Actuarially Determined Contribution (1)	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Payroll (2)	Contributions as a Percentage of Covered Payroll
2014	\$ 96,024	\$ 19,440	\$ (76,584)	\$ 324,000	6.0%
2015	\$ 79,742	\$ 46,215	\$ (33,527)	\$ 327,627	14.1%
2016	\$ 73,913	\$ 51,875	\$ (22,038)	\$ 300,123	17.3%
2017	\$ 58,185	\$ 55,441	\$ (2,744)	\$ 336,505	16.5%
2018	\$ 62,433	\$ 55,059	\$ (7,374)	\$ 333,171	16.5%
2019	\$ 62,499	\$ 58,896	\$ (3,603)	\$ 338,373	17.4%
2020	\$ 53,719	\$ 54,194	\$ 475	\$ 372,817	14.5%
2021	\$ 61,532	\$ 61,534	\$ 2	\$ 379,346	16.2%
2022	\$ 52,201	\$ 54,458	\$ 2,257	\$ 402,813	13.5%
2023	\$ 52,765	\$ 54,860	\$ 2,095	\$ 371,676	14.8%

Note: Beginning in 2022 the employer contribution includes monies transferred from the Sales Tax Referendum Revenue Fund.

- (1) The actuarially determined contribution is for the fiscal year end and is developed in a separate funding report for the corresponding fiscal year.
- (2) The *actual covered payroll* is defined under GASB 82 to be payroll on which contributions to a pension plan are based. As pensionable pay is used for determining contributions under the plan, pensionable pay is shown above starting June 30, 2016. Prior to June 30, 2016, the gross payroll is shown, as consistent with the requirements prior to the release of GASB 82. Note, the actual covered payroll is for the year immediately preceding the valuation date.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS UNDER GASB 67 AND 68
LIBRARY RETIREMENT SYSTEM
(Thousands of Dollars)
For the fiscal year ended June 30, 2023**

**CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-9**

Total Pension Liability

Year Ending June 30 (1)	Beginning Total Pension Liability	Service Cost (2)	Interest Cost	Experience (Gains)/ Losses	Assumption Changes (3)	Changes of Benefit Terms	Benefit Payments	Ending Total Pension Liability
2015	\$ 70,097	\$ 585	\$ 4,647	\$ (1,692)	\$ (2,142)	\$ -	\$ (3,675)	\$ 67,820
2016	\$ 67,820	\$ 440	\$ 4,976	\$ (164)	\$ (475)	\$ -	\$ (3,816)	\$ 68,781
2017	\$ 68,781	\$ 334	\$ 5,039	\$ (671)	\$ (3,549)	\$ -	\$ (3,844)	\$ 66,090
2018	\$ 66,090	\$ 338	\$ 4,834	\$ (503)	\$ (481)	\$ -	\$ (3,955)	\$ 66,323
2019	\$ 66,323	\$ 296	\$ 4,855	\$ (523)	\$ 1,683	\$ -	\$ (3,775)	\$ 68,859
2020	\$ 68,859	\$ 278	\$ 5,022	\$ 538	\$ (251)	\$ -	\$ (4,356)	\$ 70,090
2021	\$ 70,090	\$ 269	\$ 5,117	\$ (3,446)	\$ (460)	\$ -	\$ (4,261)	\$ 67,309
2022	\$ 67,309	\$ 239	\$ 4,898	\$ (1,766)	\$ 1,895	\$ -	\$ (4,480)	\$ 68,095
2023	\$ 68,095	\$ 245	\$ 4,796	\$ (527)	\$ -	\$ -	\$ (4,368)	\$ 68,241

(1) This schedule is prepared to satisfy the requirement to show information regarding the Net Pension Liability and Related Ratios for 10 years. The information presented above is for those years for which it is available.

(2) The service cost includes the employee contributory portion of the benefit earned during the measurement period and excludes administrative expenses.

(3) Assumption changes include the following:

- a. For 2022, the change in the discount rate assumption from 7.50% to 7.25% resulted in an actuarial loss of \$1,700 and an update in the mortality assumption resulted in an actuarial loss of \$195.
- b. For 2021, the update in the mortality assumption resulted in an actuarial gain of (\$460).
- c. For 2020, the update in the mortality assumption resulted in an actuarial gain of (\$251).
- d. For 2019, the update in the mortality assumption resulted in an actuarial loss of \$1,683.
- e. For 2018, the update in the mortality assumption resulted in an actuarial gain of \$(481).
- f. For 2017, the updates in the mortality assumption and retirement assumption resulted in actuarial gains of (\$1,710) and (\$1,839), respectively.
- g. For 2016, the update in the mortality assumption resulted in an actuarial gain of (\$475).
- h. For 2015, the change in the discount rate assumption from 6.75% to 7.50% resulted in an actuarial gain of (\$6,174) and an update in the mortality assumption resulted in an actuarial loss of \$4,032.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS UNDER GASB 67 AND 68
LIBRARY RETIREMENT SYSTEM
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

Plan Fiduciary Net Position

Year Ending June 30 (1)	Beginning Fiduciary Net Position	Employer Contribution	Employee Contribution	Investment Return	Benefit Payments	Administrative Expenses	Investment Expenses	Ending Fiduciary Net Position
2015	\$ 62,110	\$ 160	\$ 160	\$ 1,687	\$ (3,675)	\$ (80)	\$ (31)	\$ 60,331
2016	\$ 60,331	\$ 150	\$ 150	\$ (2,939)	\$ (3,817)	\$ (108)	\$ (29)	\$ 53,738
2017	\$ 53,738	\$ 132	\$ 132	\$ 5,404	\$ (3,844)	\$ (64)	\$ (28)	\$ 55,470
2018	\$ 55,470	\$ 818	\$ 118	\$ 7,954	\$ (3,954)	\$ (66)	\$ (29)	\$ 60,311
2019	\$ 60,311	\$ 2,012	\$ 123	\$ (4,716)	\$ (3,775)	\$ (47)	\$ (35)	\$ 53,873
2020	\$ 53,873	\$ 1,213	\$ 123	\$ 9,694	\$ (4,356)	\$ (114)	-	\$ 60,433
2021	\$ 60,433	\$ 1,651	\$ 114	\$ 2,926	\$ (4,261)	\$ (70)	-	\$ 60,793
2022	\$ 60,793	\$ 1,658	\$ 114	\$ 7,419	\$ (4,480)	\$ (116)	-	\$ 65,388
2023	\$ 65,388	\$ 1,044	\$ 105	\$ (13,628)	\$ (4,368)	\$ (90)	-	\$ 48,451

Note: The money average rate of return used to measure the total Pension liability was 7.25% as of December 31, 2023, and is equal to the long-term expected return on investments as developed pursuant to GASB 67 and 68.

The City of Memphis fiscal year end is June 30, 2023. As permitted under paragraph 20 of GASB 68, the valuation uses a measurement date and valuation date of January 1, 2023 for the Library Plan. These results are not rolled-forward to the fiscal year-end reporting date.

(1) This schedule is prepared to satisfy the requirement to show information regarding the Net Pension Liability and Related Ratios for 10 years. The information presented above is for those years for which it is available.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS UNDER GASB 67 AND 68

LIBRARY RETIREMENT SYSTEM

(Thousands of Dollars)

For the fiscal year ended June 30, 2023

Net Pension Liability

Year Ending June 30 (1)	Total Pension Liability	Net Fiduciary Position	Net Pension Liability	Net Fiduciary Position as % of Total Pension Liability	Actual Covered Payroll (2)	Net Pension Liability as a Percentage of Covered Payroll
2015	\$ 67,820	\$ 60,331	\$ 7,489	89.0%	\$ 5,349	140.0%
2016	\$ 68,781	\$ 53,738	\$ 15,043	78.1%	\$ 5,014	300.0%
2017	\$ 66,090	\$ 55,470	\$ 10,620	83.9%	\$ 4,400	241.4%
2018	\$ 66,323	\$ 60,311	\$ 6,012	90.9%	\$ 3,943	152.5%
2019	\$ 68,859	\$ 53,873	\$ 14,986	78.2%	\$ 4,089	366.5%
2020	\$ 70,089	\$ 60,432	\$ 9,657	86.2%	\$ 4,097	235.7%
2021	\$ 67,309	\$ 60,793	\$ 6,516	90.3%	\$ 3,817	170.7%
2022	\$ 68,095	\$ 65,388	\$ 2,707	96.0%	\$ 3,786	71.5%
2023	\$ 68,241	\$ 48,451	\$ 19,790	71.0%	\$ 3,511	563.7%

The actual covered payroll is based on the calendar year.

- (1) This schedule is prepared to satisfy the requirement to show information regarding the Net Pension Liability and Related Ratios for 10 years. The information presented above is for those years for which it is available.
- (2) The *actual covered payroll* is defined under GASB 82 to be payroll on which contributions to a pension plan are based. As pensionable pay is used for determining contributions under the plan, pensionable pay is shown above starting January 1, 2016. Prior to January 1, 2016 the gross payroll is shown, consistent with the requirements prior to the release of GASB 82. Note, these amounts are for the period from January 1 through December 31 immediately preceding the fiscal year end shown in column (1).

**SCHEDULE OF CONTRIBUTIONS
LIBRARY RETIREMENT SYSTEM
(Thousands of Dollars)**

For the fiscal year ended June 30, 2023

**CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-12**

Schedule of Contributions under GASB 67

Year Ending December 31 (1)	Actuarially Determined Contribution (2)	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Payroll (3)	Contributions as a Percentage of Covered Payroll
2014	\$ 517	\$ 160	\$ (357)	\$ 5,349	3.0%
2015	\$ 517	\$ 155	\$ (362)	\$ 5,182	3.0%
2016	\$ 517	\$ 141	\$ (376)	\$ 4,707	3.0%
2017	\$ 958	\$ 821	\$ (137)	\$ 4,048	20.3%
2018	\$ 1,502	\$ 918	\$ (584)	\$ 3,917	23.4%
2019	\$ 1,185	\$ 1,213	\$ 28	\$ 4,097	29.6%
2020	\$ 757	\$ 1,207	\$ 450	\$ 3,901	30.9%
2021	\$ 1,304	\$ 1,658	\$ 354	\$ 3,786	43.8%
2022	\$ 1,006	\$ 1,044	\$ 38	\$ 3,511	29.7%

(1) This schedule is presented to satisfy the requirement to show information regarding the Schedule of Contributions for 10 years. The information presented above is for those years for which it is available. Per GASB 67, Paragraph 32, the information presented is based on the plan's most recent fiscal year-end (December 31).

(2) The actuarially determined contribution is calculated as of the City's fiscal year end (June 30). The schedule above is presented based on the Plan's fiscal year end (December 31). The actuarially determined contribution shown above is the aggregate of the actuarially determined contribution for the portions of the City's fiscal years that overlap the Plan's fiscal year. For example, the actuarially determined contribution for the Plan fiscal year ending December 31, 2022, is based on 6-month portions applicable to the City fiscal years ending on June 30, 2022, and June 30, 2023.

(3) The *actual covered payroll* is defined under GASB 82 to be payroll on which contributions to a pension plan are based. As pensionable pay is used for determining contributions under the plan, pensionable pay is shown above starting January 1, 2016. Prior to January 1, 2016 the gross payroll is shown, consistent with the requirements prior to the release of GASB 82.

**SCHEDULE OF CONTRIBUTIONS
LIBRARY RETIREMENT SYSTEM
(Thousands of Dollars)**

For the fiscal year ended June 30, 2023

**CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-13**

Schedule of Contributions under GASB 68

Year Ending June 30 (1)	Actuarially Determined Contribution (2)	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Payroll (3)	Contributions as a Percentage of Covered Payroll
2015	\$ 517	\$ 155	\$ (362)	\$ 5,182	3.0%
2016	\$ 517	\$ 141	\$ (376)	\$ 4,707	3.0%
2017	\$ 958	\$ 821	\$ (137)	\$ 4,048	20.3%
2018	\$ 1,502	\$ 918	\$ (584)	\$ 3,917	23.4%
2019	\$ 1,185	\$ 1,213	\$ 28	\$ 4,097	29.6%
2020	\$ 757	\$ 1,207	\$ 450	\$ 3,901	30.9%
2021	\$ 1,536	\$ 1,646	\$ 110	\$ 3,658	45.0%
2022	\$ 1,073	\$ 1,658	\$ 585	\$ 3,822	43.4%
2023	\$ 939	\$ 1,044	\$ 105	\$ 3,494	29.9%

(1) This schedule is presented to satisfy the requirement to show information regarding the Schedule of Contributions for 10 years. The information presented above is for those years for which it is available. Per GASB 68, Paragraph 46, the information presented is based on the employers' most recent fiscal year-end (June 30).

(2) The actuarially determined contribution is for the City's fiscal year end of June 30. Starting in 2022, the results are based on a discount rate assumption of 7.25% (previous years used a discount rate of 7.50%). The actuarially determined contribution applicable to the employer fiscal year (July 1 to June 30) is determined based on the preceding plan fiscal year (January 1 to December 31).

(3) The *actual covered payroll* is defined under GASB 82 to be payroll on which contributions to a pension plan are based. As pensionable pay is used for determining contributions under the plan, pensionable pay is shown above starting January 1, 2016. Prior to January 1, 2016 the gross payroll is shown, consistent with the requirements prior to the release of GASB 82. Note, these amounts are for the period from July 1 through June 30 ending on the employer fiscal year-end shown in column (1).

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) UNDER GASB 67 AND 68
MLGW RETIREMENT SYSTEM
(Thousands of Dollars)
For the fiscal year ended December 31, 2022

CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-14

Total Pension Liability

Year Ending December 31 (1)	Beginning Total Pension Liability	Service Cost	Interest	Experience (Gains)/ Losses	Assumption Changes (2)	Changes of Benefit Terms (3)	Benefit Payments	Transfer In/(Out)	Ending Total Pension Liability
2013	\$ 1,363,542	\$ 33,122	\$ 98,818	\$ (14,280)	\$ -	\$ -	\$ (91,931)	\$ -	1,389,271
2014	\$ 1,389,271	\$ 31,786	\$ 100,436	\$ (16,338)	\$ (22,112)	\$ -	\$ (100,249)	\$ -	1,382,794
2015	\$ 1,382,794	\$ 30,139	\$ 99,940	\$ 2,275	\$ -	\$ -	\$ (100,528)	\$ -	1,414,620
2016	\$ 1,414,620	\$ 32,591	\$ 102,248	\$ (11,298)	\$ -	\$ -	\$ (102,628)	\$ -	1,435,533
2017	\$ 1,435,533	\$ 31,977	\$ 103,731	\$ 4,908	\$ -	\$ -	\$ (104,919)	\$ -	1,471,230
2018	\$ 1,471,230	\$ 31,185	\$ 108,432	\$ 3,726	\$ -	\$ -	\$ (113,316)	\$ -	1,501,257
2019	\$ 1,501,257	\$ 31,636	\$ 110,927	\$ (5,040)	\$ (174)	\$ -	\$ (107,731)	\$ -	1,530,875
2020	\$ 1,530,875	\$ 32,142	\$ 109,265	\$ 9,102	\$ -	\$ -	\$ (111,826)	\$ -	1,569,558
2021	\$ 1,569,558	\$ 32,463	\$ 111,732	\$ 6,177	\$ 40,219	\$ 4,760	\$ (121,781)	\$ -	1,643,128

(1) This schedule will be expanded in future years to include up to ten years of historical data as the required information becomes available.

(2) The discount rate was lowered from 7.25% to 7.00% with the December 31, 2021 measurement.

(3) Effective January 1, 2022, the minimum benefit increased from \$50 per month per year of service or \$500 total to \$60 per month per year of service or \$600 total.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS UNDER GASB 67 AND 68
MLGW RETIREMENT SYSTEM
(Thousands of Dollars)
For the fiscal year ended December 31, 2022

Plan Fiduciary Net Position

Year Ending December 31 (1)	Beginning Fiduciary Net Position	Employer Contribution	Employee Contribution	Investment Return	Benefit Payments	Administrative Expenses	Other Adjustments	Transfer In/(Out)	Ending Fiduciary Net Position
2013	\$ 1,206,858	\$ 30,706	\$ 12,000	\$ 185,707	\$ (91,931)	\$ (657)	\$ -	\$ -	1,342,683
2014	\$ 1,342,683	\$ 26,804	\$ 11,729	\$ 98,931	\$ (100,249)	\$ (714)	\$ -	\$ -	1,379,184
2015	\$ 1,379,184	\$ 21,390	\$ 12,310	\$ 15,231	\$ (100,528)	\$ (759)	\$ 788	\$ -	1,327,616
2016	\$ 1,327,616	\$ 21,390	\$ 12,513	\$ 108,008	\$ (102,628)	\$ (730)	\$ -	\$ -	1,366,169
2017	\$ 1,366,169	\$ 22,390	\$ 12,959	\$ 216,498	\$ (104,919)	\$ (860)	\$ -	\$ -	1,512,237
2018	\$ 1,512,237	\$ 22,174	\$ 13,217	\$ (39,996)	\$ (113,316)	\$ (871)	\$ -	\$ -	1,393,445
2019	\$ 1,393,445	\$ 21,813	\$ 13,462	\$ 237,314	\$ (107,731)	\$ (931)	\$ -	\$ -	1,557,372
2020	\$ 1,557,372	\$ 24,504	\$ 13,828	\$ 192,438	\$ (111,826)	\$ (779)	\$ -	\$ -	1,675,537
2021	\$ 1,675,537	\$ 24,199	\$ 14,216	\$ 252,598	\$ (121,781)	\$ (868)	\$ -	\$ -	1,843,901

Note: The long-term expected rate of return of 7.25% on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class pursuant to December 31, 2021.

(1) This schedule will be expanded in future years to include up to ten years of historical data as the required information becomes available.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS UNDER GASB 67 AND 68
MLGW RETIREMENT SYSTEM
(Thousands of Dollars)
For the fiscal year ended December 31, 2022

CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-16

Net Pension Liability

Year Ending December 31 (1)	Total Pension Liability	Net Fiduciary Position	Net Pension Liability	Net Fiduciary Position as % of Total Pension Liability	Covered Payroll (2)	Net Pension Liability as a Percentage of Covered Payroll
2013	\$ 1,389,271	\$ 1,342,683	\$ 46,588	96.65%	\$ 154,759	30.10%
2014	\$ 1,382,794	\$ 1,379,184	\$ 3,610	99.74%	\$ 152,368	2.37%
2015	\$ 1,414,620	\$ 1,327,616	\$ 87,004	93.85%	\$ 160,641	54.16%
2016	\$ 1,435,533	\$ 1,366,169	\$ 69,364	95.17%	\$ 161,926	42.84%
2017	\$ 1,471,230	\$ 1,512,237	\$ (41,007)	102.79%	\$ 167,221	-24.52%
2018	\$ 1,501,257	\$ 1,393,445	\$ 107,812	92.82%	\$ 169,605	63.57%
2019	\$ 1,530,875	\$ 1,557,372	\$ (26,497)	101.73%	\$ 170,946	-15.50%
2020	\$ 1,569,558	\$ 1,675,537	\$ (105,979)	106.75%	\$ 173,425	-61.11%
2021	\$ 1,643,128	\$ 1,843,901	\$ (200,773)	112.22%	\$ 175,790	-114.21%

(1) This schedule will be expanded in future years to include up to ten years of historical data as the required information becomes available.

(2) The *actual covered payroll* is based on calendar year.

SCHEDULE OF CONTRIBUTIONS
MLGW RETIREMENT SYSTEM
 (Thousands of Dollars)

CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-17

For the fiscal year ended December 31, 2022

Schedule of Contributions

Year Ending December 31	Actuarially Determined Contribution (ADC) (1)	Actual Contribution in Relation to ADC	Contribution Excess/(Deficiency)	Covered-Employee Payroll (2)	Contributions as a Percentage of Covered Payroll
2013	\$ 30,705	\$ 30,706	\$ (1)	\$ 154,759	19.84%
2014	\$ 26,812	\$ 26,804	\$ 8	\$ 152,368	17.59%
2015	\$ 21,390	\$ 21,390	\$ -	\$ 160,641	13.32%
2016	\$ 21,390	\$ 21,390	\$ -	\$ 161,926	13.21%
2017	\$ 22,390	\$ 22,390	\$ -	\$ 167,221	13.39%
2018	\$ 22,174	\$ 22,174	\$ -	\$ 169,605	13.07%
2019	\$ 21,813	\$ 21,813	\$ -	\$ 170,946	12.76%
2020	\$ 24,504	\$ 24,504	\$ -	\$ 173,425	14.13%
2021	\$ 24,199	\$ 24,199	\$ -	\$ 175,790	13.77%
2022	\$ 20,941	\$ 20,941	\$ -	\$ 184,710	11.34%

(1) The actuarially determined contribution (ADC) is calculated using the January 1 valuation date as of the beginning of the fiscal year prior to the year in which contributions are reported. Therefore, the ADC for the year ended December 31, 2021 is based on the January 1, 2020 actuarial valuation.

(2) The *actual covered payroll* is based on calendar year.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS UNDER GASB 74 AND GASB 75

CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-18

MLGW OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(Thousands of Dollars)

For the fiscal year ended December 31, 2022

Total OPEB Liability

Fiscal Year Ending December 31 (1)	Beginning Total OPEB Liability	Total Service Cost	Interest	Experience (Gains)/ Losses	Assumption Changes (2)	Changes of Benefit Terms (3)	Net Benefit Payments	Ending Total OPEB Liability
2017	\$ 876,951	\$ 19,520	\$ 64,666	\$ 3,674	\$ (200,370)	\$ (61,896)	\$ (29,457)	\$ 673,088
2018	\$ 673,088	\$ 15,381	\$ 50,559	\$ (3,134)	\$ -	\$ -	\$ (28,676)	\$ 707,218
2019	\$ 707,218	\$ 15,804	\$ 53,030	\$ 15,351	\$ (46,584)	\$ -	\$ (31,916)	\$ 712,903
2020	\$ 712,903	\$ 15,401	\$ 51,713	\$ (4,090)	\$ -	\$ -	\$ (30,588)	\$ 745,339
2021	\$ 745,339	\$ 16,093	\$ 54,019	\$ 12,400	\$ 30,869	\$ -	\$ (33,268)	\$ 825,452

(1) This schedule will be expanded to include up to ten years of historical data as the data becomes available.

(2) Effective with the December 31, 2021 measurement the following assumption changes were made:

*Healthcare claims cost and trend rates were updated to reflect the most recent experience

*The discount rate approved for the December 31, 2021 measurement date was 7.00%. The discount rate for December 31, 2020 measurement date was 7.25%

(3) There have been no material changes in plan provisions.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS UNDER GASB 74 AND GASB 75

MLGW OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(Thousands of Dollars)

For the fiscal year ended December 31, 2022

Plan Fiduciary Net Position

Fiscal Year Ending December 31 (1)	Beginning Fiduciary Net Position	Employer Contribution	Employee Contribution	Investment Return	Benefit Payments	Administrative Expenses	Other Adjustments	Ending Fiduciary Net Position
2017	\$ 346,328	\$ 45,184	\$ -	\$ 57,671	\$ (28,765)	\$ (692)	\$ -	\$ 419,726
2018	\$ 419,726	\$ 48,972	\$ -	\$ (14,273)	\$ (27,876)	\$ (801)	\$ -	\$ 425,748
2019	\$ 425,748	\$ 33,949	\$ -	\$ 76,564	\$ (31,146)	\$ (770)	\$ -	\$ 504,345
2020	\$ 504,345	\$ 34,895	\$ -	\$ 84,891	\$ (29,775)	\$ (812)	\$ -	\$ 593,544
2021	\$ 593,544	\$ 37,561	\$ -	\$ 106,511	\$ (32,445)	\$ (823)	\$ -	\$ 704,348

Note: The long-term expected rate of return of 7.00% on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class pursuant to December 31, 2021.

(1) This schedule will be expanded to include up to ten years of historical data as the data becomes available.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS UNDER GASB 74 AND GASB 75
 MLGW OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 (Thousands of Dollars)

For the fiscal year ended December 31, 2022

Net OPEB Liability

Fiscal Year Ending December 31 (1)	Total OPEB Liability	Net Fiduciary Position	Net OPEB Liability	Net Fiduciary Position as % of Total OPEB Liability	Covered Payroll	Net OPEB Liability as a Percentage of Covered Payroll
2017	\$ 673,088	\$ 419,726	\$ 253,362	62.36%	\$ 167,221	151.51%
2018	\$ 707,218	\$ 425,748	\$ 281,470	60.20%	\$ 169,605	165.96%
2019	\$ 712,903	\$ 504,345	\$ 208,558	70.75%	\$ 170,946	122.00%
2020	\$ 745,339	\$ 593,544	\$ 151,795	79.63%	\$ 173,425	87.53%
2021	\$ 825,452	\$ 704,348	\$ 121,104	85.33%	\$ 175,790	68.89%

(1) This schedule will be expanded to include up to ten years of historical data as the data becomes available.

(2) The *covered payroll* represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

**SCHEDULE OF CONTRIBUTIONS UNDER GASB 74 AND GASB 75
 MLGW OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 (Thousands of Dollars)**

**CITY OF MEMPHIS, TENNESSEE
 Exhibit RSI-21**

For the fiscal year ended December 31, 2022

Schedule of Contributions

Fiscal Year Ending December 31	Actuarially Determined Contributions (1)	Contributions in Relation to the Actuarially Determined Contributions	Contribution Excess / (Deficiency)	Covered Payroll (2)	Contributions as a Percentage of Covered Payroll
2013	\$ 42,854	\$ 43,043	\$ (189)	\$ 154,759	27.81%
2014	\$ 38,386	\$ 42,100	\$ (3,714)	\$ 152,368	27.63%
2015	\$ 38,187	\$ 38,438	\$ (251)	\$ 160,641	23.93%
2016	\$ 45,289	\$ 42,496	\$ 2,793	\$ 161,926	26.24%
2017	\$ 46,978	\$ 45,184	\$ 1,794	\$ 167,221	27.02%
2018	\$ 48,270	\$ 48,972	\$ (702)	\$ 169,605	28.87%
2019	\$ 31,701	\$ 33,949	\$ (2,248)	\$ 170,946	19.86%
2020	\$ 32,111	\$ 34,895	\$ (2,784)	\$ 173,425	20.12%
2021	\$ 32,403	\$ 37,561	\$ (5,158)	\$ 175,790	21.37%
2022	\$ 31,406	\$ 38,381	\$ (6,975)	\$ 184,710	20.78%

(1) The actuarially determined contribution (ADC) is calculated using the January 1 valuation date as of the beginning of the fiscal year prior to the year in which contributions are reported. Therefore, the ADC for the year ended December 31, 2021 is based on the January 1, 2020 actuarial valuation.

(2) The *covered payroll* represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation would possibly go into the determination of the retirement benefits are included.



CITY OF MEMPHIS

T E N N E S S E E

COMBINING NONMAJOR FUNDS

SPECIAL REVENUE FUNDS

Affordable Housing - The Affordable Housing Fund accounts for property taxes collected by the City to support affordable housing activities.

American Rescue Plan Act (ARPA) - The American Rescue Plan Act funds accounts for assistance received from the Federal Government to provide relief for the negative impact of COVID-19.

Beale Street District - The Beale Street District fund accounts for the development of the Beale Street Area.

Central Business Improvement District - The Central Business Improvement District Fund accounts for the special assessments distributed to the Center City Commission.

Community Catalyst - The Community Catalyst Fund accounts for property taxes collected by the City designated to promote growth in key anchors, spur economic development, and create more positive momentum in neighborhoods throughout the City.

Drug Enforcement - The Drug Enforcement Fund accounts for confiscated funds that are restricted to the provision of drug enforcement activities.

Education - The Education Fund accounts for property taxes collected by the City and distributed to the Shelby County Board of Education.

Electronic Traffic Citation Fees - The Electronic Traffic Citation Fees Fund accounts for a fee attached to electronic citations to enhance the electronic citation systems and programs for City Court Clerk and MPD.

Fire EMS - The Fire Emergency Medical Services Fund accounts for revenue and expenditures to enhance services with the purchase of medical equipment and transportation.

Hotel / Motel Tax - The Hotel / Motel Tax Fund accounts for the proceeds of the hotel/motel occupancy tax. Funds are used to repay outstanding bond indebtedness relating to the Renasant Convention Center. Excesses are provided to the Memphis Convention and Visitors Bureau.

HUB Community Impact - The HUB Community Impact Fund accounts for financial resources to advance the quality of life and effectively end street-level homelessness by expanding the Hospitality Hub.

Metro Alarm - The Metro Alarm Fund accounts for the financial resources enforcing an ordinance to encourage proper alarm use and to reduce false alarm calls.

Miscellaneous Grants - The Miscellaneous Grants Fund accounts for several unrelated federal and state grants.

New Memphis Arena - The New Memphis Arena Fund accounts for the revenues and expenditures related to financing the construction of a sports and basketball arena, FedEx Forum.

Pre-K - The Pre-K Education Fund accounts for property taxes collected by the City designated to fund Pre-K needs-based enrollment.

2019 Sales Tax Referendum - The 2019 Sales Tax Referendum accounts for proceeds of the sales tax to restore and maintain the health care benefits for Public Safety employees and retirees.

Solid Waste Management - The Solid Waste Management Fund accounts for the revenues and expenditures related to the collection and disposal of solid waste.

State Street Aid - The State Street Aid Fund accounts for proceeds of the local share of the tax on motor fuel that is restricted to use only on street and road construction and maintenance.

Transit and Mobility - The Transit and Mobility Fund account for proceeds preserved for funding transportation and mobility operations and related capital purchases, pursuant to the Transit Vision adopted by the City of Memphis.



NONMAJOR FUNDS
 COMBINING BALANCE SHEET
 (Thousands of Dollars)
 For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
 Exhibit B-1

	Affordable Housing	American Rescue Plan Act (ARPA)	Beale Street District	Central Business Improvement District	Community Catalyst	Drug Enforcement	Education	Electronic Traffic Citation Fees	Fire EMS	Hotel/ Motel Tax
ASSETS										
Cash and cash equivalents	\$ -	\$ 79,375	\$ -	\$ -	\$ -	\$ 143	\$ -	\$ -	\$ -	\$ -
Equity in cash and investment pool	474	(26,030)	1,751	984	26	10,917	17	544	4,377	3,355
Receivables (net of allowance for uncollectibles):										
Property taxes:										
Current property taxes	-	-	-	4,280	-	-	-	-	-	-
Delinquent property taxes	8	-	-	329	9	-	-	-	-	-
Special assessments:										
Sales, income, and other taxes	-	-	-	-	-	-	-	-	-	-
Federal grants and entitlements	-	-	-	-	-	-	-	-	-	-
State grants and entitlements	-	-	-	-	-	-	-	-	-	-
Other	-	1	-	-	-	2	-	-	-	-
Due from other agencies and governments	1	1,350	-	-	1	-	-	-	-	1,957
Total assets	\$ 483	\$ 54,696	\$ 1,751	\$ 5,593	\$ 36	\$ 11,062	\$ 17	\$ 544	\$ 4,377	\$ 5,312
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 1	\$ 1,629	\$ -	\$ 792	\$ -	\$ 307	\$ 14	\$ 5	\$ 477	\$ 528
Accrued liabilities	-	-	-	-	-	-	-	-	-	-
Contract retainage	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Due to other agencies and governments	-	53,067	-	108	-	-	3	-	-	666
Unearned revenue	-	-	-	4,613	-	951	-	-	-	-
Total liabilities	1	54,696	-	5,513	-	1,258	17	5	477	1,194
Deferred Inflows:										
Uncollected property taxes	8	-	-	-	9	-	-	-	-	-
Uncollected special assessments	-	-	-	-	-	-	-	-	-	-
Total deferred inflows	8	-	-	-	9	-	-	-	-	-
Fund balances:										
Restricted	474	-	1,751	80	27	9,804	-	539	3,900	-
Committed	-	-	-	-	-	-	-	-	-	4,117
Total fund balances	474	-	1,751	80	27	9,804	-	539	3,900	4,117
Total liabilities, deferred inflows, and fund balances	\$ 483	\$ 54,696	\$ 1,751	\$ 5,593	\$ 36	\$ 11,062	\$ 17	\$ 544	\$ 4,377	\$ 5,311

NONMAJOR FUNDS
 COMBINING BALANCE SHEET
 (Thousands of Dollars)
 For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
 Exhibit B-1
 (Continued)

HUB Community Impact	Metro Alarms	Miscellaneous Grants	New Memphis Arena	Pre-K	2019 Sales Tax Referendum	Solid Waste Management	State Street Aid	Transit and Mobility Fund	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	ASSETS
450	2,994	2,035	1,361	10,608	70,797	7,310	-	3,293	79,518	Cash and cash equivalents
-	-	-	-	-	-	-	-	-	95,263	Equity in cash and investment pool
-	-	-	-	-	-	-	-	-	-	Receivables (net of allowance for uncollectibles):
-	-	-	-	-	-	-	-	-	4,280	Property taxes:
-	-	-	-	48	-	-	-	-	394	Current property taxes
-	-	-	-	-	-	-	-	-	-	Delinquent property taxes
-	-	-	-	-	6,514	-	-	-	6,514	Special assessments:
-	-	1,118	-	-	-	-	-	-	1,118	Sales, income, and other taxes
-	-	-	-	-	-	-	4,171	-	4,171	Federal grants and entitlements
-	-	5,409	-	-	-	43	-	-	5,455	State grants and entitlements
-	-	-	-	12	-	6,358	-	-	9,679	Other
-	-	-	-	-	-	-	-	-	-	Due from other agencies and governments
<u>\$ 450</u>	<u>\$ 2,994</u>	<u>\$ 8,562</u>	<u>\$ 1,361</u>	<u>\$ 10,668</u>	<u>\$ 77,311</u>	<u>\$ 13,711</u>	<u>\$ 4,171</u>	<u>\$ 3,293</u>	<u>\$ 206,392</u>	Total assets
										LIABILITIES AND FUND BALANCES
\$ 450	\$ 34	\$ 1,783	\$ -	\$ -	\$ 1,804	\$ 2,020	\$ -	\$ -	\$ 9,844	Liabilities:
-	-	-	1,250	-	-	-	-	-	1,250	Accounts payable
-	-	2	-	-	92	-	-	-	94	Accrued liabilities
-	-	-	-	-	-	5,250	4,171	-	9,421	Contract retainage
-	-	1,535	-	-	-	-	-	-	55,379	Due to other funds
-	-	5,243	-	-	-	-	-	-	10,807	Due to other agencies and governments
<u>450</u>	<u>34</u>	<u>8,563</u>	<u>1,250</u>	<u>-</u>	<u>1,896</u>	<u>7,270</u>	<u>4,171</u>	<u>-</u>	<u>86,795</u>	Total liabilities
-	-	-	-	48	-	-	-	-	65	Deferred Inflows:
-	-	-	-	-	-	39	-	-	39	Uncollected property taxes
-	-	-	-	48	-	39	-	-	104	Uncollected special assessments
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48</u>	<u>-</u>	<u>39</u>	<u>-</u>	<u>-</u>	<u>104</u>	Total deferred inflows
-	-	-	-	10,619	75,415	6,402	-	3,293	112,304	Fund balances:
-	2,960	-	112	-	-	-	-	-	7,189	Restricted
<u>-</u>	<u>2,960</u>	<u>-</u>	<u>112</u>	<u>10,619</u>	<u>75,415</u>	<u>6,402</u>	<u>-</u>	<u>3,293</u>	<u>119,493</u>	Committed
<u>\$ 450</u>	<u>\$ 2,994</u>	<u>\$ 8,563</u>	<u>\$ 1,362</u>	<u>\$ 10,667</u>	<u>\$ 77,311</u>	<u>\$ 13,711</u>	<u>\$ 4,171</u>	<u>\$ 3,293</u>	<u>\$ 206,392</u>	Total liabilities, deferred inflows, and fund balances

(Continued)

**NONMAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
(Thousands of Dollars)
For the fiscal year ended June 30, 2023**

**CITY OF MEMPHIS, TENNESSEE
Exhibit B-2**

	Affordable Housing	American Rescue Plan Act (ARPA)	Beale Street District	Central Business Improvement District	Community Catalyst	Drug Enforcement	Education	Electronic Traffic Citation Fees	Fire EMS	Hotel/ Motel Tax
REVENUES										
Local taxes:										
Property taxes	\$ 2	\$ -	\$ -	\$ 44	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ -
Special assessments - current	-	-	-	4,340	-	-	-	-	-	-
Special assessments - prior	-	-	-	46	-	-	-	-	-	-
Sales tax general	-	-	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-	-	-
Total local taxes	2	-	-	4,430	-	-	3	-	-	-
State taxes (local share):										
Gas and motor fuel tax	-	-	-	-	-	-	-	-	-	-
Gas 3 cent	-	-	-	-	-	-	-	-	-	-
Gas 1989	-	-	-	-	-	-	-	-	-	-
Gas 2017	-	-	-	-	-	-	-	-	-	-
Hotel/motel tax	-	-	-	-	-	-	-	-	-	18,902
Licenses and Permits	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	2,780	-	9	-	-
Charges for services	-	-	135	-	-	-	-	-	-	-
Investment income	8	519	-	-	-	187	-	6	-	-
Federal grants and entitlements	-	50,856	-	-	-	46	-	-	6,310	-
State grants	-	-	-	-	-	-	-	-	-	-
Other	24	638	-	-	-	155	-	-	-	-
Total revenues	34	52,013	135	4,430	-	3,168	3	15	6,310	18,902
EXPENDITURES										
General government	-	37,541	-	4,395	-	-	-	-	1,540	12,744
Public safety	-	-	-	-	-	2,390	-	12	2,220	-
Community service	10	-	-	-	97	-	-	-	-	-
Transportation & environment	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	3	-	-	-
Total expenditures	10	37,541	-	4,395	97	2,390	3	12	3,760	12,744
Revenues over (under) expenditures	24	14,472	135	35	(97)	778	-	3	2,550	6,158
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(14,471)	-	-	-	-	-	-	-	(6,633)
Total other financing sources and uses	-	(14,471)	-	-	-	-	-	-	-	(6,633)
Net change in fund balances	24	1	135	35	(97)	778	-	3	2,550	(475)
Fund balances - beginning of year	451	-	1,616	45	125	9,026	-	538	1,350	4,591
Fund balances - end of year	\$ 475	\$ 1	\$ 1,751	\$ 80	\$ 28	\$ 9,804	\$ -	\$ 541	\$ 3,900	\$ 4,116

NONMAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 (Thousands of Dollars)
 For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
 Exhibit B-2
 (Continued)

HUB Community Impact	Metro Alarm	Miscellaneous Grants	New Memphis Arena	Pre-K	2019 Sales Tax Referendum	Solid Waste Management	State Street Aid	Transit and Mobility Fund	Total	
REVENUES										
Local taxes:										
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49	Property taxes
-	-	-	-	11	-	-	-	3,293	7,644	Special assessments - current
-	-	-	-	-	-	-	-	-	46	Special assessments - prior
-	-	-	-	-	75,559	-	-	-	75,559	Sales tax general
-	-	-	2,500	-	-	73	-	-	2,573	Other local taxes
-	-	-	2,500	11	75,559	73	-	3,293	85,871	Total local taxes
State taxes (local share):										
-	-	-	-	-	-	-	10,306	-	10,306	Gas and motor fuel tax
-	-	-	-	-	-	-	3,436	-	3,436	Gas 3 cent
-	-	-	-	-	-	-	1,626	-	1,626	Gas 1989
-	-	-	-	-	-	-	5,694	-	5,694	Gas 2017
-	-	-	-	-	-	-	-	-	18,902	Hotel/motel tax
-	2,744	-	-	-	-	-	-	-	2,744	Licenses and Permits
-	-	-	-	-	-	-	-	-	2,789	Fines and forfeitures
-	-	-	-	-	-	76,703	-	-	76,838	Charges for services
-	5	-	-	265	-	203	-	-	1,193	Investment income
-	-	13,007	-	-	-	-	-	-	70,219	Federal grants and entitlements
-	-	3,854	-	-	-	-	-	-	3,854	State grants
-	-	2,318	-	-	-	24	-	-	3,159	Other
-	2,749	19,179	2,500	276	75,559	77,003	21,062	3,293	286,631	Total revenues
EXPENDITURES										
-	417	15,081	4,475	-	14,178	-	20,289	-	110,660	General government
-	-	3,908	-	-	18,933	-	-	-	27,463	Public safety
1,000	-	-	-	-	-	-	-	-	1,107	Community service
-	-	-	-	-	-	81,529	-	-	81,529	Transportation & environment
-	-	-	-	6,400	-	-	-	-	6,403	Education
1,000	417	18,989	4,475	6,400	33,111	81,529	20,289	-	227,162	Total expenditures
(1,000)	2,332	190	(1,975)	(6,124)	42,448	(4,526)	773	3,293	59,469	Revenues over (under) expenditures
OTHER FINANCING SOURCES (USES)										
1,000	-	-	-	6,000	-	-	-	-	7,000	Transfers in
-	(1,625)	(192)	-	-	(47,603)	(3,394)	(1,769)	-	(75,687)	Transfers out
1,000	(1,625)	(192)	-	6,000	(47,603)	(3,394)	(1,769)	-	(68,687)	Total other financing sources and uses
-	707	(2)	(1,975)	(124)	(5,155)	(7,920)	(996)	3,293	(9,218)	Net change in fund balances
-	2,255	-	2,086	10,744	80,570	14,318	996	-	128,711	Fund balances - beginning of year
\$ -	\$ 2,962	\$ (2)	\$ 111	\$ 10,620	\$ 75,415	\$ 6,398	\$ -	\$ 3,293	\$ 119,493	Fund balances - end of year

(Continued)

NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (WITH ANNUAL BUDGETS)
 (Thousands of Dollars)
 For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
 Exhibit B-3

	Budget Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
AFFORDABLE HOUSING				
Revenues:				
Property taxes	\$ -	\$ -	\$ 2	\$ 2
Investment income	-	-	8	8
Other	-	451	24	(427)
Total revenues	-	451	34	(417)
Expenditures:				
Community service	-	508	10	498
Total expenditures	-	508	10	498
Revenues over (under) expenditures	\$ -	\$ (57)	\$ 24	\$ 81
AMERICAN RESCUE PLAN ACT (ARPA)				
Revenues:				
Federal grants and entitlements	\$ -	\$ 58,180	\$ 50,856	\$ (7,324)
Other	-	-	1,157	1,157
Total revenues	-	58,180	52,013	(6,167)
Expenditures:				
General government	-	52,281	37,541	14,740
Total expenditures	-	52,281	37,541	14,740
Other financing sources (uses):				
Transfers out	-	(14,471)	(14,471)	-
Total other financing sources (uses)	-	(14,471)	(14,471)	-
Revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ (8,572)	\$ 1	\$ 8,573
BEALE STREET DISTRICT				
Revenues:				
Charges for services	\$ 492	\$ 492	\$ 134	\$ (358)
Total revenues	492	492	134	(358)
Revenues over (under) expenditures	\$ -	\$ (7)	\$ 134	\$ 141
CENTRAL BUSINESS IMPROVEMENT DISTRICT				
Revenues:				
Other local taxes	\$ -	\$ -	\$ 4,429	\$ 4,429
Total revenues	-	-	4,429	4,429
Expenditures:				
General government	-	-	4,395	(4,395)
Total expenditures	-	-	4,395	(4,395)
Revenues over (under) expenditures	\$ -	\$ -	\$ 34	\$ 34
COMMUNITY CATALYST				
Revenues:				
Other	\$ 401	\$ 401	\$ -	\$ (401)
Total revenues	401	401	-	(401)
Expenditures:				
Community Service	401	420	97	323
Total expenditures	401	420	97	323
Revenues over (under) expenditures	\$ -	\$ (19)	\$ (97)	\$ (78)

(Continued)

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (WITH ANNUAL BUDGETS)
(Thousands of Dollars)
For the fiscal year ended June 30, 2023**

**CITY OF MEMPHIS, TENNESSEE
Exhibit B-3
(Continued)**

	Budget Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
DRUG ENFORCEMENT				
Revenues:				
Investment income	\$ -	\$ -	\$ 186	\$ 186
Fines and forfeitures	2,370	2,370	2,781	411
Federal grants and entitlements	83	83	46	(37)
Other	508	508	155	(353)
Total revenues	<u>2,961</u>	<u>2,961</u>	<u>3,168</u>	<u>207</u>
Expenditures:				
Public safety	<u>2,960</u>	<u>4,207</u>	<u>2,389</u>	<u>1,818</u>
Total expenditures	<u>2,960</u>	<u>4,207</u>	<u>2,389</u>	<u>1,818</u>
Revenues over (under) expenditures	<u>\$ 1</u>	<u>\$ (1,246)</u>	<u>\$ 779</u>	<u>\$ 2,025</u>
EDUCATION				
Revenues:				
Investment income	\$ -	\$ -	\$ 3	\$ 3
Total revenues	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Expenditures:				
Education	<u>-</u>	<u>-</u>	<u>3</u>	<u>(3)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>3</u>	<u>(3)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ELECTRONIC TRAFFIC CITATION FEES				
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 8	\$ 8
Investment income	-	-	6	6
Total revenues	<u>-</u>	<u>-</u>	<u>14</u>	<u>14</u>
Expenditures:				
Total expenditures	<u>-</u>	<u>53</u>	<u>13</u>	<u>(40)</u>
Other financing sources (uses):				
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ (53)</u>	<u>\$ 1</u>	<u>\$ 54</u>
FIRE EMS				
Revenues:				
Federal grants and entitlements	\$ 3,437	\$ 4,542	\$ 6,309	\$ 1,767
Total revenues	<u>3,437</u>	<u>4,542</u>	<u>6,309</u>	<u>1,767</u>
Expenditures:				
Public Safety	<u>3,437</u>	<u>4,542</u>	<u>3,760</u>	<u>782</u>
Total expenditures	<u>3,437</u>	<u>4,542</u>	<u>3,760</u>	<u>782</u>
Other financing sources (uses):				
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,549</u>	<u>\$ 2,549</u>
HOTEL/MOTEL TAX				
Revenues:				
Hotel/motel tax	\$ 15,750	\$ 15,750	\$ 18,904	\$ 3,154
Total revenues	<u>15,750</u>	<u>15,750</u>	<u>18,904</u>	<u>3,154</u>
Expenditures:				
General government	<u>9,117</u>	<u>9,117</u>	<u>12,744</u>	<u>(3,627)</u>
Total expenditures	<u>9,117</u>	<u>9,117</u>	<u>12,744</u>	<u>(3,627)</u>
Other financing sources (uses):				
Transfers out	<u>(6,633)</u>	<u>(6,633)</u>	<u>(6,633)</u>	<u>-</u>
Total other financing sources (uses)	<u>(6,633)</u>	<u>(6,633)</u>	<u>(6,633)</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (473)</u>	<u>\$ (473)</u>

(Continued)

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (WITH ANNUAL BUDGETS)
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit B-3
(Continued)

	Budget Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
HUB COMMUNITY IMPACT				
Revenues:				
Other	\$ 1	\$ 1	\$ -	\$ (1)
Total revenues	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
Expenditures:				
Community Service	551	1,001	1,000	1
Total expenditures	<u>551</u>	<u>1,001</u>	<u>1,000</u>	<u>1</u>
Other financing sources (uses):				
Transfers in	550	1,000	1,000	-
Total other financing sources (uses)	<u>550</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
METRO ALARM				
Revenues:				
Licenses and permits	\$ 1,895	\$ 1,895	\$ 2,744	\$ 849
Investment income	-	-	4	4
Other	343	343	-	(343)
Total revenues	<u>2,238</u>	<u>2,238</u>	<u>2,748</u>	<u>510</u>
Expenditures:				
General government	614	615	417	198
Total expenditures	<u>614</u>	<u>615</u>	<u>417</u>	<u>198</u>
Other financing uses:				
Transfers out	(1,625)	(1,625)	(1,625)	-
Total other financing uses	<u>(1,625)</u>	<u>(1,625)</u>	<u>(1,625)</u>	<u>-</u>
Revenues over (under) expenditures and other financing uses	<u>\$ (1)</u>	<u>\$ (2)</u>	<u>\$ 706</u>	<u>\$ 708</u>
MISCELLANEOUS GRANTS				
Revenues:				
Federal grants and entitlements	\$ -	\$ -	\$ 13,008	\$ 13,008
State grants	-	-	3,854	3,854
Other	-	-	2,319	2,319
Total revenues	<u>-</u>	<u>-</u>	<u>19,181</u>	<u>19,181</u>
Expenditures:				
General government	512	7,606	15,081	(7,475)
Public Safety	-	-	3,908	(3,908)
Total expenditures	<u>512</u>	<u>7,606</u>	<u>18,989</u>	<u>(11,383)</u>
Other financing sources (uses):				
Transfers out	(191)	(191)	(192)	(1)
Total other financing sources (uses)	<u>(191)</u>	<u>(191)</u>	<u>(192)</u>	<u>(1)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ (703)</u>	<u>\$ (7,797)</u>	<u>\$ -</u>	<u>\$ 7,797</u>
NEW MEMPHIS ARENA				
Revenues:				
Other local taxes	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Expenditures:				
General government	2,500	2,500	4,475	(1,975)
Total expenditures	<u>2,500</u>	<u>2,500</u>	<u>4,475</u>	<u>(1,975)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,975)</u>	<u>\$ (1,975)</u>

(Continued)

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (WITH ANNUAL BUDGETS)
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit B-3
(Continued)

	Budget Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
PRE-K				
Revenues:				
Other local taxes	\$ -	\$ -	\$ 11	\$ 11
Investment income	-	-	265	265
Total revenues	-	-	276	276
Expenditures:				
Education	6,000	6,000	6,400	(400)
Contributed from unassigned fund balance	-	-	-	-
Total expenditures	6,000	6,000	6,400	(400)
Other financing sources (uses):				
Transfers in	6,000	6,000	6,000	-
Total other financing sources (uses)	6,000	6,000	6,000	-
Revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ (124)	\$ (124)
2019 SALES TAX REFERENDUM				
Revenues:				
Sales tax general	\$ 68,100	\$ 80,662	\$ 75,559	\$ (5,103)
Total revenues	68,100	80,662	75,559	(5,103)
Expenditures:				
General government	7,000	41,482	14,178	27,304
Public Safety	-	-	18,933	(18,933)
Total expenditures	7,000	41,482	33,111	8,371
Other financing sources (uses):				
Transfers out	(61,100)	(42,622)	(47,603)	(4,981)
Total other financing sources (uses)	(61,100)	(42,622)	(47,603)	(4,981)
Revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ (3,442)	\$ (5,155)	\$ (1,713)
SOLID WASTE MANAGEMENT				
Revenues:				
Other local taxes	\$ 100	\$ 100	\$ 73	\$ (27)
Charges for services	75,101	75,101	76,704	1,603
Investment income	53	53	206	153
Federal grants and entitlements	-	-	-	-
Other	25	7,025	24	(7,001)
Total revenues	75,279	82,279	77,007	(5,272)
Expenditures:				
Transportation and environment	72,982	81,238	81,529	(291)
Total expenditures	72,982	81,238	81,529	(291)
Other financing sources (uses):				
Transfers out	(3,394)	(3,394)	(3,394)	-
Total other financing sources (uses)	(3,394)	(3,394)	(3,394)	-
Revenues over (under) expenditures and other financing sources (uses)	\$ (1,097)	\$ (2,353)	\$ (7,916)	\$ (5,563)
STATE STREET AID				
Revenues:				
State gasoline tax (local share):				
Gas and motor fuel tax	\$ 11,860	\$ 11,860	\$ 10,306	\$ (1,554)
Gas 3 cent	3,500	3,500	3,436	(64)
Gas 1989	1,850	1,850	1,626	(224)
Gas 2017	5,900	5,900	5,694	(206)
Total revenues	23,110	23,110	21,062	(2,048)
Expenditures:				
General government	21,342	21,342	20,289	1,053
Total expenditures	21,342	21,342	20,289	1,053
Other financing uses:				
Transfers out	(1,768)	(1,768)	(1,768)	-
Total other financing uses	(1,768)	(1,768)	(1,768)	-
Revenues over (under) expenditures and other financing uses	\$ -	\$ -	\$ (995)	\$ (995)

(Continued)

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (WITH ANNUAL BUDGETS)
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit B-3
(Continued)

	Budget Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
Transit and Mobility Fund				
Revenues:				
Other local taxes	\$ -	\$ -	\$ 3,293	\$ 3,293
Total revenues	-	-	3,293	3,293
Revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ 3,293	\$ 3,293
TOTAL NONMAJOR SPECIAL REVENUE FUNDS				
Revenues:				
Local taxes:				
Property taxes	\$ -	\$ -	\$ 2	\$ 2
Sales tax general	68,100	80,662	75,559	(5,103)
Other local taxes	2,600	2,600	10,306	7,706
State taxes (local share):				
Gas and motor fuel tax	11,860	11,860	10,305	(1,555)
Gas 3 cent	3,500	3,500	3,436	(64)
Gas 1989	1,850	1,850	1,626	(224)
Gas 2017	5,900	5,900	5,695	(205)
Hotel/motel tax	15,750	15,750	18,903	3,153
Licenses and permits	1,895	1,895	2,744	849
Fines and forfeitures	2,370	2,370	2,789	419
Charges for services	75,593	75,593	76,838	1,245
Investment income	53	53	678	625
Federal grants and entitlements	3,520	62,805	70,219	7,414
State grants	-	-	3,854	3,854
Other	1,278	8,729	3,678	(5,051)
Total revenues	194,269	273,567	286,632	13,065
Expenditures:				
General government	41,085	134,943	109,120	25,823
Public safety	6,397	8,787	29,002	(20,215)
Community service	1,444	2,428	1,108	1,320
Transportation and environment	72,982	81,238	81,529	(291)
Education	6,000	6,000	6,403	(403)
Total expenditures	127,908	233,396	227,162	6,234
Other financing sources (uses)				
Transfers in	6,550	7,000	7,000	-
Transfers out	(74,711)	(70,704)	(75,687)	(4,983)
Total other financing sources (uses)	(68,161)	(63,704)	(68,687)	(4,983)
Revenues over (under) expenditures and other financing sources (uses)	\$ (1,800)	\$ (23,533)	\$ (9,217)	\$ 14,316

CITY OF MEMPHIS

T E N N E S S E E

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis.

Fleet Management Fund – Fleet Management Fund accounts for the consolidated operations and maintenance of City vehicles.

Health Insurance Fund – Health Insurance Fund accounts for the City's self insurance for health benefits for City employees, their dependents, and retirees.

Unemployment Compensation Fund – Unemployment Compensation Fund accounts for the City's self insurance for unemployment benefits that may be due for employment benefits for City employees.

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF NET POSITION
 (Thousands of Dollars)
 June 30, 2023

CITY OF MEMPHIS, TENNESSEE
 Exhibit D-1

	Fleet Management	Health Insurance	Unemployment Compensation	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 1	\$ -	\$ 1
Equity in cash and investment pool	4,585	34,218	1,537	40,340
Inventories	2,654	-	-	2,654
Total current assets	7,239	34,219	1,537	42,995
Total assets	7,239	34,219	1,537	42,995
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - OPEB	-	112	-	112
Total deferred outflows of resources	-	112	-	112
Total assets and deferred outflows of resources	7,239	34,331	1,537	43,107
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	243	(70)	17	190
Insurance claims payable	-	7,608	-	7,608
Vacation, sick and other leave benefits	-	210	-	210
Total current liabilities	243	7,748	17	8,008
Long term liabilities:				
Net OPEB liability	-	889	-	889
Total long term liabilities	-	889	-	889
Total liabilities	243	8,637	17	8,897
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - OPEB	-	69	-	69
Total deferred inflows of resources	-	69	-	69
NET POSITION				
Unrestricted (deficit)	6,996	25,625	1,520	34,141
Total net position	\$ 6,996	\$ 25,625	\$ 1,520	\$ 34,141

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit D-2

	Fleet Management	Health Insurance	Unemployment Compensation	Total
Operating revenues:				
Charges for services	\$ 34,562	\$ -	\$ -	\$ 34,562
Pharmacy Rx rebates	-	6,699	-	6,699
Employee contributions	-	15,591	-	15,591
Employer contributions	-	64,754	508	65,262
Total operating revenues	34,562	87,044	508	122,114
Operating expenses other than depreciation:				
Personnel services	-	4,865	-	4,865
Materials and supplies	16,464	8,165	-	24,629
Capital outlay	480	-	-	480
Death benefits	-	169	-	169
PCORI tax	-	25	-	25
Inventories	16,880	-	-	16,880
Claims incurred	-	66,702	133	66,835
Total operating expenses other than depreciation	33,824	79,926	133	113,883
Operating income (loss) before depreciation	738	7,118	375	8,231
Operating income (loss)	738	7,118	375	8,231
Non-operating revenues:				
Investment income	73	396	2	471
Total non-operating revenues	73	396	2	471
Income (loss) before transfers	811	7,514	377	8,702
Transfers in/(out), net	-	2,230	-	2,230
Change in net position	811	9,744	377	10,932
Total net position (deficit) - beginning of year, PY	6,185	15,881	1,143	23,209
Total net position (deficit) - end of year	\$ 6,996	\$ 25,625	\$ 1,520	\$ 34,141

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit D-3

	Fleet Management	Health Insurance	Unemployment Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 340	\$ -	\$ -	\$ 340
Receipts from other division funds	34,267	-	-	34,267
Employee contributions	-	15,591	-	15,591
Employer contributions	-	64,754	508	65,262
Pharmacy rx rebates	-	6,699	-	6,699
Payments to suppliers	(18,332)	(8,514)	17	(26,829)
Payments to employees	-	(4,973)	-	(4,973)
PCORI Taxes	-	(24)	-	(24)
Payments for inventory	(17,644)	-	-	(17,644)
Payments for death benefits	-	(169)	-	(169)
Payments for claims incurred	-	(69,674)	(133)	(69,807)
Net cash (used in) provided by operating activities	<u>(1,369)</u>	<u>3,690</u>	<u>392</u>	<u>2,713</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	-	2,230	-	2,230
Net cash provided by non-capital financing activities	<u>-</u>	<u>2,230</u>	<u>-</u>	<u>2,230</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Income earned on investments	73	396	2	471
Net cash provided by investing activities	<u>73</u>	<u>396</u>	<u>2</u>	<u>471</u>
Net increase (decrease) in cash and cash equivalents	(1,296)	6,316	391	5,411
Cash and cash equivalents, beginning of year, PY	5,881	27,903	1,146	34,930
Cash and cash equivalents, end of year	<u>\$ 4,585</u>	<u>\$ 34,219</u>	<u>\$ 1,537</u>	<u>\$ 40,341</u>
Reconciliation of operating income (loss) to net cash (used in) provided by operating activities:				
Operating income (loss)	\$ 738	\$ 7,118	\$ 375	\$ 8,231
(Increase) decrease in assets:				
Accounts receivable	45	(5)	-	40
Deferred outflows - OPEB	-	(55)	-	(55)
Inventories	(765)	-	-	(765)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(1,387)	(3,413)	17	(4,783)
Deferred inflows - OPEB	-	(37)	-	(37)
Net OPEB liability	-	82	-	82
Total adjustments	<u>(2,107)</u>	<u>(3,428)</u>	<u>17</u>	<u>(5,518)</u>
Net cash (used in) provided by operating activities	<u>\$ (1,369)</u>	<u>\$ 3,690</u>	<u>\$ 392</u>	<u>\$ 2,713</u>



CITY OF MEMPHIS

T E N N E S S E E

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. This includes pension trust and investment trust funds. Included in the Fiduciary Funds are:

Pension (and other employee benefit) Trust Funds:

City Retirement Systems Fund – Included are the retirement systems for the City of Memphis, the Library, and Memphis Light, Gas and Water.

City OPEB Fund – Included in this fund is activity for retiree benefits for post-retirement major medical and life insurance benefits, including assets held in trust for future medical claims.

Memphis Light, Gas and Water OPEB Trust Fund – Included in this fund are reserves for retiree benefits for post-retirement major medical and life insurance benefits.

Custodial Fund:

Sold Property Tax Receivables Fund – Accounts for the assets and liabilities held by the City for the purchaser of delinquent property tax receivables.

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY TRUST FUNDS (Thousands of Dollars)
 June 30, 2023

CITY OF MEMPHIS, TENNESSEE
 Exhibit E-1

	Pension Trust			City OPEB Fund	Memphis Light, Gas and Water OPEB Trust	Total Pension and OPEB Trust Funds
	City Retirement System	Library Retirement System	Memphis Light, Gas and Water Retirement System			
ASSETS						
Cash and cash equivalents	\$ 64,427	\$ (184)	\$ 22,933	\$ 1	\$ 11,288	\$ 98,465
Investments, at fair value:						
U.S. government securities - long-term	200,103	-	8,461	-	-	208,564
Common stock - domestic	763,792	-	534,679	-	239,007	1,537,478
Common stock - foreign	168,881	-	123,890	-	60,571	353,342
Corporate bonds - domestic	254,804	-	42,655	-	-	297,459
Corporate bonds - foreign	94,332	-	28,527	-	-	122,859
Mutual funds and money market funds	16,528	51,527	796	4,145	-	72,996
Government bonds - domestic	-	-	10,820	-	-	10,820
Government bonds - international	-	-	22,267	-	-	22,267
Global bond - international	-	-	39,390	-	22,071	61,461
Emerging market bonds ETF	-	-	6,806	-	-	6,806
Corporate bond mutual funds - domestic	-	-	-	-	43,464	43,464
Convertible bond mutual fund - domestic	-	-	328	-	13,745	14,073
Collateralized mortgage obligations	6,964	-	-	-	-	6,964
Asset-backed pooled securities	2,286	-	5,171	-	-	7,457
Mortgage-backed pooled securities	3,748	-	18,522	-	-	22,270
Fixed income ETF - domestic	-	-	34,909	-	-	34,909
Securitized asset fund	-	-	15,500	-	-	15,500
Investments in index funds	90,308	-	-	-	-	90,308
Investments in limited partnerships	270,178	-	-	-	-	270,178
Investments in real estate	173,490	-	290,290	-	94,745	558,525
Multi-asset - domestic	-	-	19,396	-	-	19,396
Private debt funds - domestic	-	-	13,318	-	7,556	20,874
Private equity - domestic	-	-	105,165	-	71,857	177,022
Private equity - international	-	-	18,451	-	9,885	28,336
Investments in international equity fund	419,453	-	-	-	-	419,453
Hedge funds	-	-	18,437	-	9,380	27,817
Distressed debt funds - domestic	-	-	49,924	-	15,959	65,883
Distressed debt funds - international	-	-	39,084	-	17,102	56,186
Life Settlement fund	-	-	77,171	-	16,768	93,939
Investments in short sales & written options	(31,473)	-	-	-	-	(31,473)
Total investments	2,433,394	51,527	1,523,957	4,145	622,110	4,635,133
Equity in cash and investment pool	2,768	-	-	7,736	-	10,504
Interest and dividend receivables	7,899	49	3,194	5	1,129	12,276
Receivable for securities sold	351,483	-	3,602	-	5,354	360,439
Employer and employee contributions receivable	2,879	-	842	-	830	4,551
Other Receivables	142	-	-	-	-	142
Collateral held in trust for securities on loan	55,796	-	35,968	-	245	92,009
Total assets	2,918,788	51,392	1,590,496	11,887	640,956	5,213,519
LIABILITIES						
Accounts payable and other	425,821	-	1,567	894	831	429,113
Payable for securities purchased	-	-	870	-	4,990	5,860
Collateral subject to return to borrowers	55,796	-	35,968	-	245	92,009
Total liabilities	481,617	-	38,405	894	6,066	526,982
NET POSITION						
Restricted for pension benefits, pool participants and OPEB	\$ 2,437,171	\$ 51,392	\$ 1,552,091	\$ 10,993	\$ 634,890	\$ 4,686,537

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY TRUST FUNDS (Thousands of Dollars)
 For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
 Exhibit E-2

	Pension Trust					
	City Retirement System	Library Retirement System	Memphis Light, Gas and Water Retirement System	City OPEB Fund	Memphis Light, Gas and Water OPEB Trust	Total Pension and OPEB Trust Funds
ADDITIONS						
Contributions:						
Employer	\$ 54,860	\$ 105	\$ 20,941	\$ 16,394	\$ 38,381	\$ 130,681
Plan members	19,737	105	14,657	3,967	-	38,466
Total contributions	74,597	210	35,598	20,361	38,381	169,147
Transfer from other fund	1,846	939	-	7,273	-	10,058
Pharmacy rebate	-	-	-	1,085	-	1,085
Investment income:						
Interest and dividend income	51,819	1,425	17,338	87	10,332	81,001
Securities lending income	250	-	186	-	6	442
Other investment income	4	-	53	-	117	174
Gain on real estate investments	14,961	-	4,922	-	1,107	20,990
Net appreciation in the fair value of	125,014	3,084	(219,604)	305	(82,847)	(174,048)
Less investment expenses	(15,658)	-	(3,784)	-	(2,307)	(21,749)
Net investment income	176,390	4,509	(200,889)	392	(73,592)	(93,190)
Total additions	252,833	5,658	(165,291)	29,111	(35,211)	87,100
DEDUCTIONS						
Benefits	191,054	4,375	118,654	15,970	33,805	363,858
Administrative expenses	8,339	99	886	8,676	442	18,442
Refunds of contributions	14,422	-	6,978	-	-	21,400
Total deductions	213,815	4,474	126,518	24,646	34,247	403,700
Net increase / decrease	39,018	1,184	(291,809)	4,465	(69,458)	(316,600)
Net position - beginning of year	2,398,153	50,208	1,843,900	6,528	704,348	5,003,137
Net position - end of year	\$ 2,437,171	\$ 51,392	\$ 1,552,091	\$ 10,993	\$ 634,890	\$ 4,686,537

See accompanying notes to financial statements.

FINANCIAL SECTION

CITY OF MEMPHIS

T E N N E S S E E

SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY
SCHEDULES

ALL FUNDS
 COMBINED SCHEDULE OF DELINQUENT
 PROPERTY TAXES RECEIVABLE
 (Thousands of Dollars)
 June 30, 2023

CITY OF MEMPHIS, TENNESSEE
 Exhibit F-1

Tax Year	General	Debt Service	Capital Projects	CBID	Pre-K	Community Catalyst	Affordable Housing	Total
2013	898	328	1	-	-	-	-	1,227
2014	789	351	1	-	-	-	-	1,141
2015	1,078	482	2	-	-	-	-	1,562
2016	1,123	501	2	-	-	-	-	1,626
2017	1,294	583	2	-	-	-	-	1,879
2018	1,511	689	2	-	8	-	-	2,210
2019	1,899	854	7	-	8	-	-	2,768
2020	2,706	1,220	10	-	13	10	9	3,968
2021	4,427	2,008	20	-	22	-	-	6,477
2022	8,295	4,492	43	329	-	-	-	13,159
Total delinquent property taxes receivable	24,020	11,508	90	329	50	10	9	36,016
Allowance for uncollectibles	1,133	466	4	-	2	1	1	1,607
Net delinquent property taxes receivable	\$ 22,887	11,042	86	329	48	9	8	34,409
Total tax, net of allowance								\$ 34,409

(1) During fiscal year 2023, \$4,203 of delinquent taxes and late fees incurred were submitted to Chancery Court for further collections.

CITY OF MEMPHIS, TENNESSEE
Exhibit F-2

SCHEDULE OF REVENUE DEBT BY ISSUE
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

Description	Interest Rates	Date of Issue	Date of Final Maturity	Original Issue	Redemptions	Principal Amount Outstanding June 30, 2023	Interest to Maturity as of June 30, 2023
REVENUE BONDS PAYABLE (Business-Type Activities)							
Sanitary Sewerage System Revenue Refunding Bonds, Series 2014	3.00-4.00	Jul. 01, 2014	Jul. 01, 2025	18,930	12,500	6,430	293
Sanitary Sewerage System Revenue Refunding Bonds, Series 2018	4.00-5.00	Nov. 01, 2018	Oct. 01, 2043	69,480	10,325	59,155	24,304
Federal WIFIA Sewer Loan, Series 2020A	1.39	Jan. 01, 2021	Apr. 01, 2056	64,590	-	64,590	23,157
Sanitary Sewerage System Revenue Refunding Bonds, Series 2020B	5.00	Oct. 15, 2020	Oct. 01, 2045	123,535	9,240	114,295	72,657
Storm Water Revenue Bond, Series 2019	5.00	Nov. 13, 2019	Oct. 01, 2044	35,830	2,330	33,500	21,732
Total Revenue Bonds Payable (Business-Type Activities)				312,365	34,395	277,970	142,143
SEWER STATE LOANS (Business-Type Activities)							
TN Sewer State Loan SRF 06-195	2.59	Jul. 19, 2013	Jul. 20, 2033	3,989	1,722	2,267	311
TN Sewer State Loan SRF 13-309	0.75	Mar. 20, 2018	Feb. 20, 2038	11,602	2,813	8,789	548
TN Sewer State Loan SRF 13-311	0.75	Mar. 20, 2020	Feb. 20, 2040	100,000	15,156	84,844	6,020
TN Sewer State Loan SRF 15-355	0.75	Dec. 20, 2015	Mar. 20, 2041	25,000	2,629	22,371	1,692
TN Sewer State Loan SRF 18-409	0.81	Nov. 19, 2020	Nov. 20, 2040	11,000	1,242	9,758	778
TN Sewer State Loan SRF 19-421	1.20	Oct. 20, 2020	Oct. 20, 2040	6,500	771	5,729	660
TN Sewer State Loan SRF 19-434	0.47	Jun. 20, 2018	Jun. 20, 2038	48,000	-	48,000	-
TN Sewer State Loan SRF 19-451	0.61	Jun. 20, 2022	Jul. 20, 2022	15,000	-	15,000	-
Total Sewer State Loans (Business-Type Activities)				221,091	24,333	196,758	10,009
REVENUE BONDS PAYABLE (Memphis Light Gas & Water) (1)							
Electric System Revenue Bonds, Series 2014	2.00-5.00	Jun. 03, 2014	Dec. 01, 2029	70,000	44,395	25,605	4,633
Electric System Revenue Bonds, Series 2016	3.00-5.00	Sep. 01, 2016	Dec. 01, 2036	40,000	8,420	31,580	11,136
Electric System Revenue Bonds, Series 2017	3.00-5.00	Sep. 01, 2017	Dec. 01, 2037	90,000	15,450	74,550	25,342
Electric System Revenue Bonds, Series 2020A	3.00-5.00	Sep. 22, 2020	Dec. 01, 2050	148,000	5,100	142,900	92,822
Electric System Revenue Bonds, Series 2020B	0.43-1.97	Sep. 22, 2020	Sep. 01, 2034	29,000	895	28,105	4,733
Gas System Revenue Bonds, Series 2016	3.00-5.00	Sep. 01, 2016	Dec. 01, 2036	40,000	8,420	31,580	11,136
Gas System Revenue Bonds, Series 2017	3.00-5.00	Sep. 28, 2017	Dec. 01, 2037	63,000	6,770	56,230	12,930
Gas System Revenue Bonds, Series 2020	3.00-5.00	Sep. 22, 2020	Dec. 01, 2050	2,170	2,170	60,830	39,513
Water System Revenue Bonds, Series 2014	2.00-5.00	June 3, 2014	Dec. 01, 2034	15,000	4,820	10,180	2,718
Water System Revenue Bonds, Series 2016	2.00-4.00	Sep. 01, 2016	Dec. 01, 2036	30,000	7,195	22,805	5,844
Water System Revenue Bonds, Series 2017	2.00-5.00	Sep. 28, 2017	Dec. 01, 2037	25,000	4,600	20,400	6,712
Water System Revenue Bonds, Series 2020	3.00-5.00	Sep. 22, 2020	Dec. 01, 2050	68,000	2,365	65,635	40,476
Total Revenue Bonds Payable (Memphis Light Gas & Water)				658,000	110,600	547,400	257,995
Total Revenue Debt Payable				\$ 1,191,456	169,328	1,022,128	410,147

(1) All Memphis Light Gas Water bonds reflect amounts outstanding at December 31, 2022.

SCHEDULE OF GENERAL OBLIGATION DEBT PAYABLE BY ISSUE
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit F-3

Description	Interest Rates	Date of Issue	Date of Final Maturity	Original Issue	Redemption	Principal Amount Outstanding June 30, 2023	Interest to Maturity as of June 30, 2023
GENERAL OBLIGATION							
General Obligation Bonds Direct Placement Refunding (2022REF)	3.750-4.270	Jul. 13, 2022	Apr. 01, 2040	167,555	-	167,555	58,688
General Improvement Bonds Series 2022-A	5.000	Jul. 07, 2022	Oct. 01, 2045	138,010	-	138,010	108,014
General Improvement Bonds, Series 2021A	2.460-4.000	Jul. 01, 2021	Apr. 01, 2046	163,772	-	163,772	63,218
General Improvement Bonds, Series 2021 (GORE)	4.000- 5.000	Aug. 05, 2021	May 01, 2046	165,680	500	165,180	84,680
General Improvement Bonds, Series 2020A	5.000	Nov. 18, 2020	Dec. 01, 2030	24,470	3,970	20,500	4,370
General Improvement Refunding Bonds, Series 2020	4.000- 5.000	Apr. 29, 2020	May 1, 2045	214,675	65,580	149,095	68,011
General Improvement Bonds, Series 2018	3.450- 5.000	May. 01, 2018	Jul. 01, 2048	309,255	28,920	280,335	158,948
General Improvement Refunding Bonds, Series 2016	2.500- 5.000	Jun. 30, 2016	May 01, 2041	69,885	13,670	56,215	19,976
General Improvement Refunding Bonds, Series 2015C	5.000	May 19, 2015	Apr. 01, 2045	67,845	45,090	22,755	22,866
General Improvement Refunding Bonds, Series 2015B (Taxable)	2.698- 2.948	May 19, 2015	Apr. 01, 2025	54,390	9,300	45,090	2,249
General Improvement Refunding Bonds, Series 2015A	5.000	May 19, 2015	Apr. 01, 2026	76,820	-	76,820	10,327
General Improvement Refunding Bonds, Series 2014B	5.000	Mar. 25, 2014	Apr. 01, 2044	208,230	151,215	57,015	44,340
General Improvement Refunding Bonds, Series 2014A	5.000	Mar. 25, 2014	Nov. 01, 2025	103,955	64,820	39,135	2,015
General Improvement and Refunding Bonds, Series 2012B	3.350- 3.700	Mar. 29, 2012	Apr. 01, 2024	5,145	4,760	385	14
General Improvement and Refunding Bonds, Series 2012A	3.250 - 4.125	Mar. 29, 2012	Apr. 01, 2042	93,595	83,420	10,175	4,629
General Improvement Bonds, Series 2010F (RZEDB)	6.042	Jun. 29, 2010	Jul. 01, 2034	11,160	-	11,160	7,423
General Improvement Bonds, Series 2010C (BABs)	4.706 - 5.942	Jun. 29, 2010	Jul. 01, 2032	62,550	14,980	47,570	14,505
General Improvement Bonds, Series 2010B (BABs)	5.415 - 6.145	May 04, 2010	May 01, 2030	39,950	7,465	32,485	8,056
Total General Obligation Bonds Payable				1,976,942	493,690	1,483,252	682,329
COMMERCIAL PAPER							
Commercial Paper	variable	Oct. 01, 2018	Oct. 04, 2023	150,000	100,000	50,000	-
Total Commercial Paper				150,000	100,000	50,000	-
SETTLEMENT OBLIGATION							
Settlement Obligation	-	Jan. 30, 2015	Feb. 15, 2031	20,000	10,667	9,333	-
Total Settlement Obligation				20,000	10,667	9,333	-
Total General Obligation Debt Payable				\$ 2,146,942	604,357	1,542,585	682,329

SCHEDULE OF GENERAL OBLIGATION DEBT - BY USE
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit F-4

Use	Balance Outstanding At Year End
GENERAL OBLIGATION BONDS	
General Improvement	\$ 1,483,252
Bond Premiums	<u>85,977</u>
Total general obligation bonds	1,569,229
TOTAL GENERAL OBLIGATION DEBT	\$ <u><u>1,569,229</u></u>

SCHEDULE OF CAPITAL LEASES PAYABLE BY ISSUE
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit F-5

Description	Interest Rates	Date of Issue	Date of Final Maturity	Original Issue	Redemptions	Principal Amount Outstanding June 30, 2023	Interest to Maturity as of June 30, 2023
CAPITAL LEASES							
Sports Facility Revenue Bonds, Series 2014A	2.000% - 5.000%	Mar. 28, 2014	Feb. 01, 2029	17,925	8,005	9,920	1,624
Sports Facility Revenue Bonds, Series 2014B	1.900% - 4.970%	Mar. 28, 2014	Feb. 01, 2030	5,720	3,365	2,355	457
Solid Waste 2019	2.1730%	Aug. 23, 2019	Aug. 23, 2024	8,000	5,509	2,491	54
Fire Lease 2019	2.6500%	Apr. 18, 2019	Oct. 18, 2024	1,184	774	410	11
119 South Main Street	0.3147%	Jul. 01, 2021	Jun. 30, 2025	1,243	737	506	1
2129 Troyer Street Bldg 249	0.5773%	Sep. 01, 2021	Jun. 30, 2027	222	81	141	1
2714 Union Ave - Suite #100	0.3147%	Jul. 01, 2021	Jun. 30, 2024	136	109	27	-
2714 Union Ave - Suite #600, #610, #700, #625	0.3147%	Jul. 01, 2021	Jun. 30, 2024	562	453	109	-
2714 Union Extended Building - Suite #400	0.2177%	Jul. 05, 2021	Jun. 30, 2024	289	277	12	-
3657 Old Gatewell Road	0.8333%	Jul. 01, 2021	Jun. 30, 2029	3,367	837	2,530	57
Farrisview Industrial Park	0.2177%	Jul. 01, 2021	Jun. 30, 2024	101	86	15	-
Memphis Depot Business Park	0.3147%	Jul. 01, 2021	Jun. 30, 2024	456	364	92	-
Pidgeon Industrial Park	1.4270%	Jul. 01, 2021	Jun. 30, 2037	1,217	145	1,072	118
Universal Life Building	0.9670%	Jul. 01, 2021	Jun. 30, 2029	820	193	627	19
Conduent's eTims System	1.7103%	Jul. 01, 2022	Nov. 30, 2024	2,559	2,193	366	2
Research Institute	2.1843%	Jul. 01, 2022	Mar. 08, 2025	2,730	2,721	9	-
Total Capital Leases Payable				46,531	25,848	20,683	2,346

SCHEDULE OF GUARANTEE OBLIGATIONS PAYABLE BY ISSUE
 (Thousands of Dollars)
 For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
 Exhibit F-6

Description	Interest Rates	Date of Issue	Date of Final Maturity	Original Issue	Redemptions	Principal Amount Outstanding June 30, 2023	Interest to Maturity as of June 30, 2023
GUARANTEE OBLIGATIONS							
For General Purposes:							
Qualified Energy Conservation Bonds, Series 2015A	3.720%	Feb. 28, 2015	Jan. 05, 2025	\$ 8,316	6,653	1,663	93
Qualified Energy Conservation Bonds, Series 2015B	3.910%	Apr. 29, 2015	Jan. 05, 2025	2,015	1,813	202	8
Qualified Energy Conservation Bonds, Series 2015C	3.910%	Apr. 29, 2015	Jan. 05, 2025	340	306	34	1
Economic Development Growth Engine (EDGE)- 2021	5.000%	Jun. 01, 2017	Dec. 01, 2051	69,635	-	69,635	33,636
EDGE Port Comm Revenue Refunding Bond, Series 2022 (2022REF)	2.960%	Jun. 15, 2022	Apr. 01, 2036	14,468	928	13,540	3,014
Economic Development Growth Engine Bonds, Series 2017B	0.453% - 3.127%	Jul. 01, 2021	Nov. 01, 2030	87,725	-	87,725	21,284
Economic Development Growth Engine Bonds, Series 2017C	2.358%-2.931%	Jun. 01, 2017	Nov. 01, 2024	34,300	19,175	15,125	337
				<u>\$ 216,799</u>	<u>28,875</u>	<u>187,924</u>	<u>58,373</u>

**LONG TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
GOVERNMENTAL DEBT PAYABLE
(Thousands of Dollars)
For the fiscal year ended June 30, 2023**

**CITY OF MEMPHIS, TENNESSEE
Exhibit F-8**

Year Ending June 30	General Obligation Bonds		Settlement Obligation		Total
	Principal	Interest	Principal	Interest	
2024	95,615	56,975	1,333	-	153,923
2025	95,520	51,835	1,333	-	148,688
2026	99,080	47,652	1,333	-	148,065
2027	54,306	45,027	1,333	-	100,666
2028	56,570	42,524	1,333	-	100,427
2029	58,936	39,890	1,333	-	100,159
2030	61,434	37,132	1,335	-	99,901
2031	58,489	34,379	-	-	92,868
2032	57,696	33,906	-	-	91,602
2033	59,345	32,147	-	-	91,492
2034	60,717	30,331	-	-	91,048
2035	62,390	28,509	-	-	90,899
2036	58,217	26,837	-	-	85,054
2037	55,184	25,267	-	-	80,451
2038	56,647	23,807	-	-	80,454
2039	58,262	22,194	-	-	80,456
2040	59,935	20,507	-	-	80,442
2041	61,862	18,717	-	-	80,579
2042	59,757	16,582	-	-	76,339
2043	61,073	14,481	-	-	75,554
2044	59,787	12,306	-	-	72,093
2045	48,813	10,161	-	-	58,974
2046	36,467	8,503	-	-	44,970
2047	23,060	1,844	-	-	24,904
2048	24,090	816	-	-	24,906
	\$ 1,483,252	\$ 682,329	\$ 9,333	\$ -	\$ 2,174,914

SCHEDULE OF INTERFUND BALANCES
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit F-9

	<u>Primary Government</u>		
	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Debt Service</u>	<u>Total Payables - Reporting Entity</u>
GOVERNMENTAL FUND TYPES			
Special Revenue:			
State Street Aid	3,876	295	4,171
Solid Waste Management	5,250	-	5,250
	<u>9,126</u>	<u>295</u>	<u>9,421</u>
Total receivables - primary government	<u>9,126</u>	<u>295</u>	<u>9,421</u>
Total receivables - reporting entity	<u>\$ 9,126</u>	<u>\$ 295</u>	<u>\$ 9,421</u>

Interfund transfers are attributable to the budgeted allocation of resources from one fund to another, primarily for debt service requirements, operating subsidies and/or the funding of capital items.

SCHEDULE OF INTERFUND TRANSFERS
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit F-10

	Primary Government										
	Governmental Fund Types							Fiduciary Funds			
	General Fund	Debt Service	Capital Projects	Nonmajor Special Revenue HUB		Internal Service		City Retirement System	Library Retirement System	OPEB Trust Fund	Total Transfers-Out
				Community Impact Fund	Pre-K Fund	Healthcare Fund					
General Fund	\$ -	\$ -	\$ 26,000	\$ 1,000	\$ -	\$ -	\$ 939	\$ -	\$ -	\$ 27,939	
Special Revenue:											
State Street Aid	-	1,768	-	-	-	-	-	-	-	1,768	
Miscellaneous Grants	-	192	-	-	-	-	-	-	-	192	
American Rescue Plan Act	-	-	14,471	-	-	-	-	-	-	14,471	
Solid Waste	750	2,645	-	-	-	-	-	-	-	3,395	
Hotel/Motel Tax	-	6,633	-	-	-	-	-	-	-	6,633	
Metro Alarm	1,625	-	-	-	-	-	-	-	-	1,625	
2019 Sales Tax Referendum	27,900	-	2,354	-	6,000	2,230	1,846	-	7,273	47,603	
Total Governmental Fund Types	30,275	11,238	42,825	1,000	6,000	2,230	1,846	939	7,273	103,626	
PROPRIETARY FUND TYPES											
Enterprise:											
Sewer Collection and Treatment	12,226	-	-	-	-	-	-	-	-	12,226	
Memphis Light, Gas and Water	60,543	-	-	-	-	-	-	-	-	60,543	
Storm Water	106	-	-	-	-	-	-	-	-	106	
Total Proprietary Fund Types	72,875	-	-	-	-	-	-	-	-	72,875	
Total Transfers-In	\$ 103,150	\$ 11,238	\$ 42,825	\$ 1,000	\$ 6,000	\$ 2,230	\$ 1,846	\$ 939	\$ 7,273	\$ 176,501	

NOTE: Any differences in the transfers between City of Memphis and Memphis Light, Gas & Water is due to changes in PILOT agreements and/or the timing of fiscal year-end reporting.

COMBINED SCHEDULE OF DEPOSITS AND INVESTMENTS
HELD OUTSIDE OF THE CASH AND INVESTMENT POOL - CARRYING AMOUNT
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

	Governmental Fund Types				Proprietary Funds				Internal Service Funds		Fiduciary Fund Types					
											Trust and Agency					
	General	Debt Service	Special Revenue	Community Development	Capital Projects	Sewer	Storm Water	MLGW	Internal Service Funds	Total	City Retirement System	Library Retirement System	MLGW Retirement System	City OPEB Trust	Memphis Light, Gas and Water OPEB Trust	Total
Deposits:																
Cash and cash equivalents ⁽¹⁾	\$ 46	\$ 8,852	\$ 79,518	\$ 8,911	\$ 159,862	\$ 40,517	\$ 26,317	\$ 606,385	\$ 1	\$ 930,409	\$ 64,427	\$ (184)	\$ 22,933	\$ 1	\$ 11,288	\$ 98,465
Total deposits	46	8,852	79,518	8,911	159,862	40,517	26,317	606,385	1	930,409	64,427	(184)	22,933	1	11,288	98,465
Investments:																
U.S. government securities - long-term	-	-	-	-	-	20,567	-	-	-	20,567	200,103	-	8,461	-	-	208,564
Common stock - domestic	-	-	-	-	-	-	-	-	-	-	763,792	-	534,679	-	239,007	1,537,478
Common stock - foreign	-	-	-	-	-	-	-	-	-	-	168,881	-	123,890	-	60,571	353,342
Corporate bonds - domestic	-	-	-	-	-	-	-	-	-	-	254,804	-	42,655	-	-	297,459
Corporate bonds - foreign	-	-	-	-	-	-	-	-	-	-	94,332	-	28,527	-	-	122,859
Mutual funds and money market funds	-	-	-	-	-	505	2,624	-	-	3,129	16,528	51,527	796	4,145	-	72,996
Government bonds - domestic	-	-	-	-	-	-	-	-	-	-	10,820	-	10,820	-	-	10,820
Government bonds - international	-	-	-	-	-	-	-	-	-	-	22,267	-	22,267	-	-	22,267
Global bond - international	-	-	-	-	-	-	-	-	-	-	39,390	-	39,390	-	-	61,461
Global government agencies	-	-	-	-	-	-	-	-	-	-	6,806	-	6,806	-	-	6,806
Corporate bond mutual funds - domestic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,464	43,464
Convertible - international	-	-	-	-	-	-	-	-	-	-	6,964	328	-	-	13,745	14,073
Collateralized mortgage obligations	-	-	-	-	-	-	-	-	-	-	2,286	-	5,171	-	-	6,964
Asset-backed pooled securities	-	-	-	-	-	-	-	-	-	-	3,748	-	18,522	-	-	22,270
Mortgage-backed pooled securities	-	-	-	-	-	-	-	-	-	-	-	-	34,909	-	-	34,909
Fixed income ETF - domestic	-	-	-	-	-	-	-	-	-	-	-	-	15,500	-	-	15,500
Securitized asset fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments in index funds	-	-	-	-	-	-	-	-	-	-	90,308	-	-	-	-	90,308
Investments in limited partnerships	-	-	-	-	-	-	-	-	-	-	270,178	-	-	-	-	270,178
Investments in real estate	-	-	-	-	-	-	-	-	-	-	173,490	-	-	-	-	173,490
Multi-asset - domestic	-	-	-	-	-	-	-	-	-	-	-	-	290,290	-	94,745	558,525
Private debt funds - domestic	-	-	-	-	-	-	-	-	-	-	-	-	19,396	-	19,396	
Private equity - domestic	-	-	-	-	-	-	-	-	-	-	-	-	13,318	-	13,318	
Private equity - international	-	-	-	-	-	-	-	-	-	-	-	-	105,165	-	105,165	
Investments in international equity fund	-	-	-	-	-	-	-	-	-	-	-	-	18,451	-	18,451	
Hedge funds	-	-	-	-	-	-	-	-	-	-	419,453	-	-	-	-	419,453
Distressed debt funds - domestic	-	-	-	-	-	-	-	-	-	-	-	-	18,437	-	18,437	
Distressed debt funds - international	-	-	-	-	-	-	-	-	-	-	-	-	49,924	-	49,924	
State of TN Local Gov't Investment Pool	-	-	-	-	549	-	-	-	-	-	-	-	39,084	-	17,102	56,186
Commercial paper	-	-	-	-	35,362	-	-	68,700	-	69,249	-	-	-	-	-	134,949
U.S. Treasuries	-	-	-	-	(87,477)	-	-	(87,477)	-	35,362	-	-	-	-	-	-
Federal agency (Fixed Rate)	-	-	-	-	189,422	-	-	(87,477)	-	(87,477)	-	-	-	-	-	-
Federal agency (Callable)	-	-	-	-	39,074	-	-	189,422	-	189,422	-	-	-	-	-	-
Certificates of Deposit	-	-	-	-	1,000	1,000	-	39,074	-	39,074	-	-	-	-	-	-
Life settlement fund	-	-	-	-	-	-	-	1,000	-	1,000	-	-	-	-	-	-
Investment short sales & written options	-	-	-	-	-	-	-	-	-	-	(31,473)	-	-	-	-	(31,473)
Total investments	-	-	-	-	35,911	22,072	2,624	209,719	-	270,326	2,433,394	51,527	1,523,957	4,145	622,110	4,635,133
Total deposits and investments	46	8,852	79,518	8,911	195,773	62,589	28,941	816,104	1	1,200,735	2,497,821	51,343	1,546,890	4,146	633,398	4,733,598

⁽¹⁾ Cash and cash equivalents includes restricted cash.

**SCHEDULE OF ADDITIONS AND RETIREMENTS
TO UTILITY PLANT
(Thousands of Dollars)
For the fiscal year ended June 30, 2023**

**CITY OF MEMPHIS, TENNESSEE
Exhibit F-12**

MEMPHIS LIGHT, GAS AND WATER DIVISION ¹

	<u>Balance January 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance December 31, 2022</u>
Electric Division	\$ 2,092,919	\$ 150,032	\$ (85,736)	\$ -	\$ 2,157,215
Accumulated depreciation					(976,296)
Gas Division	795,340	37,177	(27,278)	-	805,239
Accumulated depreciation					(411,603)
Water Division	595,771	37,082	(13,924)	-	618,929
Accumulated depreciation					(241,168)
Total	<u>\$ 3,484,030</u>	<u>\$ 224,291</u>	<u>\$ (126,938)</u>	<u>\$ -</u>	<u>\$ 1,952,316</u>

SEWER COLLECTION AND TREATMENT FUND ²

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2023</u>
Land and buildings	\$ 119,275	\$ -	\$ -	\$ -	\$ 119,275
Accumulated depreciation					(94,713)
Improvements other than buildings	760,956	5,731	(1,836)	-	764,851
Accumulated depreciation					(360,153)
Machinery and equipment	48,039	9,523	(126)	(31)	57,405
Accumulated depreciation					(39,448)
Construction work in progress	423,881	99,209	(12,630)	-	510,460
	<u>\$ 1,352,151</u>	<u>\$ 114,463</u>	<u>\$ (14,592)</u>	<u>\$ (31)</u>	<u>\$ 957,677</u>

¹ MLGW is presented for the year ended December 31.

² Sewer Collection and Treatment Fund is presented for the year ended June 30.

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
EXHIBIT F-13

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Local taxes	\$ 142,002	\$ 142,002	\$ 143,616	\$ 1,614
State taxes (local share)	7,000	7,000	15,326	8,326
Investment income	201	201	5,048	4,847
Federal grants	1,968	1,968	1,932	(36)
Other	319,968	319,968	319,758	(210)
Total revenues	<u>471,139</u>	<u>471,139</u>	<u>485,680</u>	<u>14,541</u>
EXPENDITURES				
Redemption of serial bonds and notes	106,681	106,681	106,869	(188)
Interest	70,389	70,389	65,670	4,719
Other	2,713	2,713	2,473	240
Total expenditures	<u>179,783</u>	<u>179,783</u>	<u>175,012</u>	<u>4,771</u>
Revenues over (under) expenditures	<u>291,356</u>	<u>291,356</u>	<u>310,668</u>	<u>19,312</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	11,238	11,238	11,238	-
Retirement of general obligation bonds	(316,969)	(316,969)	(316,970)	(1)
Prior Year Expense	-	-	1,097	1,097
Contributed From Fund Balance	14,194	14,194	-	(14,194)
Total other financing sources and uses	<u>(291,537)</u>	<u>(291,537)</u>	<u>(304,635)</u>	<u>(13,098)</u>
Net change in fund balances	<u>\$ (181)</u>	<u>\$ (181)</u>	<u>\$ 6,033</u>	<u>\$ 6,214</u>
Fund balance - beginning of year			64,087	
Fund balance - end of year			<u>\$ 70,119</u>	

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL ON BASIS OF BUDGETING
(Thousands of Dollars)
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit F-14

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local taxes	\$ 489,765	\$ 489,765	\$ 514,389	\$ 24,624
State taxes (local share)	71,685	71,685	79,338	7,653
Licenses and permits	14,006	14,006	13,136	(870)
Fines and forfeitures	11,589	11,589	10,236	(1,353)
Charges for services	39,345	41,706	48,003	6,297
Investment income	735	735	4,174	3,439
Federal grants	9,500	10,049	3,714	(6,334)
Intergovernmental revenues	4,297	4,297	4,048	(249)
Other	9,349	11,309	13,763	2,454
Total revenues	<u>650,271</u>	<u>655,141</u>	<u>690,801</u>	<u>35,660</u>
EXPENDITURES				
General government	184,066	196,059	178,986	17,073
Public safety	479,034	492,423	495,535	(3,112)
Community services	67,619	72,299	68,869	3,430
Transportation and environment	17,897	20,295	19,668	627
Total expenditures	<u>748,616</u>	<u>781,076</u>	<u>763,058</u>	<u>18,018</u>
Revenues over expenditures	<u>(98,345)</u>	<u>(125,935)</u>	<u>(72,257)</u>	<u>53,678</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	54	54
Transfers in	100,593	100,593	103,150	2,557
Transfers out	<u>(1,489)</u>	<u>(27,939)</u>	<u>(27,939)</u>	<u>-</u>
Total other financing sources and uses	<u>99,104</u>	<u>72,654</u>	<u>75,265</u>	<u>2,611</u>
Net change in fund balances (budgetary basis)	<u>\$ 759</u>	<u>\$ (53,281)</u>	<u>\$ 3,008</u>	<u>\$ 56,289</u>
Adjustment for encumbrances - prior year			(16,202)	
Adjustment for encumbrances - current year			12,923	
Revenues over expenditures (GAAP basis)			<u>\$ (271)</u>	
Fund balance - beginning			<u>207,922</u>	
Fund balance - ending			<u>\$ 207,651</u>	
Reconciliation from Cash Basis to Modified Accrual Fund Balance (Modified Accrual)			<u>6,974</u>	
			<u>\$ 214,625</u>	

See accompanying notes to financial statements.

CITY OF MEMPHIS

T E N N E S S E E

The statistical section provides additional historical perspective, context, and detail to assist in assessing the City's economic condition. The statistical section is presented in the following five categories:

Financial Trends Information assists in understanding and assessing how the City's financial position has changed over time.

Revenue Capacity Information assists in understanding and assessing the factors affecting the City's ability to generate its own-source revenues.

Debt Capacity Information assists in understanding and assessing the City's debt burden and its ability to issue additional debt.

Demographic and Economic Information assists in understanding the City's socioeconomic status and provides information that facilitates comparisons of financial statement information over time and among governments.

Operating Information provides contextual information about the City's operations and resources in order to assist readers in using the financial statement information in understanding and assessing the City's economic condition.

CITY OF MEMPHIS, TENNESSEE
EXHIBIT X-1

NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Thousands of Dollars)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investments in capital assets	\$ 121,045	\$ 2,611,833	\$ 293,259	\$ 304,799	\$ 340,474	\$ 225,370	\$ 343,085	\$ 244,190	\$ 1,388,684	\$ 1,801,003
Restricted for:										
Debt service	50,603	52,823	61,255	48,798	76,888	77,929	109,086	17,285	17,285	11,261
Construction	-	26,076	-	-	-	-	-	-	-	-
Capital acquisitions/ projects	-	-	4,381	23,661	191,471	148,359	-	-	-	-
Solid waste management	15,222	16,138	15,871	13,001	10,783	6,056	3,648	15,379	14,318	6,402
Drug enforcement	9,676	9,630	10,077	9,980	9,426	9,411	8,889	8,772	9,026	9,804
Donor/Statutory restrictions	15,503	35,085	59,814	67,242	-	-	-	-	-	-
Other	-	10,000	-	-	70,168	72,760	185,665	254,478	491,831	457,565
Unrestricted:										
Unrestricted, other	(724,643)	(3,216,914)	(851,833)	(918,811)	(1,031,458)	(809,885)	(1,058,700)	(758,019)	(2,273,486)	(2,438,411)
Total governmental activities net position	(512,594)	(455,329)	(407,176)	(451,330)	(332,248)	(270,000)	(408,327)	(217,915)	(352,342)	(152,376)
Business-type activities:										
Net investment in capital assets	1,902,835	1,896,485	2,017,891	2,020,550	1,958,252	2,043,389	2,135,366	1,226,768	1,761,334	1,921,262
Restricted for debt service	41,902	99,797	64,173	108,387	103,345	53,193	65,865	552,470	149,160	132,780
Restricted for construction	29,119	7,268	8,456	8,775	9,007	10,845	10,845	11,380	-	-
Unrestricted	340,416	377,219	320,158	259,192	341,409	(36,333)	(52,383)	507,558	626,416	724,309
Total business-type activities net position	2,314,272	2,380,769	2,410,678	2,396,904	2,412,013	2,071,094	2,159,693	2,298,176	2,536,910	2,778,351
Primary government:										
Net investment in capital assets	2,023,880	4,508,318	2,311,150	2,325,349	2,298,726	2,268,759	2,478,451	1,470,958	3,150,018	3,722,265
Restricted for:										
Debt service	92,505	152,620	125,428	157,185	180,233	131,122	174,951	569,755	166,445	144,041
Construction	29,119	33,344	8,456	8,775	9,007	10,845	10,845	11,380	-	-
Capital acquisitions/ projects	-	-	4,381	23,661	191,471	148,359	-	-	-	-
Solid waste management	15,222	16,138	15,871	13,001	10,783	6,056	3,648	15,379	14,318	6,402
Drug enforcement	9,676	9,630	10,077	9,980	9,426	9,411	8,889	8,772	9,026	9,804
Donor/Statutory restrictions	15,503	35,085	59,814	67,242	-	-	-	-	-	-
Other	-	10,000	-	-	70,168	72,760	185,665	254,478	491,831	457,565
Unrestricted	(384,227)	(2,839,695)	(531,675)	(659,619)	(690,049)	(846,218)	(1,111,083)	(250,461)	(1,647,070)	(1,714,102)
Total primary government net position	\$ 1,801,678	\$ 1,925,440	\$ 2,003,502	\$ 1,945,574	\$ 2,079,765	\$ 1,801,094	\$ 1,751,366	\$ 2,080,261	\$ 2,184,568	\$ 2,625,975

CHANGES IN NET POSITION
Last Ten Fiscal Years
(Thousands of Dollars)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 22,420	\$ 89,038	\$ 72,499	\$ 65,436	\$ 65,970	\$ 90,946	\$ 96,413	\$ 98,976	\$ 9,694	\$ 63,403
Public Safety	3,928	3,383	22,329	22,069	21,388	22,976	21,913	24,030	26,187	29,151
Community services	103	-	-	-	-	-	-	-	6,543	7,212
Transportation and environment	122,078	55,832	56,318	56,819	57,425	57,688	67,339	76,893	76,570	76,838
Operating grants and contributions	63,416	57,732	38,719	41,666	50,416	57,072	60,663	138,249	8,628	167,872
Capital grants and contributions	9,811	12,627	23,610	8,934	1,668	8,537	12,501	12,291	23,943	8,690
Total governmental activities program revenues	<u>221,756</u>	<u>218,612</u>	<u>213,475</u>	<u>194,924</u>	<u>196,867</u>	<u>237,219</u>	<u>258,829</u>	<u>350,439</u>	<u>151,565</u>	<u>353,166</u>
Business-type activities:										
Charges for services:										
Sewer collection and treatment	103,900	103,299	96,845	98,726	110,304	123,449	132,315	149,116	156,289	152,735
Memphis Light, Gas and Water	1,615,477	1,700,897	1,602,957	1,555,258	1,559,990	1,667,234	1,652,282	1,517,664	1,734,438	1,972,698
Storm water	24,332	24,309	24,289	24,418	21,391	28,202	31,903	32,058	36,711	36,403
Operating grants and contributions	31,330	562	555	547	537	420	258	127	-	-
Capital grants and contributions	2,950	3,022	3,009	1,133	946	-	1,333	789	463	712
Total business-type activities program revenues	<u>1,777,989</u>	<u>1,832,089</u>	<u>1,727,655</u>	<u>1,680,082</u>	<u>1,693,168</u>	<u>1,819,305</u>	<u>1,818,091</u>	<u>1,699,754</u>	<u>1,927,901</u>	<u>2,162,548</u>
Total primary government program revenues	<u>1,999,745</u>	<u>2,050,701</u>	<u>1,941,130</u>	<u>1,875,006</u>	<u>1,890,035</u>	<u>2,056,524</u>	<u>2,076,920</u>	<u>2,050,193</u>	<u>2,079,466</u>	<u>2,515,714</u>
Expenses										
Governmental Activities:										
General government	203,055	134,182	212,054	91,718	197,380	428,057	434,376	361,003	469,127	537,578
Public safety	472,154	425,128	437,430	133,750	310,961	342,077	540,696	452,271	614,942	352,372
Community services	90,463	93,383	92,365	46,935	78,865	82,572	93,817	82,061	126,280	121,382
Transportation and environment	79,747	85,675	71,286	28,469	50,649	65,627	84,624	70,668	113,466	67,947
Education	(475)	(151)	154	112	82	59	3,060	4,556	6,010	6,403
Refunding bond/ escrow agent	-	-	-	-	150,000	-	-	-	-	-
Miscellaneous	-	-	-	-	3,436	-	-	-	-	-
Interest on long term debt	45,634	83,005	64,151	64,586	59,933	67,971	63,470	66,252	69,555	66,535
Total governmental activities expenses	<u>890,578</u>	<u>821,222</u>	<u>877,440</u>	<u>365,570</u>	<u>851,306</u>	<u>986,363</u>	<u>1,220,043</u>	<u>1,036,811</u>	<u>1,399,380</u>	<u>1,152,217</u>
Business-type activities:										
Sewer collection and treatment	62,556	63,049	70,163	62,347	75,739	93,766	110,461	102,730	121,156	125,341
Memphis Light, Gas and Water	1,596,092	1,630,708	1,554,006	1,561,282	1,561,085	1,548,223	1,564,178	1,422,151	1,519,540	1,747,391
Storm water	15,048	17,027	19,289	8,502	16,556	18,777	30,375	19,950	22,934	23,256
Total business-type activities expenses	<u>1,673,696</u>	<u>1,710,784</u>	<u>1,643,458</u>	<u>1,632,131</u>	<u>1,653,380</u>	<u>1,660,766</u>	<u>1,705,014</u>	<u>1,544,831</u>	<u>1,663,630</u>	<u>1,895,988</u>
Total primary government expenses	<u>2,564,274</u>	<u>2,532,006</u>	<u>2,520,898</u>	<u>1,997,701</u>	<u>2,504,686</u>	<u>2,647,129</u>	<u>2,925,057</u>	<u>2,581,642</u>	<u>3,063,010</u>	<u>3,048,205</u>
Net (expense)/revenue										
Governmental activities	(668,822)	(602,610)	(663,965)	(170,646)	(654,439)	(749,144)	(961,214)	(686,372)	(1,247,815)	(799,051)
Business-type activities	104,293	121,305	84,197	47,951	39,788	158,539	113,077	154,923	264,271	266,560
Total primary government net expense	<u>(564,529)</u>	<u>(481,305)</u>	<u>(579,768)</u>	<u>(122,695)</u>	<u>(614,651)</u>	<u>(590,605)</u>	<u>(848,137)</u>	<u>(531,449)</u>	<u>(983,544)</u>	<u>(532,491)</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Local taxes	545,713	571,583	542,475	580,750	607,148	603,048	627,101	690,526	730,241	746,816
State taxes (local share)	71,633	77,129	103,987	82,519	105,895	102,385	107,136	112,301	103,878	115,873
Hotel/motel tax	4,223	4,612	10,726	15,513	17,176	18,964	13,614	11,369	17,057	18,903
Unrestricted investment earnings	754	813	1,654	1,574	4,960	12,197	8,460	573	(6,331)	33,891
Federal grants and entitlements	-	-	-	-	-	-	-	-	130,845	-
State grants	-	-	-	-	-	-	-	-	19,555	-
Other	15,290	19,563	28,662	41,881	4,274	43,544	38,270	(7,154)	57,314	20,718
Transfers	57,783	68,302	25,097	(131,119)	111,631	37,675	19,348	68,344	60,829	62,816
Total governmental activities	<u>695,396</u>	<u>742,002</u>	<u>712,601</u>	<u>591,118</u>	<u>851,084</u>	<u>817,813</u>	<u>813,929</u>	<u>875,959</u>	<u>1,113,388</u>	<u>999,017</u>
Business-type activities:										
Investment earnings	27,054	24,816	21,998	18,059	14,949	17,448	12,227	7,373	4,219	10,051
Other	1,350	3,991	10,003	33,910	35,216	35,559	35,936	52,225	42,336	39,929
Transfers	(57,780)	(68,302)	(66,505)	(70,897)	(74,844)	(70,248)	(69,559)	(68,844)	(72,092)	(75,274)
Total business-type activities	<u>(29,376)</u>	<u>(39,495)</u>	<u>(34,504)</u>	<u>(18,928)</u>	<u>(24,679)</u>	<u>(17,241)</u>	<u>(21,396)</u>	<u>(9,246)</u>	<u>(25,537)</u>	<u>(25,294)</u>
Total primary government	<u>666,020</u>	<u>702,507</u>	<u>678,097</u>	<u>572,190</u>	<u>826,405</u>	<u>800,572</u>	<u>792,533</u>	<u>866,713</u>	<u>1,087,851</u>	<u>973,723</u>
Change in Net Position										
Governmental activities	26,574	139,392	48,636	329,690	196,645	68,669	(147,285)	189,587	(134,427)	199,966
Business-type activities	74,917	81,810	49,693	30,196	15,109	141,298	91,681	145,677	238,734	241,266
Total primary government	<u>\$ 101,491</u>	<u>\$ 221,202</u>	<u>\$ 98,329</u>	<u>\$ 359,886</u>	<u>\$ 211,754</u>	<u>\$ 209,967</u>	<u>\$ (55,604)</u>	<u>\$ 335,264</u>	<u>\$ 104,307</u>	<u>\$ 441,232</u>

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Thousands of Dollars)

CITY OF MEMPHIS, TENNESSEE
EXHIBIT X-3

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Restricted	\$ 5,724	\$ 6,246	\$ 7,210	\$ 8,281	\$ 10,768	\$ 12,725	\$ 13,912	\$ 14,635	\$ 17,455	\$ 19,188
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	20,384	34,030	43,489	43,759	32,150	31,726	36,866	76,568	81,894	80,961
Unassigned	82,230	91,990	94,674	95,343	98,283	91,541	79,047	106,350	108,574	114,476
Total general fund	108,338	132,266	145,373	147,383	141,201	135,992	129,825	197,553	207,923	214,625
All other governmental funds										
Restricted	59,035	56,130	62,616	46,688	54,815	52,711	147,551	115,147	137,064	127,614
Committed	72,943	53,346	43,083	63,954	261,003	217,353	108,959	89,564	296,047	257,270
Unassigned	-	-	794	-	-	-	-	-	4,585	-
Total all other governmental funds	131,978	109,476	106,493	110,642	315,818	270,064	256,510	204,711	437,696	384,884
Total governmental funds	\$ 240,316	\$ 241,742	\$ 251,866	\$ 258,025	\$ 457,019	\$ 406,056	\$ 386,335	\$ 402,264	\$ 645,619	\$ 599,509

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during fiscal year 2012.

- (1) The \$1,733 year-over-year increase is primarily attributable to \$808 for photo enforcement and \$1,032 for sports betting.
- (2) The \$2,933 year-over-year decrease is primarily attributable to the decrease in reserves for encumbrances.
- (3) The \$7,902 year-over-year increase is primarily attributable to an increase in cost escalation.
- (4) The \$9,449 year-over-year decrease is primarily attributable to the decrease in fund balance of \$7,917 for Solid Waste and \$1,366 for debt service related party loan.
- (5) The \$38,777 year-over-year decrease is primarily attributable to the decrease in Capital Projects of \$49,691 and offset by increase of \$12,057 for Debt.
- (6) The \$4,585 year-over-year decrease is primarily attributable to the reserves being reclassified from unassigned to restricted.

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Thousands of Dollars)

CITY OF MEMPHIS, TENNESSEE
EXHIBIT X-4

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Local taxes	\$ 550,660	\$ 568,619	\$ 576,294	\$ 580,750	\$ 609,946	\$ 603,993	\$ 633,194	\$ 694,326	\$ 730,241	\$ 746,814
State taxes (local share)	89,767	94,058	103,987	100,397	105,895	102,385	107,136	112,179	103,878	115,873
Hotel/motel tax	4,223	4,612	10,726	15,513	17,176	18,964	13,614	11,369	17,057	18,903
Licenses and permits	12,489	12,694	13,586	14,161	15,300	15,827	14,398	17,080	15,425	15,940
Fines and forfeitures	20,596	19,546	19,863	17,731	17,226	17,835	13,312	12,210	13,277	13,025
Charges for services	87,272	87,058	91,075	90,924	91,618	93,915	101,464	112,541	118,994	124,841
Investment income	721	769	1,508	1,421	4,574	12,197	8,460	573	(6,625)	33,420
Federal grants and entitlements	49,898	44,287	52,758	45,596	47,474	62,496	70,567	136,717	130,845	128,057
State grants	4,328	5,839	9,571	5,004	4,610	3,113	2,597	13,823	19,555	48,505
Intergovernmental revenues	3,928	3,411	5,996	9,409	8,661	9,966	10,760	10,610	4,575	4,047
Operating revenues	-	-	4,506	-	-	-	-	-	-	-
Other	17,000	22,525	16,661	20,321	38,988	21,080	27,416	23,006	262,584	464,885
Total revenues	840,882	863,418	906,531	901,227	961,468	961,771	1,002,918	1,144,434	1,409,806	1,714,310
Expenditures										
General government	177,009	176,173	183,995	198,706	219,466	216,804	236,346	259,455	262,529	290,323
Public safety	384,594	400,632	408,809	435,763	445,196	457,908	481,206	481,921	508,638	526,803
Community services	75,407	84,247	77,099	80,562	85,180	83,494	78,915	82,039	104,450	159,665
Transportation and environment	67,310	79,189	68,281	74,196	82,055	91,410	78,248	77,503	93,851	100,190
Education	276	-	154	112	82	59	3,060	4,556	6,010	6,403
Capital outlay	124,566	85,120	97,966	71,108	91,963	138,196	259,451	147,847	178,346	245,781
Operating expenditures	-	-	6,259	-	-	-	-	-	-	-
Debt service:										
Redemption of serial bonds and notes	74,099	86,421	86,733	90,782	92,535	97,366	99,922	98,236	94,370	104,060
Lease payments	2,386	3,294	7,037	6,406	5,608	6,422	4,228	4,442	3,711	2,809
Interest	61,595	67,465	65,403	65,051	59,848	69,319	65,078	66,252	69,555	66,535
Bond issuance cost	3,303	2,773	895	1,699	2,234	242	1,450	437	31,366	1,182
Service charges	1,327	1,019	966	1,115	1,202	754	4,920	2,147	959	1,437
Total expenditures	971,872	986,333	1,003,597	1,025,500	1,085,369	1,161,974	1,312,824	1,224,835	1,353,785	1,505,188
Excess of revenues over (under) expenditures	(130,990)	(122,915)	(97,066)	(124,273)	(123,901)	(200,203)	(309,906)	(80,401)	56,021	209,122
Other financing sources (uses)										
Sale of capital assets	431	691	-	1,792	60	5,493	19	34	43	54
Transfers in	104,545	86,542	99,071	95,190	110,963	115,923	101,290	107,789	132,050	164,213
Transfers out	(58,371)	(30,161)	(36,987)	(23,817)	(43,865)	(47,211)	(35,421)	(44,295)	(72,871)	(103,626)
Capital leases	23,600	18,716	2,003	3,250	4,400	-	-	-	-	-
Special items	-	-	(6,250)	-	-	-	-	-	-	-
Issuance of refunding debt	430,652	244,055	114,885	233,240	384,254	75,035	339,977	130,407	335,196	-
Related party loan	-	1,585	1,562	-	-	-	-	-	-	-
Retirement of refunded debt obligation	(343,259)	(222,171)	(75,000)	(195,830)	(150,000)	-	(143,436)	(97,605)	(207,085)	(316,970)
Premium on debt issue	-	25,084	5,805	17,401	17,764	-	27,756	-	-	1,097
Total other financing sources	157,598	124,341	105,089	131,226	323,576	149,240	290,185	96,330	187,333	(255,232)
Net change in fund balances/(deficit)	\$ 26,608	\$ 1,426	\$ 8,023	\$ 6,953	\$ 199,675	\$ (50,963)	\$ (19,721)	\$ 15,929	\$ 243,354	\$ (46,110)
Debt service as a percentage of noncapital expenditures (1)	16.3%	17.4%	17.6%	17.0%	16.1%	21.3%	16.6%	16.5%	15.0%	13.3%

(1) For fiscal year 2023, the debt ratio includes the government-wide capital outlay of \$245,796.

GENERAL FUND EXPENDITURES AND OTHER USES BY FUNCTION
Last Ten Fiscal Years
(Thousands of Dollars)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Legislative	\$ 1,426	\$ 1,501	\$ 1,443	\$ 1,547	\$ 1,932	\$ 2,093	\$ 2,345	\$ 2,443	\$ 2,331	\$ 2,901
Judicial	619	624	643	645	631	858	797	782	754	820
Court clerk	4,454	9,160	6,250	6,354	6,098	5,718	5,899	5,500	5,715	5,445
Executive	5,272	7,101	8,413	12,970	18,605	18,220	17,802	26,948	19,958	20,982
Finance and administration	4,649	5,100	7,489	9,278	16,648	16,962	25,838	25,213	12,772	13,551
City attorney	10,793	9,131	10,140	11,892	10,385	12,861	13,280	13,639	10,663	16,429
City engineer	5,030	5,230	6,640	7,776	7,916	8,636	7,793	6,262	4,452	6,964
Information technology	14,510	14,474	15,949	21,378	27,836	19,573	20,879	20,256	21,808	23,466
Human resources	4,638	5,731	7,343	8,090	9,351	8,427	8,070	7,235	7,849	8,298
General services	19,540	20,628	21,701	24,273	20,217	20,396	24,829	21,679	21,829	23,281
Special appropriations	64,627	55,521	53,886	49,837	50,033	54,638	61,371	69,882	67,192	57,526
Total general government	135,558	134,201	139,897	154,040	169,652	168,382	188,903	199,839	175,323	179,663
Public Safety										
Police	227,401	234,108	240,431	256,476	262,684	269,578	279,713	276,726	281,219	290,333
Fire	154,070	163,014	165,273	176,102	178,816	184,589	191,008	199,967	202,426	209,007
Total public safety	381,471	397,122	405,704	432,578	441,500	454,167	470,721	476,693	483,645	499,340
Community Services										
Library	-	-	-	17,547	18,698	19,800	20,532	19,670	20,884	20,964
Parks and recreation	46,118	49,815	49,709	31,901	35,126	35,796	36,678	34,873	43,136	43,830
Public services	2	-	373	(2)	1	-	-	-	-	-
Community development	3,705	4,726	3,914	4,792	4,457	5,198	5,049	6,466	4,502	4,900
Community enhancement	36	-	-	5	1	-	-	-	-	-
Total community services	49,861	54,541	53,996	54,243	58,283	60,794	62,259	61,009	68,522	69,694
Transportation and Environment										
Public works	12,241	11,847	14,612	14,162	19,433	17,002	13,076	11,940	19,687	18,661
Total transportation and environment	12,241	11,847	14,612	14,162	19,433	17,002	13,076	11,940	19,687	18,661
Transfers out	22,464	19,005	18,775	7,974	23,764	23,287	7,865	4,949	4,061	27,939
Special items	-	-	6,250	-	-	-	-	-	-	-
Total	\$ 601,595	\$ 616,716	\$ 639,234	\$ 662,997	\$ 712,632	\$ 723,632	\$ 742,824	\$ 754,430	\$ 751,238	\$ 795,297

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Tax Year	Fiscal Year	Real Property			Personal Property			Utilities and Carriers (55%) (Real and Personal) (1)			Total Assessed to Total Market Value	Total Direct Tax Rate
		Farm and Residential(25%)	Commercial and Industrial(40%)(3)	Commercial and Industrial(30%)(2)	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2013	2014	\$ 4,731,533,025	\$ 18,926,132,100	\$ 4,532,007,925	\$ 11,566,004,400	\$ 4,242,350,800	\$ 946,724,202	\$ 1,721,316,731	\$ 11,483,483,762	\$ 36,455,804,031	31.50%	3.4000
2014	2015	4,680,381,500	18,721,526,000	4,285,184,728	10,949,013,700	4,007,052,700	973,975,835	1,770,865,155	11,142,251,428	35,448,457,555	31.43%	3.4000
2015	2016	4,747,920,725	18,991,682,900	4,346,281,513	11,109,511,700	3,876,630,900	1,087,988,613	1,978,161,115	11,345,980,976	35,955,986,615	31.56%	3.4000
2016	2017	4,751,997,850	19,007,991,400	4,352,967,258	11,139,231,800	3,979,910,300	1,074,179,569	1,953,053,762	11,374,599,672	36,080,187,262	31.53%	3.4000
2017	2018	5,158,704,825	20,634,819,300	5,130,873,210	13,104,786,500	4,105,025,400	1,075,298,505	1,955,088,191	12,597,018,860	39,799,719,391	31.65%	3.2715
2018	2019	5,168,064,525	20,672,258,100	5,120,604,860	13,087,942,600	4,199,045,700	1,138,764,751	2,070,481,365	12,687,864,236	40,029,727,765	31.65%	3.1960
2019	2020	5,185,372,125	20,741,488,500	5,162,651,977	13,235,580,400	4,030,360,300	1,136,132,373	2,065,695,224	12,694,208,735	40,073,124,424	31.68%	3.1960
2020	2021	5,193,552,150	20,774,208,600	5,098,591,532	13,020,387,700	4,138,429,600	1,079,260,158	1,962,291,196	12,613,711,120	39,895,317,096	31.62%	3.1960
2021	2022	6,508,449,725	26,033,798,900	6,092,432,872	15,597,047,400	4,879,704,600	1,416,299,864	2,575,090,662	15,481,873,776	49,085,641,562	31.54%	2.7130
2022	2023	6,507,643,325	26,030,573,300	5,892,777,337	15,098,559,200	4,993,794,500	1,413,114,369	2,569,298,853	15,312,292,806	48,692,225,853	31.45%	2.7016

(1) Does not include City-owned utilities (Electric and Gas Divisions) which are assessed a separate in-lieu-of-tax. Beginning with fiscal year 1988, the Electric and Gas Divisions are taxed under the provisions of State Statutes, "The Municipal Electric System Tax Equivalent Law of 1987" and "The Municipal Gas System Tax Equivalent Law of 1987" respectively. Under these laws, the annual tax equivalent is the sum of: (1) The equalized tax rate applied to the net plant value and book value of materials and supplies, and (2) Four percent (4%) of the average of revenue less power cost for the preceding three (3) fiscal years. The law also provides that no payment shall be less than the amount paid in Fiscal Year 1987. Net proceeds from this source go only to the City's General Fund and are not allocated by the tax rate ordinance. The City contributes a portion of the proceeds to the County based on a tax rate formula.

(2) Includes intangible personal property which is assessed at 40%.

(3) Includes multiple real estate assessed at 0-40% as well as greenbelt commercial real estate at 25%, greenbelt industrial real estate at 25% and greenbelt multiple real estate at 0-40% For real estate, where parcel classification is multiple, the assessments will not equal the percentage multiple of the market appraisal or greenbelt.

Sources: Shelby County Assessor (real and personal) and State of Tennessee Office of State Assessed Property (utilities and carriers).

CITY OF MEMPHIS, TENNESSEE
Exhibit X-7

PROPERTY TAX RATES AND LEVIES -
ALL DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Tax Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fiscal Year	2014 *	2015	2016	2017	2018	2019	2020	2021	2022	2023	
City Direct Rates											
General Fund	\$ 2,4874	\$ 2,3125	\$ 2,3125	\$ 2,3125	\$ 2,2251	\$ 2,1640	\$ 2,1640	\$ 2,1773	\$ 1,8473	\$ 1,8459	
Debt Service	0.9093	1.0842	1.0842	1.0842	1.0432	1.0189	0.9989	0.9989	0.8475	0.8475	
CIP	0.0033	0.0033	0.0033	0.0033	0.0032	0.0031	0.0098	0.0098	0.0083	0.0083	
Education	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Pre-K	0.0000	0.0000	0.0000	0.0000	0.0000	0.0100	0.0100	0.0100	0.0100	0.0000	
Community Catalyst Fund	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0067	0.0000	0.0000	0.0000	
Affordable Housing Fund	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0067	0.0000	0.0000	0.0000	
Total City Direct Rate	3.4000	3.4000	3.4000	3.4000	3.2715	3.1960	3.1960	3.1960	2.7130	2.7016	
County Direct Rates											
General Fund	1.45	1.45	1.45	1.45	1.43	1.49	1.49	1.47	1.24	1.25	
Debt Service	0.79	0.78	0.78	0.78	0.69	0.62	0.62	0.62	0.57	0.55	
Education	2.14	2.14	2.14	2.14	1.99	1.94	1.94	1.96	1.64	1.59	
Total County Direct Rate	4.38	4.37	4.37	4.37	4.11	4.05	4.05	4.05	3.45	3.39	
Total Overlapping Rate	7.7800	7.7700	7.7700	7.7700	7.3815	7.2460	7.2460	7.2460	6.1630	6.0916	
Tax Levies											
(1) City	\$ 386,414,917	\$ 390,901,305	\$ 389,694,995	\$ 395,497,816	\$ 420,342,211	\$ 413,606,555	\$ 417,014,960	\$ 412,891,338	\$ 428,487,277	\$ 376,684,370	
County	775,606,738	778,641,703	780,513,345	787,557,182	823,187,542	821,656,618	821,373,075	832,869,240	864,226,442	860,980,737	
Total Tax Levies	\$ 1,162,021,655	\$ 1,169,543,008	\$ 1,170,208,340	\$ 1,183,054,998	\$ 1,243,529,753	\$ 1,235,263,173	\$ 1,238,388,035	\$ 1,245,760,578	\$ 1,292,713,719	\$ 1,237,665,107	

(1) The City's tax levy includes payments in lieu of taxes.

Taxes are assessed as of January 1 and are due on June 1 for City and October 1 for Shelby County.

No tax rate limits exist. Tax must be assessed sufficiently to pay debt service.

Tax rates are per \$100 of assessed value.

* Note: Rate presentation corrected from FY14 Annual Report. Additionally, the City's tax levy was restated to include payments in lieu of taxes to ensure consistency of presentation.

Source of County information: Shelby County Trustee

Source of City information: Tax Rate Ordinance and Revenue Collections Percentage Report

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

CITY OF MEMPHIS, TENNESSEE
Exhibit X-8

Name of Taxpayer	Fiscal Year 2023		Name of Taxpayer	Fiscal Year 2014	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Percentage of Total Taxable Assessed Value
FedEx Corporation	\$ 898,185,767	5.87	Federal Express	\$ 646,262,348	5.63
Memphis Center City Revenue Finance Corporation	321,928,421	2.10	Bell South Telecommunications	83,818,787	0.73
Amazon	80,186,830	0.52	Wolfchase Galleria, LTD	52,923,480	0.46
Premcor Refining Group	68,581,770	0.45	Jabil Circuit Inc.	40,891,530	0.36
Pool 6 Industrial	61,351,160	0.40	BNSF Railway Company	38,470,517	0.34
Smith & Nephew Inc.	53,333,560	0.35	Belz Investo GP	35,685,400	0.31
AT&T Mobility LLC	53,044,953	0.35	AMISUB (St. Francis Hospital)	34,432,840	0.30
Nike TN, INC	49,284,820	0.32	Smith & Nephew Inc.	31,272,600	0.27
Olymbec	48,610,010	0.32	Solae LLC	26,817,300	0.23
G & I	48,498,510	0.32	AT&T Mobility LLC	26,245,569	0.23
Total Assessed Valuation of Top 10 Taxpayers	1,683,005,801	10.99		1,016,820,371	8.85
Balance of Assessed Valuation	13,629,287,005	89.01		10,466,663,391	91.15
	\$ 15,312,292,806	100.00		\$ 11,483,483,762	100.00

Source: City of Memphis Tax System

PROPERTY TAX LEVIES AND COLLECTIONS
As of June 30 for the last ten fiscal years

CITY OF MEMPHIS, TENNESSEE
EXHIBIT X-9

Tax Year	Fiscal Year	Adjusted Tax Levy	Current Tax Collections	Percent Collected	Delinquent Tax Collections	Total Tax Collections	Total as Percent of Current Levy	Prior Years Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
2013	2014 (A)	* \$ 386,414,817	* \$ 373,811,552	* 96.74	\$ 4,475,138	* \$ 378,286,690	* 97.90	* \$ 40,240,356	* 10.41
2014	2015 (B)	390,901,305	372,601,741	95.32	9,154,952	* 381,756,673	* 97.66	* 37,980,066	9.72
2015	2016 (C)	389,694,995	371,180,561	95.25	9,372,759	380,553,320	97.65	38,934,491	9.99
2016	2017 (D)	395,497,816	376,155,872	95.11	5,759,219	381,915,091	96.57	41,089,159	10.39
2017	2018 (E)	420,342,211	400,081,997	95.18	7,091,826	407,173,822	96.87	40,252,452	9.58
2018	2019 (F)	413,606,555	394,872,256	95.47	6,753,713	401,625,969	97.10	38,342,430	9.27
2019	2020 (G)	417,014,960	393,487,960	94.36	3,148,875	396,636,836	95.11	38,212,875	9.16
2020	2021 (H)	412,891,338	399,627,077	96.79	8,364,301	407,991,378	98.81	31,319,387	7.59
2021	2022 (I)	428,487,277	423,878,079	98.92	4,585,098	428,463,177	99.99	25,275,688	5.90
2022	2023 (J)	376,684,370	399,618,106	* 106.09	10,625,949	410,244,055	108.91	38,992,018	10.35

Taxes are normally due on June 1 and delinquent on September 1 each year and may be paid in two installments (June 1 through June 30 and August 1 through August 30). A penalty 1/2 of 1% accrues the first of each month taxes remain delinquent. Additionally, interest is charged at 12% per annum until paid. Discounts are not allowed. Delinquent taxes may be collected by foreclosure proceedings through court ordered tax sales.

* Prior year's reported activity was revised to ensure consistent reporting across reported fiscal years.

(A) In November 2013, the City sold the majority of the 2013 tax year (which funds fiscal year 2014) real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$21,413,447 for fiscal year 2014, which is reflected in tax collections.

(B) In December 2014, the City sold the majority of the 2014 tax year (which funds fiscal year 2015) real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$14,917,354 for fiscal year 2015, which is reflected in tax collections.

(C) In April 2016, the City sold a portion of the 2015 tax year (which funds fiscal year 2016) real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$8,622,852 for fiscal year 2016, which is reflected in tax collections. Additionally, the City swapped previously sold receivables that had not yet been paid, with different delinquent receivables. The total balance of the swap was \$2,431,705 which is reflected in "Prior Years Outstanding Delinquent Taxes."

(D) In March 2017, the City sold a portion of the 2016 tax year (which funds fiscal year 2017) real property taxes outstanding to an outside party. The sale generated property tax revenue and reductions of the property tax receivable balance of \$10,884,669. Additionally, the City redeemed remaining outstanding 2012 receivables in the amount of \$1,270,078. The sale is reflected in total tax collections.

(E) In May 2018, the City sold a portion of the 2017 tax year (which funds fiscal year 2018) real property taxes outstanding to an outside party. The sale generated property tax revenue and reductions of the property tax receivable balance of \$11,000,142.91. Additionally, the City redeemed remaining outstanding 2013 receivables in the amount of \$2,945,038. The sale is reflected in total tax collections. Adjusted Tax Levy increased \$24,844,295 due to tax assessment on January 1, 2017 for fiscal year 2018. This assessment is performed every four years.

(F) In December 2018, the City sold a portion of the 2018 tax year (which funds fiscal year 2019) real property taxes outstanding to an outside party. The sale generated property tax revenue and reductions of the property tax receivable balance of \$12,231,850.21. Additionally, the City redeemed remaining outstanding 2014 receivables in the amount of \$2,541,000. The sale is reflected in total tax collections.

(G) In December 2019, the City sold a portion of the 2019 tax year (which funds fiscal year 2020) real property taxes outstanding to an outside party. The sale generated property tax revenue and reductions of the property tax receivable balance of \$8,759,170.71. In April 2020, the City sold an additional portion of the 2019 tax year (which funds fiscal year 2020) real property taxes outstanding to an outside party. The sale generated property tax revenue and reductions of the property tax receivable balance of \$3,382,708.69. Additionally, the City redeemed remaining outstanding 2015 receivables in the amount of \$1,196,751.06. The sale is reflected in total tax collections.

(H) In June 2021, the City sold the majority of the 2020 tax year (which funds fiscal year 2021) real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$9,938,683.67 for fiscal year 2021, which is reflected in tax collections.

(I) In June 2022, the City sold a portion of 2021 tax year (which funds fiscal year 2022) real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$5,874,693.22.

(J) No portions of property taxes were sold in FY23.

* Adjusted Tax Levy and Current Year Collections were modified to not include CBID Taxes and PILOTs.

Source: City of Memphis Tax System

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Thousands of Dollars)

Fiscal Year	Governmental Activities										Business-Type Activities											
	General Obligation Bonds (1)	Bond Premiums (1)	Bond Notes/Commercial (1)	Anticipation (1)	Bond (1)	Guarantee Obligations (1)	Guarantee Obligations Premiums (1)	Settlement Obligation (1)	Capital Leases (1)	Sewer & Storm Water Revenue Bonds (1)	Sewer & Storm Water Revenue Bond Premiums (1)	Sewer State Loans (1)	Electric Revenue Bonds (1)	Electric Revenue Bond Premiums (1)	Gas Bond Anticipation (1)	Gas Bond Notes (1)	Gas Bond Anticipation Premiums (1)	Water Revenue Bonds (1)	Water Revenue Bond Premiums (1)	Total Primary Government (2)	Percentage of Personal Income (2)	Per Capita (2)
2014	1,221,320	-	50,000	216,018	-	2,370	20,000	30,319	123,245	-	3,847	562,995	-	-	-	-	-	-	-	2,207,744	5.53%	3,381
2015	1,208,825	79,464	20,000	220,765	2,370	2,171	18,666	43,062	111,510	3,124	4,749	531,230	29,573	-	-	-	-	15,000	944	2,290,616	5.64%	3,486
2016	1,199,950	73,155	-	213,155	1,781	1,831	17,332	38,025	100,580	10,000	11,344	421,030	20,122	-	-	-	-	14,440	869	2,123,507	5.06%	3,252
2017	1,119,035	60,542	75,000	186,307	17,831	16,394	15,999	31,618	89,190	929	47,124	341,455	21,016	40,000	7,866	43,870	43,870	43,870	3,331	2,102,446	4.96%	3,152
2018	1,347,440	66,452	-	176,765	14,797	14,665	14,665	30,410	77,960	461	83,898	312,685	27,659	78,725	13,828	67,170	78,725	67,170	5,679	2,321,525	5.37%	3,561
2019	1,261,655	52,893	75,000	165,184	13,331	13,171	13,331	23,989	115,005	44,237	107,743	185,520	23,709	76,160	12,611	64,540	76,160	64,540	5,180	2,242,888	5.02%	3,445
2020	1,300,115	67,620	50,000	153,235	11,518	11,518	12,000	28,184	105,245	39,155	130,277	178,480	21,395	73,500	11,426	61,860	73,500	61,860	4,693	2,251,688	4.86%	3,459
2021	1,237,565	56,869	150,000	141,762	11,518	11,518	10,667	23,742	242,281	42,343	153,009	324,320	42,953	133,735	22,237	127,110	133,735	127,110	16,514	2,737,958	4.24%	4,206
2022	1,427,952	74,601	75,000	116,436	26,786	26,786	10,667	26,719	224,230	4,660	141,267	139,705	3,343	207,190	1,753	131,560	207,190	131,560	1,151	2,613,011	3.79%	4,161
2023	1,483,252	85,977	50,000	187,924	25,822	25,822	9,333	20,683	213,380	30,235	196,738	302,740	3,214	125,640	1,690	119,020	125,640	119,020	1,121	2,856,808	3.78%	4,600

(1) Sources: City of Memphis and MLG&W financial records.

(2) Source: Bureau of Economic Analysis

(3) Total Primary Government Fiscal Year 2015 adjusted for rounding

**RATIOS OF GENERAL BONDED DEBT TO APPRAISED
AND ASSESSED VALUES AND BONDED DEBT PER CAPITA**
Last ten fiscal years

CITY OF MEMPHIS, TENNESSEE
Exhibit X-11

For the Fiscal Years Ended June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Estimated population (3)	653,450	656,861	653,480	666,723	652,236	650,618	651,073	633,104	628,127	621,056
Appraised property valuation (2) (4)	\$ 36,455,804	\$ 35,448,458	\$ 35,955,987	\$ 36,080,187	\$ 39,799,719	\$ 40,029,728	\$ 40,073,124	\$ 39,895,317	\$ 49,085,642	\$ 48,692,226
Assessed valuation (2) (4)	11,483,484	11,142,251	11,345,981	11,374,600	12,597,019	12,687,864	12,694,209	12,613,711	15,481,874	15,312,293
General obligation debt (1) (2)	1,271,320	1,228,825	1,199,950	1,119,035	1,347,440	1,261,655	1,300,115	1,237,565	1,427,952	1,483,252
Bond Premiums (2) (5)	-	79,464	73,155	60,542	66,452	52,893	67,620	56,869	74,601	85,977
Net Debt (1a) (2)	1,271,320	1,308,289	1,273,105	1,179,577	1,413,892	1,314,548	1,367,735	1,294,434	1,502,553	1,569,229
Bonded debt per capita - net debt	1,946	1,770	1,946	1,992	2,168	2,020	2,101	2,045	2,392	2,527
Bonded debt to appraised valuation -net debt	3.49%	3.69%	3.54%	3.27%	3.55%	3.28%	3.41%	3.24%	3.06%	3.22%
Bonded debt to assessed valuation -net debt	11.07%	11.74%	11.22%	10.37%	11.22%	10.36%	10.77%	10.26%	9.71%	10.25%

(1) Debt includes City general obligation bonds and bond anticipation notes (2014-2023), with commercial paper (2014-2015). Does not include capital leases, guarantee obligations or state loans.

(1a) Debt includes debt issued by City for MISCAA.

(2) In thousands of dollars.

(3) Source-U.S. Census Bureau; the most current data available is for calendar year 2022.

(4) Sources: Shelby County Assessor and State of Tennessee Office of State Assessed Properties.

(5) Bond premiums are related to a change in presentation for 2015.

Refer to Notes to Financial Statements for detail of debt and obligations.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2023
(Thousands of Dollars)

CITY OF MEMPHIS, TENNESSEE
Exhibit X-12

	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt ⁽²⁾
<u>Direct Governmental Indebtedness:</u>			
City of Memphis ⁽⁴⁾	\$ 1,483,252	100.0%	\$ 1,483,252
Bond Premiums	85,977	100.0%	85,977
Capital lease obligations	20,683	100.0%	20,683
Guarantee Obligations	187,924	100.0%	187,924
Guarantee Obligation Premiums	25,822	100.0%	25,822
Settlement Obligation	<u>9,333</u>	100.0%	<u>9,333</u>
Total direct government indebtedness ⁽³⁾	1,812,991		1,812,991
<u>Overlapping bonded indebtedness:</u>			
Shelby County debt	<u>923,186</u>	60.2%	<u>556,109</u>
Total overlapping bonded indebtedness	923,186		556,109
Total direct and overlapping debt ⁽⁴⁾	<u>\$ 2,736,177</u>		<u>\$ 2,369,100</u>

(1) Determined by ratio of assessed valuation of property subject to taxation in City of Memphis to valuation of property subject to taxation in Shelby County.

(2) Amount in debt outstanding column multiplied by percentage applicable.

(3) Has not been adjusted for the \$54,324 which is available for payment of principal and interest in the debt service fund.

(4) The City of Memphis has no legal debt margin.

DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Thousands of Dollars)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt capacity limit	\$ 1,378,018	\$ 1,337,070	\$ 1,361,518	\$ 1,364,952	\$ 1,511,642	\$ 1,522,544	\$ 1,523,305	\$ 1,513,645	\$ 1,857,825	\$ 1,837,475
Total net debt applicable to limit	1,271,320	1,308,289	1,273,105	1,179,577	1,413,892	1,314,548	1,367,735	1,294,434	1,408,773	1,483,252
Debt capacity margin balance	\$ 106,698	\$ 28,781	\$ 88,413	\$ 185,375	\$ 97,750	\$ 207,996	\$ 155,570	\$ 219,211	\$ 449,052	\$ 354,223
Total net debt applicable to the limit as a percentage of debt limit	92.26%	97.85%	93.51%	86.42%	93.53%	86.34%	89.79%	85.52%	75.83%	80.72%

Debt Margin Calculation for Fiscal Year 2023

Total assessed value (1)	\$ 15,312,293
Debt capacity limit (12% of total assessed value) (2)	1,837,475
Debt applicable to limit:	
Total bonded debt	\$ 1,483,252
Total net debt applicable to limit	1,483,252
Debt capacity margin balance	\$ 354,223

(1) Sources: Shelby County Assessor and State of Tennessee Office of State Assessed Property

(2) Source: City of Memphis Debt Management Policy

PLEGGED REVENUE COVERAGE - MLGW AND
SEWER COLLECTION AND TREATMENT FUND

CITY OF MEMPHIS, TENNESSEE
Exhibit X-14

Last Ten Fiscal Years
(Thousands of Dollars)

Year	Total Income (3)	Operating and Maintenance Expenses	Net Revenue Available for Debt Service	Total Debt Service	Debt Service Coverage
ELECTRIC DIVISION (1)					
2013	1,303,319	1,181,316	122,003	131,990	0.92
2014	1,336,440	1,201,760	134,680	131,682	1.02
2015	1,321,726	1,193,682	128,044	135,481	0.95
2016	1,299,757	1,206,084	93,673	139,879	0.67
2017	1,281,400	1,182,661	98,739	135,414	0.73
2018	1,337,857	1,181,919	155,938	153,431	1.02
2019	1,329,504	1,213,134	116,370	15,226	7.64
2020	1,235,520	1,099,957	135,563	40,021	3.39
2021	1,354,062	1,125,925	228,137	23,384	9.76
2022	1,534,128	1,303,982	230,146	23,391	9.84
GAS DIVISION (1)					
2013	284,362	255,229	29,133	-	N/A
2014	333,596	293,100	40,496	-	N/A
2015	250,231	212,097	38,134	-	N/A
2016	205,974	186,886	19,088	443	43.09
2017	226,217	200,540	25,677	3,368	7.62
2018	275,087	203,028	72,059	6,125	11.76
2019	261,963	186,445	75,518	6,130	12.32
2020	213,131	149,461	63,670	6,612	9.63
2021	295,531	219,102	76,429	9,714	7.87
2022	344,972	265,820	79,152	9,712	8.15
WATER DIVISION (1)					
2013	85,430	69,457	15,973	-	N/A
2014	86,903	70,379	16,524	253	65.31
2015	85,169	74,604	10,565	1,072	9.86
2016	100,586	77,611	22,975	1,256	18.29
2017	100,513	81,352	19,161	3,222	5.95
2018	104,317	65,118	39,199	4,930	7.95
2019	106,733	70,299	36,434	4,927	7.39
2020	111,536	68,367	43,169	5,436	7.94
2021	127,239	62,490	64,749	8,716	7.43
2022	136,657	65,249	71,408	8,717	8.19
SEWER COLLECTION AND TREATMENT FUND (2) (3)					
2014	105,258	43,929	61,329	16,817	3.65
2015	104,592	50,944	53,648	16,028	3.35
2016	97,854	55,031	42,823	15,922	2.69
2017	99,859	65,332	34,527	15,900	2.17
2018	111,250	58,750	52,500	13,868	3.79
2019	125,497	74,655	50,842	14,839	3.43
2020	133,475	72,142	61,333	14,217	4.31
2021	149,905	75,064	74,841	11,940	6.27
2022	156,752	99,717	57,035	10,990	5.19
2023	153,447	101,951	51,496	11,656	4.42

(1) MLGW revenue bond coverage is presented for years ended December 31.

(2) Sewer Collection and Treatment Fund revenue bond coverage is presented for the year ended June 30.

(3) For the Sewer Collection and Treatment Fund, total income represents the sum of charges for services and capital contributions.

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

CITY OF MEMPHIS, TENNESSEE
EXHIBIT X-15

Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2014	653,450	39,896,975	42,409	33.1	149,928	9.3
2015	656,861	40,594,551	43,210	34.3	141,814	8.7
2016	653,480	41,968,752	44,705	34.1	116,059 (1)	6.5
2017	666,723	42,356,302	45,153	34.2	114,644	4.2
2018	652,236	43,210,184	46,234	33.5	112,808	4.7
2019	650,618	44,650,627	47,655	36.5	103,015	5.0
2020	651,073	46,287,828	49,465	36.5	104,770	13.0 (2)
2021	633,104	64,590,483	47,985	34.7	104,460	6.9
2022	628,127	68,992,049	51,155	34.2	109,319	4.7
2023	621,056	75,580,090	56,568	34.2	108,321	4.4

Source - U.S. Census Bureau, Bureau of Economic Analysis, Bureau of Labor Statistics, Shelby County Schools and Greater Memphis Chamber of Commerce

(1) In school year 2014-15, the decrease in district enrollment was due to over thirty schools joining one of six new municipal school districts and the Tennessee Achievement School District (ASD) acquiring seven district-run schools ranked in the bottom 5% of academic achievement and growth.

(2) Unemployment rates increased due to global pandemic, COVID-19.

Function and Activity	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	669	640	652	725	983	1,049	1,119	1,131	1,622	1,492
Public safety	2,521	2,299	2,042	2,290	2,283	2,397	2,462	2,674	2,325	2,526
Police	411	397	732	438	453	469	451	452	636	615
Fire	1,616	1,576	1,391	1,576	1,585	1,595	1,595	1,595	1,586	1,550
Firefighters and officers	218	213	398	208	199	178	178	178	196	141
Civilians										
Highways and streets	117	117	116	116	116	116	118	119	45	56
Engineering	382	391	393	399	399	446	446	447	214	131
Maintenance										
Sanitation	619	619	615	515	515	515	515	515	517	454
Culture and recreation	507	508	506	162	208	211	212	218	228	544
Sewer	299	305	341	341	341	354	356	356	354	356

Source - City of Memphis Human Resources & Budget Team Utilization of FY23 Budgeted Complements Adjusted for Approved Increased Service Levels

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

CITY OF MEMPHIS, TENNESSEE
EXHIBIT X-18

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Physical arrests	89,478	58,247	53,269	65,231	62,707	58,920	49,649	41,175	25,646	25,663
Parking violations	62,595	62,916	48,623	58,181	64,622	72,770	59,908	50,994	2,238	61,337
Traffic violations	179,599	152,773	179,374	111,908	167,936	219,237	175,728	144,139	27,641	90,044
Fire										
Number of calls answered	131,542	118,928	124,320	142,087	144,931	144,282	142,585	150,671	155,119	160,491
Inspections	53,980	51,159	45,240	45,022	15,822	18,919	19,427	17,942	21,026	9,290
Highways and streets										
Street resurfacing (miles)	139.05	113.90	177.80	246.30	102.00	225	63.40	91	156	85
Potholes repaired	47,504	76,482	3,882	75,000	58,871	60,085	39,814	56,894	6,967	55,343
Sanitation										
Refuse collected (tons/day)	1,401	928	920	1,117	1,868	1,898	887	960	1,431	1,244
Recyclables collected (tons/day)	495	392	489	337	411	1,385	81	24	30	32
Culture and recreation										
Athletic field permits issued	1,445	1,129	1,154	827	702	1,127	594	712	731	726
Community center admissions	1,899,388	1,818,094	1,318,919	1,676,957	1,328,117	1,116,072	1,101,618	520,971	369,470	493,196
Water										
Average daily consumption (thousands of gallons)	108,564	104,620	100,055	99,957	99,137	99,657	102,215	97,885	99,800	99,047
Wastewater										
Average daily sewage treatment (thousands of gallons)	150,000	146,000	146,000	146,000	149,200	187,901	170,501	149,500	58,254	56,400

Source: MLGW and/or Internal Division Operating Reports

Function and Activity	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety:										
Police:										
Stations	9	9	10	10	9	9	9	9	9	9
Community policing offices	9	9	9	9	9	9	9	9	9	9
Patrol units	692	741	740	677	715	781	775	773	630	650
Fire:										
Stations	57	56	56	56	57	57	57	56	57	56
Trucks (ladder)	21	21	21	21	21	21	20	20	20	20
Solid Waste Management:										
Collection trucks	227	227	214	212	212	263	299	295	228	277
Solid waste disposed (tons)	364,159	343,114	366,483	378,256	485,820	493,423	444,576	248,670	248,670	213,945
Streets and Highways:										
Streets (miles)	6,818	6,818	6,818	6,818	6,818	6,818	6,714	6,714	6,714	6,714
Curb & gutter (miles)	6,306	6,306	6,306	6,060	6,355	6,306	6,306	6,306	6,306	6,306
Streetlights	83,000	83,437	83,800	83,800	83,800	84,499	84,648	85,065	84,385	85,171
Traffic signals	770	772	770	770	782	787	787	787	788	788
Roadside ditches	512	512	512	512	512	512	512	512	512	512
Community Services:										
Parks acreage	3,219	3,219	4,002	4,002	3,219	3,219	3,219	3,219	3,219	3,219
Parks	166	166	167	167	167	167	167	164	164	164
Golf courses	8	8	8	8	8	8	8	8	7	7
Community centers	24	24	24	24	24	24	24	24	24	24
Tennis courts	7	7	7	7	7	7	7	7	7	7
Swimming pools	17	17	17	17	17	17	17	17	17	17
Water:										
Water mains (miles)	3,874	3,877	3,879	3,879	3,881	3,943	3,947	3,949	3,949	3,958
Fire hydrants	30,819	30,937	31,018	31,018	31,159	30,311	30,378	30,404	30,403	30,464
Daily storage capacity (millions of gallons)	437.5	437.5	437.5	437.5	438	438	438	438	433	427
Sanitary Sewer and Storm:										
Miles of sewer lines	2,400	2,400	2,400	2,400	3,133	3,133	3,133	3,171	3,203	3,224
Miles of storm drainage	1,997	1,997	1,936	307	1,424	1,424	2,002	1,672	1,280	1,672

Source - MLGW.com and/or Internal Division Operating Reports.

GENERAL FUND EXPENDITURES ON STATE STREET AID
(Thousands of Dollars)
For the Fiscal Year Ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit X- 20

	<u>2023</u>
Revenues	
State taxes (local share)	\$ 20,290
Total revenues	<u>20,290</u>
Expenditures	
Traffic engineering	2,316
Street signs and markings	2,418
Mass transit	29,170
Traffic signal maintenance	3,173
Street maintenance	4,239
Grounds maintenance	<u>3,669</u>
Total expenditures	<u>44,985</u>
Excess of expenditures over revenues	<u>\$ 24,695</u>

Note: Municipal state aid revenue can only be spent on expenditures allowed under T.C.A. 54-4-204.

CITY OF MEMPHIS

T E N N E S S E E

SUPPLEMENTAL SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit Y-1

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	ALIN Number	Federal Award Number	Passed Through to Subrecipients	Expenditures
Federal Government Awards					
DEPARTMENT OF HOMELAND SECURITY					
	Urban Search and Rescue Task Force	97.025	EMW2019CA00070	\$ -	\$ 306,195
	EMW-2018-CA-00013	97.025	EMW2018CA00013	-	237,326
	2020 USAR National Urban	97.025	EMW2020CA00055	-	223,239
	2021 US & RR Search and Rescue	97.025	EMW2021CA00041	-	592,682
	2022 US&RR	97.025		-	420,215
	Total Program 97.025			\$ -	\$ 1,779,657
	Staffing for Adequate Fire and Emergency Response (SAFER) Grant Program	97.083	EMW2018FH00346	\$ -	\$ 566,874
	Staffing for Adequate Fire and Emergency Response (SAFER) Grant Program	97.083	EMW2020FF01147	-	2,347,693
	Total Program 97.083			\$ -	\$ 2,914,567
	2019 AFG	97.044	EMW2019FG02763	\$ -	\$ 24,492
	2020 Port Security	97.044		-	18,750
	2020 AFG Vehicles (HCN)	97.044		-	141,994
	AFG 21 Ops & Safety Z1	97.044		-	1,533,264
	Total Program 97.044			\$ -	\$ 1,718,500
	Port Security Grant	97.056	EMW-2020_PU-00542	\$ -	\$ 18,908
	Total Program 97.056			\$ -	\$ 18,908
TOTAL DEPARTMENT OF HOMELAND SECURITY				\$ -	\$ 6,431,652
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
	Community Development Block Grant	14.218	B16MC470006, B12MC470006, B13MC470006	\$ -	\$ 118,191
	Community Development Block Grant	14.218	B19MC470006	114,197	-
	Community Development Block Grant	14.218	B17MC470006	484,471	-
	Community Development Block Grant	14.218	B18MC470006, B17MC470006	101,145	-
	Community Development Block Grant	14.218	B20MC470006	774,884	1,022,687
	CARES Act CDBG-CV	14.218	B20MW470006	306,177	62,661
	CARES Act 2 (CDBG-CV)	14.218	B20MW470006	1,975,441	136,614
	CDBG Entitlement	14.218	B21MC470006	201,315	341,358
	CDBG CSG FY06	14.218	B06MC470006	-	2,031
	CDBG Entitlement	14.218	B22MC470006	1,910,239	1,106,692
	Total Program 14.218			\$ 6,071,134	\$ 3,509,598
	Emergency Shelter Grant (ESG)	14.231	E20MC470002	\$ 146,755	\$ -
	CARES ACT ESG-CV	14.231	E20MW4700006	308,415	-
	ESG FY17	14.231	S16MC470002	-	802
	Emergency Shelter Grant	14.231	E21MC470002	517,932	-
	CARES Act2 (ESG-CV)	14.231	E20MW4700006	1,878,585	152,802
	Total Program 14.231			\$ 2,851,687	\$ 153,604
	Home FY19	14.239	M18MC470202	\$ 431,406	\$ -
	Home Entitlement and Program Income	14.239	M18MC470202	234,846	13,800
	HOME Entitlement	14.239	M21MC470202	210,395	-
	ESG	14.239	E22MC470002	278,296	33,118
	HOME Entitlement	14.239	M02MC470202	41,097	209,693
	HOME Program Income	14.239	1197	5,270	1,504
	HOME-ARP	14.239		-	79,795
	Total Program 14.239			\$ 1,201,310	\$ 337,910

SUPPLEMENTAL SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit Y-1
(Continued)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	ALIN Number	Federal Award Number	Passed Through to Subrecipients	Expenditures
	Housing Opportunities for Persons with AIDS FY17	14.241	TNH16F001	\$ -	124,038
	Housing Opportunities for Persons with AIDS FY20	14.241	TNH19F001	-	59,239
	Housing Opportunities for Persons with AIDS FY20	14.241	TNH20F001	64,764	71,470
	CARES Act HOPWA-CV	14.241	TNH20FHW001	620	2,893
	HOPWA	14.241	TNH21F001	1,108,482	-
	HOPWA	14.241	TNH22F001	1,945,618	78,261
	Total Program 14.241			\$ 3,119,484	\$ 335,901
	Weatherization Assistance Program	81.042	DEEE0007951.20	\$ 24,082	\$ 7,376
	Weatherization Program	81.042		14,210	225,501
	Weatherization Assistance Program (LIHEAP)	93.568	G1901TNLIEA	21,813	-
	LIHEAP 2020	93.568	G2001TNLIEA	74,184	217,195
	Lead Hazard Control and Healthy Homes	14.905	TNLH0040019	614,484	611,176
	Total Program 81.042, 93.568, 14.905			\$ 748,773	\$ 1,061,248
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				\$ 13,992,388	\$ 5,398,261
DEPARTMENT OF JUSTICE					
	Equitable Sharing Forfeitures	16.000	TNMPD0000	\$ -	\$ 605,201
	Total Program 16.000			\$ -	\$ 605,201
	<i>Coronavirus Emergency Supplemental Funding Program Cluster:</i>				
	COVID-19	16.034	2020VDBX0247	\$ -	\$ 1,459,937
	ORP	16.034	2020MUBX0001	-	138,204
	COPS Hiring Program	16.034	2020ULWX0008	-	2,124,521
	ICAC CESF FY22	16.034	2020VDBX0393	-	19,812
	Total Program 16.034			\$ -	\$ 3,742,474
	FY19 Law Enforcement Based Vic	16.582	2019V3GX0137	\$ 7,127	\$ 198,261
	LEV TTA (other grant revenue)	16.582	2018-V3-GX-K049	14,938	-
	Memphis FY19 LEMHWA Peer Support	16.710	2019MHVXK004	7,014	12,365
	Total Program 16.582, 16.710			\$ 29,079	\$ 210,626
	Crime Gun Intelligence Center Integration Initiative	16.738	2018BG0004	\$ -	\$ 56,950
	2019 Local Edward Byrne	16.738		12,800	216,333
	2019 Strategies for Policing	16.738		37,198	-
	JAG FY2020	16.738		94,795	125,398
	JAG FY21	16.738	O-BJA-2021-135004	-	91,425
	Total Program 16.738			\$ 144,793	\$ 480,106
	Total JAG Program Cluster			\$ 144,793	\$ 490,106
	FY18 National Assault Kit Initiative	16.833	2018AKBX0028	\$ 200,405	\$ 59,991
	FY17 National Sexual Assault Kit Initiative (SAKI)	16.833	2017AKBX0014	7,214	107,184
	Federal FY19 Sexual Assault	16.833	2019AKBX0032	57,167	192,047
	SAKI 2020 Memphis	16.833		-	331,040
	Total Program 16.833			\$ 264,786	\$ 690,262
TOTAL DEPARTMENT OF JUSTICE				\$ 438,658	\$ 5,738,669

SUPPLEMENTAL SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit Y-1
(Continued)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	ALN Number	Federal Award Number	Passed Through to Subrecipients	Expenditures
Direct Funding: U.S. DEPARTMENT OF TRANSPORTATION Pass-through Funding:	<i>Highway Planning and Construction Cluster:</i>				
	Biomedical Sidewalk	20.205	PIN 070149, HPP9409(103), PIN 108676	\$ -	1,669,942
	Elvis Presley/Shelby/Winchester	20.205	STPEN09TN(003)113028	-	158,945
	Winchester/Perkins	20.205	STPM9409(96,36)	-	134,331
	Holmes/Millbranch	20.205	STPM9409(97)	-	105,769
	Holmes Road East	20.205	PIN10870100,STPM9409(99)	-	34,417
	Westmont Street Sidewalk Imp Project	20.205	PIN 123158	-	16,073
	TDOT Macon Road Sidewalk Project	20.205	PIN 123156	-	14,360
	STP Wolf River Greenway Phase 15	20.205	STPM9409(204) PIN 123310	-	85,667
	STP Group 5 Resurfacing	20.205	STPEN9409 (111) PIN 119535	-	18,700
	STP Isolated Traffic Signal Improvements-Grp 2	20.205	STPEN9409 (111) PIN 119541	-	8
	STP Isolated Traffic Signal	20.205	STPEN9409 (111) PIN 119542	-	335,953
	Repair 14 Bridges on/over Sam Cooper Blvd	20.205	STPEN9409 (111) PIN 119544	-	1,802,898
	Shelby Farms Greenline Bridge	20.205	PIN 119937	-	18,053
	Transportation Alternative	20.205	PIN 123157	-	16,107
	TDOT Plough/Winchester	20.205	PIN 102619	-	67,361
	Georgia at Riverside Dr. Intersection Imprv	20.205	PIN 125430	-	46,811
	CMAQ New Traffic Signals Group 1	20.205	PIN 128215	-	20,858
	Democrat Road Signal System	20.205	PIN 128216	-	32,919
	Dept of Transp-Cobble	20.205	STPEN9409(62)	-	2,871,276
	Surface Transportation Block Grant	20.205	PIN 127024.00	-	333,389
	STBG	20.205	PIN: 127040.00	-	35,050
	Watkins Presley On Street Project	20.205	PIN 128217	-	202,545
	Chelsea Hollywood Facilities	20.205	PIN 128214	-	31,270
	Covington Pike Sig	20.205	PIN 130765	-	101,035
	Total Program 20.205			\$ -	8,153,737
	DUI Laws	20.607	Z22THS188	\$ -	32,783
	THSO FY22 Network Coord.	20.607	Z22THS188	-	2,223
	THSO FY22 Traffic Ed.	20.607	Z22THS188	-	47,830
	Total Program 20.607			\$ -	82,836
TOTAL DEPARTMENT OF TRANSPORTATION				\$ -	8,236,573

SUPPLEMENTAL SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit Y-1
(Continued)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	ALN Number	Federal Award Number	Passed Through to Subrecipients	Expenditures
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES	TSLA TN Tech Grant, Library ARPA Grant	45.310	LS-246189-OLIS-20	\$ - \$	\$ 27,387
EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF NATIONAL DRUG CONTROL POLI	HIDTA FY21	95.001	G20GC005A	\$ - \$	\$ 51,286
EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF NATIONAL DRUG CONTROL POLI	Clayborn Temple	15.904		\$ - \$	\$ 201,131
TOTAL DEPARTMENT OF THE INTERIOR, NATIONAL PARK SERVICE	Memphis Heritage Trail	45.024	1321682	\$ 2,650 \$	\$ 20,829
TOTAL NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST)	Point Cloud City	11.609		\$ 958 \$	\$ -
TOTAL ENVIRONMENTAL PROTECTION AGENCY, OFFICE OF WATER	Capitalization Grant for Clean Water State Revolving Fund Water Infrastructure Finance and Innovation Act	66.458 66.958	SRF18-409, SRF19-421, SRF19-434, SRF2015-355 181577N	\$ - \$	\$ 19,332,600 24,530,165 43,862,765
TOTAL U.S. DEPARTMENT OF THE TREASURY	Emergency Rental Assistance 2020 ERA 2021 ERA Highest Need ERA Coronavirus State and Local Fiscal Recovery Funds	21.023 21.023 21.023 21.023 21.027	ERA1-0001	\$ 13,177,167 8,315,757 44,306,556 18,151,386	\$ 650,188 2,102,054 166,069 33,861,140 36,779,451
TOTAL EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC)	ELC-Enhancing Detection Expansion	93.323	34349-60421	\$ - \$	\$ 1,542,763
TOTAL FEDERAL GRANTS	Community Program to Improve Minority Health	93.137	1 CPIMP2112340100	\$ - \$	\$ 2,977,216
TOTAL FEDERAL GRANTS	TOTAL FEDERAL GRANTS			\$ 98,385,520 \$	\$ 111,267,963

SUPPLEMENTAL SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the fiscal year ended June 30, 2023

CITY OF MEMPHIS, TENNESSEE
Exhibit Y-1
(Continued)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	ALN Number	Federal Award Number	Passed Through to Subrecipients	Expenditures
STATE FINANCIAL ASSISTANCE	Project Diabetes Year 3			\$ -	5,507
	State ICAC			-	259,829
	Healthy Built Environment			-	80,790
	State In-Service Training			-	1,038,400
	Surface Transportation Prgm			-	4,061
	2021 Reducing Diesel Emissions		STP-EN-9409 (111) PIN 113028	-	205,000
	TN VW Settlement Med & Lar			-	18,300
	Leftwich Tennis Center			-	116,378
	ECF Grant		ECF202111139	-	33,905
	Violent Crime/Illegal Opioids		2018-YX-BX-0004	-	11,849
	Project Diabetes			-	98,053
	EFLEA- Kroger Collierville	16,824	31701-64056	-	11,595
	TSIA Metro Grant '22	45,310	LS252485-OLS-22	-	535,490
	NAPC Forum Grant	15,904		-	6,617
	In-Service Training 2021			-	1,484,800
	THSO DUI Laws FY23		23-74578 (AL)	-	69,749
	THSO Traffic FY23		23-74579 (PT)	-	53,740
	TSIA TOP FY23			-	10,528
TOTAL STATE GRANTS				\$ -	4,044,591
TOTAL GRANTS				\$ 98,385,520	\$ 115,312,554

NOTE 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Memphis and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from those presented in, or used in, preparing the general-purpose financial statements.

In compliance with Tennessee state law, the accompanying schedule of expenditures of state financial assistance is included in this report. The schedule presents all state-funded financial awards, as defined by the State Comptroller of the Treasury's Office, and is prepared and presented in a manner consistent with the schedule of expenditures of federal awards.

NOTE 2 - Basis of Accounting

The expenditures presented in the associated schedules of expenditures of federal awards and state financial assistance were developed from agency records and federal and state financial reports which have been reconciled to the central accounting records of the government. Governmental funds are reported using a modified accrual basis of accounting. Proprietary funds are reported using the accrual basis of accounting.

Federal and state revenues and expenditures are included in the general fund, special revenue funds, capital projects funds, and enterprise funds in the government's basic financial statements.

The City of Memphis has not elected to use the 10% de minimis indirect cost rate under the Uniform Guidance.

NOTE 3 - Federal Loans

The City of Memphis was approved by the Environmental Protection Agency, Office of Water, to receive a loan totaling \$100,000,000 (SRF 13-311) to improve its sewer system. The amount listed for this loan, \$84,843,844, includes proceeds during the year and the outstanding loan balance from prior years.

The City of Memphis was approved by the Environmental Protection Agency, Office of Water, to receive a loan totaling \$7,000,000 (SRF 06-195) to improve its sewer system. The amount listed for this loan, \$2,267,189, includes proceeds during the year and the outstanding loan balance from prior years. This loan has been closed out and no further draws will be made on it.

The City of Memphis was approved by the Environmental Protection Agency, Office of Water, to receive a loan totaling \$22,000,000 (SRF 13-309) to improve its sewer system. The amount listed for this loan, \$8,788,961, includes proceeds during the year and the outstanding balance from prior years.

The City of Memphis was approved by the Environmental Protection Agency, Office of Water, to receive a loan totaling \$25,000,000 (SRF 15-355) to improve its sewer system. The amount listed for this loan, \$22,370,986, includes proceeds during the year.

The City of Memphis was approved by the Environmental Protection Agency, Office of Water, to receive a loan totaling \$11,000,000 (SRF 18-409) to improve its sewer system. The amount listed for this loan, \$9,758,199, includes proceeds during the year.

The City of Memphis was approved by the Environmental Protection Agency, Office of Water, to receive a loan totaling \$6,500,000 (SRF 19-421) to improve its sewer system. The amount listed for this loan, \$5,729,176, includes proceeds during the year.

The City of Memphis was approved by the Environmental Protection Agency, Office of Water, to receive a loan totaling \$48,000,000 (SRF 19-434) to improve its sewer system. The amount listed for this loan, \$41,435,415, includes proceeds during the year.

The City of Memphis was approved by the Environmental Protection Agency, Office of Water, to receive a loan totaling \$15,000,000 (SRF 21-451) to improve its sewer system. The amount listed for this loan, \$12,427,474, includes proceeds during the year.

The City of Memphis was approved by the Environmental Protection Agency, to receive a Water Infrastructure Finance and Innovation Act (WIFIA) loan totaling \$156,000,000 (18157TN) to improve its sewer system. The amount listed for this loan, \$64,589,594, includes proceeds during the year.

Both the current and prior year loans are also reported on the City of Memphis's Statement of Net Position for Proprietary Funds. Also, the current loan payable and the long-term loan payable equal the total loan amounts. (see Exhibit A-9)

NOTE 4 – Contingencies

The federal and state awards received by the City of Memphis are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies because of such an audit, the grantor agencies could make a claim for reimbursement, which would become a liability of the City of Memphis.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and Members of the City Council
City of Memphis, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the statement of revenues and other sources and expenditures and other uses on the basis of budgeting for the general fund, and the aggregate remaining fund information of the City of Memphis, Tennessee (the “City”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2023. Our report includes a reference to other auditors who audited the financial statements of Memphis-Shelby County Airport Authority, Memphis Zoological Society, Memphis Metropolitan Land Bank Authority, Renasant Convention Center and Electric, Gas and Water Divisions of Memphis Light, Gas and Water Division, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.





A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control described in the accompanying schedule of findings as items 2022-1 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Memphis, Tennessee
December 31, 2023

Schedule of Findings

Finding #

2022-001

Condition

An employee was overpaid by approximately \$17,000

Criteria

C6017- Standard programmed algorithms perform significant payroll calculations

Cause of Condition

Data entry clerks are allowed to manually enter payroll amounts in the "Retro Pay" element with in the payroll system

Potential Effect of Condition

Employees can be paid for hours not worked

Recommendation

The "Retro Pay" element should be restricted for use only by management level personell

Client Response

The payroll department will work with the IT department to restrict the usage of this element. The element will only be used by management personel. Although the error occurred, management was able to detect the error during managements review of the payroll register. While managements review of the payroll register is an internal control, the control is dective in nature, management believes restricting the usage of this element by position will be more effective as this will be a preventive control.

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and Members of the City Council
City of Memphis, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Memphis, Tennessee’s (the “City”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2023. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.





Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Memphis, Tennessee
December 31, 2023



Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SECTION I SUMMARY OF AUDITORS RESULTS

Type of auditors report issued: Unmodified

Internal Control Over Financial Reporting

a. Material weakness identified _____ Yes X No

b. Significant deficiency(ies) identified not considered to be material weakness _____ Yes X No

Noncompliance material to financial statement _____ Yes X No

Federal Awards

Internal control over major federal programs:

a. Material weakness(es) identified? _____ Yes X No

b. Significant deficiency(ies) identified not considered to be material weakness _____ Yes X No

Type of auditors report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____ Yes X No

Identification of major programs

Assistance Listing Number

- 20.205 Highway Planning and Construction
- 66.958 Water Infrastructure Finance and Innovation (WIFIA)
- 97.025 National Urban Search and Rescue (US&R) Response System
- 97.044 Assistance to Firefighters Grant
- 16.034 Coronavirus Emergency Supplemental Funding Program
- 93.137 Community Programs to Improve minority Health Grant Program
- 93.568 Epidemiology and Laboratory Capacity for Infectious Disease (ELC)
- 21.027 Coronavirus State and Local Fiscal Recovery Funds
- 97.083 Staffing for Adequate Fire and Emergency Response (SAFER)
- 14.218 Community Development Block Grants/Entitlement Grants
- 66.458 Capitalization Grants for Clean Water and State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B Programs \$ 3,000,000

Auditee qualified as low-risk auditee _____ X Yes _____ No