



CITY OF MEMPHIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

JIM STRICKLAND
MAYOR

Table of Contents

MAYOR'S LETTER OF TRANSMITTAL

INTRODUCTORY SECTION

Letter of Transmittal	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	15
City Officials	16
Organization Chart	17

FINANCIAL SECTION..... Exhibit.....Page

Independent Auditors' Report	19
Management's Discussion and Analysis	22

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position.....	A-1.....37
Statement of Activities.....	A-2.....39

Fund Financial Statements

Balance Sheet – Governmental Funds	A-3.....41
Reconciliation of the Balance Sheet to the Statement of Net Position	A-4.....42
Statement of Revenues, Expenditures, & Changes in Fund Balances of Governmental Funds	A-5.....43
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A-6.....44

General Fund

Statement of Revenues and Other Sources - Budget and Actual on Basis of Budgeting	A-7.....45
Statement of Expenditures and Other Uses - Budget and Actual on Basis of Budgeting	A-8.....47

Proprietary Funds

Statement of Net Position - Proprietary	A-9.....51
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	A-10.....53
Statement of Cash Flows - Proprietary Funds	A-11.....54

Fiduciary Funds

Statement of Fiduciary Net Position - Fiduciary Funds	A-12.....56
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	A-13.....57

Combining Statements of Component Units

Combining Statement of Net Position	A-14.....58
Combining Statement of Activities	A-15.....60

Table of Contents

Notes to the Financial Statements	61
--	----

RSI Section

Schedule of Changes in the Net OPEB Liability	
Total OPEB Liability	RSI-1.....189
Schedule of Changes in the Net OPEB Liability	
Plan Fiduciary Net Position	RSI-2.....190
Schedule of Changes in Net OPEB Liability	
Net OPEB Liability	RSI-3.....191
Schedule of Contributions under GASB 74 and GASB 75	RSI-4.....192
Schedule of Changes in the Net Pension Liability	
City Retirement System	
Total Pension Liability	RSI-5.....193
Schedule of Changes in the Net Pension Liability	
City Retirement System	
Plan Fiduciary Net Position	RSI-6.....194
Schedule of Changes in the Net Pension Liability	
City Retirement System	
Net Pension Liability	RSI-7...195
Schedule of Contributions	
City Retirement System	RSI-8.....196
Schedule of Changes in the Net Pension Liability	
Library Retirement System	
Total Pension Liability	RSI-9.....197
Schedule of Changes in the Net Pension Liability	
Library Retirement System	
Plan Fiduciary Net Position	RSI-10.....198
Schedule of Changes in the Net Pension Liability	
Library Retirement System	
Net Pension Liability	RSI-11.....199
Schedule of Contributions	
Library Retirement System	RSI-12.....200

Other Supplementary Information

Combining Nonmajor Funds and Blended Component Units

Combining Balance Sheet – Nonmajor Funds	B-1.....201
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	
–Nonmajor Funds	B-2.....203
Combining Schedule of Revenues and Expenditures - Budget and Actual on Basis of Budgeting	
(with annual budgets) – Nonmajor Special Revenue Funds	B-3.....205

Table of Contents

Enterprise Funds

Statement of Net Position – Enterprise Funds.....	C-1.....	210
Statement of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Funds	C-2.....	211
Statement of Cash Flows - Enterprise Funds	C-3.....	212

Combining Internal Service Funds

Combining Statement of Net Position - Internal Service Funds.....	D-1.....	213
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds.....	D-2.....	214
Combining Statement of Cash Flows - Internal Service Funds	D-3.....	215

Fiduciary Funds

Statement of Net Position - Fiduciary Funds	E-1.....	216
Statement of Changes in Net Position – Fiduciary Funds	E-2.....	217
Statement of Changes in Fiduciary Net Position Fiduciary Agency Fund.....	E-3.....	218

Supplementary Schedules

Schedule of Delinquent Property Taxes Receivable- All Funds	F-1.....	219
Schedule of Revenue Debt By Issue	F-2.....	220
Schedule of General Obligation Debt Payable By Issue	F-3.....	221
Schedule of General Obligation Debt- By Use	F-4.....	222
Schedule of Capital Leases Payable By Issue	F-5.....	223
Schedule of Guarantee Obligations Payable- By Issue	F-6.....	224
Long Term Debt Requirements- Revenue Debt Payable	F-7.....	225
Long Term Debt Requirements- Governmental Debt Payable	F-8.....	226
Schedule of Interfund Balances	F-9.....	227
Schedule of Interfund Transfers	F-10.....	228
Combined Schedule of Deposits and Investments Held Outside of the Cash and Investment Pool- Carrying Amount	F-11.....	229
Schedule of Additions and Retirements to Utility Plant	F-12.....	230
Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual	F-13.....	231
General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual on Basis of Budgeting	F-14.....	232

Table of Contents

STATISTICAL SECTION

Net Position by Component	X-1.....	233
Changes in Net Position	X-2.....	234
Fund Balances of Governmental Funds	X-3.....	235
Changes in Fund Balances of Governmental Funds	X-4.....	236
General Fund Expenditures and Other Uses by Function	X-5.....	237
Assessed and Estimated Actual Value of Taxable Property	X-6.....	238
Property Tax Rates and Levies - All Direct and Overlapping Governments	X-7.....	239
Principal Property Taxpayers	X-8.....	240
Property Tax Levies and Collections	X-9.....	241
Ratio of Outstanding Debt by Type	X-10.....	242
Ratio of General Bonded Debt	X-11.....	243
Direct and Overlapping Governmental Activities Debt	X-12.....	244
Legal Debt Margin Information	X-13.....	245
Pledged Revenue Coverage	X-14.....	246
Demographic and Economic Statistics	X-15.....	247
Principal Employers	X-16.....	248
Government Employees by Function	X-17.....	249
Operating Indicators by Function	X-18.....	250
Capital Asset Statistics by Function	X-19.....	251
General Fund Expenditures on State Street Aid	X-20.....	252

SINGLE AUDIT

Supplemental Schedule of Expenditures of Federal and State Awards	Y-1.....	253
Note to the Schedule of Expenditures of Federal and State Awards	Y-2.....	260
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 <i>Government Auditing Standards</i>		261
Independent Auditor's Report on Compliance For Each Major Program and On Internal Control Over Compliance Required By OMB Circular A-133		263
Schedule of Findings and Questioned Costs.....		266
Schedule of Prior Year Audit Findings		268



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2019

City of Memphis

Tennessee

Jim Strickland

Mayor

PREPARED BY DIVISION OF FINANCE



Jim Strickland

December 16, 2019

Dear Fellow Memphians,

I am excited to share with you the FY2019 Comprehensive Annual Financial Report. Throughout this report, you will see that your city government's financial status is strong and getting stronger with each passing year.

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. Because of their commitment, our budget was balanced without property tax increase for the fourth time since taking office. All the while, we continue to make significant investments, not only in Memphis, but in Memphians -- libraries are open longer hours, more roads are being paved, and we continue to rebuild the Memphis Police Department. In addition, 20,000 more Memphians are working today since January 2016. \$19 billion in recent, current and future developments are occurring, and we've increased spending with minority and women-owned businesses.

As we move into the new year and a new term, I look forward to our continued partnership and cooperation with the Memphis City Council, as we work to keep our city's financial picture moving in the right direction. Our city's future is bright, and I am excited about the promise that 2020 brings.

Sincerely,

A handwritten signature in black ink that reads 'Jim Strickland'.

Jim Strickland

INTRODUCTORY SECTION

CITY OF MEMPHIS

T E N N E S S E E

INTRODUCTORY
SECTION



December 16, 2019

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

The Comprehensive Annual Financial Report (CAFR) of the City of Memphis, Tennessee (the City) for the fiscal year ended June 30, 2019, is hereby submitted in accordance with the Memphis City Charter requirement for an independent audit conducted by a 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, 2019. 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 with it.

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 650,618. 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 duties concerning day-to-day operations of City government are the duty and responsibility of the Mayor. Each of the various divisions of City government has 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: police, fire, 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 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.

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

- Blight Authority of Memphis, Inc. (BAM)
- Memphis Area Transit Authority (MATA)
- Memphis Cook Convention Center (MCCC)
- 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) Industrial Development Board
- Industrial Development Board
- Memphis Center City Revenue Finance Corporation
- Memphis and Shelby County Community Redevelopment Agency
- 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.

Economic Condition Assessment

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. The Center for Business and Economic Research at the University of Tennessee provided the following economic overview in part:

The National Economy

- The U.S. economy grew for the ninth straight year in 2018. Reflecting strong fundamentals, and enhanced by the fiscal stimulus provided by the Tax Cuts and Jobs Act (TCJA), inflation-adjusted GDP grew by 2.2, 4.2, 3.5, and 2.6 percent in the first through fourth quarters of the year. The growth in each quarter was larger than in the corresponding quarter in any of the past three years. Though growth was slowest at the start of the year, this fact highlights the strength of the overall performance. The robust performance was largely reflected in the individual components of GDP. Expansion in output is accompanied by steady improvements in the labor market, consumption growth, and business investment.
- The labor market recovery continued with an unemployment rate of 3.9 percent, lower than last year's 4.4 percent. With a forecasted 2019 unemployment rate of 3.4 percent, the economy continues to operate at full employment. The U.S. economy now has 162 million people in its labor force.
- Consumer spending is expected to remain strong in 2019 with growth of 2.8 percent, followed by 2.4 percent growth in 2020. These outcomes depend on continuing improvements in the labor market and further gains in consumer confidence (which weakened in November). The slowdown in consumption growth is one more sign of an economy that is operating above sustainable levels fueled by temporary tax stimulus and low interest rates.
- The federal government continues to spend more than it receives in taxes. Spanning several Presidencies and Congresses, receipts have not exceeded outlays since 2001. A large increase in expenditures is planned again for 2019, with outlays set to increase to \$4,376 billion. With receipts forecast of just \$3,426 billion, the Federal government is set to run a deficit of \$950 billion, the largest amount since 2012.

The Local Economy

The Memphis Metropolitan Statistical Area (MSA) is comprised of eight counties – Shelby, Tipton, and Fayette, TN; DeSoto, Marshall, Tate, and Tunica, MS; and Crittenden, AR. The City of Memphis contains about 48% of the MSA’s population, and Shelby County accounts for roughly 70 percent.

A key contributor to the stability of the Memphis and Shelby County economy is its job diversity. Government, trade, healthcare services, hospitality, warehousing, transportation and utilities are all mainstays of the regional economy. The City is conveniently located within 600 miles of most major cities and commercial markets in the United States. As a result of its central location and access to the interstate, Mississippi River, rail and airport, the city is a major hub for distribution.

- Both Tennessee and the U.S. are currently in one of the longest economic expansions on record, a record that dates back to the 1850s.
- Nominal personal income grew by 4.7 percent in 2017, which was slightly faster than the 4.4 percent growth rate recorded for the nation as a whole. Nonfarm employment growth in Tennessee will also closely align with national employment growth, seeing decent gains in 2018 and 2019, with more muted growth thereafter arising primarily from new entrants to the labor market.
- This is the fourth consecutive year that Tennessee employment levels have exceeded their prerecession peak levels; however, it took a solid seven years for the labor market to claw back from the recession. Moreover, while state job growth has been healthy, it has slowed considerably compared to the previous two years, which is reflective of an economy sitting at or near full employment.
- Tennessee’s inflation-adjusted GDP is projected to advance at a 2.1 percent rate in 2018 and see 2.0 percent growth in the following year. U.S. GDP is expected to see slightly higher growth of 2.6 percent and 2.3 percent in the same years. The slower performance of the state economy is because many sectors, like transportation equipment, have limited capacity for growth especially in the face of a weakened sales outlook.

Source: *An Economic Report to the Governor of the State of Tennessee*

Memphis’ strong healthcare industry, low cost of living and position as a transportation hub leader will continue to contribute as a stabilizing factor of the City’s economy until the state and nation fully recover.

The nation’s unemployment rate decreased 5.1 percent year over year from 3.9 to 3.7. The unemployment rate for Tennessee and the Memphis MSA decreased slightly. Tennessee’s August 2019 unemployment rate reflects a 2.8 percent decrease from August 2018. The Memphis MSA unemployment rate also decreased to 4.2 in August 2019, down 4.5 percent from the same period a year ago.

Unemployment Rates (Seasonally Adjusted) 2018-2019

Region	August 2018	August 2019	Percent Change
Memphis MSA	4.4	4.2	-4.5%
TN	3.6	3.5	-2.8%
US	3.9	3.7	-5.1%

Source: *U.S. Bureau of Labor Statistics and Tennessee Department of Labor and Workforce Development – Civilian Labor Force Summary.*

When comparing September 2019 real estate statistics to the same period in 2018, the Memphis real estate market showed a mix of modest improvements and slight progressions. Total home sales increased by 7.4 percent. The average sales price slightly increased by 0.8 percent while the median sales price increased by 7.3 percent. Overall, the market activity continues to be encouraging with no significant set-backs noted per the comparative.

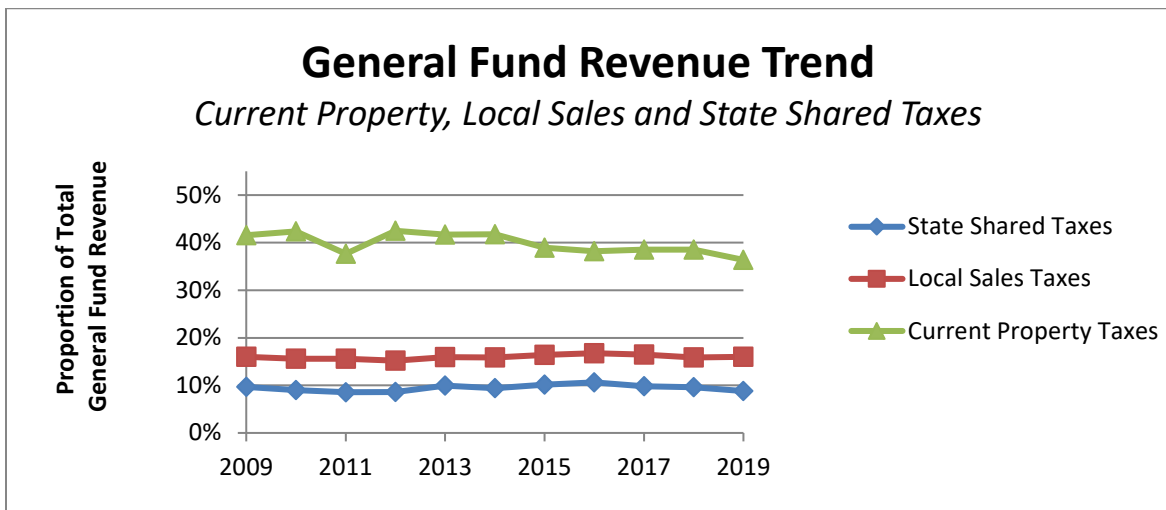
Home Sales in Memphis, Comparative September 2018-2019

	FY2018	FY2019	Change %
Home Sales	1,554	1,669	7.4%
Median Sales Price	\$ 150,000	\$ 161,000	7.3%
Average Sales Price	\$ 183,092	\$ 184,596	0.8%
Active Listings	4,519	4,213	-6.8%

Source: *Memphis Area Association of Realtors – Memphis Area Homes Sales Report September 2019*

The following chart shows the General Fund revenue trends from fiscal year 2009 through 2019. Explanations for notable trends for the last five years are as follows:

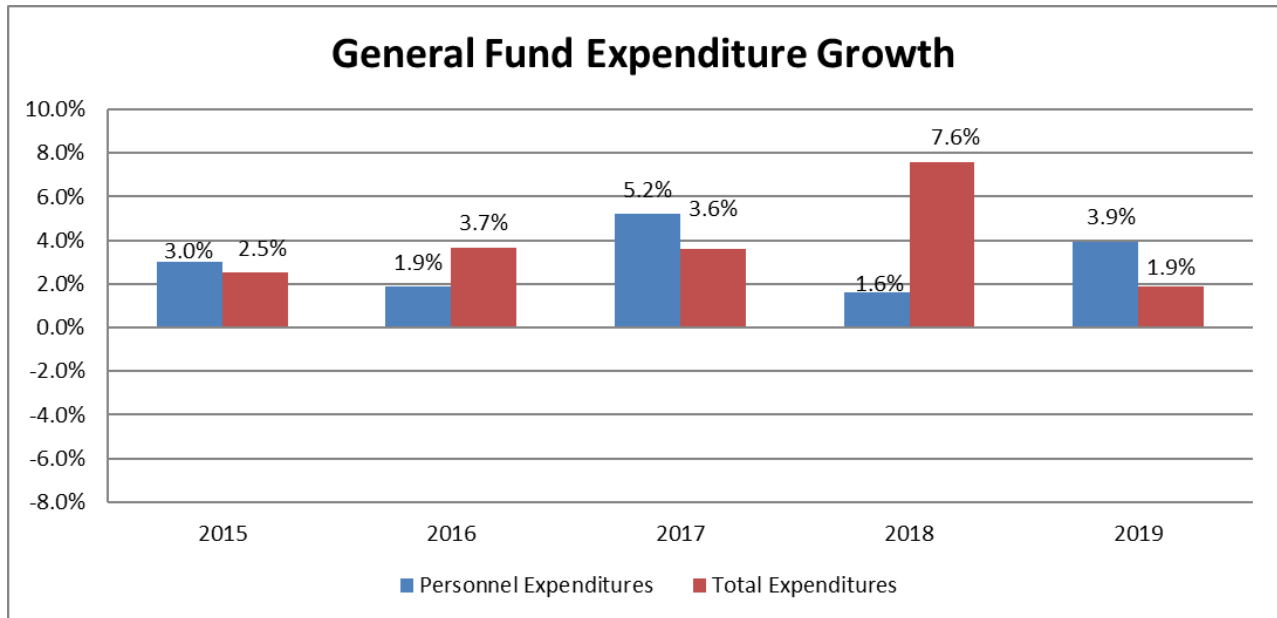
- While 2014 revenue increased slightly over 2013 in current property tax and local sales tax collections, both categories remained constant as a percentage of total revenue year over year. State shared revenue for 2014 decreased slightly from 2013 due to lower collections in both the Hall income and the professional athletes’ privilege taxes. However, state shared revenue collections still accounted for the same relative percentage of total revenue.
- From 2013 through 2014, the percentage of total revenues generated within the City from Property taxes, Local Sales Tax and State Shared Taxes remained constant. In 2015, the City did realize a decrease in Property Taxes due to the reallocation of \$0.17 of the property tax rate to the debt service fund from the general fund.
- In 2017, general fund revenues increased over 2016, primarily as a result of greater than expected revenue from current property taxes. Current Property Taxes have increased year over year from 38 percent to 39 percent.
- In 2018, the percentage of total revenues generated within the City from Property Taxes, State Shared Taxes and Local Sales Taxes remained constant. Although percentages remained steady, revenue from these Property Taxes, State Shared Taxes, and Local Sales Taxes increased year over year.
- 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 percent to 36 percent.



The following chart shows the General Fund expenditure trends from fiscal year 2009 through 2019. Explanations for notable trends for the last five years are as follows:

With 69 percent 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, newly enacted Tennessee state laws required the City to significantly increase annual contributions to the pension fund, with the requirement being that the City pays the full Actuarially Determined Contribution (ADC) by the year 2020.

- In fiscal year 2014, total expenditures decreased 5.8 percent over fiscal year 2013, marking the third consecutive year of decreases. Total personnel expenditures increased 6 percent over prior year, with the increase primarily attributed to the realignment of personnel from the Fleet Fund to the General Fund. The overall decrease in expenditures was driven by a reduction in total transfers out of the General Fund due in large part to the elimination of the transfer of approximately \$51 million to Memphis City Schools.
- In fiscal year 2015, the increase in total expenditures was due to \$13.5 million transfer to the OPEB Trust Fund to cover the cost of extending for six months health benefits for employees who retired before the age of 65 (pre-65). Additionally, the initial settlement payment of \$8 million for the lawsuit brought against the City by Memphis City Schools was paid out of the General Fund.
- In fiscal year 2016, total expenditures increased by \$16.5 million. Increases were largely attributable to increases in personnel services for Police and Fire and a related increase in the materials and supplies category. The City also increased Memphis Area Transit Authority (MATA) funding by \$4 million.
- In fiscal year 2017, total expenditures increased by 3.6 percent. This increase was partially due to a \$23,472 (5.2 percent) increase in personnel services as the City continued to meet the mandate for the ADC and began rebuilding the staffing of the Memphis Police Division. The City also experienced a \$17,797 (16.4 percent) increase in material and supplies across the City Divisions.
- In fiscal year 2018, total expenditures increased by 7.6 percent. This increase was partially due to the new Pre-K funding initiative for \$3 million. The City plan takes a significant step toward fully funding needs-based Pre-Kindergarten for Memphis children. \$2 million was transferred to Solid Waste Fund for the increased Trash Service Level Initiative.
- In fiscal year 2019, total expenditures increased by only 1.9 percent. 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 percent overall amongst divisions.



Recent Developments:

- In July 2019, a \$5 million renovation of the David Carnes Park in Whitehaven will be complete with the support of The Blue Cross Blue Shield of TN Health Foundation. Much has been invested into the new recreational area, hoping the neighborhood can become more active and utilize the environment to reduce stress. Citizens of all ages can enjoy various features such as a playground, ball field, a 40-yard dash track, and an obstacle course. The David Carnes Park was renamed after the former owner of the property, who was a blacksmith who was one of the first African-Americans to own land in the Whitehaven area. Mr. Carnes’ family and the Blue Cross Healthy Place is honoring that memory by implementing a blacksmith play area in the park.
- In June 2019, NBC announced that it will be filming its new drama series “Bluff City Law” in Memphis, TN and around Shelby County. The show premieres in September 2019. This will be a tremendous opportunity to showcase our city every week on the national stage. This show will mean hundreds of jobs for Memphis film production crews and increased revenue for local businesses.

- In December 2018, Downtown Memphis began to prepare for one of its most exciting commercial renovations. The City of Memphis signed documentation signaling the beginning stages of a 500-room hotel after the issue of a \$175 million bond to support the Memphis Cook Convention Center. The hotel will consist of amenities such as “restaurants, retail, meeting spaces and ballrooms”. Branded by Loews, a company well-known for their luxurious guesthouse properties, this will be a welcomed addition to the area. Memphis Mayor Jim Strickland hopes the deluxe building will “attract more large-scale conferences to the city.” With the coming of Loews new structure, smaller boutique hotels such as Hotel Indigo have been introduced to the city as well. The hotel is built with “parking garages on floors 2-7, and guesthouses are divided among floors 8-10, with amenities such as pools, bars, and out-facing rooms towards the cityscape”. With a modern-retro style renovation taking place, the hotel intends to not only give visitors a place to stay, but an experience while in Bluff City.
- The community of Frayser is welcoming new construction in their neighborhoods by building 10 homes during the summer of July 2019. Mayor Jim Strickland has partnered with Frayser Community Development Corporation to administer the innovative change to the district. This project is leading the way on affordable new homes in the inner-city for those in every income bracket. The homes cost under \$90,000 to construct, with low monthly payments. Frayser is also preparing for the arrival of a new library. The City of Memphis is investing \$3.8 million to reconstruct the current 6,000-square foot building into a 25,000-square foot library with a larger collection of materials, technology, and more spacious meeting rooms for its visitors. With the influx of new resources, Frayser hopes that early childhood literacy, career and job readiness, and after-school tutoring will be introduced as well.
- In June 2019, MPLOY, a city program for students interested in developing experience and sharpening their professionalism skills, has continued to assist children in staying productive over the summer. This summer, MPLOY has provided 1,750 jobs for local youth ages 14-22. The program has gained great momentum since establishment, with the program receiving over 10,000 applications this year. The program utilizes local businesses, churches, and large employers such as: FedEx, First Tennessee, and St. Jude to give young adults a variety of options therefore increasing the chances of being placed where they are most interested in. The City of Memphis’s Office of Youth Services compensates the youth for the six-week program while allowing them to fulfill their purposes, participate, and do something positive for the community. Memphis has also been maintaining the Opportunity Youth program, a system where young people ages 16-24 that are unemployed and or not in school are given the opportunity to participate in training and achieve credentials in high-demand fields.

- During the summer, Memphis hosts numerous, popular festivities for both locals and visitors, that come with a growing number of public safety issues. The Memphis office of Emergency Management has taken a major step to reassure citizens that aid is available and in July 2019, erects field hospitals at large public gatherings such as Memphis in May and Graceland’s Candlelight Vigil. Operating with the same level services as an emergency room, the field hospital specializes in first aid, heating and cooling, but also operates to prevent the overcrowding of local hospitals in the event of an emergency.
- Memphis 3.0 has been supported and enacted by executive order of Memphis Mayor Jim Strickland. The program has been designed with the intent to tie together initiatives the city is undertaking collectively while implementing community involvements with churches and community centers. Memphis 3.0 plans to focus on areas such as “Downtown, the Medical District, the university area and other neighborhoods” to make land use, transit, environmental, and equity recommendations. Through master planning and professional financial advisory, the Mayor hopes to nurture all neighborhoods and communities city-wide back to health by providing a long-term vision of how the city should grow and invest its resources.
- In March 2019, the Memphis City Council provided a massive fund that will expand pre-kindergarten for Memphis students. \$16.6 million has been permitted to Pre-K schools, therefore granting those who are eligible, the incentive of free Pre-K. This contribution has allowed the number of Pre-K seats available to double, now making the number of existing seats 8,500. Early childhood is vital in the city because by ensuring students they can read, write, and communicate also offers those students the chance to graduate and overcome poverty.
- The City of Memphis is home to 40,000 minority-owned businesses and the number is rapidly growing due to the city government acting proactively to ensure the success of all. In May 2018, seeking to increase the profits of minority-owned businesses Memphis Mayor Jim Strickland has approved to allocate grants and loans. Under the leadership of the program “800 Initiative”, \$500,000 was granted from the city’s 2018-19 budget and \$1 million was promised to be contributed to the program from larger, established local companies. Through the funding and assistance of the program, Mayor Strickland plans to collectively raise the participating businesses revenue by \$50 million in the next 5 years.

Long-term Financial Planning

The Fiscal Year 2018 Operating Budget brought many budgeting challenges to the City in its goal of restoring and maintaining financial stability while addressing some of its biggest financial issues. While these difficult financial times forced the City to prioritize and closely monitor operating expenditures, the City has strategically funded its budget 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, and advance a culture of excellence in government and providing good fiscal stewardship of the City's assets.

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. The goal in the years ahead will be to continue to evaluate our 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.

Major Initiatives

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 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. Highlights of the CIP budget plan for 2020-2024 are as follows:

The City's planned CIP spending 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 FY2020 CIP Budget for General Obligation Bond (G.O.) spending is \$87 million. The CIP budget also includes \$5 million towards the radio system upgrade for Police and other City of Memphis safety divisions.

In the Public Works Division, funding is provided to pave more than 400 lane miles of streets, including ADA ramp improvements and several road projects. Funding increased in information technology to begin replacement of the Treasury System. In the General Services Division, City Wide Fleet Acquisitions included \$9.5 million mainly for Police and Fire. In the Division of Housing and Community Development, the MHA Foote-Future Hope VI project is included in the amount of \$6 million. This project will remove the last public housing project in the City (Foote Homes).

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 and 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 improvement of the City's credit rating. With the objective of developing an effective capital improvement program, a CIP Committee was established during fiscal year 2006 for planning and oversight.

The committee's responsibilities include, but are not limited to, the following:

- Identify and determine status of previously approved projects and funding sources for each project.
- Evaluate the merits of the division/department requests for CIP projects and equipment.
- Establish a priority list of capital need projects and a timeline for completion.
- Create a CIP funding plan that designates a revenue source/method of financing for each proposed project.
- Submit 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.

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.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Memphis for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the 42nd consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both the United States generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The City also received GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2018, the 21st consecutive year for this award.

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 to both, with thanks to City Deputy Comptrollers, Crystal Givens and Starr Nichols.

Respectfully submitted,



Shirley Ford, CPA, CMFO
Chief Financial Officer



Candi Burton, EMST
Interim Comptroller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Memphis
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

CITY OF MEMPHIS, TENNESSEE

CITY OFFICIALS

Jim Strickland, Mayor

CITY COUNCIL

Kemp Conrad, Chairman (District 9-1)

Berlin Boyd	District 7	Reid Hedgepeth	District 9-3
Joe W. Brown	District 8-1	Cheyenne Johnson	District 8-2
J. Ford Canale	District 9-2	Martavius Jones	District 8-3
Frank H. Colvett, Jr	District 2	Worth Morgan	District 5
Gerre Currie	District 6	Patrice J. Robinson	District 3
Sherman Greer	District 1	Jamita Swearengen	District 4

COURTS

Kay S. Robilio	City Court Clerk
Earnestine Hunt Dorse	City Court Judge - Division 1
Tarik B. Sugarmon	City Court Judge - Division 2 (Administrative Judge)
Jayne R. Chandler	City Court Judge - Division 3

ADMINISTRATIVE

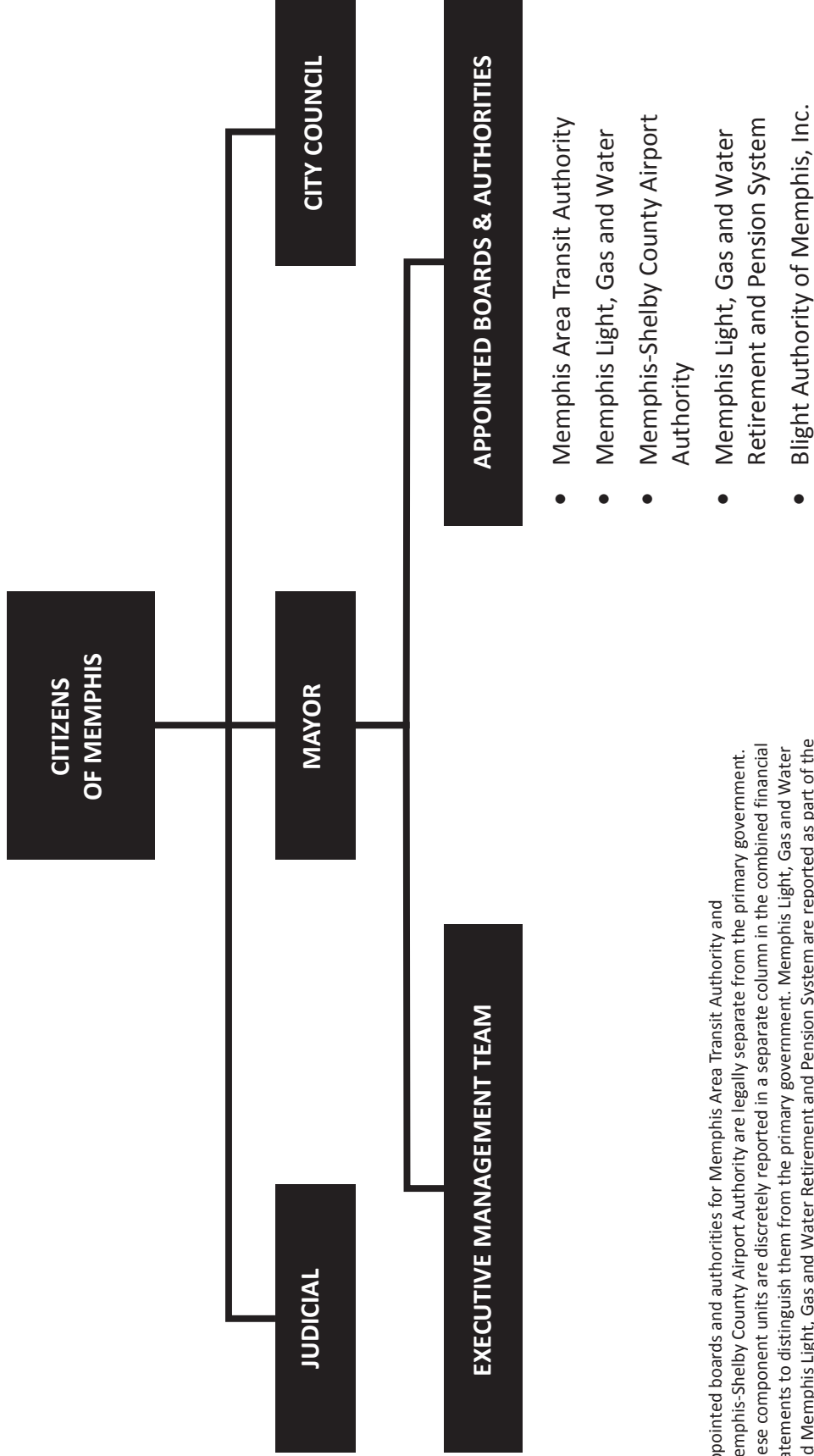
Antonio Adams	Director, General Services
Debbie Banks	Director, Internal Audit
Manny Belen	Director, City Engineer
Candi Burton	Interim Comptroller
Richard Copeland	Director, Office of Planning and Development
Shirley Ford	Chief Financial Officer
Robert Knecht	Director, Public Works
Ursula Madden	Chief Communications Officer
Joann Massey	Director, Business Diversity & Compliance
Doug McGowen	Chief Operating Officer
Bruce McMullen	Chief Legal Officer
Maria Munoz-Blanco	Director, Parks & Neighborhoods
Mike Rodriguez	Chief Information Officer
Michael Rallings	Director, Police Services
Alexandria Smith	Chief Human Resources Officer
Gina Sweat	Director, Fire Services
J.T. Young	President, Memphis Light, Gas and Water Division
Paul Young	Director, Housing and Community Development



City of Memphis, Tennessee

ORGANIZATION CHART

Primary Government and Discretely Presented Component Units

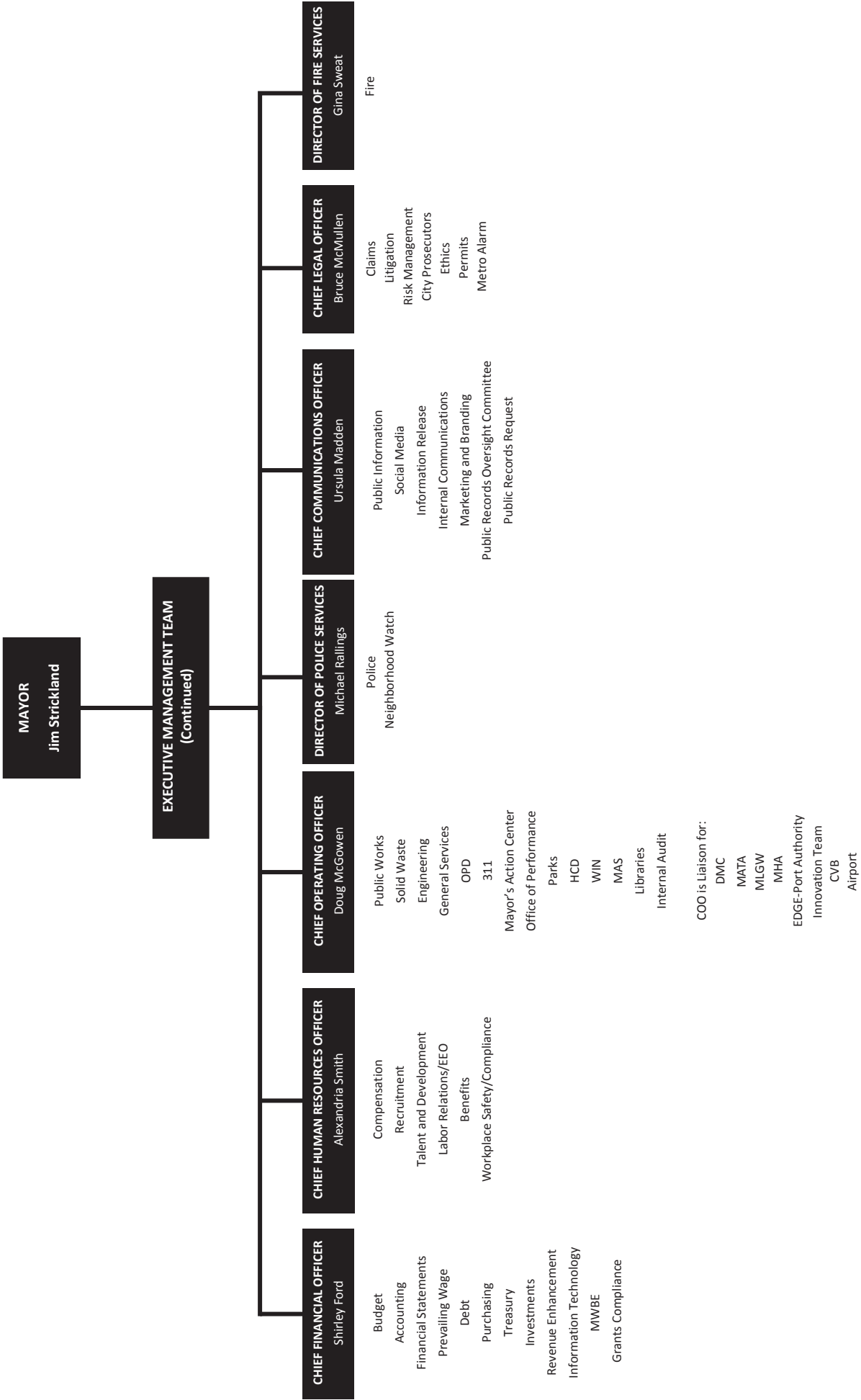


(1) Appointed boards and authorities for Memphis Area Transit Authority and Memphis-Shelby County Airport Authority are legally separate from the primary government. These component units are discretely reported in a separate column in the combined financial statements to distinguish them from the primary 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 Financial Statements

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 statements 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Memphis-Shelby County Airport Authority, Memphis Zoological Society and the Blight Authority of Memphis, Inc., which represent 91%, 98%, and 75%, 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 76%, 73% and 92%, 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. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



Page 2

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, 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, and the aggregate remaining fund information of the City of Memphis, Tennessee, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 23 through 37 be presented to supplement the basic financial statements. Such information, 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 and other auditors 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.



Page 3

Other 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 introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, 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 the City's internal control over financial reporting and compliance.

Banks, Finley, White & Co

Memphis, Tennessee
December 16, 2019



Management's Discussion and Analysis

As management of the City of Memphis, Tennessee (the City), we offer 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, 2019. 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, 2019 by \$1,801,094 (net position). Total government-wide net position decreased by \$278,671 in fiscal year 2019.
- At June 30, 2019, the City's governmental activities reported ending net position of a negative \$270,000 compared to a negative \$338,699 as restated from the prior year. The governmental activities change in net position for fiscal year 2019 was an increase of \$68,669 or 20.28% from prior year's beginning balance as restated.
- The City's business-type activities reported a June 30, 2019 ending net position of \$2,071,094 a decrease of \$141,298 or 7.32% from prior year beginning balance as restated.
- At June 30, 2019, the fund balance for the general fund was \$135,992 a decrease of \$5,209 or 3.69% from prior year's balance. The unassigned portion of the fund balance at fiscal year-end was \$91,541 a decrease of \$6,742 over the prior year.
- The City's total general obligation, other debt, and revenue bond debt decreased by \$38,414 or 2.3% during the current fiscal year for governmental activities, and decreased \$74,809 or 11.1% for the business-type activities.
- The City's total liabilities of \$3,796,327 which include, among other items, pension and other post-employment benefits liabilities, increased by \$284,180 or 8.09 % from prior year total liabilities of \$3,512,147.
- Deferred outflows increased from \$211,854 to \$293,401 for a change of \$81,547 or 38.49%. Year over year changes are primarily attributable to changes in actuarial assumptions.
- Deferred Inflows increased from \$837,179 to \$1,024,950 for a change of \$187,771 or 22.43%. As with deferred outflows, year over year changes are primarily attributable to changes in actuarial assumptions.

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 deteriorating.

The statement of activities presents information showing how the City's net position changed during the year ended June 30, 2019. 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 Memphis Cook 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 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. All of 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 2019, the City maintained nineteen 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 fifteen 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 (Exhibit B-1 and B-2).

The City adopts an annual appropriated budget for its general, special revenue (except Miscellaneous Grant Fund, Community Development Fund, Central Business Improvement District Fund and Community Redevelopment Agency

Fund), and debt service funds. Budgetary comparison statements are provided to demonstrate compliance with this budget. Effective for the fiscal year 2019 budget, the City adopted an annual appropriated budget for all funds.

The basic governmental fund financial statements, including reconciliation to the government-wide Statements 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 provide detail 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 \$1,801,094 at June 30, 2019.

Condensed Statement of Net Position

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 1,068,400	1,140,952	949,778	981,381	2,018,178	2,122,333
Capital assets	1,678,645	1,593,220	2,632,147	2,501,684	4,310,792	4,094,904
Total assets	2,747,045	2,734,172	3,581,925	3,483,065	6,328,970	6,217,237
Deferred outflows of resources	170,866	128,763	122,535	83,091	293,401	211,854
Long-term liabilities outstanding	1,489,269	1,526,478	600,955	554,102	2,090,224	2,080,580
Other liabilities	999,281	884,115	706,822	547,452	1,706,103	1,431,567
Total liabilities	2,488,550	2,410,593	1,307,777	1,101,554	3,796,327	3,512,147
Deferred inflows of resources	699,361	784,590	325,589	52,589	1,024,950	837,179
Net positions:						
Net investment in capital assets	225,370	340,474	2,043,389	1,958,252	2,268,759	2,298,726
Restricted	314,515	358,736	64,038	112,352	378,553	471,088
Unrestricted	(809,885)	(1,031,458)	(36,333)	341,409	(846,218)	(690,049)
Total net position as restated	\$ (270,000)	(332,248)	2,071,094	2,412,013	1,801,094	2,079,765

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 \$2,268,759. 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 \$378,553 portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The balance remaining is a negative unrestricted net position of \$846,218.

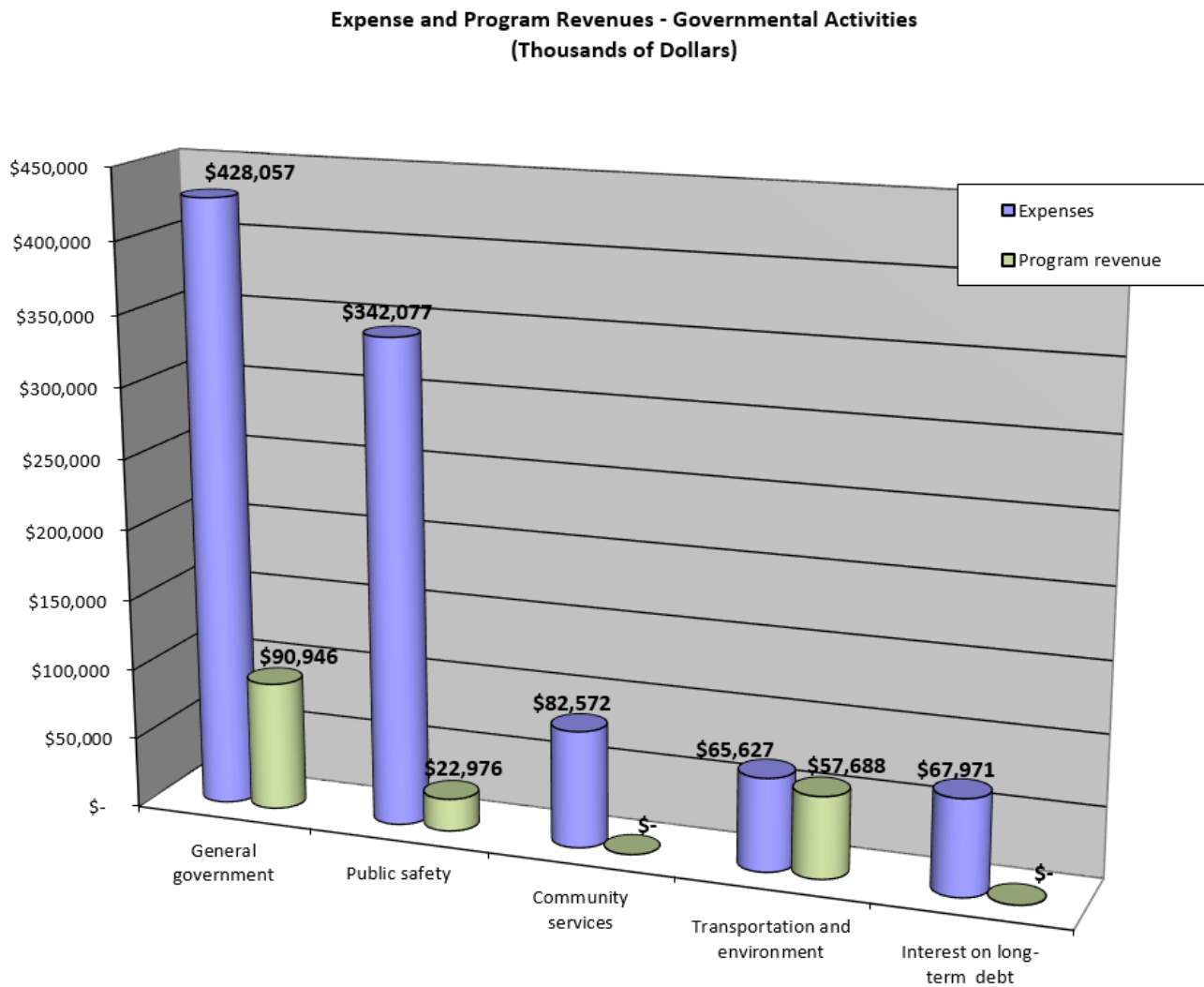
Condensed Statement of Changes in Net Positions

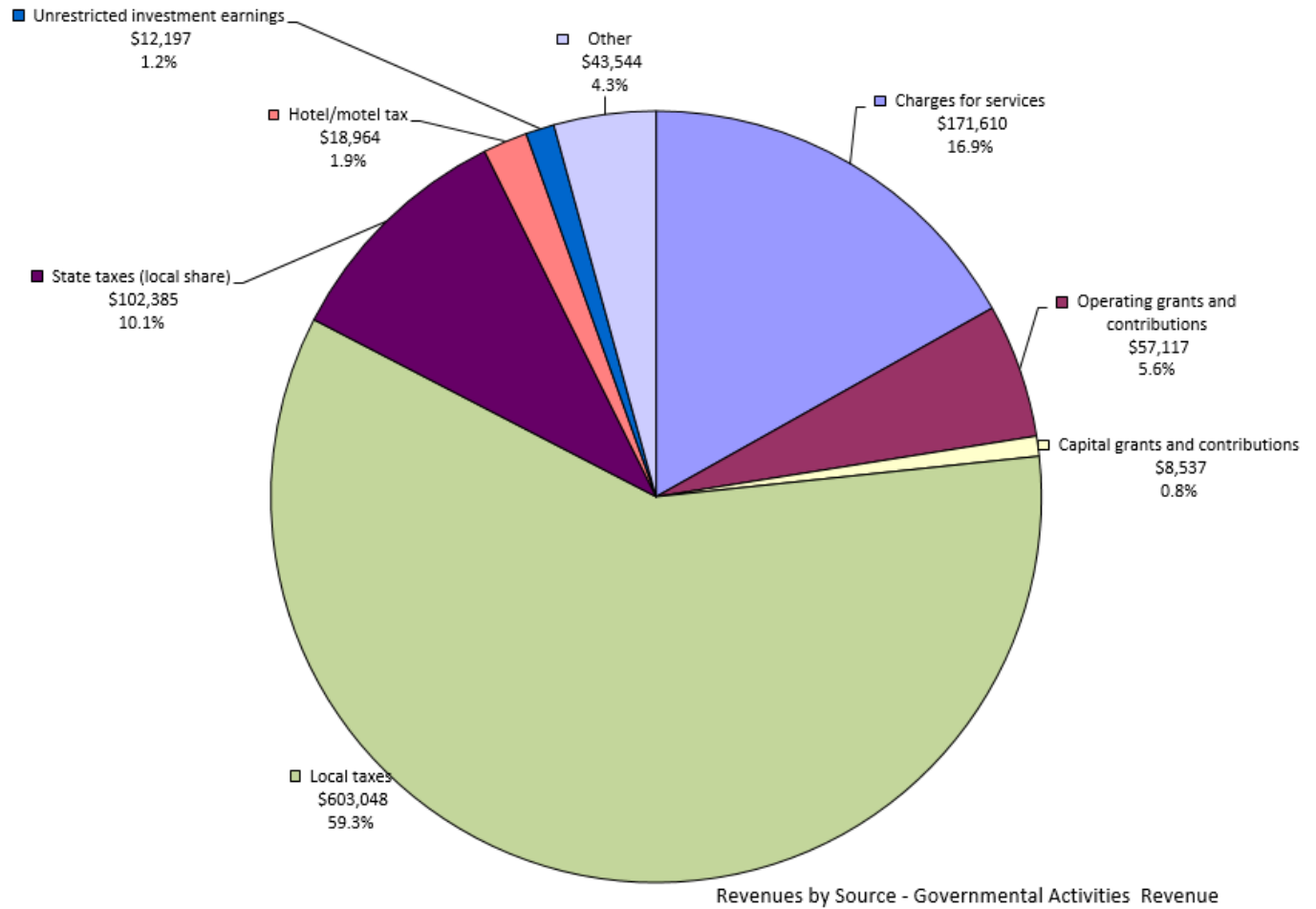
	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 171,610	144,783	1,818,885	1,691,685	1,990,495	1,836,468
Operating grants and contributions	57,117	50,416	420	537	57,537	50,953
Capital grants and contributions	8,537	1,668	-	946	8,537	2,614
General revenues:						
Local taxes	603,048	607,148	-	-	603,048	607,148
State taxes (local share)	102,385	105,895	-	-	102,385	105,895
Hotel/motel tax	18,964	17,176	-	-	18,964	17,176
Sale of Capital Assets	-	-	-	-	-	-
Unrestricted investment earnings	12,197	4,960	17,448	14,949	29,645	19,909
Other	43,544	4,275	35,559	35,216	79,103	39,491
Total revenues	1,017,402	936,321	1,872,312	1,743,333	2,889,714	2,679,654
Expenses:						
General government	428,057	197,380	-	-	428,057	197,380
Public safety	342,077	310,961	-	-	342,077	310,961
Community services	82,572	78,865	-	-	82,572	78,865
Transportation and environment	65,627	50,649	-	-	65,627	50,649
Education	59	82	-	-	59	82
Interest on long-term debt	67,971	59,933	-	-	67,971	59,933
Redemption of serial bonds and notes	-	92,535	-	-	-	92,535
Sewer collection and treatment	-	-	93,766	75,739	93,766	75,739
Memphis Light, Gas and Water	-	-	1,548,223	1,561,085	1,548,223	1,561,085
Miscellaneous	-	153,437	-	-	-	153,437
Storm Water	-	-	18,777	16,556	18,777	16,556
Total expenses	986,363	943,842	1,660,766	1,653,380	2,647,129	2,597,222
Increase (decrease) in net position before transfers	31,039	(7,521)	211,546	89,953	242,585	82,432
Transfers	37,630	111,631	(70,248)	(74,844)	(32,618)	36,787
Increase (decrease) in net position	68,669	104,110	141,298	15,109	209,967	119,219
Net position - July 1	(332,248)	(436,358)	2,412,013	2,396,904	2,079,765	1,960,546
Prior Period Adjustment	(6,421)	-	(482,217)	-	(488,638)	-
Net position - July 1, as restated	(338,669)	(436,358)	1,929,796	2,396,904	1,591,127	1,960,546
Net position - June 30	\$ (270,000)	(332,248)	2,071,094	2,412,013	1,801,094	2,079,765

Governmental Activities

During fiscal year 2019, governmental activities increased the City’s net position by \$68,669. Key elements of the governmental activities are discussed below:

- During fiscal year 2019, total revenues increased by \$81,081. Relevant factors include an increase in charges for services and other revenues of \$26,827 and \$39,269, respectively. Additionally, there was an increase of \$6,701 and \$6,869 for operating grants and contributions and capital grants and contributions, respectively. There was a minimal year over year increase for hotel/motel taxes of \$1,788.
- Total governmental activities expenses increased \$42,521. Governmental activities program expenses are detailed in Exhibit A-2.



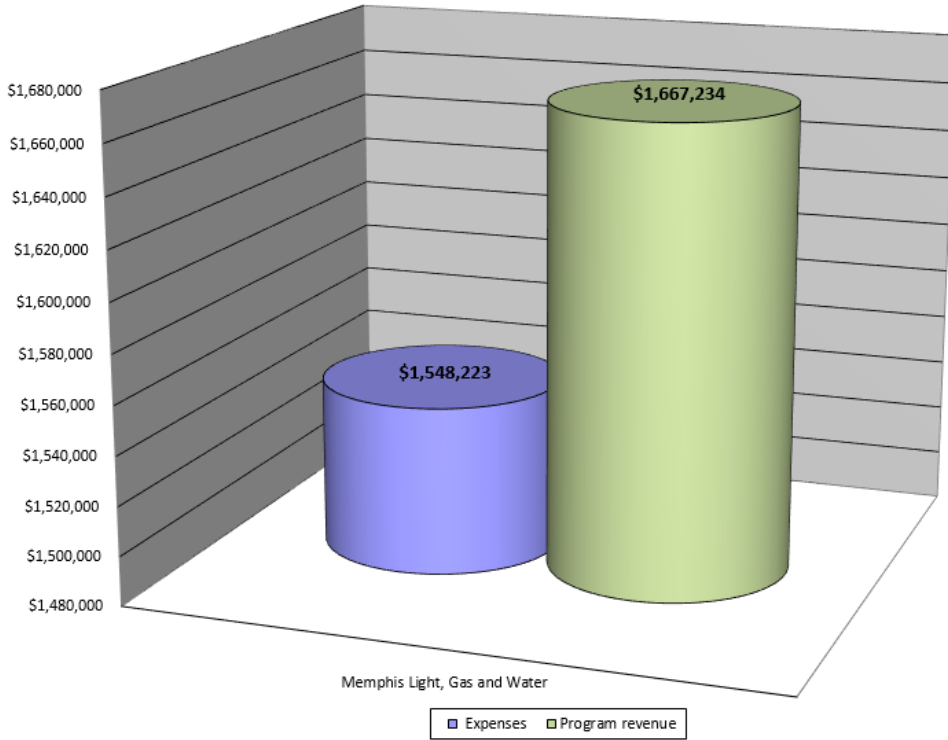


Business-type Activities

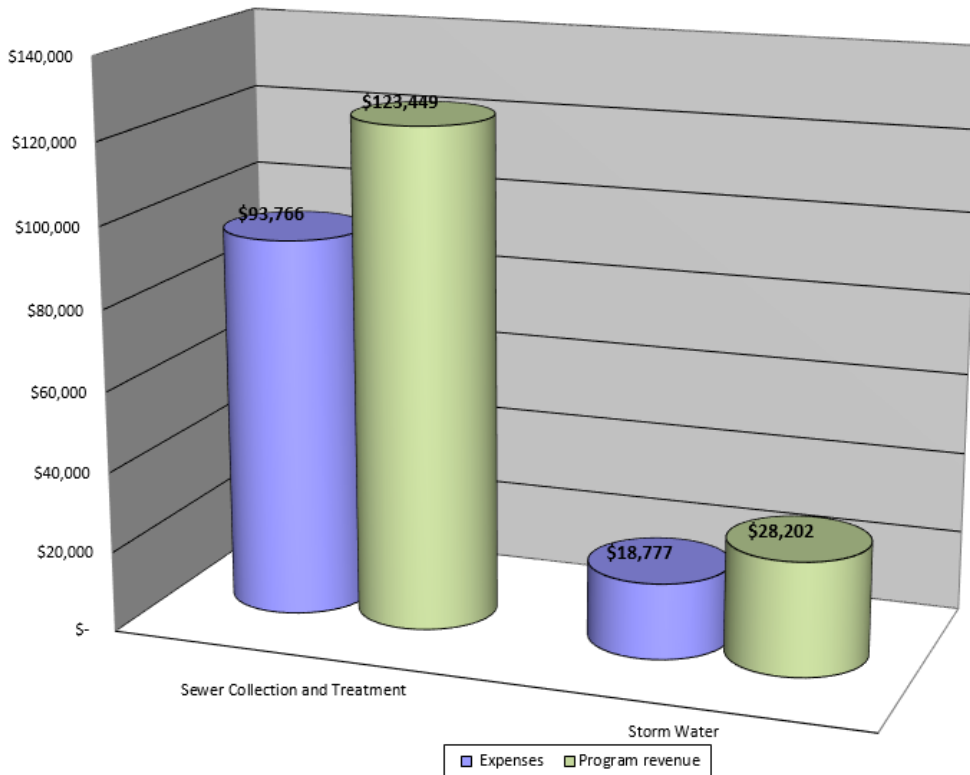
Business-type activities increased the City's net position by \$141,298. Key elements of the increase are as follows:

- Total revenues for the business-type activities increased by \$128,979 year over year. The most significant variance was a \$127,200 increase in charges for services largely attributable to Memphis Light Gas & Water.
- Total business-type expenses increased \$7,386 year over year. The increase in expenses occurred in the Sewer Collection and Treatment Fund and the Storm Water Fund \$18,027 and \$2,221, respectively. The increase was offset by a year over year decrease in MLGW expenses of \$12,862. Business-type program expenses are detailed in Exhibit A-2.

Expenses and Program Revenues - Business-Type Activities
(Thousands of Dollars)



Expenses and Program Revenues - Business-Type Activities
(Thousands of Dollars)



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, 2019, the City's total governmental funds reported combined ending fund balance of \$406,056 a decrease of \$50,963 or 11.15% in comparison with the prior year. Approximately 22.5% or \$91,541 of the fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. Approximately 16.1% or \$65,436 of the fund balance is considered restricted to indicate the amount is subject to external enforceable legal restrictions. Additionally, \$217,353 or 53.5% 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 \$31,726 or 7.8% 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 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, 2019, unassigned fund balance of the general fund was \$91,541 or 67.3% of the total fund balance of \$135,992. 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 13.1% of total general fund expenditures, while total general fund balance represents 19.4% of the fund expenditures.

The fund balance of the City's general fund decreased by \$5,209 or 3.69% during the fiscal year ended June 30, 2019. The year over year net change in fund balance increased by \$973. Key factors of the change in the general fund are as follows:

- Total general fund revenues resulted in an increase of \$5,378 over the prior year. The primary variances that comprise the increase are revenue categories federal grants and entitlements (increase of \$11,597), investment income (increase of \$2,939) and charges for services (increase of \$1,871).

- Total expenditures increased by \$11,477 or 1.67% over prior year. Increases were largely attributable to a \$2,511 increase in community services expenditures and continued increases in expenditures for public safety with an increase of \$12,667.
- Total other financing sources (uses) increased by \$7,702. The increase year over year is due to an increase in sale of capital assets and transfers in of \$5,433 and \$1,162, respectively and a decrease of \$477 in transfers out.

The fund balance of the City's Debt Service fund increased by \$1,051 to \$77,929 during the fiscal year ended June 30, 2019. Key factors resulting in this change are as follows:

- Total revenues decreased by \$5,500 year over the year. The decrease is primarily due to a decrease of \$8,577 in other revenue and an increase in local taxes and investment income of \$1,815 and \$1,652, respectively. In fiscal year 2018, other revenue included \$7,312 in commercial paper proceeds that were allocated to the storm water fund in fiscal year 2016. Additional year over year changes included a decrease of \$478 in state taxes and an increase in federal grants & entitlements of \$88.
- Expenditures related to debt service increased \$13,977 for fiscal year 2019. The increase is primarily due to interest expense and redemption of serial bonds which increased by \$9,471 and \$4,831, respectively. Lease payments increased by \$961, while bond issuance costs and service charges decreased by \$839 and \$447 respectively.
- Total other financing sources and uses decreased by \$7,552. In fiscal year 2018, activities included a use of sources in the amount of \$150,000 for payments to refunded bond escrow agent, which was offset in part by the receipt of \$137,596 from the refunding bonds/issuance of debt. Additionally, premiums on general obligation bonds decreased by \$12,994.

The fund balance of the City's Capital Project fund decreased by \$43,113 for fiscal year ended June 30, 2019. Major elements of fund balance change are:

- Expenditures exceeded revenues by \$121,838
- Revenue increased \$6,858 from prior year, largely attributable to a significant increase in federal grant and entitlements.
- Expenditures increased \$45,079 or 48.30% due to a significant increase in capital outlay.
- A decrease in other financing sources is due to a decrease in refunding of bonds / issuance of debt which decreased by \$171,658.

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.

Unrestricted net position of negative \$36,333 on Exhibit A-1 is comprised of a negative \$59,779 for Memphis Light, Gas and Water. The remaining balance represents the unrestricted net position of the Sewer Fund in the amount of \$31,385 and the Storm Water Fund deficit in the amount of \$7,939. Detail of Proprietary Funds is presented on Exhibit A-9 Statement of Net Position.

General Fund Budgetary Highlights

The original operating budget for fiscal year 2019 anticipated an increase fund balance of \$420. Actual use of fund balance for fiscal year 2019 was \$5,209.

Differences between the original budget and the final amended budget can be briefly summarized as follows:

- Revenues budget increased by \$6,078.
- Expenditures budget was increased by \$33,563 which encompassed an increase in the general government, public safety and transportation and environment budgets by \$20,424, \$7,925 and \$2,492, respectively.

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, 2019, totaled \$4,310,792 (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 \$416,841 or 10.07%. Both governmental and business-type activities contributed an increase of \$85,425 and \$331,416, respectively.

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

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Land and buildings	\$ 388,296	333,337	29,105	29,695	417,401	363,032
Improvements other than buildings	505,852	527,273	337,482	313,624	843,334	840,897
Equipment	37,183	44,189	15,349	15,876	52,532	60,065
Construction in progress	747,314	688,421	350,085	304,953	1,097,399	993,374
Memphis Light, Gas and Water	-	-	1,900,126	1,636,583	1,900,126	1,636,583
Total	\$ 1,678,645	1,593,220	2,632,147	2,300,731	4,310,792	3,893,951

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

- Major renovations of the Police Academy.
- Purchase of police in-car video equipment, mobile command unit, and communications power supply.
- Engineering Division funding for replacement of traffic signals, paving, and transportation improvements.
- Replacement of the City's Treasury System that accounts for property tax revenue.
- MATA infrastructure repairs, purchase of rail vehicles, and funding for an Advanced Public Transportation system.

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

Long-term Debt

At June 30, 2019, the City had total bonded debt outstanding of \$2,208,302. Of this amount, \$1,608,183 comprises debt backed by the full faith and credit of the government. The remaining balance of \$600,119 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	
	2019	2018	2019	2018	2019	2018
General obligation bonds	1,314,548	1,407,029	-	-	1,314,548	1,407,029
Commercial Paper	75,000	-	-	-	75,000	-
Capital lease obligations	23,989	30,410	-	-	23,989	30,410
Settlement obligations	14,665	15,999	-	-	14,665	15,999
Guarantee obligations	179,981	193,159	-	-	179,981	193,159
Revenue bonds	-	-	492,376	591,030	492,376	591,030
State loans	-	-	107,743	83,898	107,743	83,898
Total	\$ 1,608,183	1,646,597	600,119	674,928	2,208,302	2,321,525

During fiscal year 2019, the City issued \$69,480 in Sanitary Sewerage System Revenue and Revenue Refunding Bonds, series 2018. Total debt includes general obligation bonds, bond anticipation notes, commercial paper, capital lease obligations, revenue bonds, state loans, and other debt obligations as indicated in the table above. Governmental activities' and business-type activities' debt totals decreased by \$34,414 and \$74,809, respectively.

The City has long held a high-grade bond rating on indebtedness from the major credit rating services. As of June 30, 2019, 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.

Separate financial statements for MLGW are issued as of and for its year-end December 31, and can be obtained by writing to MLGW Financial Statements, P.O. Box 430, Memphis, Tennessee 38101-0430 or via www.mlgw.com.

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

Factors considered in preparing the City's budget for the 2019 fiscal year are discussed more fully in the Budget document and include:

- The budget conservatively embraces economic positives and carefully apportions increased investments in the City's priorities of safety, neighborhoods, youth, government, and economic development.
- Public safety, which encompasses our Police and Fire Division, remains a top priority.
- The adopted operating budget for all funds calls for expenditures of \$1,295,684 against revenues of \$1,295,714.
- The adopted operating budget for the general fund is \$710,388 in revenues and \$711,558 in expenditures.

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 Comprehensive Annual Financial Report, the 2019 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.



FINANCIAL SECTION

CITY OF MEMPHIS

T E N N E S S E E

BASIC FINANCIAL STATEMENTS

**BASIC FINANCIAL
STATEMENTS**



STATEMENT OF NET POSITION
(Thousands of Dollars)
June 30, 2019

CITY OF MEMPHIS, TENNESSEE
EXHIBIT A-1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 127,070	\$ 191,077	\$ 318,147	\$ 49,019
Investments	649	153,292	153,941	22,824
Equity in cash and investment pool	257,020	76,577	333,597	-
Restricted funds	18,762	66,626	85,388	-
Receivables (net of allowance for uncollectibles):				
Property taxes	433,832	-	433,832	-
Sales, income, and other taxes	37,282	-	37,282	-
Special assessments	3,997	-	3,997	-
Federal and state grants	60,053	-	60,053	4,915
Interest and dividends on investments	216	80	296	-
Notes and accounts receivable	425	172,399	172,824	7,743
Housing rehabilitation loans	50,473	-	50,473	-
Other	37,661	3,443	41,104	-
Due from other agencies and governments	11,753	-	11,753	299
Inventories	1,240	50,618	51,858	5,486
Unbilled revenues	-	73,311	73,311	-
Prepaid expense	-	2,028	2,028	3,401
Restricted assets:				
Cash and cash equivalents	-	-	-	98,470
Investments	-	59,428	59,428	230,025
Non-depreciable capital assets	822,439	364,230	1,186,669	259,583
Depreciable capital assets (net of accumulated depreciation)	856,206	2,267,917	3,124,123	721,244
Other assets	27,967	100,899	128,866	47,499
Total Assets	2,747,045	3,581,925	6,328,970	1,450,508
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	154,898	69,038	223,936	19,700
Deferred outflows - OPEB	15,968	53,497	69,465	5,604
Deferred outflows - other	-	-	-	1,384
Total assets and deferred outflows of resources	2,917,911	3,704,460	6,622,371	1,477,196

(Continued)

STATEMENT OF NET POSITION
(Thousands of Dollars)
June 30, 2019

CITY OF MEMPHIS, TENNESSEE
EXHIBIT A-1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Accounts payable and accrued liabilities	\$ 61,661	\$ 297,525	\$ 359,186	\$ 13,912
Accrued interest payable	14,376	-	14,376	14,787
Contract retainage	-	515	515	-
Insurance claims payable	8,734	-	8,734	-
Due to other agencies and governments	3,136	621	3,757	9,241
Refundable bonds and deposits	1,785	-	1,785	-
Unearned revenue	6,172	103	6,275	11,415
Other liabilities	97,259	86,935	184,194	-
Noncurrent liabilities:				
Due within one year	120,381	24,883	145,264	27,128
Due in more than one year	1,489,269	600,955	2,090,224	540,737
Net OPEB liability - due in more than one year	270,563	276,546	547,109	108,787
Net pension liability - due in more than one year	415,214	19,694	434,908	24,027
Total Liabilities	<u>2,488,550</u>	<u>1,307,777</u>	<u>3,796,327</u>	<u>750,034</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	134,717	126,525	261,242	5,303
Deferred inflows - OPEB	69,033	197,518	266,551	5,345
Deferred inflows - other	495,611	1,546	497,157	-
Total liabilities and deferred inflows of resources	<u>3,187,911</u>	<u>1,633,366</u>	<u>4,821,277</u>	<u>760,682</u>
NET POSITION				
Net investment in capital assets	225,370	2,043,389	2,268,759	387,451
Restricted for:				
Debt service	77,929	53,193	131,122	-
Capital acquisitions/projects	148,359	-	148,359	371,965
Construction	-	10,845	10,845	-
Solid waste management	6,056	-	6,056	-
Drug enforcement	9,411	-	9,411	-
Other	72,760	-	72,760	9,205
Unrestricted:	(809,885)	(36,333)	(846,218)	(52,107)
Total Net Position	<u>\$ (270,000)</u>	<u>\$ 2,071,094</u>	<u>\$ 1,801,094</u>	<u>\$ 716,514</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, 2019

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	\$ 428,057	\$ 90,946	\$ 57,072	\$ 8,537	(271,502)	-	-	(271,502)	\$ -
Public safety	342,077	22,976	-	-	(319,101)	-	-	(319,101)	-
Community services	82,572	-	-	-	(82,572)	-	-	(82,572)	-
Transportation and environment	65,627	57,688	-	-	(7,939)	-	-	(7,939)	-
Education	59	-	-	-	(59)	-	-	(59)	-
Interest on long-term debt	67,971	-	-	-	(67,971)	-	-	(67,971)	-
Total governmental activities	986,363	171,610	57,072	8,537	(749,144)	-	-	(749,144)	-
Business-type activities:									
Sewer collection and treatment	93,766	123,449	420	-	-	30,103	-	30,103	-
Memphis Light, Gas and Water	1,548,223	1,667,234	-	-	-	119,011	-	119,011	-
Storm water	18,777	28,202	-	-	-	9,425	-	9,425	-
Total business-type activities	1,660,766	1,818,885	420	-	-	158,539	-	158,539	-
Total primary government	\$ 2,647,129	\$ 1,990,495	\$ 57,492	\$ 8,537	\$ (749,144)	\$ 158,539	\$ (590,605)	\$ (590,605)	\$ -
Component units:									
Memphis Area Transit Authority	78,082	6,949	-	5,628	-	-	-	-	(65,505)
Memphis Zoological Society	18,842	17,572	301	1,094	-	-	-	-	125
Memphis Cook Convention Center	7,022	4,171	-	-	-	-	-	-	(2,851)
Blight Authority Memphis, Inc.	40	-	-	-	-	-	-	-	(40)
Memphis-Shelby County Airport Authority	141,617	102,203	-	47,734	-	-	-	-	8,320
Total component units	\$ 245,603	\$ 130,895	\$ 301	\$ 54,456	\$ -	\$ -	\$ -	\$ -	\$ (59,951)

STATEMENT OF ACTIVITIES
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
General revenues:								
Local taxes:								
Property taxes - levied for education					1,277	-	1,277	-
Property taxes - levied for debt service					140,773	-	140,773	-
Property taxes - levied for capital projects					385	-	385	-
Property taxes - levied for general government					295,824	-	295,824	-
Interest, penalties and commission - property taxes					6,085	-	6,085	-
Sales tax, general					115,136	-	115,136	-
Sales tax, beer					15,207	-	15,207	-
Gross receipts tax					15,186	-	15,186	-
Franchise tax					8,358	-	8,358	-
Other local taxes					4,817	-	4,817	-
State taxes-unrestricted:								
Sales tax					53,641	-	53,641	-
Income tax					7,806	-	7,806	-
Beer tax					299	-	299	-
Alcoholic beverage tax					407	-	407	-
Petroleum products tax					23,939	-	23,939	-
State taxes - Debt service					16,293	-	16,293	-
Hotel/motel tax					18,964	-	18,964	-
Grants and contributions not restricted to specific programs					-	-	-	122
City of Memphis subsidy					-	-	-	31,617
Investment income					12,197	17,448	29,645	10,649
Federal grants and entitlements					-	-	-	14,142
State grants					-	-	-	7,669
Other					43,544	35,559	79,103	14,656
Transfers					37,675	(70,248)	(32,573)	-
Total general revenues and transfers					817,813	(17,241)	800,572	78,855
Changes in net position					68,669	141,298	209,967	18,904
Net position - beginning, as restated					(338,669)	1,929,796	1,591,127	697,610
Net position - ending					(270,000)	2,071,094	1,801,094	716,514

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

BALANCE SHEET
GOVERNMENTAL FUNDS
(Thousands of Dollars)
June 30, 2019

CITY OF MEMPHIS, TENNESSEE
EXHIBIT A-3

	General	Debt Service	Capital Projects	Community Development	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 40	\$ -	\$ 124,521	\$ 2,062	\$ 445	\$ 127,068
Investments	-	-	649	-	-	649
Equity in cash and investment pool	138,430	26,211	26,562	765	40,120	232,088
Receivables (net of allowance for uncollectibles):						
Property taxes:						
Current property taxes	266,245	122,898	1,179	-	2,874	393,196
Delinquent property taxes	28,340	11,856	39	-	401	40,636
Special assessments:						
Current special assessments	-	-	-	-	3,582	3,582
Delinquent special assessments	178	-	-	-	237	415
Sales, income, and other taxes	35,813	1,469	-	-	-	37,282
Federal and state grants	2,268	-	12,467	40,526	4,792	60,053
Interest and dividends on investments	-	-	1	215	-	216
Housing rehabilitation loans	-	-	-	50,473	-	50,473
Other	33,991	3,410	-	106	154	37,661
Due from other funds	3,696	5,516	-	-	-	9,212
Due from other agencies and governments	96	-	-	-	6,436	6,532
Escrows - debt funding	-	27,967	-	-	-	27,967
Restricted assets:						
Cash restricted for debt service	-	18,762	-	-	-	18,762
Total assets	\$ 509,097	\$ 218,089	\$ 165,418	\$ 94,147	\$ 59,041	\$ 1,045,792
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 45,821	\$ 23	\$ 8,759	\$ 204	\$ 5,422	\$ 60,229
Contract retainage	-	-	1,415	-	-	1,415
Due to other funds	-	-	-	-	3,991	3,991
Due to other agencies and governments	3,136	-	-	-	-	3,136
Refundable bonds and deposits	1,785	-	-	-	-	1,785
Unearned revenue	-	-	5,637	-	535	6,172
Total liabilities	50,742	23	15,811	204	9,948	76,728
Deferred inflows:						
Prepaid taxes	466	-	-	-	-	466
Uncollected property taxes	295,604	136,040	1,248	-	3,274	436,166
Uncollected anti-neglect fees	484	-	-	-	-	484
Uncollected traffic fines	19,647	-	-	-	-	19,647
Uncollected ambulance fees	5,938	-	-	-	-	5,938
Uncollected special assessments	-	-	-	-	3,940	3,940
Uncollected grant reimbursements	-	-	-	-	3,111	3,111
Uncollected intergovernmental revenue	-	-	-	38,462	-	38,462
Uncollected project loans receivable	-	-	-	50,473	-	50,473
Other deferred inflows	224	4,097	-	-	-	4,321
Total deferred inflows	322,363	140,137	1,248	88,935	10,325	563,008
Total liabilities and deferred inflows	373,105	140,160	17,059	89,139	20,273	639,736
Fund balances:						
Restricted	12,725	22,409	-	5,008	25,294	65,436
Committed	-	55,520	148,359	-	13,474	217,353
Assigned	31,726	-	-	-	-	31,726
Unassigned	91,541	-	-	-	-	91,541
Total fund balances	135,992	77,929	148,359	5,008	38,768	406,056
Total liabilities, deferred inflows and fund balances	\$ 509,097	\$ 218,089	\$ 165,418	\$ 94,147	\$ 59,041	\$ 1,045,792

See accompanying notes to financial statements.

**RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
(Thousands of Dollars)
June 30, 2019**

**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	\$ 406,056
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,678,645
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	62,184
Net pension liabilities 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.	(395,033)
Net OPEB liabilities 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.	(322,874)
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.	15,611
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,714,589)</u>
Net position of governmental activities	<u>\$ (270,000)</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, 2019

CITY OF MEMPHIS, TENNESSEE
EXHIBIT A-5

	General	Debt Service	Capital Projects	Community Development	Nonmajor Funds	Total Governmental Funds
REVENUES						
Local taxes	\$ 457,743	\$ 140,773	\$ 385	\$ -	\$ 5,092	\$ 603,993
State taxes (local share)	63,329	16,293	-	-	22,763	102,385
Hotel/motel tax	-	-	-	-	18,964	18,964
Licenses and permits	13,674	-	-	-	2,153	15,827
Fines and forfeitures	14,824	-	-	-	3,011	17,835
Charges for services	36,064	-	-	-	57,851	93,915
Investment income	5,281	2,802	3,611	-	503	12,197
Federal grants and entitlements	17,279	2,450	8,537	18,661	15,569	62,496
State grants	1,261	-	-	-	1,852	3,113
Intergovernmental revenues	9,966	-	-	-	-	9,966
Other	12,694	2,129	4,032	45	2,180	21,080
Total revenues	<u>632,115</u>	<u>164,447</u>	<u>16,565</u>	<u>18,706</u>	<u>129,938</u>	<u>961,771</u>
EXPENDITURES						
Current:						
General government	167,539	-	-	-	49,265	216,804
Public safety	454,167	-	-	-	3,741	457,908
Community services	60,794	-	-	18,706	3,994	83,494
Transportation and environment	17,002	-	-	-	74,408	91,410
Education	-	-	-	-	59	59
Capital outlay	-	-	138,196	-	-	138,196
Debt service:						
Redemption of serial bonds and notes	-	97,366	-	-	-	97,366
Lease payments	843	5,579	-	-	-	6,422
Interest	-	69,319	-	-	-	69,319
Bond issuance cost	-	38	204	-	-	242
Service charges	-	751	3	-	-	754
Total expenditures	<u>700,345</u>	<u>173,053</u>	<u>138,403</u>	<u>18,706</u>	<u>131,467</u>	<u>1,161,974</u>
Revenues over (under) expenditures	<u>(68,230)</u>	<u>(8,606)</u>	<u>(121,838)</u>	<u>-</u>	<u>(1,529)</u>	<u>(200,203)</u>
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	5,493	-	-	-	-	5,493
Transfers in	80,815	13,123	4,000	-	17,985	115,923
Transfers out	(23,287)	(3,501)	(275)	-	(20,148)	(47,211)
Refunding bonds/issuance of debt	-	35	75,000	-	-	75,035
Premium on general obligation bonds	-	-	-	-	-	-
Total other financing sources (uses)	<u>63,021</u>	<u>9,657</u>	<u>78,725</u>	<u>-</u>	<u>(2,163)</u>	<u>149,240</u>
Net change in fund balances	(5,209)	1,051	(43,113)	-	(3,692)	(50,963)
Fund balances - beginning of year	141,201	76,878	191,472	5,008	42,460	457,019
Fund balances - end of year	<u>\$ 135,992</u>	<u>\$ 77,929</u>	<u>\$ 148,359</u>	<u>\$ 5,008</u>	<u>\$ 38,768</u>	<u>\$ 406,056</u>

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, 2019**

**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	\$ (50,963)
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.	85,425
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,324)
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.	38,414
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.	1,959
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.	2,323
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 net expenditure of certain activities of internal service funds is reported with governmental activities.	<u>(7,165)</u>
Change in net position of governmental activities	<u>\$ 68,669</u>

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

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, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit A-7

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final		
REVENUES				
Local taxes:				
Property taxes	\$ 273,088	\$ 273,088	\$ 266,114	\$ (6,974)
Interest, penalties and commission - property taxes	5,870	5,870	6,085	215
Receipts in lieu of taxes contractual	11,800	11,800	12,265	465
Sales tax general	113,163	113,163	115,136	1,973
Sales tax beer	16,500	16,500	15,207	(1,293)
Alcoholic beverage tax	5,000	5,000	5,808	808
Liquor by the drink tax	8,000	8,000	7,683	(317)
Gross receipts tax	15,100	15,100	15,186	86
Excise tax	954	954	1,111	157
Franchise tax	8,050	8,050	8,358	308
Tourism development zone tax	3,500	3,500	3,850	350
Other local taxes	968	968	940	(28)
Total local taxes	461,993	461,993	457,743	(4,250)
State taxes (local share):				
Sales tax	56,045	56,045	53,641	(2,404)
Income taxes	5,500	5,500	7,806	2,306
Beer taxes	315	315	299	(16)
Alcoholic beverage tax	360	360	407	47
Petroleum special tax	1,300	1,300	1,176	(124)
Total state taxes (local share)	63,520	63,520	63,329	(191)
Licenses and permits:				
Auto licenses	12,900	12,900	12,786	(114)
Dog licenses	375	375	326	(49)
Liquor by the drink licenses	215	215	188	(27)
Other	410	410	374	(36)
Total licenses and permits	13,900	13,900	13,674	(226)
Fines and forfeitures:				
City courts	14,134	14,134	14,497	363
Library	400	400	327	(73)
Total fines and forfeitures	14,534	14,534	14,824	290

(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, 2019

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	\$ 90	\$ 90	\$ 183	\$ 93
Park commission revenues	5,474	5,474	4,787	(687)
Parking meter revenues	850	850	1,309	459
Ambulance service fees	22,000	22,000	22,977	977
Rents	2,623	2,623	2,938	315
Tax sale attorney fees	525	525	583	58
Wrecker and storage fees	1,500	1,500	1,224	(276)
Police special events	250	250	861	611
Other	853	1,353	1,202	(151)
Total charges for services	34,165	34,665	36,064	1,399
Investment income:				
Interest on investments	966	1,891	5,187	3,296
Other	120	120	94	(26)
Total investment income	1,086	2,011	5,281	3,270
Federal grants	2,990	6,863	17,279	10,416
State grants	95	95	1,261	1,166
Intergovernmental revenues	9,983	9,983	9,966	(17)
Other:				
Auctions	1,600	1,600	2,046	446
Property insurance recoveries	418	428	651	223
Local shared revenue	1,550	1,730	1,695	(35)
Miscellaneous	4,139	4,729	8,302	3,573
Total other	7,707	8,487	12,694	4,207
Total revenues	\$ 609,973	\$ 616,051	\$ 632,115	\$ 16,064
Other sources and transfers in:				
Sale of capital assets	\$ -	\$ -	\$ 5,493	\$ 5,493
Transfers in:				
Miscellaneous Grants fund	30	30	-	(30)
Solid waste management	1,065	1,065	1,065	-
Sewer collection and treatment fund	7,237	7,237	10,144	2,907
MLG&W fund	63,000	63,000	59,084	(3,916)
Hotel/Motel	38	38	99	61
Storm water	107	107	107	-
Capital Projects fund	-	-	2,000	2,000
Debt service	3,500	3,500	3,500	-
Metro alarm	450	1,415	1,415	-
Unemployment	300	300	300	-
Municipal State Aid fund	-	2,800	2,800	-
Casino Gaming fund	-	-	7	7
Healthcare fund	-	294	294	-
Total transfers in	75,727	79,786	80,815	1,029
Total other sources and transfers in	\$ 75,727	\$ 79,786	\$ 86,308	\$ 6,522
Total Revenues, Other Sources & Transfers In	\$ 685,700	\$ 695,837	\$ 718,423	\$ 22,586

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, 2019

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	\$ 1,691	\$ 1,691	\$ 1,708	\$ (17)
Materials and supplies	954	998	533	465
Total legislative	<u>2,645</u>	<u>2,689</u>	<u>2,241</u>	<u>448</u>
Judicial:				
Personnel services	735	735	814	(79)
Materials and supplies	54	52	44	8
Total judicial	<u>789</u>	<u>787</u>	<u>858</u>	<u>(71)</u>
Court clerk:				
Personnel services	3,339	3,339	3,214	125
Materials and supplies	2,771	3,411	2,950	461
Capital outlay	50	50	44	6
Total court clerk	<u>6,160</u>	<u>6,800</u>	<u>6,208</u>	<u>592</u>
Executive:				
Personnel services	9,989	9,737	9,615	122
Materials and supplies	4,253	5,790	5,283	507
Capital outlay	-	10	-	10
Grants and subsidies	2,850	3,607	3,453	154
Expense reimbursement	(90)	(90)	(105)	15
Total executive	<u>17,002</u>	<u>19,054</u>	<u>18,246</u>	<u>808</u>
Finance and administration:				
Personnel services	7,840	7,654	7,266	388
Materials and supplies	1,948	4,220	2,362	1,858
Capital outlay	1	1	1	-
Grants and subsidies	5,189	7,730	8,447	(717)
Expense reimbursement	(909)	(919)	(1,145)	226
Total finance and administration	<u>14,069</u>	<u>18,686</u>	<u>16,931</u>	<u>1,755</u>
City attorney:				
Personnel services	5,246	5,251	4,976	275
Materials and supplies	9,864	11,772	11,429	343
Expense reimbursement	(3,410)	(3,410)	(2,608)	(802)
Total city attorney	<u>11,700</u>	<u>13,613</u>	<u>13,797</u>	<u>(184)</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, 2019

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
City engineer:				
Personnel services	\$ 9,057	\$ 9,057	\$ 8,792	\$ 265
Materials and supplies	4,158	5,103	4,342	761
Capital outlay	85	130	(27)	157
Expense reimbursement	(5,216)	(5,216)	(4,567)	(649)
Total city engineer	8,084	9,074	8,540	534
Information systems:				
Personnel services	2,946	2,946	1,855	1,091
Materials and supplies	19,832	19,715	21,724	(2,009)
Expense reimbursement	(1,514)	(1,514)	(2,074)	560
Total information systems	21,264	21,147	21,505	(358)
Human resources:				
Personnel services	5,647	5,893	5,486	407
Materials and supplies	3,833	4,071	4,138	(67)
Capital outlay	75	101	48	53
Expense reimbursement	(910)	(910)	(895)	(15)
Total human resources	8,645	9,155	8,777	378
General services:				
Personnel services	22,494	22,494	20,863	1,631
Materials and supplies	10,599	11,198	8,578	2,620
Capital outlay	85	86	2	84
Expense reimbursement	(8,966)	(8,966)	(9,352)	386
Total general services	24,212	24,812	20,091	4,721
Special appropriations:				
Materials and supplies	-	-	1	(1)
Grants and subsidies	52,103	61,280	62,690	(1,410)
Expense reimbursement	(5,500)	(5,500)	(7,970)	2,470
Total special appropriations	46,603	55,780	54,721	1,059
Total general government	\$ 161,173	\$ 181,597	\$ 171,915	\$ 9,682

(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, 2019

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	\$ 228,955	\$ 228,956	\$ 239,871	\$ (10,915)
Materials and supplies	30,896	33,270	31,078	2,192
Capital outlay	500	519	31	488
Grants and subsidies	150	150	99	51
Expense reimbursement	(1,730)	(1,730)	(1,482)	(248)
Total police	258,771	261,165	269,597	(8,432)
Fire:				
Personnel services	159,572	162,814	161,824	990
Materials and supplies	18,875	21,125	21,732	(607)
Capital outlay	90	129	91	38
Expense reimbursement	(276)	(276)	(665)	389
Total fire	178,261	183,792	182,982	810
Total public safety	\$ 437,032	\$ 444,957	\$ 452,579	\$ (7,622)
Community services:				
Library:				
Personnel services	\$ 15,648	\$ 15,251	\$ 15,118	\$ 133
Materials and supplies	5,059	5,773	5,524	249
Total library	20,707	21,024	20,642	382
Parks and recreation:				
Personnel services	18,469	18,469	16,969	1,500
Materials and supplies	18,743	19,450	17,915	1,535
Capital outlay	12	12	5	7
Inventory	379	531	621	(90)
Expense reimbursement	(56)	(56)	-	(56)
Total parks and recreation	37,547	38,406	35,510	2,896
Community development:				
Personnel services	391	2,584	2,590	(6)
Materials and supplies	332	331	298	33
Grants and subsidies	3,809	3,159	1,696	1,463
Total community development	4,532	6,074	4,584	1,490
Public service				
Materials and supplies	-	1	-	1
Total public service	-	1	-	1

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, 2019

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Community Enhancement				
Materials and supplies	-	3	-	3
Total community enhancement	-	3	-	3
Total community services	\$ 62,786	\$ 65,508	\$ 60,736	\$ 4,772
Transportation and environment:				
Public works:				
Personnel services	\$ 14,218	\$ 14,217	\$ 12,494	\$ 1,723
Materials and supplies	15,759	17,283	16,509	774
Capital outlay	270	970	741	229
Grants and subsidies	-	269	229	40
Expense reimbursement	(14,401)	(14,401)	(12,996)	(1,405)
Total public works	15,846	18,338	16,977	1,361
Total transportation and environment	\$ 15,846	\$ 18,338	\$ 16,977	\$ 1,361
Total Expenditures	\$ 676,837	\$ 710,400	\$ 702,207	\$ 8,193
OTHER USES				
Transfers out				
Debt service fund	\$ 4,727	\$ 4,727	\$ 361	\$ 4,366
Capital projects fund	-	4,000	4,000	-
OPEB fund	2,626	2,626	2,626	-
Library retirement fund	1,090	1,090	1,090	-
Solid waste management fund	-	15,210	15,210	-
Total transfers out	8,443	27,653	23,287	4,366
Total other uses	\$ 8,443	\$ 27,653	\$ 23,287	\$ 4,366
Total Expenditures and Other Uses	\$ 685,280	\$ 738,053	\$ 725,494	\$ 12,559
Net Change in Fund balances (Budgetary)	\$ 420	\$ (42,216)	\$ (7,071)	\$ 10,027
Adjustment for encumbrances			1,862	
Revenues over expenditures GAAP basis			(5,209)	
Fund Balance - beginning			141,201	
Fund Balance - ending			\$ 135,992	

See accompanying notes to financial statements.

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 (Thousands of Dollars)
 June 30, 2019

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	\$ -	\$ 138,013	\$ 46,280	\$ 6,784	\$ -	\$ 191,077	\$ 2
Investments	14,714	100,355	31,738	4,939	-	151,746	-
Equity in cash and investment pool	62,336	-	-	-	14,241	76,577	24,932
Derivative financial instruments	-	-	1,546	-	-	1,546	-
Restricted cash	20,516	28,958	9,548	7,604	-	66,626	-
Receivables:							
Notes and accounts	12,198	91,907	46,271	18,849	3,174	172,399	425
Interest on investments	-	-	80	-	-	80	-
Unbilled revenues	-	49,948	19,736	3,627	-	73,311	-
Prepaid power cost	-	-	-	-	-	-	-
Unrecovered purchased power cost	-	9,773	-	-	-	9,773	-
Prepaid expenses	2,028	-	-	-	-	2,028	-
Inventories of materials and supplies	-	34,419	11,147	5,052	-	50,618	1,240
Collateral held in trust for securities on loan	-	-	-	-	-	-	-
Other current assets	-	4,265	5,600	1,054	-	10,919	-
Total current assets	111,792	457,638	171,946	47,909	17,415	806,700	26,599
Non-current assets:							
Restricted assets:							
Investments, less current portion	-	37,465	13,356	8,607	-	59,428	-
Total restricted assets	-	37,465	13,356	8,607	-	59,428	-
Capital assets:							
Land	14,108	-	-	-	37	14,145	-
Buildings	105,196	-	-	-	907	106,103	-
Utility plant	-	1,946,414	754,310	555,027	-	3,255,751	-
Improvements other than buildings	620,601	-	-	-	57,309	677,910	-
Machinery and equipment	37,457	-	-	-	19,496	56,953	291
Less accumulated depreciation and amortization	(440,190)	(816,788)	(333,064)	(205,773)	(32,985)	(1,828,800)	(291)
Total capital assets	337,172	1,129,626	421,246	349,254	44,764	2,282,062	-
Construction in progress	275,004	-	-	-	75,081	350,085	-
Net capital assets	612,176	1,129,626	421,246	349,254	119,845	2,632,147	-
Other non-current assets:							
Prepayments in lieu of taxes	-	1,690	39	-	-	1,729	-
Unamortized debt expense	-	1,208	609	621	-	2,438	-
Other prepayments	-	11,082	17,085	2,996	-	31,163	-
Net pension asset -long term	-	24,604	9,432	6,971	-	41,007	-
Notes receivable	-	-	2,123	1,747	-	3,870	-
Total other non-current assets	-	38,584	29,288	12,335	-	80,207	-
Total non-current assets	612,176	1,205,675	463,890	370,196	119,845	2,771,782	-
Total assets	723,968	1,663,313	635,836	418,105	137,260	3,578,482	26,599
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	4,659	37,004	14,185	10,484	2,706	69,038	-
Deferred outflows related to OPEB	924	31,220	11,968	8,845	540	53,497	59
Total assets and deferred outflows of resources	\$ 729,551	\$ 1,731,537	\$ 661,989	\$ 437,434	\$ 140,506	\$ 3,701,017	\$ 26,658

(Continued)

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 (Thousands of Dollars)
 June 30, 2019

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	\$ 21,514	\$ 138,306	\$ 28,948	\$ -	\$ 1,602	\$ 190,370	\$ 1,432
Bonds and notes payable	-	6,444	2,435	2,453	-	11,332	-
Accrued liabilities	-	63,970	28,286	14,899	-	107,155	-
Payables due from restricted assets	-	27,674	9,031	6,250	-	42,955	-
Bonds payable - principal from restricted assets	-	596	225	227	-	1,048	-
Bonds payable - interest from restricted assets	-	688	292	189	-	1,169	-
Insurance claims payable	-	-	-	-	-	-	8,734
Contract retainage	515	-	-	-	-	515	-
Unearned revenue	103	-	-	-	-	103	-
Current installment of revenue bonds payable	9,760	-	-	-	-	9,760	-
State loans payable - current	621	-	-	-	-	621	-
Vacation, sick and other leave benefits	3,533	9,110	3,666	2,576	1,786	20,671	68
Total current liabilities	36,046	246,788	72,883	26,594	3,388	385,699	10,234
Long-term liabilities:							
Revenue bonds payable	109,675	202,189	86,111	67,040	-	465,015	-
State loans payable	107,122	-	-	-	-	107,122	-
Net pension liability	12,316	-	-	-	7,378	19,694	-
Net OPEB liability	14,741	152,017	58,273	43,072	8,443	276,546	737
Customer common deposits	-	23,038	4,090	1,351	-	28,479	-
Other	-	8,551	6,194	5,256	5,221	25,222	-
Total long-term liabilities	243,854	385,795	154,668	116,719	21,042	922,078	737
Total liabilities	279,900	632,583	227,551	143,313	24,430	1,307,777	10,971
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	3,889	72,257	27,698	20,473	2,208	126,525	-
Deferred inflows related to OPEB	3,696	115,116	44,128	32,616	1,962	197,518	76
Revenue collected in advance	-	-	1,546	-	-	1,546	-
Total liabilities and deferred inflows of resources	287,485	819,956	300,923	196,402	28,600	1,633,366	11,047
NET POSITION							
Net investment in capital assets	384,997	921,736	333,148	280,220	119,845	2,039,946	-
Restricted for debt service	14,839	20,400	9,760	8,194	-	53,193	-
Restricted for construction	10,845	-	-	-	-	10,845	-
Unrestricted (deficit)	31,385	(30,555)	18,158	(47,382)	(7,939)	(36,333)	15,611
Total net position (deficit)	\$ 442,066	\$ 911,581	\$ 361,066	\$ 241,032	\$ 111,906	\$ 2,067,651	\$ 15,611
Adjustment to reflect the consolidation of internal service funds related to enterprise funds						3,443	
Net position of business-type activities						\$ 2,071,094	

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, 2019

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	\$ 123,449	\$ 1,289,906	\$ 274,188	\$ 103,140	\$ 28,202	\$ 1,818,885	\$ 107,718
Operating revenues	123,449	1,289,906	274,188	103,140	28,202	1,818,885	107,718
Operating expenses other than depreciation and amortization:							
Personnel services	23,060	-	-	-	10,720	33,780	3,613
Materials, supplies, services, and other	48,247	-	-	-	5,502	53,749	17,473
Capital outlay	3,249	-	-	-	-	3,249	10
Purchased power and gas for resale	-	1,035,898	138,107	-	-	1,174,005	-
Production	-	-	-	14,358	-	14,358	-
Operation	-	87,670	56,233	39,161	-	183,064	-
Maintenance	-	48,974	5,921	11,281	-	66,176	-
In lieu of taxes	-	8,017	1,168	-	-	9,185	-
Death benefits	-	-	-	-	-	-	102
PCORI tax	-	-	-	-	-	-	14
Inventories	-	-	-	-	-	-	14,301
Claims incurred	-	-	-	-	-	-	74,265
Total operating expenses other than depreciation and amortization	74,556	1,180,559	201,429	64,800	16,222	1,537,566	109,778
Operating income (loss) before depreciation and amortization	48,893	109,347	72,759	38,340	11,980	281,319	(2,060)
Depreciation and amortization	13,393	57,204	23,082	9,971	2,350	106,000	-
Operating income (loss)	35,500	52,143	49,677	28,369	9,630	175,319	(2,060)
Non-operating revenues:							
Transmission credits	-	35,118	-	-	-	35,118	-
Investment income	2,176	12,833	899	1,177	363	17,448	702
Federal grants	420	-	-	-	-	420	-
Other	353	-	-	-	88	441	-
Total non-operating revenues	2,949	47,951	899	1,177	451	53,427	702
Non-operating expenses:							
Loss on disposal of assets	333	-	-	-	-	333	-
Interest on bonded indebtedness	4,014	10,357	2,400	1,864	205	18,840	-
Interest on state loan	878	-	-	-	-	878	-
Other	592	-	-	-	-	592	-
Total non-operating expenses	5,817	10,357	2,400	1,864	205	20,643	-
Income (loss) before capital contributions and transfers	32,632	89,737	48,176	27,682	9,876	208,103	(1,358)
Transfers out	(10,145)	(40,393)	(19,152)	(2,500)	(106)	(72,296)	(594)
Capital contributions	2,048	-	-	-	-	2,048	-
Change in net position (deficit)	24,535	49,344	29,024	25,182	9,770	137,855	(1,952)
Total net position (deficit) - beginning of year	417,767	1,152,467	443,223	298,066	102,260		17,563
Change in method of accounting for OPEB	-	(290,230)	(111,181)	(82,216)	-		-
Prior Period Adjustment	(236)	-	-	-	(124)		-
Total net position (deficit) - beginning of year as restated	417,531	-	-	-	102,136		-
Total net position - end of year	\$ 442,066	\$ 911,581	\$ 361,066	\$ 241,032	\$ 111,906		\$ 15,611
Adjustment to reflect the consolidation of internal service funds related to enterprise funds						3,443	
Change in net position of business-type activities						\$ 141,298	

See accompanying notes to financial statements.



STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

	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	\$ 122,500	\$ 1,297,248	\$ 270,134	\$ 103,766	\$ 28,584	\$ 1,822,232	\$ 160
Receipts from other division funds	-	-	-	-	-	-	29,417
Employee contributions	-	-	-	-	-	-	15,850
Employer contributions	-	-	-	-	-	-	51,606
Vendor rebates	-	-	-	-	-	-	1,573
Pharmacy rx rebates	-	-	-	-	-	-	3,408
Payments to suppliers	(44,579)	(921,400)	(156,062)	(31,054)	(7,063)	(1,160,158)	(17,359)
Payments to/on behalf of employees	(22,968)	(126,835)	(64,821)	(45,809)	(10,634)	(271,067)	(3,836)
Payments from / (to) other divisions or funds	-	(6,531)	(2,698)	(4,621)	-	(13,850)	-
Payments per Affordable Care Act (Re-insurance fees, PCORI tax)	-	-	-	-	-	-	(14)
Payments for taxes	-	500	(104)	-	-	396	-
Payments for inventory	-	-	-	-	-	-	(14,454)
Payments due to other agencies	-	-	-	-	-	-	(66)
Payments for death benefits	-	-	-	-	-	-	(112)
Payments for claims incurred	-	-	-	-	-	-	(72,004)
Net cash provided by (used in) operating activities	\$ 54,953	\$ 242,982	\$ 46,449	\$ 22,282	\$ 10,887	\$ 377,553	\$ (5,831)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:							
Transfers to City	-	(8,454)	(5,148)	(1,250)	-	(14,852)	-
Receipt of miscellaneous income	343	-	-	-	88	431	-
Principal payments on long-term debt	(36)	(132,515)	-	-	-	(132,551)	-
Interest expense on bonds	-	(5,697)	-	-	-	(5,697)	-
Transfers to other funds	(10,144)	-	-	-	(106)	(10,250)	(594)
Net cash (used in) provided by non-capital financing activities	\$ (9,837)	\$ (146,566)	\$ (5,148)	\$ (1,250)	\$ (18)	\$ (162,919)	\$ (594)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Bond issue costs	3,421	-	-	-	-	3,421	-
Acquisition and construction of capital assets	(76,700)	(94,525)	(50,090)	(36,358)	(6,917)	(264,590)	-
Principal payments on long term commercial paper debt	-	-	-	-	(1,640)	(1,640)	-
Interest payments on long term commercial paper debt	-	-	-	-	(205)	(205)	-
Contributions in aid of construction	-	17,315	3,018	4,364	-	24,697	-
Receipts from federal grants	420	-	-	-	-	420	-
Principal payments on capital debt	37,045	(6,790)	(2,565)	(2,630)	-	25,060	-
Interest payments on capital debt	(4,527)	(8,429)	(3,560)	(2,300)	-	(18,816)	-
Capital contributions	2,048	-	-	-	-	2,048	-
State Revolving Fund (SRF) loans on capital debt	23,846	-	-	-	-	23,846	-
Net cash used in capital and related financing activities	\$ (14,447)	\$ (92,429)	\$ (53,197)	\$ (36,924)	\$ (8,762)	\$ (205,759)	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES:							
Sales and maturities of investments	3,877	64,692	30,213	14,617	-	113,399	-
Purchase of investments	(1,362)	(79,503)	(26,310)	(6,633)	-	(113,808)	-
Payments received on notes receivable	-	-	-	37	-	37	-
Income earned on investments	1,816	6,029	1,743	518	363	10,469	702
Net cash provided by (used in) investing activities	\$ 4,331	\$ (8,782)	\$ 5,646	\$ 8,539	\$ 363	\$ 10,097	\$ 702
Net increase (decrease) in cash and cash equivalents	\$ 35,000	\$ (4,895)	\$ (6,250)	\$ (7,353)	\$ 2,470	\$ 18,972	\$ (5,723)
Cash and cash equivalents, beginning of year	47,852	198,240	70,292	25,989	11,771	354,144	30,657
Cash and cash equivalents, end of year	\$ 82,852	\$ 193,345	\$ 64,042	\$ 18,636	\$ 14,241	\$ 373,116	\$ 24,934

(Continued)

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

	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)	\$ 35,500	\$ 52,143	\$ 49,677	\$ 28,369	\$ 9,630	\$ 175,319	\$ (2,060)			
Adjustments to reconcile operating income to net cash provided by operating activities:										
Pension expense - non cash	-	(7,622)	(4,075)	(2,396)	-	(14,093)	-			
OPEB expense - non cash	-	(55,350)	(21,217)	(15,682)	-	(92,249)	-			
Depreciation expense	13,393	57,204	23,082	9,971	2,350	106,000	-			
Transmission credits	-	35,118	-	-	-	35,118	-			
Prepay power credits	-	4,400	-	-	-	4,400	-			
Other income	-	2,403	(890)	659	-	2,172	-			
(Increase) decrease in assets:										
Accounts receivable	(948)	5,268	(9,216)	(2,191)	219	(6,868)	(577)			
Deferred outflows - Pension	(1,336)	-	-	-	(723)	(2,059)	-			
Deferred outflows - OPEB	398	-	-	-	216	614	4			
Unbilled revenues	-	6,505	2,935	473	-	9,913	-			
Prepaid power cost	-	112,822	-	-	-	112,822	-			
Prepayments - in lieu of taxes	-	25	1	-	-	26	-			
Unrecovered purchased power and gas	-	(6,422)	788	(516)	-	(5,634)	-			
Inventories	-	(4,044)	(2,277)	-	-	(6,837)	-			
Other assets	-	(40)	(3,764)	-	-	(3,804)	-			
Increase (decrease) in liabilities:										
Accounts payable	6,776	27,790	6,570	-	(1,254)	39,882	(3,194)			
Other accrued expenses	375	1,203	642	1,996	-	4,216	-			
Accrued payment in lieu of taxes	-	7,884	1,072	-	-	8,956	-			
Customer deposits	-	1,302	443	92	-	1,837	-			
Insurance reserves	-	(16)	(368)	517	-	133	-			
Medical benefit accrual	-	3,815	1,739	1,137	-	6,691	-			
Deferred inflows - Pension	(1,538)	-	-	-	(832)	(2,370)	-			
Deferred inflows - OPEB	501	-	-	-	271	772	6			
Net pension liability	3,228	-	-	-	1,746	4,974	-			
Net OPEB liability	(1,351)	-	-	-	(736)	(2,087)	(10)			
Accrued vacation/sick leave	(45)	-	-	-	-	(45)	-			
Other	-	(1,406)	1,307	(147)	-	(246)	-			
Total adjustments	19,453	190,839	(3,228)	(6,087)	1,257	202,234	(3,771)			
Net cash provided by (used in) operating activities	\$ 54,953	\$ 242,982	\$ 46,449	\$ 22,282	\$ 10,887	\$ 377,553	\$ (5,831)			
Reconciliation of cash and cash equivalents per statements of cash flows to the balance sheets:										
Restricted funds	\$ 20,516	\$ 66,423	\$ 22,904	\$ 16,211	\$ -	\$ 126,054	\$ -			
Less investments included in restricted funds	-	(11,091)	(5,142)	(4,359)	-	(20,592)	-			
Cash and cash equivalents included in restricted funds	20,516	55,332	17,762	11,852	-	105,462	-			
Current assets - cash and cash equivalents	-	138,013	46,280	6,784	-	191,077	2			
Current assets - equity in cash and investment pool	62,336	-	-	-	14,241	76,577	24,932			
Total cash and cash equivalents	\$ 82,852	\$ 193,345	\$ 64,042	\$ 18,636	\$ 14,241	\$ 373,116	\$ 24,934			

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
(Thousands of Dollars)
June 30, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit A-12

	Pension and OPEB Trust Funds	Sold Property Tax Receivable Agency Fund
ASSETS		
Cash and cash equivalents	\$ 77,743	\$ -
Investments, at fair value:		
U.S. government securities - long-term	140,005	-
Common stock - domestic	1,182,614	-
Common stock - foreign	276,962	-
Preferred stock - foreign	3,482	-
Corporate bonds - domestic	380,480	-
Corporate bonds - foreign	154,729	-
Mutual funds and money market funds	133,531	-
Equity ETF	151,594	-
Government bonds - domestic	1,495	-
Global bond - international	113,517	-
Emerging market bonds ETF	-	-
Corporate bond mutual funds - domestic	26,717	-
Corporate bond mutual funds - international	-	-
Convertible bond mutual fund - domestic	8,529	-
Collateralized mortgage obligations	8,313	-
Asset-backed pooled securities	22,297	-
Mortgage-backed pooled securities	53,444	-
Securitized asset fund	2,523	-
Investments in index funds	97,557	-
Investments in limited partnerships	190,632	-
Investments in real estate	410,323	-
Multi-asset - domestic	12,588	-
Private debt funds - domestic	2,589	-
Private equity - domestic	101,210	-
Private equity - international	1,012	-
Investments in international equity fund	520,219	-
Investments in international bond fund	23,146	-
Distressed debt funds - domestic	65,372	-
Distressed debt funds - international	61,662	-
Life Settlement fund	76,747	-
Investments in short sales & written options	(35,879)	-
Total investments	4,187,410	-
Equity in cash and investment pool	4,677	935
Interest and dividend receivables	12,577	-
Receivable for securities sold	199,129	-
Property tax receivable - current	-	5,761
Property tax receivable - delinquent	-	4,886
Employer and employee contributions receivable	3,172	-
Other receivables	86	-
Collateral held in trust for securities on loan	191,700	-
Total assets	4,676,494	11,582
LIABILITIES		
Accounts payable and other liabilities	263,315	11,582
Payable for securities purchased	15,206	-
Collateral subject to return to borrowers	191,700	-
Total liabilities	470,221	11,582
NET POSITION		
Restricted for Pension and OPEB	\$ 4,206,273	\$ -

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, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit A-13

	Pension and OPEB Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 140,196
Medicare Part D	66
Plan members	33,283
Total contributions	<u>173,545</u>
Transfer from other fund	3,716
Pharmacy rebates	516
Investment income:	
Interest and dividend income	89,593
Securities lending income	980
Other investment income	615
Gain on real estate investments	15,682
Net appreciation in the fair value of investments	<u>(35,662)</u>
Total investment income	<u>71,208</u>
Total additions	<u>248,985</u>
DEDUCTIONS	
Benefits	317,713
Administrative expenses	32,575
Refunds of contributions	<u>16,988</u>
Total deductions	<u>367,276</u>
Net (decrease)/increase	(118,291)
Net position - beginning of year	<u>4,324,564</u>
Net position - end of year	<u>\$ 4,206,273</u>

See accompanying notes to financial statements.

COMBINING STATEMENT OF NET POSITION
 COMPONENT UNITS
 (Thousands of Dollars)
 June 30, 2019

CITY OF MEMPHIS, TENNESSEE
 Exhibit A-14

	Memphis Area Transit Authority	Memphis - Shelby County Airport Authority	Memphis Cook Convention Center	Blight Authority of Memphis (1)	Memphis Zoological Society	Total
ASSETS						
Current unrestricted assets:						
Cash and cash equivalents	\$ 7,540	\$ 33,386	\$ 1,894	\$ 111	\$ 6,088	\$ 49,019
Investments	-	15,068	-	-	7,756	22,824
Receivables:						
Federal and state grants	4,915	-	-	-	-	4,915
Accounts receivable	45	5,625	616	-	1,457	7,743
Due from other agencies and governments	-	-	-	-	299	299
Inventories of materials and supplies	3,184	2,040	-	-	262	5,486
Prepaid expenses	280	2,719	47	-	355	3,401
Total current unrestricted assets	15,964	58,838	2,557	111	16,217	93,687
Current restricted assets:						
Cash and cash equivalents	-	97,470	-	-	1,000	98,470
Investments	-	230,025	-	-	-	230,025
Accounts receivable	-	8,878	-	-	-	8,878
Accrued interest	-	2,123	-	-	-	2,123
Total current restricted assets	-	338,496	-	-	1,000	339,496
Total current assets	15,964	397,334	2,557	111	17,217	433,183
Non-current restricted assets:						
Investments	508	35,977	-	-	-	36,485
Other assets	13	-	-	-	-	13
Total non-current restricted assets	521	35,977	-	-	-	36,498
Capital assets:						
Land	2,731	159,913	643	-	-	163,287
Buildings	177,217	609,952	44,146	-	-	831,315
Avigation easements	-	46,679	-	-	-	46,679
Improvements other than buildings	-	953,460	-	-	-	953,460
Machinery, buses and equipment	101,869	127,626	9,093	-	-	238,588
Less accumulated depreciation and amortization	(179,620)	(1,120,075)	(49,224)	-	-	(1,348,919)
Total capital assets, net	102,197	777,555	4,658	-	-	884,410
Construction in progress	1,336	94,915	-	-	45	96,296
Net capital assets	103,533	872,470	4,658	-	45	980,706
Total assets	120,018	1,305,781	7,215	111	17,262	1,450,387
DEFERRED OUTFLOWS						
Deferred charges on refundings	-	1,384	-	-	-	1,384
Deferred actuarial losses-pensions	14,262	5,438	-	-	-	19,700
Deferred actuarial losses-OPEB	5,057	547	-	-	-	5,604
Total assets and deferred outflows	139,337	1,313,150	7,215	111	17,262	1,477,075

(Continued)

COMBINING STATEMENT OF NET POSITION
 COMPONENT UNITS
 (Thousands of Dollars)
 June 30, 2019

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

	Memphis Area Transit Authority	Memphis - Shelby County Airport Authority	Memphis Cook Convention Center	Blight Authority of Memphis	Memphis Zoological Society	Total
LIABILITIES						
Current:						
Notes and accounts payable	\$ 1,717	\$ 10,745	\$ 394	\$ -	\$ 1,056	13,912
Due to other agencies and governments	2,519	-	22	-	-	2,541
Due to City of Memphis	6,700	-	-	-	-	6,700
Accrued liabilities	893	12,615	111	-	1,168	14,787
Unearned revenue	152	9,525	31	-	1,707	11,415
Current installment of revenue bonds payable and future events	-	26,638	490	-	-	27,128
Total current liabilities	11,981	59,523	1,048	-	3,931	76,483
Long-term (net of current maturities):						
Lease revenue received in advance	-	60,967	-	-	-	60,967
Net pension liability	8,210	15,817	-	-	-	24,027
Net OPEB liability	101,995	6,792	-	-	-	108,787
Revenue bonds payable	-	478,252	-	-	-	478,252
Other long-term obligations	-	1,518	-	-	-	1,518
Total long-term liabilities	110,205	563,346	-	-	-	673,551
Total liabilities	122,186	622,869	1,048	-	3,931	750,034
DEFERRED INFLOWS						
Pension	1,949	3,354	-	-	-	5,303
OPEB	2,760	2,584	-	-	-	5,344
Total deferred inflows	4,709	5,938	-	-	-	10,647
Total liabilities and deferred inflows	126,895	628,807	1,048	-	3,931	760,681
NET POSITION						
Net investment in capital assets	-	382,793	4,658	-	-	387,451
Restricted for:						
Capital acquisition/projects	103,533	268,311	-	-	-	371,844
Self-insurance	508	-	-	-	-	508
Other	-	-	-	-	8,698	8,698
Unrestricted	(91,599)	33,239	1,509	111	4,633	(52,107)
Total Net Position	12,442	684,343	6,167	111	13,331	716,394
Total liabilities, deferred inflows and net position	\$ 139,337	\$ 1,313,150	\$ 7,215	\$ 111	\$ 17,262	\$ 1,477,075

See accompanying notes to financial statements.

(1) Blight Authority of Memphis data reported as of June 30, 2018

COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNITS (Thousands of Dollars)
 For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
 Exhibit A-15

	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	Blight Authority of Memphis (1)	Memphis Cook Convention Center	Memphis-Shelby County				
								Airport Authority	Zoological Society	Total		
Memphis Area Transit Authority	\$ 78,202	\$ 6,949	\$ -	\$ 5,628	\$ (65,625)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (65,625)	
Blight Authority of Memphis (1)	40	-	-	-	-	(40)	-	-	-	-	(40)	
Memphis Zoological Society	18,842	17,572	301	1,094	-	-	-	-	125	-	125	
Memphis Cook Convention Center	7,022	4,171	-	-	-	-	(2,851)	-	-	-	(2,851)	
Memphis-Shelby County Airport Authority	141,617	102,203	-	47,734	-	-	-	-	-	8,320	8,320	
Total component units	\$ 245,723	\$ 130,895	\$ 301	\$ 54,456	\$ (65,625)	\$ (40)	\$ (2,851)	\$ 8,320	\$ 125	\$ 125	\$ (60,071)	
General revenues:												
Grants and contributions not restricted to specific programs						54					122	
City of Memphis subsidy					29,170		2,447				31,617	
Investment income (loss)								10,222			10,649	
Federal grants and entitlements					14,142						14,142	
State grants					7,669						7,669	
Other					621					31	14,656	
Total general revenues and special items					51,602	54	2,447	24,294		14,004	78,855	
Change in net position					(14,023)	14	(404)	32,614		583	18,784	
Net position - beginning					27,014	97	6,571	652,043		12,748	698,473	
Prior period adjustment					(549)			(314)			(863)	
Net position - beginning, as restated					26,465	97	6,571	651,729		12,748	697,610	
Net position - ending					12,442	111	6,167	684,343		13,331	716,394	

See accompanying notes to financial statements.

(1) Blight Authority of Memphis data reported as of June 30, 2018.

CITY OF MEMPHIS

T E N N E S S E E

NOTES TO FINANCIAL STATEMENTS

Note	Page
I. Summary of Significant Accounting Policies	
A. Reporting entity	62
B. Government-wide and fund financial statements	65
C. Measurement focus, basis of accounting, and financial statement presentation	66
D. Assets, liabilities, and net position of equity	70
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	76
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	76
III. Stewardship, Compliance, and Accountability	
A. Budgetary information	79
B. Excess of expenditures over appropriations	79
C. Deficit net position	79
IV. Detailed Notes on all Funds	
A. Deposits and investments	80
B. Receivables	95
C. Property taxes	96
D. Capital assets	102
E. Interfund receivables, payables, and transfers	109
F. Leases	111
G. Long-term debt	112
H. Restricted assets	122
I. Fund balance by purpose	123
J. Deferred inflows and deferred outflows	124
V. Other Information	
A. Risk management	125
B. Subsequent events	126
C. Contingent liabilities and commitments	126
D. Joint ventures	128
E. Other postemployment benefits	130
F. Pension and retirement plans	151
G. Component units	187

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 Systems, Library, Office of Planning and Development, Parks and Neighborhoods, Police Services, Public Works, 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.

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, 2018. 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. They 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.

Memphis Cook Convention Center - 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 Memphis Cook 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 Memphis Cook 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 38103 Phone: 901-636-6657.

Memphis Area Transit Authority (MATA) – MATA was created by City ordinance on May 13, 1975, replacing the Memphis Transit Authority. The MATA Board consists of seven members nominated by the City Mayor and approved by the City Council for terms of three years. MATA has 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: 901-722-7162

Memphis Shelby County Airport Authority (MSCAA) – MSCAA was established by City resolution on September 30, 1969. The City Mayor has the right to appoint six of seven Board members (seven year terms) of MSCAA. MSCAA’s Board selects management staff, sets user charges, establishes budgets and controls all aspects of general aviation, airport management and development. MSCAA’s fiscal year-end 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

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, 2019, 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

Blight Authority of Memphis, Inc. (BAM) – BAM 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.

BAM is managed by a Board of Directors consisting 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.

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 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 agency 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.

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 Agency 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 Agency 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.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Consequently, general revenues include all taxes.

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.

New Accounting Standards Adopted

Issued in January 2017, Statement No. 84 *Fiduciary Activities* seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement is applicable for fiscal years beginning after December 15, 2018. The City decided to implement this Statement for fiscal year ending June 30, 2018.

In May 2017 GASB issued Statement No. 86 *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt extinguished and notes to financial statements for debt that is defeased in substance. The City conducted a review of the impact of this pronouncement on its financial statements and determined that the City is not affected by Statement No. 86 for fiscal year 2019.

Future Accounting Pronouncements

In November 2016, GASB issued Statement No. 83 *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays.

This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 30, 2019.

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 will implement this statement in 2021.

In April 2018 GASB issued Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to governmental financial statements related to debt. Statement No. 88 defines debt for purposes of disclosures in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

D. Assets, liabilities, and net position or 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, 2019, related to tax levies for fiscal year 2019 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, 2019, are recorded as deferred inflows at June 30, 2019.

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, 2019. 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 \$4,892. 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

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.

Reclassification of Net Position

Prior period net position of Governmental Activities has been adjusted as stated below:

Net position at June 30, 2018	\$ (332,248)
Prior period adjustment – pension expense	(8,191)
Adjustment to internal service elimination as of June 30, 2018	<u>1,770</u>
Restated net position at June 30, 2018	<u><u>\$(338,669)</u></u>

Prior period net position of Business-Type Activities has been adjusted as stated below:

Net position at June 30, 2018	\$2,413,783
Change in method of Accounting	(483,627)
Prior period adjustment - pension expense	<u>(360)</u>
Restated net position at June 30, 2018	<u><u>(\$1,929,796)</u></u>

Restated net positions appear on Exhibits A-2 and A-9.

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 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 \$1,714,589 difference are as follows:

Bonds payable	\$ 1,261,655
Settlement obligation	14,665
Unamortized loan costs	52,893
Commercial paper	75,000
Capital lease obligations	23,989
Related party loan	141,753
Related party loan premium	14,521
Related party debt obligation	23,431
Related party debt premium	276
Accrued interest	14,376
Claims and judgments liability	3,425
On the job injury	3,617
Compensated absences	<u>84,988</u>
 Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	 <u><u>\$ 1,714,589</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, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

The details of the \$85,425 difference are as follows:

Capital outlay	\$ 348,449
Retirement	(221,612)
Depreciation Expense	<u>(41,412)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at change in net position of governmental activities	<u>\$ 85,425</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 \$ 38,414 difference are as follows:

Debt issued or incurred:	\$ (6,862)
General obligation bonds	(75,000)
Commercial paper	99,343
General obligation	11,581
Related party	6,421
Capital leases	1,597
Related party premiums	1,334
Settlement obligation	<u>1,334</u>
Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 38,414</u>

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 \$364 difference are as follows:

Liability Changes:	
Claims and judgments liability	\$ (5,075)
Accrued interest expense	(1,348)
Personnel cost (OJI, Vacation, Sick, Other)	4,464
	<u>(1,959)</u>
Net pension liability adjustment	(11,998)
Net OPEB liability adjustment	14,321
	<u>2,323</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 364</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 Workforce Investment Network and 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 Finance Director (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, 2019, 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 2019.

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 is allowed to 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 there from, 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, 2019 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.

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

Deposits held by the C&I Pool at June 30, 2019, totaled \$14,906 and cash draws against future deposits of (\$17,822).

The investments held by the pool consist of the following at June 30, 2019:

<u>Description</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Fair Value</u>	<u>Duration</u>
U.S. Government Obligations	August 2019 - March 2024	0% - 3.375%	\$ 340,289	.0 - 4.75
Cash Equivalents	July 2019 - November 2019	0% - 2.700%	1,836	.01 - .340
Total Investments			<u>\$ 342,125</u>	

The C&I Pool does not issue separate financial statements. Condensed financial information as of June 30, 2019, is as follows (dollar amounts and share amounts are the same):

Condensed Statement of Net Position

Cash deposits	\$ 14,906
Cash draws against future deposits	(17,822)
Investments	<u>342,125</u>
Net position	<u>\$ 339,209</u>
Net position held in trust for pool participants:	
Internal participants	<u>339,209</u>
Total net position held in trust for pool participants	<u>\$ 339,209</u>

Condensed Statement of Changes in Net Position

Additions:	
Investment income	\$ 10,609
Purchase of units	<u>1,511,729</u>
Total additions	1,522,338
Deduction:	
Redemption of units	<u>(1,535,282)</u>
Net decrease	(12,944)
Net position held in trust for pool participants:	
Beginning of year	<u>352,153</u>
End of year	<u>\$ 339,209</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 through the use of 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, 2019, totaled \$442,765.

The investments held by the primary government outside the C&I Pool at June 30, 2019:

<u>Description</u>	<u>Fair Value</u>
Short-term investments	\$ 1,040
Money market	33
U.S. Government securities	96,120
Federal Agency securities	74,791
Total	<u>\$ 171,984</u>
Investments not subject to categorization:	
State of Tennessee LGIP	609
Total Investments	<u>\$ 172,593</u>

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	\$ 14,906
C&I Pool draws against future deposits	(17,822)
C&I Pool investments	342,125
Other deposits and cash on hand	442,765
Other investments	172,593
Total	<u>954,567</u>
Equity in C&I Pool – Agency funds	(935)
Equity in C&I Pool – Fiduciary funds	(4,677)
Total	<u>\$ 948,955</u>
Cash and cash equivalents	\$ 318,147
Investments	152,395
Equity in cash and investment pool	333,597
Restricted special fund-customer deposits	85,388
Restricted investments	59,428
Total	<u>\$ 948,955</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, 2019

Cash and Cash Equivalents	\$ 7,540
Restricted Investments	
Federal Home Loan Mortgage Obligation	\$ 508
Total Investments	\$ 508

Memphis Cook Convention Center (MCCC) as of June 30, 2019

Cash and Cash Equivalents	\$ 1,894
---------------------------	----------

Memphis Shelby County Airport Authority (MSCAA) as of June 30, 2019

Deposits

Cash deposits	\$ 33,381
Cash on hand	5
Total Deposits and cash on hand	\$ 33,386

Restricted Cash

Bonds, construction and other miscellaneous	\$ 97,470
Total Restricted Cash	\$ 97,470

Investments

U.S. Government agencies	\$ 257,230
Investments not subject to categorization:	
Forward purchase agreement	23,840
Total Investments	\$ 281,070

Memphis Zoological Society (MZS) as of June 30, 2019

Cash and Cash Equivalents	<u>\$ 6,088</u>
Restricted Cash	
Construction of new parking	<u>\$ 1,000</u>
Total Restricted Cash	<u>\$ 1,000</u>
Investments	
Community Foundation of Greater Memphis funds	<u>\$ 7,757</u>
Total Investments	<u>\$ 7,757</u>

Blight Authority of Memphis (BAM) as of June 30, 2018, (1)

Cash and Cash Equivalents	<u>\$ 111</u>
---------------------------	---------------

(1) The most recent audited financial statements available are as of June 30, 2018.

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, 2019, are as follows:

Current to one year	\$	98,887
One to two years		130,116
Two to three years		31,251
Three to four years		37,243
Four to five years		74,193
Five or more years		346,744
		<u>718,434</u>
Funds with indeterminable maturities		<u>2,737</u>
	\$	<u>721,171</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, 2019, 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	\$ 30,086	AAA	4.17%
	93,369	A	12.95%
Non-government-backed CMOs	1,069	AAA	0.14%
	563	AA+	0.08%
	324	A-	0.04%
	332	BBB+	0.05%
	6,025	NR	0.84%
Asset-backed securities	4,447	AAA	0.62%
	2,268	BBB	0.31%
	344	BB+	0.05%
	1,483	NR	0.21%
Corporate bonds and index funds	75,459	AAA	10.46%
	4,087	AA	0.57%
	4,121	AA-	0.57%
	2,693	A+	0.37%
	24,637	A	3.42%
	17,092	A-	2.37%
	12,184	BBB+	1.69%
	27,776	BBB	3.85%
	13,552	BBB-	1.88%
	30,621	BB+	4.25%
	25,676	BB	3.56%
	28,418	BB-	3.94%
	20,722	B+	2.87%
	16,756	B	2.32%
9,721	B-	1.35%	
3,161	CCC+	0.44%	
2,479	CCC	0.34%	
74	D	0.01%	
227,351	NR	31.53%	
Government mortgage-backed securities	34,281	AA+	4.75%
Total Fixed Income	\$ 721,171		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, 2019, is as follows:

Currency	Equities	Corporate Bonds	Total
Australian dollar	\$ 7,204	\$ 10,888	\$ 18,092
Brazilian real	239	-	239
British pound sterling	23,152	9,654	32,806
Canadian dollar	10,205	8,557	18,762
Cayman Islands dollar	-	848	848
Chinese yuan (renminbi)	390	2,161	2,551
Danish krone	4,688	-	4,688
Euro	42,945	8,570	51,515
Hong Kong dollar	2,814	-	2,814
Indian rupee	332	-	332
Israeli shekel	1,198	-	1,198
Japanese yen	24,866	-	24,866
Kuwaiti Dinar	-	639	639
Mexican peso	153	28,500	28,653
Norwegian krone	1,809	-	1,809
Malaysian Ringgit	-	13,725	13,725
Peruvian Sol	-	5,788	5,788
Polish zloty	-	10,378	10,378
Qatari riyal	-	238	238
Saudi Arabian riyal	-	613	613
Singapore dollar	1,743	-	1,743
South African rand	331	10,385	10,716
South Korean won	128	-	128
Swedish krona	3,748	312	4,060
Swiss franc	15,570	1,750	17,320
New Taiwan dollar	475	-	475
Total securities subject to foreign credit risk	\$ 141,990	\$ 113,006	\$ 254,996
International portfolio in U.S dollars	514,355	-	514,355
	\$ 656,345	\$ 113,006	\$ 769,351

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 loan domestic securities and 105% of the market value of loan foreign securities.

The City retains the interest income on the securities being transferred and earned \$225 during the year ended June 30, 2019.

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, 2019 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, 2019 the collateral held and the market value of the securities on loan was \$126,980 and \$123,686 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, 2019 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 2019 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 \$97,796 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, 2019, were as follows:

<u>Description</u>	<u>Fair Value</u>
Mutual Funds	\$3,228

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. The following table summarizes fair value disclosures and measurements at June 30, 2019:

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Money Market Instruments	\$ 42,752	\$ 846	\$ 5,831	\$ 36,075
Convertible Securities	463	-	458	5
Equities	627,635	574,241	49,602	3,792
Equity Mutual Funds	48,401	-	48,401	-
Fixed Income Securities	972,489	297,150	656,645	18,694
Fixed Income Mutual Funds	12,853	-	12,853	-
Futures Contracts	218	218	-	-
Real Estate Funds	147,255	379	-	146,876
Partnerships	190,632	-	-	190,632
REIT	683	-	683	-
Preferred Securities	890	635	255	-
	<u>\$ 2,044,271</u>	<u>\$ 873,469</u>	<u>\$ 774,728</u>	<u>\$ 396,074</u>
NAV Expedient:	<u>\$ 769,423</u>			
Total Leveling, NAV	\$ 2,813,694			
Less Cash Equivalents	<u>(28,403)</u>			
Net Leveling	<u>\$ 2,785,291</u>			

The following methods were used to estimate 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 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 considered to be extremely low-risk. These short term instruments tend to have a 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 institutional 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, taking into account 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, 2019. 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, 2019

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:

Receivables:

	General	Debt Service	Capital Projects	Sewer Collection and Treatment	Memphis Light, Gas and Water	Community Development	Nonmajor and Other Funds	Total
Property taxes	\$ 310,316	\$ 141,916	\$ 1,284	\$ -	\$ -	\$ -	\$ 3,447	\$ 456,963
Special assessments	-	-	-	-	-	-	4,231	4,231
Sales, income, and other taxes	35,813	1,469	-	-	-	-	-	37,282
Federal and state grants	2,268	-	12,468	-	-	40,526	4,813	60,075
Interest and dividends on investments	-	-	-	-	-	215	-	215
Notes and accounts receivable	-	-	-	12,321	167,449	-	-	179,770
Housing and rehabilitation loans	-	-	-	-	-	63,091	-	63,091
Due from other funds	3,696	5,517	-	-	-	-	-	9,213
Other	163,178	3,410	-	-	-	106	6,883	173,577
Gross receivables	515,271	152,312	13,752	12,321	167,449	103,938	19,374	984,417
Less allowance for uncollectibles	(144,644)	(7,163)	(66)	(123)	(10,422)	(12,618)	(898)	(175,934)
Net total receivables	\$ 370,627	\$ 145,149	\$ 13,686	\$ 12,198	\$ 157,027	\$ 91,320	\$ 18,476	\$ 808,483

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, 2019, 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 upon 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 2019 levy was based was approximately \$12.7 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, 2019, were 95.47% of the tax levy.

At June 30, 2019, the allowance for uncollectible property taxes by fund was as follows:

General Fund	15,552
Debt Service Fund	7,163
Capital Project Fund	66
Pre-K Fund	67
Community Catalyst Fund	43
Affordable Housing Fund	43
	<u>22,934</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, 2019, as follows:

General Fund	2.163984
Capital Projects Fund	0.009768
Debt Service Fund	0.998900
Pre-K Fund	0.010000
Community Catalyst Fund	0.006667
Affordable Housing Fund	0.006667
Total	<u>3.195986</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.

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

Tax abatements (cont.)

<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 II). - 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. - Apartment and mixed-use projects shall not utilize electric resistance heat systems. <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><u>Fiscal Year 2019</u></p>	<p>5,744</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>5,744</p>

**NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019**

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

Tax abatements (cont.)

		Programs Administered by Economic Development Growth Engine (Industrial Development Board)		
<i>City of Memphis Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board</i>		Community Builder PILOT	Destination Retail PILOT	Expansion PILOT
Purpose of Program	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.	The intent of the program is to increase employment within the State of Tennessee.	The intent of the program is to increase employment within the State of Tennessee.	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	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	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.	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.	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 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, and twenty-five percent (25%) for Shelby County.	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 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, and twenty-five percent (25%) for Shelby County.	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 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, and twenty-five percent (25%) for Shelby County.
Provisions for recapturing abated taxes	N/A	N/A	N/A	N/A
Types of commitments made by the City other than to reduce taxes	N/A	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.	N/A	N/A	N/A	N/A

See next page.

**NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019**

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

Tax abatements (cont.)

Programs Administered by Economic Development Growth Engine (Industrial Development Board)			
	Fast Track PILOT	Jobs PILOT	Residential PILOT
<i>City of Memphis Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board</i>			
Purpose of Program	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.	The intent of the program is to increase employment within the State of Tennessee.	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.
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) 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. 	<ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 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 through the term of the PILOT, the projects source and use of funds and third party market analysis of comparable projects showing a 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 as defined by the US Department of Housing & Urban Development for the Memphis area. 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.
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	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%) 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 it is included into the PILOT.	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 property taxes that 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.	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 of 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 change 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.
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.			

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

Tax abatement (cont.)

<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 a 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 median gross 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 a 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><u>Fiscal Year 2019</u> Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreements</p>	<p>2,575</p>

D. Capital assets

Capital asset activity for the year ended June 30, 2019, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 75,844	\$ 1,138	\$ (1,857)	\$ -	\$ 75,125
Construction in progress	688,421	274,205	(215,312)	-	747,314
Total capital assets not being depreciated	764,265	275,343	(217,169)	-	822,439
Capital assets being depreciated:					
Buildings	571,341	69,648	(585)	-	640,404
Improvements other than buildings	892,109	15	(10,202)	-	881,922
Machinery and equipment	152,273	3,443	(399)	-	155,317
Total capital assets being depreciated	1,615,723	73,106	(11,186)	-	1,677,643
Less accumulated depreciation for:					
Buildings	(313,848)	(13,970)	585	-	(327,233)
Improvements other than buildings	(364,836)	(17,082)	5,848	-	(376,070)
Machinery and equipment	(108,084)	(10,324)	274	-	(118,134)
Total accumulated depreciation	(786,768)	(41,376)	6,707	-	(821,437)
Total capital assets being depreciated, net	828,955	31,730	(4,479)	-	856,206
Governmental activities capital assets, net	\$1,593,220	\$307,073	\$(221,648)	\$ -	\$1,678,645

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets not being depreciated:					
Land	\$ 13,664	\$ 481	\$ -	\$ -	\$ 14,145
Construction in progress	304,953	77,644	(32,512)	-	350,085
Memphis Light, Gas and Water assets	200,953	277,418	(259,582)	-	218,789
Total capital assets not being depreciated	519,570	355,543	(292,094)	-	583,019
Capital assets being depreciated:					
Buildings	106,103	-	-	-	106,103
Improvements other than buildings	643,685	34,562	(337)	-	677,910
Machinery and equipment	54,624	850	1,479	-	56,953
Memphis Light, Gas and Water assets	2,936,054	139,909	(39,001)	-	3,036,962
Total capital assets being depreciated	3,740,466	175,321	(37,859)	-	3,877,928
Less accumulated depreciation for:					
Buildings	(90,072)	(1,071)	-	-	(91,143)
Improvements other than buildings	(330,061)	(10,394)	27	-	(340,428)
Machinery and equipment	(38,748)	(4,278)	1,422	-	(41,604)
Memphis Light, Gas and Water depreciation*	(1,299,471)	(98,779)	42,625	-	(1,355,625)
Total accumulated depreciation	(1,758,352)	(114,522)	44,074	-	(1,828,800)
Total capital assets being depreciated, net	1,982,114	60,799	6,215	-	2,049,128
Business-type activities capital assets, net	\$ 2,501,684	\$ 416,342	\$ (285,879)	\$ -	\$ 2,632,147

*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, 2019. At year-end, the government's commitments with contractors were as follows:

<u>Function/Activity</u>	<u>Commitment</u>
Executive	\$ 5,087
Fire services	1,892
Police services	1,662
Park services	8,828
Port Commission	86
Public works	34,810
Public services	2,065
General services	10,233
Housing and Community Development	14,209
Engineering	7,198
Information systems	504
Storm Water	8,334
Sewer	34,087
	\$ <u>128,995</u>

Depreciation Expense

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

Governmental activities:		
Engineering	\$	637
Executive		794
Finance		2,942
Fire services		3,103
General services		4,784
Housing and Community Development		1,369
Human Resources		18
Information services		2,298
Library		4,219
Park services		7,889
Police services		2,132
Public services		796
Public works		<u>10,395</u>
Total depreciation expense - Governmental activities	\$	<u><u>41,376</u></u>
Business-type activities:		
Sewer	\$	13,393
Storm Water		2,350
Memphis Light, Gas and Water		<u>90,257</u>
Total depreciation expense - Business-type activities	\$	<u><u>106,000</u></u>

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

The reported depreciation expense for MLGW as of December 31, 2018.

	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	\$ 53,928	\$ 16,872	\$ 10,398	\$ 81,198
Transportation costs	1,360	1,599	319	3,278
Salvage returns	1,991	4,728	916	7,635
Retirements	(1,991)	(4,728)	(916)	(7,635)
Amortization	1,916	4,611	218	6,745
SCBPU amortization	-	-	(964)	(964)
Statement of Cash Flows, Depreciation Expense	\$ 57,204	\$ 23,082	\$ 9,971	\$ 90,257
Per MLGW Annual Report F-6 Statement of Cash Flows (<i>Dollars in Thousands</i>):				
Depreciation of utility plant	\$ 57,204	\$ 23,082	\$ 9,971	\$ 90,257

Discretely Presented Component Units

Activity for the Memphis Area Transit Authority for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 2,731	\$ -	\$ -	\$ -	\$ 2,731
Construction in progress	980	356	-	-	1,336
Total capital assets not being depreciated	<u>3,711</u>	<u>356</u>	<u>-</u>	<u>-</u>	<u>4,067</u>
Capital assets being depreciated:					
Buildings and improvements	176,945	272	-	-	177,217
Buses and other revenue vehicles	72,606	3,238	(2,424)	(224)	73,196
Machinery and equipment	27,671	856	(78)	224	28,673
Total capital assets being depreciated	<u>277,222</u>	<u>4,366</u>	<u>(2,502)</u>	<u>-</u>	<u>279,086</u>
Less accumulated depreciation for:					
Buildings and improvements	(102,574)	(6,352)	-	-	(108,926)
Buses and other revenue vehicles	(43,105)	(5,752)	2,502	39	(46,316)
Machinery and equipment	(24,202)	(176)	-	-	(24,378)
Total accumulated depreciation	<u>(169,881)</u>	<u>(12,280)</u>	<u>2,502</u>	<u>39</u>	<u>(179,620)</u>
Total capital assets being depreciated, net	<u>107,341</u>	<u>(7,914)</u>	<u>-</u>	<u>39</u>	<u>99,466</u>
Capital assets, net	<u>\$ 111,052</u>	<u>\$ (7,558)</u>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 103,533</u>

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

Activity for the Memphis-Shelby County Airport for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 159,875	\$ 38	\$ -	\$ 159,913
Avigation easements	46,679	-	-	46,679
Construction in progress	51,380	85,643	(42,108)	94,915
Total capital assets not being depreciated	257,934	85,681	(42,108)	301,507
Capital assets being depreciated:				
Runways, taxiways, aprons and airfield lighting	776,077	32	(1,577)	774,532
Buildings	573,934	36,077	(59)	609,952
Facilities constructed for tenants	104,078	-	-	104,078
Roads, bridges and fences	74,379	471	-	74,850
Equipment and utility systems	126,250	6,436	(5,060)	127,626
Total capital assets being depreciated	1,654,718	43,016	(6,696)	1,691,038
Less accumulated depreciation for:				
Runways, taxiways, aprons and airfield lighting	(516,804)	(28,580)	1,576	(543,808)
Buildings	(345,759)	(19,058)	59	(364,758)
Facilities constructed for tenants	(53,440)	(2,801)	-	(56,241)
Roads, bridges and fences	(48,330)	(3,952)	-	(52,282)
Equipment and utility systems	(101,738)	(6,307)	5,059	(102,986)
Total accumulated depreciation	(1,066,071)	(60,698)	6,694	(1,120,075)
Total capital assets being depreciated, net	588,647	(17,682)	(2)	570,963
Capital assets, net	\$ 846,581	\$ 67,999	\$ (42,110)	\$ 872,470

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

E. Interfund receivables, payables, and transfers

The composition of the interfund transfers for the year ended June 30, 2019, is as follows:

	Transfers In									
	General Fund	Debt Service	Capital Projects	New Memphis Arena	Nonmajor Special Revenue			Fiduciary		
					Community Service	Solid Waste	Library Retirement Trust Fund	OPEB Trust Fund	Total Transfers Out	
Transfers Out of Funds Below:										
General Fund	\$ -	\$ 361	\$ 4,000	\$ -	\$ -	\$ 15,210	\$ 1,090	\$ 2,626	\$ 23,287	
Debt Service Fund	3,501	-	-	-	-	-	-	-	3,501	
Capital Projects Fund	-	-	-	-	275	-	-	-	275	
Nonmajor Special Revenue										
State Street Aid	2,800	1,768	-	-	-	-	-	-	4,568	
Miscellaneous Grants	-	191	-	-	-	-	-	-	191	
Solid Waste	1,065	3,617	-	-	-	-	-	-	4,682	
Community Redevelopment	-	-	-	-	-	-	-	-	-	
Hotel/Motel Tax	99	7,186	-	-	-	-	-	-	7,285	
New Memphis Arena	-	-	-	-	-	-	-	-	-	
Metro Alarm	1,415	-	-	-	-	-	-	-	1,415	
Community Services	7	-	-	-	-	-	-	-	7	
Workforce Investment	2,000	-	-	-	-	-	-	-	2,000	
Total Nonmajor Special Revenue	10,887	13,123	4,000	-	275	15,210	1,090	2,626	47,211	
PROPRIETARY FUND TYPES										
Enterprise:										
Sewer Collection and Treatment	10,145	-	-	-	-	-	-	-	10,145	
Memphis Light, Gas and Water	59,083	-	-	2,500	-	-	-	-	61,583 (1)	
Storm Water	106	-	-	-	-	-	-	-	106	
Internal Service:										
Health Insurance	294	-	-	-	-	-	-	-	294	
Unemployment	300	-	-	-	-	-	-	-	300	
Total Proprietary Fund Types	69,928	-	-	2,500	-	-	-	-	72,428	
Total Transfers In	\$ 80,815	\$ 13,123	\$ 4,000	\$ 2,500	\$ 275	\$ 15,210	\$ 1,090	\$ 2,626	\$ 119,639	

(1) The difference of interfund transfers between the City and Memphis Light, Gas & Water is due to the difference in reporting periods. The City reports as of June 30th and Memphis Light, Gas & Water reports as of December 31st.

The composition of interfund balances as of June 30, 2019 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	\$ 3,696
		<u>3,696</u>
Debt Service		
	State Street Aid	295
	Storm Water	5,221
		<u>5,516</u>
Total		<u>\$ 9,212</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.

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.

F. Leases

Operating Leases

The City occupies certain storage and office facilities principally under operating lease arrangements. The minimum annual rentals under such leases are not significant.

Capital Leases

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

The assets acquired through capital leases are as follows:

Assets:

Equipment	\$ 37,691
Facility	23,645
Accumulated Depreciation	<u>(37,347)</u>
Total	<u>\$ 23,989</u>

The remaining debt service requirement for capital lease obligations for the City at June 30, 2019, is as follows:

Fiscal Year	
2020	\$ 5,092
2021	3,424
2022	3,057
2023	3,105
2024	2,207
2025-2030	12,150
Less Interest	<u>(5,046)</u>
Present Value of Payments	<u>\$ 23,989</u>

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.

No General Obligation Bond issues occurred in fiscal year 2019.

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, 2019, the outstanding balance is \$75,000.

Revenue Bonds

In October 2018, the City issued \$69,480 of Sanitary Sewerage System Revenue and Revenue Refunding Bonds, Series 2018. 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 system and refunding of all or a portion of the City's outstanding Sanitary Sewerage System Revenue Bonds, Series 2007 and Sanitary Sewerage System Revenue Bonds, Series 2009B. The issue resulted in net proceeds of \$74,038 (after the underwriter's discount of \$191 and issuance costs of \$364). The proceeds and issuance costs of this debt instrument were recorded in the City's Sewer Collection and Treatment Fund. Interest on the Series 2018 Bonds is payable semiannually on each October 1 and April 1, commencing October 1, 2019. The interest rate varies from 4.000% to 5.000%. The aggregate difference in debt service between the refunding debt and the refunded debt was \$1,467. The economic gain on this transaction was \$1,225.

As of June 30, 2019, 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 2019 Bonds.

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: a July 18, 2013 obligation of \$3,989 with an interest rate of 2.59% payable over a 20-year period, a July 19, 2013 obligation of \$100,000 with an interest rate of 0.75% payable over a 20-year period, a July 19, 2013 obligation of \$11,602 with an interest rate of 0.75% payable over a 20-year period, a February 05, 2018 obligation of \$11,000 with an interest rate of 0.81% payable over a 20-year period and a February 19, 2019 obligation of \$25,000 with an interest rate of 0.75% payable over a 20-year period. There were no installments related to the February 05, 2018 obligation as of June 30, 2019.

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, 2019, a total of approximately \$166,910 bonds outstanding was considered defeased.

Center City Revenue Finance Corporation

Pursuant to the Trust Indenture dated as of March 29, 2016 (the "Indenture"), the Memphis Center City Revenue Finance Corporation (CCRFC) of Memphis, Tennessee issued its \$1,562 Tax Exempt Revenue Bonds, Series 2016. The Series 2016 CCRFC Bonds are payable principally by the Loan Agreement and the loan payments are pledged to secure the payment of the bonds. CCRFC is a nonprofit corporation established jointly by the City and the County under the laws of the State of Tennessee. CCRFC provides various forms of financial assistance to development projects.

Pursuant to the Indenture, the proceeds of the Series 2016 CCRFC Bonds were used to, among other things, provide funds to make a loan (the "Series 2016 Loan") to the City pursuant to that certain Loan Agreement dated as of March 29, 2016 (the "Loan Agreement") between the Corporation and the City. The City used the proceeds of the Series 2016 Loan to: (a) pay costs of capital additions and improvements to and capital equipment for the Memphis Cook Convention Center, constituting a public facility within an area designated by the City as the center city area (the "Project"); (b) pay certain expenses incurred in connection with the issuance of the Series 2016 CCRFC Bonds. The bonds mature annually through January 5, 2020 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 \$1,171 in principal and \$61 in interest on the guarantee through June 30, 2019. 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, 2018	Increases	Decreases	June 30, 2019
\$781	\$0	\$390	\$391

Pursuant to the Trust Indenture dated as of March 3, 2015 (the "Indenture"), CCRFC of Memphis, Tennessee issued its \$1,585 Tax Exempt Revenue Bonds, Series 2015. The Series 2015 CCRFC Bonds are payable principally by the Loan Agreement and the loan payments are pledged to secure the payment of the bonds. Pursuant to the Indenture, the proceeds of the Series 2015 CCRFC Bonds were used to, among other things, provide funds to make a loan (the "Series 2015 Loan") to the City pursuant to that certain Loan Agreement dated as of March 3, 2015 (the "Loan Agreement") between the Corporation and the City.

The City used the proceeds of the Series 2015 Loan to: (a) pay costs of capital additions and improvements to and capital equipment for the Memphis Cook Convention Center, constituting a public facility within an area designated by the City as the center city area (the "Project"); and (b) pay certain expenses incurred in connection with the issuance of the Series 2015 CCRFC Bonds. The bonds mature annually through January 5, 2020 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 \$1,268 in principal and \$78 in interest on the guarantee through June 30, 2019.

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, 2018	Increases	Decreases	June 30, 2019
\$634	\$0	\$317	\$317

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.

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

City of Memphis has paid \$3,326 in principal and \$1,015 in interest on the guarantee through June 30, 2019. 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, 2018	Increases	Decreases	June 30, 2019
\$5,820	\$0	\$832	\$4,988

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 \$1,008 in principal and \$251 in interest on the guarantee through June 30, 2019. 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, 2018	Increases	Decreases	June 30, 2019
\$1,411	\$0	\$403	\$1,008

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. City of Memphis has paid \$170 in principal and \$42 in interest on the guarantee through June 30, 2019. 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, 2018	Increases	Decreases	June 30, 2019
\$238	\$0	\$68	\$170

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.

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.

City of Memphis has paid \$17,195 in principal and \$11,184 in interest on the guarantee obligation through June 30, 2019. 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, 2018	Increases	Decreases	June 30, 2019
\$ 149,465	\$ 0	\$ 8,420	\$ 141,045

The City entered into a financing lease agreement with Economic Development Growth Engine on September 18, 2017 whereby the City would receive an amount not to exceed \$2,143 of the proceeds from EDGE, QECB Series 2017. Actual proceeds totaled \$2,143. Interest on the loan is 2.4%, and the loan matures in 2021. 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, 2021 with semiannual interest payments. The City is required to pay the remaining portion of the EDGE's debt service payments based on this guarantee.

City of Memphis has paid \$1,071 in principal and \$55 in interest on the guarantee through June 30, 2019. 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, 2018	Increases	Decreases	June 30, 2019
\$1,607	\$ 0	\$536	\$1,071

Port Commission Electrolux Bonds

The Memphis and Shelby County Port Commission (the "Port Commission"), the State, the County, the City, and the Memphis and Shelby County Industrial Development Board entered into a Site Location and Development Agreement dated December 15, 2010, whereby each committed to support the development of the appliance manufacturing and assembly facility, warehouse and distribution facility, and regional headquarters facility for Electrolux Home Products, Inc. (the "Electrolux Development") located in the City and the County, within the Port Commission's boundaries and jurisdiction. The City and the County agreed to match funds of the State to subsidize or assist in the Electrolux Development.

The Port Commission issued its \$40,795 Development Revenue Bonds, Series 2011 (the "Port Commission Electrolux Bonds") on September 7, 2011, pursuant to Chapters 500 and 529 of the Private Acts of 1947 of the State of Tennessee (collectively, the "1947 Act"). The Port Commission Electrolux Bonds are secured in part by all of the Port Commission's right, title and interest in an interlocal agreement by and among the Port Commission, the City and the County, under which the City and the County, pursuant to the provisions of the 1947 Act, have covenanted to timely appropriate from legally available non-ad valorem revenues sufficient monies to pay scheduled debt service on the Port Commission Electrolux Bonds.

The obligation of the City and the County to support the payment of debt service on the Port Commission Electrolux Bonds is apportioned on an equal basis (i.e., 50 percent by the City and 50 percent by the County). The obligation of the City and the County to support the payment of debt service on the Port Commission Electrolux Bonds is not a general obligation of the City or the County. The bonds mature annually through April 1, 2036, with semiannual interest payments.

On October 1, 2011, the City began making payments on the guarantee obligation. City of Memphis has paid \$4,205 in principal and \$6,391 in interest on the guarantee obligation through June 30, 2019. 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 obligation.

June 30, 2018	Increases	Decreases	June 30, 2019
\$16,807	\$0	\$615	\$16,192

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, 2019:

	General Obligation Bonds	Bond Anticipation Notes / Commercial Paper	Capital Lease Obligations	Settlement Obligation	Guarantee Obligations	Revenue Bonds	State Loans	Total
Governmental Funds	\$ 1,314,548	75,000	23,989	14,665	179,981	-	-	1,608,183
Enterprise Funds	-	-	-	-	-	492,375	107,743	600,118
Total long-term debt	\$ 1,314,548	75,000	23,989	14,665	179,981	492,375	107,743	2,208,301

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

Long-term liability activity for the year ended June 30, 2019, was as follows:

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
Governmental activities:					
<i>Bonds and Other Obligations:</i>					
General obligation bonds payable	\$ 1,337,440	-	(75,785)	1,261,655	87,210
General Oblig Bonds Payable Allocation	3,138	-	(3,138)	-	-
Premium on general obligation bonds	66,451	-	(13,558)	52,893	12,555
Commercial Paper	-	75,000	-	75,000	-
Capital lease agreements	30,410	-	(6,421)	23,989	4,227
Settlement Obligation	15,999	-	(1,334)	14,665	1,334
	<u>\$ 1,453,438</u>	<u>75,000</u>	<u>(100,236)</u>	<u>1,428,202</u>	<u>105,326</u>
<i>Guarantee Obligations:</i>					
Related party loan	\$ 150,880	-	(9,127)	141,753	9,702
Related party loan premium	16,041	-	(1,520)	14,521	1,561
Related party debt obligation	25,885	-	(2,454)	23,431	2,248
Related party debt obligation premium	353	-	(77)	276	77
	<u>\$ 193,159</u>	<u>-</u>	<u>(13,178)</u>	<u>179,981</u>	<u>13,588</u>
Subtotal	<u>\$ 1,646,597</u>	<u>75,000</u>	<u>(113,414)</u>	<u>1,608,183</u>	<u>118,914</u>
<i>Other Liabilities:</i>					
Legal Claims and Judgments	\$ 8,500	-	(5,075)	3,425	1,069
Accrued Interest	15,724	-	(1,348)	14,376	-
Vacation, sick and other leave benefits	80,781	48,114	(43,907)	84,988	398
On the Job Injury	3,360	4,488	(4,231)	3,617	-
	<u>\$ 108,365</u>	<u>52,602</u>	<u>(54,561)</u>	<u>106,406</u>	<u>1,467</u>
Total	<u>\$ 1,754,962</u>	<u>127,602</u>	<u>(167,975)</u>	<u>1,714,589</u>	<u>120,381</u>
Business-type activities:					
Revenue bonds	\$ 77,960	69,480	(32,435)	115,005	9,760
General Oblig Bonds Payable Allocation	6,862	-	(1,641)	5,221	1,689
Net premium/discount on revenue bonds	461	56,858	(52,890)	4,429	-
MLGW revenue bonds	458,580	-	(132,360)	326,220	12,380
Premium on MLGW revenue bonds	47,166	-	(5,666)	41,500	-
Sewer State Loan	83,898	24,514	(669)	107,743	671
Subtotal	<u>\$ 674,928</u>	<u>150,852</u>	<u>(225,661)</u>	<u>600,118</u>	<u>24,500</u>
<i>Other Liabilities:</i>					
Vacation, sick and other leave benefits	\$ 41,606	2,902	(3,836)	40,672	383
Total	<u>\$ 716,534</u>	<u>153,754</u>	<u>(229,497)</u>	<u>640,790</u>	<u>24,883</u>

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

The compound interest bonds are subject to optional redemption by the City prior to their maturities at stated 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, 2019 follows:

Description	Interest Rates(%)	Original Issue	Balance Outstanding at Year End
General Obligation Debt:			
General City Government Serial Bonds	2.91-6.14	\$ 1,580,960	\$ 1,261,655
Bond Anticipation Notes-Commercial Paper	variable	150,000	75,000
Net Premium/(Discount) on General Obligation Debt		159,169	52,893
Total General Obligation Debt		1,890,129	1,389,548
Capital Lease Obligations	3.75-4.32	50,334	23,989
Settlement Obligation		20,000	14,665
Guarantee Obligations	variable	194,599	165,184
Net Premium/(Discount) on Guarantee Obligations		18,433	14,797
		213,032	179,981
Total Governmental Funds Debt		\$ 2,173,495	\$ 1,608,183
Business-Type Debt:			
General Oblig Bonds Payable Allocation	2.91-6.14	\$ 10,000	\$ 5,221
Sanitary Sewerage System	3.00-6.30	132,175	115,005
Electric / Gas Division, MLG&W (1), (2)	2.00-5.00	837,980	261,680
Water Division, MLG&W (1)	2.00-5.00	70,000	64,540
Net Premium/(Discount) on revenue bonds		54,012	45,929
State Loans	.75-2.59	84,735	107,743
Total Business-Type Debt		\$ 1,188,902	\$ 600,118
Total		\$ 3,362,397	\$ 2,208,301

(1) All MLG&W bonds reflect amounts outstanding at December 31, 2018.

(2) MLG&W's outstanding Electric System debt is not related to the acquisition of capital assets. The proceeds from the 2003A and 2003B Electric System bond issues were used to prepay the cost of future power purchases from TVA. In 2008, the Series 2003B bonds were refunded by the Series 2008 bonds. In 2010, the callable portion of the 2003A Series bonds were refunded by the Series 2010 Bonds. In 2016, the remaining principal balance of the Series 2003A bonds were redeemed early.

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

Debt service requirements to maturity for governmental long-term indebtedness at June 30, 2019 are as follows:

Fiscal Year	Total Long-term Indebtedness												
	General Obligations				General Obligation				Revenue				
	Principal (4)	Interest (1)	Principal	Interest	Capital Lease	Settlement Obligation (3)	Guarantee Obligations	Principal	Interest	State Loan	MLG&W(2)	Principal	Interest
2019	-	-	-	-	-	-	-	-	-	-	-	-	-
2020	87,210	56,043	4,227	866	1,334	11,950	6,643	-	671	934	12,380	13,903	12,380
2021	87,120	52,638	2,643	781	1,334	11,470	6,354	-	740	938	12,810	13,477	127,963
2022	87,860	48,393	2,357	701	1,333	11,172	6,056	-	750	929	13,330	12,948	126,257
2023	88,845	43,788	2,487	618	1,333	12,417	5,731	-	759	919	13,905	12,379	127,457
2024	89,500	39,634	1,660	547	1,333	12,747	5,362	-	768	910	14,515	11,767	128,421
2025	91,105	36,483	1,765	491	1,333	12,936	4,881	-	778	900	15,205	10,368	129,643
2026	89,900	32,605	1,910	403	1,333	12,685	4,274	-	788	889	15,915	9,609	132,612
2027	30,955	28,321	2,060	308	1,333	13,323	3,633	-	797	879	17,445	8,832	130,241
2028	32,325	26,784	2,220	205	1,333	14,000	2,960	-	807	869	18,260	8,022	74,150
2029	33,725	25,179	2,375	113	1,333	14,708	2,252	-	818	858	19,095	7,184	76,068
2030	35,245	23,496	286	14	1,333	15,450	1,509	-	828	847	19,970	6,308	77,287
2031	31,290	21,811	-	-	-	16,230	728	-	839	836	20,930	5,349	72,204
2032	32,585	20,409	-	-	-	1,103	296	-	849	825	21,790	4,494	58,242
2033	33,970	18,911	-	-	-	1,158	241	-	861	813	22,690	3,596	60,674
2034	35,055	17,386	-	-	-	1,218	183	-	1,694	805	23,590	2,682	63,632
2035	36,545	15,782	-	-	-	1,278	123	-	833,398	799	17,950	1,741	141,301
2036	32,115	14,326	-	-	-	1,340	59	-	623	98	18,620	1,073	54,943
2037	28,690	12,980	-	-	-	-	-	-	2,340	93	11,150	399	42,807
2038	29,860	11,813	-	-	-	-	-	-	2,435	87	-	-	42,643
2039	31,075	10,590	-	-	-	-	-	-	2,535	623	-	-	33,610
2040	32,350	9,305	-	-	-	-	-	-	2,635	519	-	-	34,985
2041	33,715	7,952	-	-	-	-	-	-	2,745	412	-	-	36,460
2042	30,940	6,492	-	-	-	-	-	-	2,855	300	-	-	33,795
2043	31,520	5,122	-	-	-	-	-	-	2,975	183	-	-	34,495
2044	29,460	3,723	-	-	-	-	-	-	3,095	62	-	-	32,555
2045	17,660	2,400	-	-	-	-	-	-	-	-	-	-	17,660
2046	13,165	1,644	-	-	-	-	-	-	-	-	-	-	13,165
2047	13,690	1,117	-	-	-	-	-	-	-	-	-	-	13,690
2048	14,240	570	-	-	-	-	-	-	-	-	-	-	14,240
TOTAL	\$ 1,261,655	595,697	23,989	5,047	14,665	165,184	51,286	-	115,005	44,234	326,220	145,208	2,014,461

(1) Interest on variable general obligation bonds is estimated.

(2) At 12-31-18

(3) No interest associated with the Settlement Obligation

(4) Excludes premiums and/or discounts

H. Restricted assets

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

Insurance reserves – injuries and damages	\$10,400
Insurance reserves – casualties and general	37,541
Medical benefits	19,013
Customer deposits	35,429
Sewer bond escrow	20,516
Bond reserve and debt service	<u>3,155</u>
Total	<u>\$126,054</u>

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

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	\$ 2,182	-	-	-	-	2,182
Vacant Property Registry	70	-	-	-	-	70
Photo Enforcement	7,038	-	-	-	-	7,038
Bass Pro	2,903	-	-	-	-	2,903
Sex Offender Registry	115	-	-	-	-	115
Miscellaneous Activities	417	-	-	-	-	417
E-Traffic Citation Fee	-	-	-	-	630	630
Debt Service - Related Party Loan	-	18,762	-	-	-	18,762
Debt Service - Capital Lease	-	3,300	-	-	-	3,300
Debt Service- Pledged TDZ Revenue	-	347	-	-	-	347
Solid Waste Management	-	-	-	-	6,056	6,056
Miscellaneous Grants	-	-	-	-	273	273
Drug Enforcement	-	-	-	-	9,411	9,411
Community Development	-	-	-	5,008	-	5,008
Beale Street	-	-	-	-	595	595
Fire EMS	-	-	-	-	4,085	4,085
Pre-K	-	-	-	-	4,242	4,242
HUB Community Impact	-	-	-	-	2	2
Committed						
Debt Service Requirements	-	55,520	-	-	-	55,520
Metro Alarms	-	-	-	-	1,869	1,869
Beale Street	-	-	-	-	706	706
New Memphis Arena	-	-	-	-	119	119
Hotel/Motel Tax	-	-	-	-	10,780	10,780
Capital Projects	-	-	148,359	-	-	148,359
Assigned						
Encumbrances for Purchase Orders	11,726	-	-	-	-	11,726
Intergovernmental	20,000	-	-	-	-	20,000
Unassigned						
Total Fund Balances	\$ 91,541	\$ 77,929	\$ 148,359	\$ 5,008	\$ 38,768	\$ 91,541
	\$ 135,992					\$ 406,056

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	\$154,898
Deferred outflows - OPEB	15,968
Total Governmental Activities Deferred Outflows	<u>\$170,866</u>

Business-Type Activities

Deferred outflows - pensions	\$69,038
Deferred outflows - OPEB	53,497
Total Business-Type Activities Deferred Outflows	<u>\$122,535</u>

Total Deferred Outflows of Resources	<u><u>\$293,401</u></u>
---	-------------------------

Deferred Inflows of Resources

Governmental Activities

Deferred inflows - pensions	\$134,717
Deferred inflows - OPEB	69,033
Prepaid taxes	466
Uncollected property taxes	395,036
Uncollected special assessments	3,742
Uncollected grant reimbursements	3,111
Uncollected intergovernmental revenues	38,462
Uncollected project loans receivable	50,473
Other	4,321
Total Governmental Activities Deferred Inflows	<u>\$699,361</u>

Business-Type Activities

Deferred inflows - pensions	\$126,525
Deferred inflows - OPEB	197,518
Deferred inflows - other	1,546
Total Business-Type Activities Deferred Inflows	<u>\$325,589</u>

Total Deferred Inflows of Resources	<u><u>\$1,024,950</u></u>
--	---------------------------

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 \$3,617 was 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, 2018 and 2019 are as follows:

	On the Job Injury					
	Health	OPEB	Sewer Collection and Treatment Fund	Fleet Management Fund	Storm Water Fund	Governmental Funds
Balance - June 30, 2017	\$ 7,084	2,167	117	-	15	3,244
Current year provision	(64,834)	(9,143)	(177)	-	(32)	(4,961)
Payments	64,195	7,402	120	-	32	5,077
Balance - June 30, 2018	\$ 6,445	426	60	-	15	3,360
Current year provision	(71,784)	(8,770)	(188)	(8)	(184)	(4,231)
Payments	74,073	8,693	284	8	228	4,488
Balance - June 30, 2019	\$ 8,734	349	156	-	59	3,617

B. Subsequent events

The City has evaluated subsequent events for potential recognition and disclosure through December 16, 2019.

In November 2019, the City issued \$35,830 in Storm Water System Revenue Bonds, Series 2019 to finance capital projects for the City's storm water system.

In October 2019, the City passed a referendum to increase the City's sales tax by 0.5% (from 2.25% to 2.75%). The increase is to be used to fund health benefits at levels provided in 2014 and pension levels provided in 2016 for fire and police public safety officers. The City is currently in the process of determining the fiscal impact and implementation.

Additionally, in October 2019, the City entered into an \$8M Master Equipment Lease/ Purchase agreement with Banc of America Public Capital Corporation. The funds will be used to acquire various fleet and service vehicles and maintenance equipment to be used by the Solid Waste division.

The City entered into agreements with a vendor to sell a portion of the City's tax year delinquent property tax receivables. The City is evaluating a plan to enter a similar agreement in FY20. Total proceeds from the sale of receivables in FY20 are undetermined at this time.

C. Contingent liabilities and commitments

The City is a defendant in a number of various lawsuits filed in the ordinary course of its operations. The City believes that \$3,425 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.

As of June 30, 2019, the Senior Lien Bonds were outstanding in an aggregate principal amount of \$278,655. The obligation of the City and the County to replenish draws on the debt service reserve fund relating to the Senior Lien Bonds is apportioned on the following basis: 50% from the City and 50% from the County, but is not a joint obligation.

The obligation to replenish the debt service reserve fund relating to the Senior Lien Bonds is not considered a general obligation of the City since there is a reasonable expectation of the receipt of funds to service the debt.

The City has commitments at June 30, 2019, for outstanding purchase orders and outstanding contracts reported as assigned fund balance for encumbrances in the General Fund of \$11,725. The City has assigned \$20,000 to intergovernmental transactions.

The City had additional commitments totaling \$128,995 for certain infrastructure and sewer construction projects.

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 \$122,000; expensed components of the remediation outlays to date are approximately \$136,000. 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 Industrial Development Board (EDGE)

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, Suite 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 contribution 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.

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 Director 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, 2019, the City OPEB Fund reported the following net position:

ASSETS

Investments, at fair value:	
Mutual funds and money market funds	\$ 3,228
Total investments	<u>3,228</u>
Equity in cash and investment pool	1,492
Interest and dividend receivables	<u>3</u>
Total assets	<u>4,723</u>

LIABILITIES

Accounts payable and other	<u>708</u>
Total liabilities	<u>708</u>

NET POSITION

Held in trust for pension benefits, pool participants and OPEB	<u><u>\$ 4,015</u></u>
--	------------------------

As of and for its year ended June 30, 2019, the City OPEB Fund reported the following changes in net position:

ADDITIONS	
Contributions:	
Employer	\$ 10,032
Medicare Part D	66
Plan members	1,916
Total contributions	<u>12,014</u>
Transfer from other fund	2,626
Pharmacy rebate	516
Investment income:	
Interest and dividend income	73
Other investment income	32
Net appreciation in the fair value of investments	145
Total investment income	<u>250</u>
Total additions	<u>15,406</u>
DEDUCTIONS	
Benefits	8,693
Administrative expenses	6,650
Total deductions	<u>15,343</u>
Net increase / decrease	63
Net position - beginning of year	<u>3,952</u>
Net position - end of year	<u><u>\$ 4,015</u></u>

City of Memphis Other Postemployment Benefits (OPEB) Plan

Plan Description – The City’s OPEB 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.

At June 30, 2019, the number of active participants in the OPEB Plan was 7,015. There were 5,115 inactive participants eligible, of which 2,818 were enrolled. Eligibility for OPEB benefits are 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 2019, the Pre-65 Line-of-Duty Disabled and Grandfathered Post-65 Retirees without Medicare received postretirement medical and drug coverage through the City’s self-insured Select or Choice Plans. The City paid for costs in excess of required retiree premiums.

All other participants who were Pre-65 and Post-65 Retirees were provided with a set amount of money each year that goes into a Health Retirement Account (HRA). The amount provided depends on the type of retiree 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, 2019 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, 2019, the value of the Trust assets within the OPEB Fund was \$4,723. The current fiscal year includes interest at 2.98% on the beginning of year total OPEB liability and service cost offset by a half-year of interest on benefit payments. For the 2019 fiscal year, the net investment return for the year was \$221 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 OneExchange 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, 2019 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 \$400,195 represents the total covered payroll for the prior calendar year, increased at a salary scale of 4.25%. For calendar year 2019 the average salary was \$55,911. The net OPEB liability as a percentage of covered payroll was 75.1% for the year ending June 30, 2019.

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.

<u>City of Memphis OPEB Plan</u>	
Total OPEB Liability - beginning balance	\$ 337,456
Total Service Cost	5,042
Interest Cost	10,015
Experience (Gains)/Losses	(13,201)
Assumption Changes	(21,941)
Changes of Benefit Terms	-
Net Benefit Payments	(12,817)
Total OPEB Liability - ending balance	<u>304,554</u>
OPEB Fiduciary Net Position - beginning balance	\$ 3,952
Employer Contribution	12,659
Employee Contribution	1,945
Investment Return	221
Benefit Payments	(8,112)
Administrative Expenses	(6,650)
Fiduciary Net Position - ending balance	<u>4,015</u>
Total OPEB Liability	\$ 304,554
Net Fiduciary Position	<u>4,015</u>
Net OPEB Liability	<u>300,539</u>
Fiduciary Net Position as a % of Total OPEB Liability	1.3%
Actual Covered Employee Payroll	\$ 400,195
Net OPEB Liability as a % of Covered Payroll	75.1%

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, 2018 and the City's fiscal year ending June 30, 2019 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, 2018 – June 30, 2019. The date of the census data was July 1, 2019.

For the July 1, 2019 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 RP-2014 Total Dataset Mortality Table (with 2014 improvement removed) with MP-2017 projection scale from 2006 forward and adjusted by a one year set forward.
- Police and Fire – Fully Generational RP-2014 Blue Collar Mortality Table (with 2014 improvement removed) with MP-2017 projection scale from 2006 forward and adjusted by a one year set forward.
- Disabled - Fully Generational RP-2014 Disabled Mortality Table (with MP-2014 improvement removed) with MP-2017 projection scale from 2006 forward and adjusted by a three year set back.

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 2019 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 2019 used Select and Ultimate rates based on age and years of service for Police and Fire males, General males, and General Police and Fire 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 2019 for both General employees and Police and Fire employees, assumed rates that vary by age, gender, and pension plan grandfathered status.

Participation Rates

Participation rates are set based on the Plan's historical experience and future expectations with periodic monitoring of observed gains and losses caused by participation patterns different than assumed. The assumptions used for 2019 are as follows:

- 10% and 55% 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.
- 56% 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

The salary scale was based on an experience study performed in 2014. Rates vary by age and service with a weighted average of 4.25%.

Per Capita Costs

The per capita claims cost for the self-insured preferred and premier plans were developed by PwC based on historical 2017 - July 2019 claims experience for City of Memphis retired participants adjusted for enrollment and plan design provisions. The 2020 calendar year annual per capita costs used to develop per capita costs for the fiscal year beginning July 1, 2019 are:

- Line-of-Duty Disabled – Select Plan \$8,700, Choice Plan \$11,088
- No Medicare – Select Plan \$13,152, Choice Plan \$16,044

Self-Insured Premiums

2020 calendar year monthly Retiree premiums were used to develop per capita cost for the fiscal year beginning July 1, 2019 as provided below:

- Single – Basic Plan \$216.00, Premier Plan \$236.00
- Family – Basic Plan \$427.00, Premier Plan \$469.00

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 2019 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 2019 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.
- 92% 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 2019 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 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 2019 is that husbands are assumed to be three years older than wives for future Retirees who are married and assume to cover a spouse.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.79% as of June 30, 2019, 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 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, 2019 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, 2019.

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

	<u>1% Decrease (1.79%)</u>	<u>Current Rate (2.79%)</u>	<u>1% Increase (3.79%)</u>
Net OPEB Liability	\$355,250	\$300,539	\$258,373

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 2020 was 6.50% with declining rates for years 2021 - 2029+ ranging from 6.28% 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	\$271,394	\$300,539	\$337,884

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, 2018. 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 mortality assumption was updated to reflect the Public Sector Mortality tables and MP-2018 projection scale which were released by the Society of Actuaries.
- The initial annual health care trend rate was changed from using 6.28% in FYE 2019, grading down to 4.50% by FYE 2027, to 6.50% in FYE 2020, grading down to 4.5% by FYE 2029.
- The participation assumptions changed based on recent plan experience under the current plan designs and the City’s best estimate of long-term enrollment rates:
 - 10% of future Retirees are assumed to elect Pre-65 coverage (down from 30%)
 - 0% of current Pre-65 Retirees that have opted out of Retiree Exchange coverage as of July 1, 2019 will elect coverage for the next year (down from 20%).
- The discount rate assumption changed from 2.98% as of June 30, 2018 to 2.79% as of June 30, 2019 based on the change in the S&P Municipal Bond Rate Index at the measurement date.

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

Changes in Plan Provisions

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:

City of Memphis OPEB Plan	Census Data	
	June 30, 2018	June 30, 2019
Active		
Number of Participants	6,941	7,015
Average Age of Participants	45.27	45.02
Average Years of Service	13.2	12.9
Actual Covered Payroll (000's)	\$ 368,922	\$ 400,195
Inactive *		
Number Eligible (Retiree/Disabled)	4,716	5,115
Number Enrolled (Retiree/Disabled)	2,269	2,114
Number Enrolled (Dependent Spouse)	817	704
Number Enrolled (Total)	3,086	2,818

*Retirees, Disable, 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.

Determination of resources of deferred outflows and resources of deferred inflows for the fiscal year ended June 30, 2019 is provided below.

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

City of Memphis OPEB Plan

Determination of Resources of Deferred Outflows and Deferred Inflows					Balances at June 30, 2019	
	Established in Fiscal Year Ending June 30	Loss	(Gain)	Cumulative Amounts Recognized in Expense through June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
a. Experience (Gains) and Losses	2017	\$ 18,838	\$ -	\$ 11,214	\$ 7,624	\$ -
	2018		\$ (11,621)	\$ (5,086)	-	\$ (6,535)
	2019		\$ (13,201)	\$ (2,858)		\$ (11,430)
					\$ 7,624	\$ (17,965)
b. Changes in Assumptions	2017	\$ 25,586	\$ -	\$ 15,231	\$ 10,355	\$ -
	2018		\$ (76,034)	\$ (33,276)	-	\$ (42,758)
	2019		\$ (21,941)	\$ (4,750)		\$ (17,118)
					\$ 10,355	\$ (59,876)
c. Investment (Gains) and losses	2017	\$ -	\$ (289)	\$ (174)	\$ -	\$ (115)
	2018		\$ (257)	\$ (102)	-	\$ (155)
	2019		\$ (221)	\$ (44)		\$ (177)
					\$ -	\$ (447)
d. Collective deferred outflows/(inflows) of resources: a + b + c					\$ 17,979	\$ (77,274)
Allocated Deferred Outflows and Deferred Inflows					Allocated Balances at June 30, 2019	
					Deferred Outflows	Deferred Inflows
Governmental Activities					\$ 15,909	\$ (68,956)
Business Type - Sewer					924	(3,696)
Business Type - Storm Water					540	(1,962)
Internal Service Fund - Health Care					59	(76)
Component Unit - MSCAA					547	(2,584)
Total					\$ 17,979	\$ (77,274)

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

The schedule of deferred outflows of resources and deferred inflows of resources to be recognized in future OPEB expense 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
2020	\$ (18,127)	\$ (16,150)	\$ (847)	\$ (435)	\$ (5)	\$ (690)
2021	(18,126)	(16,149)	(847)	(435)	(5)	(690)
2022	(18,287)	(16,492)	(855)	(439)	(5)	(496)
2023	(4,755)	(4,256)	(223)	(113)	(2)	(161)
2024	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-
	<u>\$ (59,295)</u>	<u>\$ (53,047)</u>	<u>\$ (2,772)</u>	<u>\$ (1,422)</u>	<u>\$ (17)</u>	<u>\$ (2,037)</u>

The schedule of OPEB expense under GASB 74 and GASB 75 for the fiscal year ended June 30, 2019 is provided below.

City of Memphis OPEB Expense Fiscal Year 2019	Total	Governmental Activities	Business Type Sewer	Business Type Storm Water	Internal Service Health Care	Component Unit MSCAA
Service Cost	\$ 5,042	\$ 4,494	\$ 277	\$ 151	\$ 5	\$ 114
Interest Cost						
Interest on Total OPEB Liability at beginning of year	\$ 10,056					
Interest on Service Cost	150					
Half-year Interest on Benefit Payments	(191)					
Total	10,015	8,928	551	300	10	226
Expected Return on Assets	-					
Change of Benefit Terms	-	-	-	-	-	-
Recognition of deferred (inflows) and outflows of resources related to						
Liability Experience (Gains)/Losses	\$ (1,663)					(38)
Assumption Changes (Gains)/Losses	(16,311)					(369)
Investment (Gains)/Losses	(153)					(3)
Changes in proportion of net OPEB liability and deferred (inflows) / outflows						(250)
Changes in actual contributions and proportionate share of contributions						(30)
Total	(18,127)	(15,878)	(997)	(544)	(18)	(690)
Total OPEB Expense (Income)	<u>\$ (3,070)</u>	<u>(2,456)</u>	<u>(169)</u>	<u>(92)</u>	<u>(3)</u>	<u>(350)</u>

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

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 Committee.

Implementation of GASB 75 - MLGW adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018. It provides guidance for the measurement and recognition of a net OPEB liability and OPEB expense, and includes instruction for balances to be recognized as deferred outflows of resources and deferred inflows of resources. Due to time constraints associated with producing the financial statements and the need to ensure timely filing of such statements with appropriate authorities, MLGW deemed it impractical to restate all prior periods. The net effect of applying this statement is shown in 2018 and it resulted in a reduction in the beginning net position of all three divisions. Beginning net position in the Electric, Gas, and Water Divisions declined by \$290,230, \$111,181, and \$82,216 respectively.

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 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 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, 2017:

	Medical	Life
Retired members currently receiving benefits	1,977	1,977
Vested terminated members entitled to, but not yet receiving benefits	-	-
Beneficiaries currently receiving benefits	1,719	-
Active members	2,639	2,639
Total	<u>6,335</u>	<u>4,616</u>

Funding Policy and Contributions - 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 for 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, the adjusted forward at an assumed payroll growth rate. For the years ended December 31, 2018 and 2017, employer contributions were \$48,972 and \$45,184 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
2009	\$ 55,341	\$ 55,688	\$ (347)	\$ 153,117	36.37%
2010	\$ 43,693	\$ 43,476	\$ 217	\$ 153,509	28.32%
2011	\$ 44,666	\$ 43,554	\$ 1,112	\$ 154,036	28.28%
2012	\$ 42,427	\$ 39,747	\$ 2,680	\$ 154,347	25.75%
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%

Actuarial Methods and Assumptions – The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2009 to December 31, 2013.

Inflation Rate	2.75%
Salary Increases	Inflation plus merit increases based on age and service.
Discount Rate	7.50%
Healthcare costs trend rates	
Medical	7.00% graded to 4.50% over 10 years
Prescription drug	9.00% graded to 4.50% over 10 years
Administrative costs	3.00%
Mortality Rates	Based on RP - 2014 Mortality Tables for males and females, as appropriate, adjusted by a factor of 138%, and with mortality improvement using a modified RPEC 2014 scale.

Pre-retirement mortality rates are based on the RP-2014 Employee Mortality Table with sex-distinct rates. Healthy annuitant mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table with sex-distinct rates, adjusted by a factor of 138%. Disabled annuitant mortality rates are based on the RP-2014 Disabled Retiree Mortality Table with sex-distinct rates, also adjusted by a factor of 138%. All mortality tables above are projected generationally with a modified RPEC2014 projection table using a 15-year convergence period for cohort effects and a 10-year convergence period for age/period effects.

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 real 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 deducting 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 in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	39%	6.40%
International Equity	12%	8.00%
Fixed Income	29%	2.23%
Alternatives	8%	4.10%
Real Estate	10%	5.10%
Short Term Investments	2%	1.10%
Total	100%	

Discount Rate – The discounts rate used to measure the total OPEB liability is 7.50% for both December 31, 2017 and December 31, 2016, 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. Based on these assumptions, the OPEB Plan’s fiduciary new position was projected to be available to make all projected future benefit payments of current plan members through December 31, 2017.

Sensitivity of the Net OPEB Liability in the Discount Rate and Cost Trend - The following presents the net OPEB liability of MLGW as of December 31, 2018, calculated using the discount rate of 7.50%, as well as what MLGW’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate. Also displayed below, is the net OPEB liability calculated using healthcare cost trend rates there were 1 percentage point lower or 1 percentage point higher than the current healthcare rates:

	1% Decrease in Discount (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount (8.50%)
Net OPEB liability (asset)	\$ 347,177	\$ 253,362	\$ 176,769

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
Net OPEB liability (asset)	\$ 177,936	\$ 253,362	\$ 346,804

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 statement. For purposes of measuring the net OPEB liability, 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.

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

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 on the plan.

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 plan were exceeded by the actuarially calculated contributions.

Total OPEB Liability	
Service cost	\$ 19,520
Interest	64,666
Change of benefit terms	(61,896)
Differences between expected and actual experience	3,674
Changes of assumptions	(200,370)
Benefit payments, including refunds of member contributions	(29,457)
Net change in Total OPEB Liability	<u>\$ (203,863)</u>
Total OPEB Liability - beginning	<u>876,951</u>
(a) Total OPEB Liability - ending	<u>\$ 673,088</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 45,184
Net investment income	57,671
Benefit payments, including refunds of member contributions	(28,765)
Administrative expense	(692)
Other	-
Net change in Plan Fiduciary Net Position	<u>\$ 73,398</u>
Plan Fiduciary Net Position - beginning	<u>346,328</u>
(b) Plan Fiduciary Net Position - ending	<u>\$ 419,726</u>
(c) Net OPEB Liability - ending (a) - (b)	<u>\$ 253,362</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	62.36%
Covered Employee Payroll	\$ 167,221
Plan Net OPEB Liability as a percentage of covered employee payroll	151.51%

Note: Historical data: This schedule will be expanded to include up to ten years of historical data as the data becomes available.

OPEB Expense for the year ended December 31, 2018

Service cost	\$ 19,520
Interest on total OPEB liability	64,666
Expensed portion of current-period benefit changes	(61,896)
Expensed portion of current-period difference between expected and actual experience in the total OPEB liability	612
Expensed portion of current-period changes of assumptions or other inputs	(33,395)
Projected earnings on plan investments	(26,564)
Expensed portion of current-period differences between projected earnings on plan investments	(6,221)
Total expense	<u>\$ (43,278)</u>

Deferred outflows of resources and deferred inflows of resources – GASB 75 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 OPEB 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 OPEB liability, to be amortized to OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees receiving OPEB benefits. Employer contributions to the OPEB trust made between the net OPEB liability measurement date and the employer’s fiscal year end are recognized as deferred outflows of resources related to OPEB.

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

Deferred outflows/inflows of resources related to OPEB

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 48,972	\$ -
Changes of assumptions or other inputs	-	(166,975)
Difference between expected and actual experience in the total OPEB Liability	3,061	-
Net difference between projected and actual earnings on investments	-	(24,885)
Total	\$ 52,033	\$ (191,860)

Note: The \$48,972 contribution made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019.

Projected Recognition of Deferred Outflows/(Inflows)

Fiscal year	Year Established	Original Balance	Original Amortization Period (Years)	Amount Recognized During FYE December 31, 2018	Outstanding Balance at December 31, 2018	Deferred Outflows/(Inflows) Recognized in Future Years				
						2019	2020	2021	2022	2023
Outflows										
Demographic	2018	\$ 3,674	6.00	\$ 613	\$ 3,061	\$ 612	\$ 612	\$ 612	\$ 612	\$ 613
Total Outflows				\$ 613	\$ 3,061	\$ 612	\$ 612	\$ 612	\$ 612	\$ 613
Inflows										
Investment	2018	\$ (31,107)	5.00	\$ (6,222)	\$ (24,885)	\$ (6,221)	\$ (6,221)	\$ (6,221)	\$ (6,222)	-
Assumption	2018	(200,370)	6.00	(33,395)	(166,975)	(33,395)	(33,395)	(33,395)	(33,395)	\$ (33,395)
Total Inflows				\$ (39,617)	\$ (191,860)	\$ (39,616)	\$ (39,616)	\$ (39,616)	\$ (39,617)	\$ (33,395)
Total				\$ (39,004)	\$ (188,799)	\$ (39,004)	\$ (39,004)	\$ (39,004)	\$ (39,005)	\$ (32,782)

Note: In accordance with Paragraph 43 of GASB Statement 75, the difference between projected and actual earnings on OPEB plan investments should be recognized over a closed five-year period. The difference between expected and actual total OPEB liability experience (noted as "Demographic" in the chart above) and the assumption changes (noted as "Assumption" in the chart above) are each recognized over a closed period equal to the average of the expected remaining service lives of all employees who are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period. For 2018, the period is six years.

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.

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 Finance Director, 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.

As of June 30, 2019, the City Retirement System Fiduciary Trust Fund reported the following net position:

	<u>City Retirement System</u>
ASSETS	
Cash and cash equivalents	\$ 34,895
Investments, at fair value:	
U.S. government securities - long-term	123,455
Common stock - domestic	632,707
Common stock - foreign	141,990
Corporate bonds - domestic	336,017
Corporate bonds - foreign	113,006
Mutual funds and money market funds	18,542
Collateralized mortgage obligations	8,313
Asset-backed pooled securities	8,542
Mortgage-backed pooled securities	34,281
Investments in index funds	97,557
Investments in limited partnerships	190,632
Investments in real estate	162,921
Investments in international equity fund	514,355
Investments in short sales & written options	(35,879)
Total investments	<u>2,346,439</u>
Equity in cash and investment pool	3,185
Interest and dividend receivables	8,260
Receivable for securities sold	190,172
Employer and employee contributions receivable	2,054
Collateral held in trust for securities on loan	<u>126,980</u>
Total assets	<u>2,711,601</u>
LIABILITIES	
Accounts payable and other	259,884
Collateral subject to return to borrowers	<u>126,980</u>
Total liabilities	<u>386,480</u>
NET POSITION	
Held in trust for pension benefits, pool participants and OPEB	<u>\$ 2,325,121</u>

As of and for its year ended June 30, 2019, the City Retirement System Fiduciary Trust Fund reported the following changes in net position:

	City Retirement System
ADDITIONS	
Contributions:	
Employer	\$ 58,896
Plan members	18,027
Total contributions	<u>76,923</u>
Investment income:	
Interest and dividend income	54,034
Securities lending income	225
Other investment income	478
Gain on real estate investments	9,099
Net appreciation in the fair value of investments	<u>53,854</u>
Total investment income	<u>117,690</u>
Total additions	<u>194,613</u>
DEDUCTIONS	
Benefits	168,847
Administrative expenses	18,810
Refunds of contributions	<u>11,637</u>
Total deductions	<u>199,294</u>
Net increase / decrease	(4,681)
Net position - beginning of year	<u>2,329,802</u>
Net position - end of year	<u><u>\$ 2,325,121</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.

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, Enterprise Fund MLGW, and the frozen plan of the Library) 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 nongrandfathered employee in the 1978 Plan will participate in the 2016 Plan as of July 1, 2016. For this purpose, a nongrandfathered 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, 2019, active employees included 3,046 grandfathered participants. Non-grandfathered participants will be included in a hybrid defined benefit formula that includes both a market based cash balance component and a defined contribution component.

At June 30, 2019, the Retirement System membership consisted of:

*Retired members, beneficiaries and DROP enrollees receiving benefits	4,604
Disabled members receiving benefits	711
Terminated (vested and nonvested) plan members entitled to but not yet receiving benefits	1,066
Active employees:	
Fully vested	3,145
Non-vested	2,931
Total	<u>12,457</u>

*Includes 183 employees currently participating in the Deferred Retirement Option Plan (DROP) and 68 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 the 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 is calculated as the highest average monthly compensation received for any three consecutive years of service.

Average Monthly Compensation

For both 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 6.25% to 8% depending on 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, 2019, 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 Committee 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, 2019, the annual money-weighted rate of return on the City's pension plan investments, net of pension plan investment expense, was 5.08% 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 2019 was \$62,499, of which the City contributed 94%.

In accordance with Tennessee state laws, the City is required to increase annual contributions to the pension fund, and pay the full ADC by the year 2020. The City is also required to appropriate funds for the trust fund as necessary to pay all costs and expenses of the Plans.

Employer contributions as a percentage of actual covered payroll for the year ended June 30, 2019, were 17.4%. For its year ended June 30, 2019, the City of Memphis Retirement System reported total employer and plan member contributions of \$58,896 and \$18,027 respectively.

Actual covered employee 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 in Exhibit RSI-7 and Exhibit RSI-8 starting July 1, 2016. Prior to June 30, 2016 the gross pay is shown, consistent with the requirements prior to the release of GASB 82.

The contribution information for the City Retirement System is presented in the Required Supplementary Information section of this report as Exhibit RSI-8.

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

The Total Pension Liability (TPL), Plan Fiduciary Net Position (FNP), and Net Pension Liability (NPL) for the year ended June 30, 2019 are as follows:

Total Pension Liability

Total Pension Liability - Beginning of year		2,664,367
Service Cost ¹		41,840
Interest Cost ²		196,197
Experience (gains)/losses		(20,127)
Assumption Changes		71,345
Changes of Benefit Terms		-
Benefit Payments		(180,484)
Member Reassignments		-
Total Pension Liability - End of year		<u>2,773,138</u>

Plan Fiduciary Net Position

Plan Fiduciary Net Position - Beginning of year		2,343,781
Employer Contributions		58,896
Employee Contributions		18,027
Non-employer contributing entity contributions		-
Investment return		
Expected Investment Return ³	171,900	
Investment Gain/(Loss)	<u>(69,439)</u>	
Net Investment Return		102,461
Benefit Payments		(180,484)
Member Reassignments		-
Administrative Expenses		(5,282)
Plan Fiduciary Net Position - End of year		<u>2,337,399</u>

Net Pension Liability

Net Pension Liability	435,739
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.3%

¹ Determined as of the beginning of the year

² Includes interest of 7.5% on the beginning of year service cost

³ Calculated assuming a 7.50% investment return, net of investment expenses, and assuming actual benefit payments and contributions occur at mid-year

The Net Pension Liability represents the funded status of the City Plan as of the measurement date. The NPL for fiscal year ended June 30, 2019 increased \$115,153 from prior year due to favorable asset experience (net investment return), changes in assumptions, plan experience due to updated census, and plan experience due to difference in actual and expected salary. Assets returned 5.08% compared to the assumed 7.5% investment yield. Changes in assumptions included changes in the healthy and disabled mortality assumption.

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.

Actuarial Methods and Assumptions – The City obtains annually an actuarial valuation of the Retirement System for the purpose of 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) results from a May 2014 experience study based on 10 years of census data (between 2003-2012); (d) no COLA increases; and (e) measurement and valuation date as of June 30, 2019.

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-2018 projection scale from 2010 and adjusted by a one year set forward.
- Healthy Police and Fire - Fully Generational PubS-2010 Public Sector Mortality table for safety employees with MP-2018 projection scale from 2010 and adjusted by a one year set forward.
- Disabled General - Fully Generational PubNS-2010 Public Sector Disabled Mortality table for non-safety employees with MP-2018 projection scale from 2010 and adjusted by a three-year set back.
- Disabled Police and Fire - Fully Generational PubS-2010 Public Sector Disabled Mortality table for safety employees with MP-2018 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-2018 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-2018 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, and 80% of Fire and Police Employees 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 assumptions was updated to reflect the Public Sector Mortality tables and the MP-2018 projection scale which were released by the Society of Actuaries.

Discount Rate – The discount rate used to measure the total pension liability was 7.5% as of July 1, 2019, 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 7.5% 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 (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Net pension liability	\$735,447	\$435,739	\$183,379

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

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 are \$(142,974) and \$160,150 respectively. The determination of resources of deferred inflows and resources of deferred outflows for the fiscal year ending June 30, 2019, is as follows:

Determination of Resources of Deferred Outflows and Resources of Deferred Inflows					Balances at June 30, 2019	
	Established in Fiscal Year ending June 30	Loss (a)	(Gain) (b)	Cumulative Amounts Recognized in Expense through June 30, 2019 (c)	Deferred Outflows of Resources (d) = (a - c)	Deferred Inflows of Resources e = (b - c)
a. Experience (Gains) and Losses	2015		\$ (60,057)	\$ (60,057)	-	\$ -
	2016		\$ (12,367)	\$ (10,156)	-	\$ (2,211)
	2017	\$ 44,176		\$ 28,872	\$ 15,304	
	2018		\$ (\$64,966)	\$ (28,002)		\$ (36,964)
	2019		\$ (\$20,127)	\$ (1,366)		\$ (15,761)
					\$ 15,304	\$ (54,936)
b. Changes in Assumptions	2016		\$ (9,882)	\$ (8,116)		\$ (1,766)
	2017		\$ (41,610)	\$ (27,195)		\$ (14,415)
	2018		\$ (13,322)	\$ (5,742)		\$ (7,580)
	2019	\$ 71,345		\$ 15,476	\$ 55,869	
					\$ 55,869	\$ (23,761)
c. Investment (Gains) and losses	2015	\$ 102,573		\$ 102,573	\$ -	
	2016	\$ 167,134		\$ 133,708	\$ 33,426	
	2017		\$ (120,775)	\$ (72,465)		\$ (48,310)
	2018		\$ (26,613)	\$ (\$10,646)		\$ (15,967)
	2019	\$ 69,439		\$ 13,888	\$ 55,551	
					\$ 88,977	\$ (64,277)
d. Collective Deferred Outflows/(Inflows) of Resources: (a) + (b) + (C)					\$ 160,150	\$ (142,974)

¹ Deferred outflows of resources are presented as positive amounts. Deferred inflows of resources are presented as negative amounts.

Allocated Deferred Outflows and Deferred Inflows		Allocated Balances at June 30, 2019	
		Deferred Outflows	Deferred Inflows
Governmental Activities		145,014	(131,190)
Business Type - Sewer		4,659	(3,889)
Business Type - Storm Water		2,706	(2,208)
Component Unit - MSCAA		7,771	(5,687)
Total		160,150	(142,974)

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 Storm Water	Component Unit MSCAA
2020	\$ 8,656	\$ 7,465	\$ 388	\$ 251	\$ 552
2021	(21,022)	(19,370)	(942)	(610)	(100)
2022	8,877	7,467	398	257	755
2023	20,665	18,262	926	600	877
2024	-	-	-	-	-
Thereafter	-	-	-	-	-
	<u>\$ 17,176</u>	<u>\$ 13,824</u>	<u>\$ 770</u>	<u>\$ 498</u>	<u>\$ 2,084</u>

Pension Expense – The pension expense under GASB 68 for the fiscal year ending June 30, 2019 is as follows:

Fiscal Year 2019	Total	Governmental Activities	Business Type Sewer Fund	Business Type Storm Water	Component Unit MSCAA
Net employer service cost	\$ 29,095	\$ 26,777	\$ 813	\$ 449	\$ 1,056
Interest cost	196,197	180,567	5,483	3,025	7,122
Expected return on assets	(171,900)	(158,205)	(4,804)	(2,651)	(6,240)
Changes of benefit terms	-	-	-	-	-
Recognition of deferred (inflows)/ outflows	16,858	16,169	490	247	(48)
Total collective pension expense	<u>\$ 70,250</u>	<u>\$ 65,308</u>	<u>\$ 1,982</u>	<u>\$ 1,070</u>	<u>\$ 1,890</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 25 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 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 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, 2019, is \$16,949.

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, 2019, the Retirement System for the Library reported the following net position:

	Library Retirement System
ASSETS	
Investments, at fair value:	
Mutual funds and money market funds	\$ 58,269
Total investments	58,269
Interest and dividend receivables	27
Total assets	58,296
LIABILITIES	
Account payable and other	351
NET POSITION	
Held in trust for pension benefits	\$ 57,945

As of and for its year ended June 30, 2019, the Retirement System for the Library reported the following changes in net position:

	Library Retirement System
ADDITIONS	
Contributions:	
Employer	\$ 123
Plan members	123
Total contributions	<u>246</u>
Transfer from other fund	1,090
Investment income:	
Interest and dividend income	1,789
Net appreciation in the fair value of investments	<u>420</u>
Total investment income	<u>2,209</u>
Total additions	<u>3,545</u>
DEDUCTIONS	
Benefits	4,332
Administrative expenses	<u>115</u>
Total deductions	<u>4,447</u>
Net increase	(902)
Net position - beginning of year	<u>58,847</u>
Net position - end of year	<u><u>\$ 57,945</u></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 date of employment and have to apply for membership as a condition of employment. "Employee" means any person employed on 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, 2019, the Retirement System for the Library membership consisted of:

Retired members, beneficiaries and disabled members receiving benefits	174
Terminated vested plan members entitled to but not yet receiving benefits	17
Active employees:	
Fully vested	<u>95</u>
Total	<u><u>286</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 65 days (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 II 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, 2018, 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, 2018 was utilized for the Retirement System of the Public Library and Information Center. The valuation was performed using census data and assets as of January 1, 2018 and reflects the plan provision effective January 1, 2018, not adjusted for passage of time to the fiscal year-end.

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, 2019, the annual money-weighted rate of return on Library pension plan investments, net of pension plan investment expense, was (7.93%) compared to the assumed discount rate of 7.5%.

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 employer contributes no less than what employees contribute. For the plan year ended June 30, 2019, the employer contributions of \$1,213 represented 29.6% of actual covered payroll of \$4,097 under GASB 68. The actual covered employee payroll is defined under GASB 82 to be payroll on which contributions to a pension plan are based. Pensionable pay is used for determining contributions under the plan; the pensionable pay disclosed on Exhibit RSI-12 is shown starting January 1, 2016. Prior to January 1, 2016 the gross payroll is shown consistent with the requirement prior to the release of GASB 82. The actual covered employee payroll is for the year immediately preceding the valuation date. Per GASB 68, 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) should be reported as a deferred inflow of resources related to pensions. At June 30, 2019, the employer reported a payable of \$63 for the outstanding amount of contributions to the pension plan subsequent to the measurement date of the net pension liability (January 1, 2019) and before the end of the reporting period (June 30, 2019).

The contribution information for the Library Retirement System is presented in the Required Supplementary Information section of this report as Exhibit RSI-10 and RSI-12.

Total Pension Liability – The Retirement System of the Library Total Pension Liability (TPL) for the year ended June 30, 2019 is \$68,859. The components of the TPL are as follows:

TPL - beginning balance	\$	66,323
Service cost		296
Interest cost		4,855
Experience (gains)/losses		(523)
Assumption changes		1,683
Benefit payments		(3,775)
TPL – ending balance	\$	<u>68,859</u>

Plan Fiduciary Net Position – The Retirement System of the Library Plan Fiduciary Net Position (FNP) for the year ended June 30, 2019 is \$53,873. The components of the FNP are as follows:

FNP - beginning balance		\$	60,311
Employer contributions			2,012
Employee contributions			123
Investment return			
Expected return	\$	4,462	
Investment gain/(loss)		(9,213)	
Net investment return			(4,751)
Benefit payments			(3,775)
Administrative expenses			(47)
FNP – ending balance		\$	<u>53,873</u>

Net Pension Liability – The Net Pension Liability (NPL) for the Retirement System of the Library for the year ended June 30, 2019 is \$14,986. The components of the NPL at June 30, 2019 are as follows:

Total Pension Liability	\$	68,859
Plan Fiduciary Net Position		<u>(53,873)</u>
Net Pension liability	\$	<u>14,986</u>
FNP as a percentage of the TPL		78.2%
Actual Covered Employee Payroll		4,089
Net Pension Liability as a percentage of the covered payroll		366.5%

The Net Pension Liability represents the funded status of the Library Plan as of the measurement date. The NPL increased from \$6.0 million to \$15.0 million due to actuarial experience gains/losses in the pension liability described above in conjunction with contributions to the Plan and unfavorable asset experience. Assets returned (7.93%) compared to the assumed 7.5% 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 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 with a closed amortization period of 30 years. A tiered approach will be utilized with new actuarial gains and losses from each actuarial valuation but no tier will exceed the 30-year maximum. 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 salary increases of 3.5% per year including a 3.0% projected inflation; and (c) Cost of Living Adjustment (COLA) increases of 2.5% per year.

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 if married and single life annuity if single. Their spouse gender is assumed to be the opposite gender of the member.
- Change in Assumptions – The healthy mortality assumption was changed from using the Fully Generational RP-2014 (with MP-2014 improvement removed) Mortality Table with MP-2017 projection scale from 2006 forward and adjusted by a one year set forward to the Fully Generational PubG-2010 Public Sector Mortality table for general employees with MP-2018 projection scale from 2010 and adjusted by a one year set forward.

The disabled mortality assumption was changed from using the Fully Generational RP-2014 (with MP-2014 improvement removed) Disabled Mortality Table with MP-2017 projection scale from 2006 forward and adjusted by a three-year set back to the Fully Generational PubNS-2010 Public Sector Disabled Mortality table for non-safety employees with MP-2018 projection scale from 2010 and adjusted by a three year set back.

Discount Rate – The discount rate used to measure the total pension liability was 7.5% as of December 31, 2018, 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 has selected a long-term rate of return on pension plan assets of 7.5% and S&P Municipal Bond 20-Year High Grade Rate Index as of January 1, 2019 of 3.64%.

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. The ADC shall be recalculated each year and the percentage of funding shall be based on the most recent recalculation 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 7.5%, 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 (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Net Pension Liability	\$22,802	\$14,986	\$8,415

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

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 (\$3,527) and \$9,884 respectively. The net of the deferred inflows and outflows for the fiscal year is \$6,357. The determination of resources of deferred inflows and resources of deferred outflows for the fiscal year ending June 30, 2019, is as follows:

				<u>Balances at June 30, 2019</u>	
Established in Fiscal Year ending June 30	Loss (a)	(Gain) (b)	Cumulative Amounts Recognized in Expense through June 30, 2019 (c)	Deferred Outflows of Resources (d) = (a - c)	Deferred Inflows of Resources e = (b - c)
a. Experience (Gains) and Losses					
2017		\$ (672)	\$ (672)	-	
2018		\$ (503)	\$ (357)	-	\$ (146)
2019		\$ (524)	\$ (201)	-	\$ (323)
				<u>\$ -</u>	<u>\$ (469)</u>
b. Changes in Assumptions					
2017		\$ (3,549)	\$ (3,549)	-	
2018		\$ (481)	\$ (341)	-	\$ (140)
2019	\$ 1,683		-	\$ 1,036	-
				<u>\$ 1,036</u>	<u>\$ (140)</u>
c. Investment (Gains) and losses					
2015	\$ 2,905		\$ 2,905	-	
2016	\$ 7,388		\$ 5,910	\$ 1,478	
2017		\$ (1,480)	\$ (888)	-	\$ (592)
2018		\$ (3,877)	\$ (1,551)	-	\$ (2,326)
2019	\$ 9,213		\$ 1,843	\$ 7,370	-
				<u>\$ 8,848</u>	<u>\$ (2,918)</u>
d. Collective Deferred Outflows/(Inflows) of Resources: a + b + c				<u>\$ 9,884</u>	<u>\$ (3,527)</u>

The effort and cost to re-create financial statement information for 10 years was not practical. Information presented was prepared prospectively from January 1, 2015 for GASB 68 purposes.

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 pension recognized in pension expense is as follows:

Year Ending June 30	
2020	\$ 2,408
2021	1,039
2022	1,067
2023	1,843
2024	-
Thereafter	-
	<u>\$ 6,357</u>

Pension Expense – The pension expense under GASB 68 for the fiscal year ending June 30, 2019 is \$2,423. It was developed using a measurement date of January 1, 2019, as permitted under paragraph 20 of GASB 68, not adjusted to the fiscal year-end for passage of time. Pension expense calculation includes one year of interest on service cost less one-half year of interest on actual benefit payments, an assumption of a 7.5% investment return (net of investment expenses), and assuming benefit payments and contributions occur at mid-year.

Employer Service Cost	\$ 220
Interest Cost	4,855
Expected Return on Assets	(4,461)
Changes in Benefit Terms	-
Recognition of deferred (inflows)/outflows	<u>1,809</u>
Total collective pension expense	<u>\$ 2,423</u>

MLGW Retirement System

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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Retirees and beneficiaries receiving benefits	2,655	2,643
Participants inactive during year ended December 31 with vested rights	42	44
Active plan members	1,071	1,074
Active members not vested	1,568	1,536
Total	<u>5,336</u>	<u>5,297</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 2017 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 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, or the surviving spouse 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:

Age	Percentage of CPI Increase
56 - 58	30%
59 - 61	60%
62 and older, and all Disable 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’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 or surviving spouse.

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 2017, MLGW contributed 13.07% of the annual covered payroll. Employer contributions recognized by the MLGW Pension Plan during 2018 totaled \$22,174.

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)	Estimated Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2009	\$ 22,401	\$ 21,388	\$ 1,013	\$ 154,057	13.88%
2010	\$ 27,381	\$ 27,385	\$ (4)	\$ 153,509	17.84%
2011	\$ 26,208	\$ 26,213	\$ (5)	\$ 154,036	17.02%
2012	\$ 30,067	\$ 30,063	\$ 4	\$ 154,347	19.48%
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	\$ -	\$ 166,379	13.33%

Net Pension Liability – MLGW’s net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018.

Actuarial Methods and Assumptions – The actuarial assumption used in the valuation as of December 31, 2017 are based on the results of an experience study for the period January 1, 2009 to December 31, 2013.

Inflation	2.75%
Salary increases	Inflation plus merit increases that vary by age and service, ranging from 0.00% to 6.75%
Investment rate of return	7.50%, including inflation, net of investment expenses
Cost of living adjustments	0.83% for ages 56-58 1.65% for ages 59-61 2.06% for ages 62 and older, and all disabled participants

Pre-retirement mortality rates are based on the RP-2014 Employee Mortality Table with sex-distinct rates. Healthy annuitant mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table with sex-distinct rates, adjusted by a factor of 138%. Disabled annuitant mortality rates are based on the RP-2014 Disabled Retiree Mortality Table with sex-distinct rates, also adjusted by a factor of 138%. All mortality tables above are projected generationally with a modified RPEC2014 projection table using a 15-year convergence period for cohort effects and a 10-year convergence period for age/period effects.

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 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 deducting expected investment expenses. 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	39%	6.40%
International Equity	12%	8.00%
Fixed Income	29%	2.23%
Alternatives	8%	4.10%
Real Estate	10%	5.10%
Short Term Investments	2%	1.10%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability is 7.50% as of December 31, 2017. 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 active and inactive employees. 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, 2017.

Discount Rate Sensitivity – The following presents the net pension liability of MLGW as of December 31, 2017, calculated using the discount rate of 7.5%, as well as what MLGW’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Net pension liability (asset)	\$122,573	(\$41,007)	(\$177,762)

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 on 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.

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2016	\$ 1,435,533	\$ 1,366,169	\$ 69,364
Service cost	31,977	-	31,977
Interest cost	103,731	-	103,731
Difference between expected and actual experience	4,908	-	4,908
Changes of assumptions	-	-	-
Employer contributions	-	22,390	(22,390)
Employee contributions	-	12,959	(12,959)
Net investment income	-	216,498	(216,498)
Benefit payments including refunds of employee contributions	(104,919)	(104,919)	-
Administrative expenses	-	(860)	860
Net change in plan fiduciary net position	<u>\$ 35,697</u>	<u>\$ 146,068</u>	<u>\$ (110,371)</u>
Balance at December 31, 2017	<u>\$ 1,471,230</u>	<u>\$ 1,512,237</u>	<u>\$ (41,007)</u>

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

Required Schedule of Changes in Net Pension Liability

	2017	2016	2015	2014	2013
Total Pension Liability					
Service Cost	\$ 31,977	\$ 32,591	\$ 30,139	\$ 31,786	\$ 33,122
Interest Cost	103,731	102,248	99,940	100,436	98,818
Changes of Benefit Terms	-	-	-	-	-
Difference between expected and actual experience	4,908	(11,298)	2,275	(16,338)	(14,280)
Changes in assumptions	-	-	-	(22,112)	-
Benefit Payments, including refunds of employee contributions	(104,919)	(102,628)	(100,528)	(100,249)	(91,931)
Net change in total pension liability	35,697	20,913	31,826	(6,477)	25,730
Total pension liability - beginning	1,435,533	1,414,620	1,382,794	1,389,271	1,363,542
Total pension liability - ending (a)	\$ 1,471,230	\$ 1,435,533	\$ 1,414,620	\$ 1,382,794	\$ 1,389,271
Plan Fiduciary Net Position					
Employer Contributions	\$ 22,390	\$ 21,390	\$ 21,390	\$ 26,804	\$ 30,706
Employee Contributions	12,959	12,513	12,310	11,729	12,000
Net investment income	216,498	108,007	15,231	98,931	185,707
Benefit Payments including refunds of employee contributions	(104,919)	(102,628)	(100,528)	(100,249)	(91,931)
Administrative Expenses	(860)	(729)	(759)	(714)	(657)
Net change in plan fiduciary net position	\$ 146,068	\$ 38,553	\$ (52,356)	\$ 36,501	\$ 135,825
Other Adjustments	-	-	788	-	-
Plan fiduciary net position - beginning	1,366,169	1,327,616	1,379,184	1,342,683	1,206,858
Plan fiduciary net position - ending (b)	\$ 1,512,237	\$ 1,366,169	\$ 1,327,616	\$ 1,379,184	\$ 1,342,683
System's net pension liability - ending	\$ (41,007)	\$ 69,364	\$ 87,004	\$ 3,610	\$ 46,588
Plan fiduciary net position as a percentage of the total pension liability	102.79%	95.17%	93.85%	99.74%	96.65%
Covered employee payroll	\$ 167,221	\$ 161,926	\$ 160,641	\$ 152,368	\$ 154,759
System's net pension liability as a percentage of covered employee payroll	-24.52%	42.84%	54.16%	2.37%	30.10%

*This schedule will be expanded in future years to include up to ten years of historical data as the required information becomes available.

Pension Expense – Pension expense for the year ended December 31, 2018 is as follows:

Service cost	\$	31,977
Interest on total pension liability		103,731
Employee contributions		(12,959)
Administrative expenses		860
Expected return on assets		(99,822)
Expensed portion of current year period differences between expected and actual experience in total pension liability		818
Expensed portion of current year period assumption changes		-
Current year plan changes		-
Expensed portion of current year period differences between projected and actual investment earnings		(23,335)
Current year recognition of deferred inflows and outflows established in prior years		6,900
Total expense	\$	<u>8,170</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.

Deferred outflows/inflows of resources related to pension

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 22,174	\$ -
Net difference between projected and actual earnings on pension plan investments	34,270	(100,080)
Net difference between projected and actual experience in total Pension Liability	5,229	(12,978)
Assumption changes	-	(7,370)
Total	\$ 61,673	\$ (120,428)

Note: The \$22,174 contribution made subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2019.

The MLGW Division presents the schedule above in their audited financial statements. For GFOA presentations, please see the schedule below.

Deferred outflows/inflows of resources related to pension

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 22,174	\$ -
Net difference between projected and actual earnings on pension plan investments		(65,810)
Net difference between projected and actual experience in total Pension Liability	5,229	(12,978)
Assumption changes	-	(7,370)
Total	\$ 27,403	\$ (86,158)

Note: The \$22,174 contribution made subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2019.

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

Projected Recognition of Deferred Outflows/(Inflows)													
Fiscal year Outflows	Year Established	Original Balance	Original Amortization Period (Years)	Outstanding Balance December 31, 2017	Amount Recognized During FYE December 31, 2018	Outstanding Balance at December 31, 2018	Deferred Outflows/(Inflows) Recognized in Future Years						
							2019	2020	2021	2022	2023		
Investment	2016	\$ 85,673	5.00	\$ 51,404	\$ 17,134	\$ 34,270	\$ 17,135	\$ 17,135	-	-	-	-	-
Demographic	2016	2,275	6.00	1,517	378	1,139	379	379	381	-	-	-	-
Demographic	2018	4,908	6.00	-	818	4,090	818	818	818	818	818	818	818
Total Outflows				\$ 52,921	\$ 18,330	\$ 39,499	\$ 18,332	\$ 18,332	\$ 1,199	\$ 818	\$ 818	\$ 818	\$ 818
Fiscal year Inflows													
Investment	2015	\$ (571)	5.00	\$ (229,00)	\$ (115)	\$ (114)	\$ (114)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demographic	2015	(16,338)	6.00	(8,169,00)	(2,723)	(5,446)	(2,723)	(2,723)	-	-	-	-	-
Assumption	2015	(21,112)	6.00	(11,056)	(3,686)	(7,370)	(3,685)	(3,685)	-	-	-	-	-
Investment	2017	(11,042)	5.00	(8,833)	(2,208)	(6,625)	(2,208)	(2,208)	(2,209)	-	-	-	-
Demographic	2017	(11,298)	6.00	(9,415)	(1,883)	(7,532)	(1,883)	(1,883)	(1,883)	(1,883)	(1,883)	(1,883)	-
Investment	2018	(116,677)	5.00	-	(23,335)	(93,341)	(23,335)	(23,335)	(23,335)	(23,335)	(23,336)	(23,336)	-
Total Inflows				\$ (37,702)	\$ (33,950)	\$ (120,428)	\$ (33,948)	\$ (33,834)	\$ (27,427)	\$ (25,219)	\$ -	\$ -	\$ -
Total				\$ 15,219	\$ (15,620)	\$ (80,929)	\$ (15,616)	\$ (15,502)	\$ (26,228)	\$ (24,401)	\$ 818	\$ 818	\$ 818

Note: In accordance with Paragraph 71 of GASB Statement 68, the difference between projected and actual earnings on investments is recognized over a closed five-year period. The difference between expected and actual total pension liability experience (noted as "Demographic" in the chart above) and the assumption changes (noted as "Assumption" in the chart above) are each recognized over a closed period equal to the average of the expected remaining service lives of all employees who are provided with pension through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period. For 2018, the period is six years.

G. Component units

As referenced in Note I.A. Reporting Entity, the City of Memphis currently has five discretely presented component units.

Memphis Cook Convention Center - The 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 Memphis Cook 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 Memphis Cook 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.

Blight Authority of Memphis, Inc. (BAM) – BAM 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.

Each component unit* is reported in a combining 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.

NOTES TO FINANCIAL STATEMENTS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
(Continued)

Condensed financial statement information for these discretely presented component units is shown below:

	PROPRIETARY TYPE				TOTAL	ZOO	COMPONENT
	MATA	MSCAA	MCCC	BAM (1)			UNITS
							TOTAL
Current Assets	\$ 15,964	\$ 397,334	\$ 2,557	\$ 111	\$ 415,966	\$ 17,217	\$ 433,183
Property, plant and equipment (net of accumulated depreciation)	103,654	872,470	4,658	-	980,782	45	980,827
Other assets	(7,689)	35,977	-	-	28,288	-	28,288
Total assets	<u>111,929</u>	<u>1,305,781</u>	<u>7,215</u>	<u>111</u>	<u>1,425,036</u>	<u>17,262</u>	<u>1,442,298</u>
Deferred outflows - charges on refunding	11,707	1,384	-	-	13,091	-	13,091
Deferred actuarial losses - pension	2,555	5,438	-	-	7,993	-	7,993
Deferred actuarial losses - OPEB	5,057	547	-	-	5,604	-	5,604
Total assets and deferred outflows	<u>\$ 131,248</u>	<u>\$ 1,313,150</u>	<u>\$ 7,215</u>	<u>\$ 111</u>	<u>\$ 1,451,724</u>	<u>\$ 17,262</u>	<u>\$ 1,468,986</u>
Current liabilities	\$ 11,981	\$ 59,523	\$ 1,048	-	\$ 72,552	\$ 3,931	\$ 76,483
Long-term liabilities	101,995	563,346	-	111	665,452	-	665,452
Total liabilities	<u>113,976</u>	<u>622,869</u>	<u>1,048</u>	<u>111</u>	<u>738,004</u>	<u>3,931</u>	<u>741,935</u>
Deferred inflows - revenue received in advance of expense	4,710	5,938	-	-	10,648	-	10,648
Net position	12,562	684,343	6,167	-	703,072	13,331	716,403
Total liabilities, deferred inflows, and net position	<u>\$ 131,248</u>	<u>\$ 1,313,150</u>	<u>\$ 7,215</u>	<u>\$ 111</u>	<u>\$ 1,451,724</u>	<u>\$ 17,262</u>	<u>\$ 1,468,986</u>
Operating revenues	\$ 6,949	\$ 102,203	\$ 4,171	\$ 54	\$ 113,377	\$ 17,572	\$ 130,949
Operating expenses	65,962	80,919	6,420	40	153,341	18,842	172,183
Operating income (loss) before depreciation and amortization	<u>(59,013)</u>	<u>21,284</u>	<u>(2,249)</u>	<u>14</u>	<u>(39,964)</u>	<u>(1,270)</u>	<u>(41,234)</u>
Depreciation and amortization	(12,120)	(60,698)	(602)	-	(73,420)	-	(73,420)
Grants and contributions not restricted	-	68	-	-	68	-	68
City of Memphis subsidy	29,170	-	2,447	-	31,617	-	31,617
Federal and State grant revenues	21,811	-	-	-	21,811	-	21,811
Interest and investment income (loss)	-	10,222	-	-	10,222	427	10,649
Other revenue (expense)	6,249	61,738	-	-	67,987	1,426	69,413
Change in net position	(13,903)	32,614	(404)	14	18,321	583	18,904
Net position - beginning of year, as restated	26,465	651,729	6,571	97	684,862	12,748	697,610
Net position - end of year	<u>\$ 12,562</u>	<u>\$ 684,343</u>	<u>\$ 6,167</u>	<u>\$ 111</u>	<u>\$ 703,183</u>	<u>\$ 13,331</u>	<u>\$ 716,514</u>

(1) Blight Authority of Memphis data reported as of June 30, 2018.

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, 2019

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

(1) The schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years. 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 2.98% on the beginning of year Total OPEB Liability 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 participation, mortality, per capita costs, and discount rate assumptions.

(4) For the current fiscal year, no changes in benefit terms were reflected.

(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, 2019

Plan Fiduciary Net Position

Fiscal Year Ending June 30 (1)	Beginning Fiduciary Net Position	Employer Contribution (3)	Employee Contribution	Investment Return	Benefit Payments (4)	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

(1) The schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years. It was prepared prospectively from the Plan's fiscal year ending June 30, 2019 for GASB 75 purposes.

(2) Asset information, including all cash flows, is provided by the City.

(3) Includes employer contributions to the trust and transfers from other funds.

(4) 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, 2019

Net OPEB Liability

Fiscal Year Ending June 30 (1)	Total OPEB Liability	Net Fiduciary Position	Net OPEB Liability	Fiduciary Net 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%

(1) The schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years. 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 the year was assumed. For calendar year 2019, the average salary was \$55,911.

**SCHEDULE OF CONTRIBUTIONS UNDER GASB 74 AND GASB 75
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
(Thousands of Dollars)
For the fiscal year ended June 30, 2019**

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%

(1) The schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years. 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 OneExchange 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 2019, the average salary was \$55,911.

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, 2019

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 (4)	Assumption Changes	Changes of Benefit Terms	Benefit Payments	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

(1) This schedule is prepared to illustrate 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 contributing portion of the benefit earned during the measurement period.

(3) For the current fiscal year, includes interest at 7.5% on the beginning of year Total Pension Liability and service cost offset by a half year of interest on benefit payments.

(4) Assumption changes for the most recent fiscal year reflect changes to the mortality assumption.

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, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-6

Plan Fiduciary Net Position

Year Ending June 30 (1)	Beginning Fiduciary Net Position	Employer Contribution	Employee Contribution	Investment Return	Benefit Payment	Administrative Expenses	Investment Expenses	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)	\$ 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

(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) Subsequent to the issuance of the June 30, 2018 financial statements, there was an error in reporting of the Fiduciary Net Position. The Investment Return and the Ending Fiduciary Net Position have been restated. Additionally, the fiscal year 2018 financial statements have been restated for the effects of this error. The effect of the error is presented in the Reclassification of the Net Position in Note I-D.

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, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-7

Net Pension Liability

Year Ending June 30 (1)	Total Pension Liability	Net Fiduciary Position	Net Pension Liability	Fiduciary Net Position as % of Total Pension Liability	Actual Covered Employee 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 (3)	\$ 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%

(1) The 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 the fiscal year ending June 30, 2015 for GASB 68 purposes.

(2) The *actual covered employee 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. Note, actual covered employee payroll is for the year immediately preceding the valuation date.

(3) Subsequent to the issuance of the June 30, 2018 financial statements, there was an error in reporting of the Fiduciary Net Position. The data presented in this schedule in 2018 has been restated. Additionally, the fiscal year 2018 financial statements have been restated for the effects of this error. The effect of the error is presented in the Reclassification of the Net Position in Note I-D.

**SCHEDULE OF CONTRIBUTIONS
CITY RETIREMENT SYSTEM
(Thousands of Dollars)**

**CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-8**

For the fiscal year ended June 30, 2019

Schedule of Contributions

Year Ending June 30 (1)	Actuarially Determined Contribution (2)	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Employee Payroll (3)	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%

(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, 2014 for GASB 67 purposes and prospectively from fiscal year ending June 30, 2015 for GASB 68 purposes.

(2) The actuarially determined contribution is for the fiscal year end and is based on a discount rate assumption of 7.50%.

(3) The *actual covered employee 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 July 1, 2016. Prior to June 30, 2016, the gross payroll is shown consistent with the requirements prior to the release of GASB 82. Note, actual covered employee 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**

**CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-9**

(Thousands of Dollars)

For the fiscal year ended June 30, 2019

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

(1) This schedule is prepared to illustrate the requirement to show information regarding the Net Pension Liability and Related Ratios for 10 years. It was prepared prospectively from the 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 administrative expenses.

(3) Assumption changes include the following:

- a. For 2019, the update in the mortality assumption resulted in an actuarial loss of \$1,683.
- b. For 2018, the update in the mortality assumption resulted in an actuarial gain of \$(481).
- c. For 2017, the updates in the mortality assumption and retirement assumption resulted in actuarial gains of \$(1,710) and \$(1,839) respectively.
- d. For 2016, the update in the mortality assumption resulted in an actuarial gain of \$(475).
- e. 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, 2019

CITY OF MEMPHIS, TENNESSEE
 Exhibit RSI-10

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

(1) This schedule is prepared to illustrate the requirement to show information regarding the Net Pension Liability and Related Ratios for 10 years. It was prepared prospectively from the fiscal year ending June 30, 2015 for GASB 68 purposes.

**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, 2019**

Net Pension Liability

Year Ending June 30 (1)	Total Pension Liability	Net Fiduciary Position	Net Pension Liability	Fiduciary Net Position as % of Total Pension Liability	Actual Covered Employee Payroll (2)	Net 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%

(1) This schedule is prepared to illustrate the requirement to show information regarding the Net Pension Liability and Related Ratios for 10 years.

It was prepared prospectively from the fiscal year ending June 30, 2015 for GASB 68 purposes.

(2) The actual covered employee 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 requirement prior to the release of GASB 82. Note, actual covered employee payroll is for the year immediately preceding the valuation date.

**SCHEDULE OF CONTRIBUTIONS
LIBRARY RETIREMENT SYSTEM
(Thousands of Dollars)**

For the fiscal year ended June 30, 2019

**CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-12**

Schedule of Contributions under GASB 68

Year Ending June 30 (1)	Actuarially Determined Contribution (2)	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Employee 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%

(1) This schedule is presented to illustrate 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 32 the information presented is based on the employer's most recent fiscal year-end (June 30).

(2) The actuarially determined contribution is for the City's fiscal year end and is based on a discount rate assumption of 7.5%. 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 employee 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 requirement prior to the release of GASB 82. Note, actual covered employee payroll is for the year immediately preceding the valuation date.

CITY OF MEMPHIS

T E N N E S S E E

COMBINING NONMAJOR FUNDS

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.

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.

Central Business Improvement District – The Central Business Improvement District Fund accounts for the special assessments distributed to the Center City Commission.

Community Services – The Community Services Fund accounts for restricted funds received from various agencies and individuals.

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.

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 proceeds of the hotel/motel occupancy tax. Funds are used to repay outstanding bond indebtedness relating to the Cook Convention Center. Excesses are provided to the Memphis Convention and Visitors Bureau.

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 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.

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 are restricted to use only on street and road construction and maintenance.

WIN - The Workforce Investment Network (WIN) Fund accounts for funds received from the Federal Department of Labor for use in the training of qualified individuals.



NONMAJOR FUNDS
 COMBINING BALANCE SHEET
 (Thousands of Dollars)
 June 30, 2019

CITY OF MEMPHIS, TENNESSEE
 Exhibit B-1

	Affordable Housing	Central Business Improvement District	Community Catalyst	Community Services	Drug Enforcement	Education	Fire EMS	Hotel/ Motel Tax
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 265	\$ -	\$ -	\$ -
Equity in cash and investment pool	1	256	1	2,206	9,777	74	4,085	10,320
Receivables (net of allowance for uncollectibles):								
Property taxes:								
Current property taxes	821	-	821	-	-	-	-	-
Delinquent property taxes	-	-	-	-	-	350	-	-
Special assessments:								
Current special assessments	-	3,582	-	-	-	-	-	-
Delinquent special assessments	-	237	-	-	-	-	-	-
Federal grants and entitlements	-	-	-	-	-	-	-	-
State grants and entitlements	-	-	-	-	-	-	-	-
Other	-	-	-	-	6	-	-	-
Due from other agencies and governments	-	-	-	-	-	-	-	1,643
Total assets	\$ 822	\$ 4,075	\$ 822	\$ 2,206	\$ 10,048	\$ 424	\$ 4,085	\$ 11,963
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ 42	\$ -	\$ 275	\$ 102	\$ 74	\$ -	\$ 1,183
Accrued liabilities	-	212	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	535	-	-	-
Total liabilities	-	254	-	275	637	74	-	1,183
Deferred Inflows:								
Uncollected property taxes	821	-	821	-	-	350	-	-
Uncollected special assessments	-	3,821	-	-	-	-	-	-
Uncollected grant reimbursements	-	-	-	-	-	-	-	-
Total deferred inflows	821	3,821	821	-	-	350	-	-
Fund balances:								
Restricted	1	-	1	1,225	9,411	-	4,085	-
Committed	-	-	-	706	-	-	-	10,780
Total fund balances	1	-	1	1,931	9,411	-	4,085	10,780
Total liabilities, deferred inflows, and fund balances	\$ 822	\$ 4,075	\$ 822	\$ 2,206	\$ 10,048	\$ 424	\$ 4,085	\$ 11,963

Metro Alarm	Miscellaneous Grants	New Memphis Arena	Pre-K	Solid Waste Management	State Street Aid	Workforce Investment Network	Total	
								ASSETS
\$ -	\$ -	\$ -	\$ -	\$ 180	\$ -	\$ -	\$ 445	Cash and cash equivalents
1,892	4,054	119	4,238	3,097	-	-	40,120	Equity in cash and investment pool
								Receivables (net of allowance for uncollectibles):
								Property taxes:
-	-	-	1,232	-	-	-	2,874	Current property taxes
-	-	-	51	-	-	-	401	Delinquent property taxes
								Special assessments:
-	-	-	-	-	-	-	3,582	Current special assessments
-	-	-	-	-	-	-	237	Delinquent special assessments
-	801	-	-	-	-	-	801	Federal grants and entitlements
-	-	-	-	-	3,991	-	3,991	State grants and entitlements
-	26	-	3	119	-	-	154	Other
-	-	-	-	4,793	-	-	6,436	Due from other agencies and governments
<u>\$ 1,892</u>	<u>\$ 4,881</u>	<u>\$ 119</u>	<u>\$ 5,524</u>	<u>\$ 8,189</u>	<u>\$ 3,991</u>	<u>\$ -</u>	<u>\$ 59,041</u>	Total assets
								LIABILITIES AND FUND BALANCES
								Liabilities:
\$ 23	\$ 672	\$ -	\$ -	\$ 2,014	\$ -	\$ -	\$ 4,385	Accounts payable
-	825	-	-	-	-	-	1,037	Accrued liabilities
-	-	-	-	-	3,991	-	3,991	Due to other funds
-	-	-	-	-	-	-	535	Unearned revenue
<u>23</u>	<u>1,497</u>	<u>-</u>	<u>-</u>	<u>2,014</u>	<u>3,991</u>	<u>-</u>	<u>9,948</u>	Total liabilities
								Deferred Inflows:
-	-	-	1,282	-	-	-	3,274	Uncollected property taxes
-	-	-	-	119	-	-	3,940	Uncollected special assessments
-	3,111	-	-	-	-	-	3,111	Uncollected grant reimbursements
<u>-</u>	<u>3,111</u>	<u>-</u>	<u>1,282</u>	<u>119</u>	<u>-</u>	<u>-</u>	<u>10,325</u>	Total deferred inflows
								Fund balances:
-	273	-	4,242	6,056	-	-	25,294	Restricted
1,869	-	119	-	-	-	-	13,474	Committed
<u>1,869</u>	<u>273</u>	<u>119</u>	<u>4,242</u>	<u>6,056</u>	<u>-</u>	<u>-</u>	<u>38,768</u>	Total fund balances
<u>\$ 1,892</u>	<u>\$ 4,881</u>	<u>\$ 119</u>	<u>\$ 5,524</u>	<u>\$ 8,189</u>	<u>\$ 3,991</u>	<u>\$ -</u>	<u>\$ 59,041</u>	Total liabilities, deferred inflows, and fund balances

NONMAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 (Thousands of Dollars)
 For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
 Exhibit B-2

	Affordable Housing	Central Business Improvement District	Community Catalyst	Community Services	Drug Enforcement	Education	Fire EMS	Hotel/ Motel Tax
REVENUES								
Local taxes:								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59	\$ -	\$ -
Special assessments - current	-	3,547	-	-	-	-	-	-
Special assessments - prior	-	99	-	-	-	-	-	-
Other local taxes	1	62	1	-	-	-	-	-
Total local taxes	1	3,708	1	-	-	59	-	-
State taxes (local share):								
Gas and motor fuel tax	-	-	-	-	-	-	-	-
Gas 3 cent	-	-	-	-	-	-	-	-
Gas 1989	-	-	-	-	-	-	-	-
Gas 2017	-	-	-	-	-	-	-	-
Hotel/motel tax	-	-	-	-	-	-	-	18,964
Licenses and Permits	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	334	2,677	-	-	-
Charges for services	-	-	-	163	-	-	-	-
Investment income	-	-	-	22	275	-	-	-
Federal grants and entitlements	-	-	-	-	74	-	2,646	-
State grants	-	-	-	-	-	-	-	-
Other	-	2	-	-	39	-	-	-
Total revenues	1	3,710	1	519	3,065	59	2,646	18,964
EXPENDITURES								
General government	-	3,710	-	302	-	-	-	11,953
Public safety	-	-	-	-	3,080	-	661	-
Community service	-	-	-	725	-	-	-	-
Transportation & environment	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	59	-	-
Total expenditures	-	3,710	-	1,027	3,080	59	661	11,953
Revenues over (under) expenditures	1	-	1	(508)	(15)	-	1,985	7,011
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	275	-	-	-	-
Transfers out	-	-	-	(7)	-	-	-	(7,285)
Total other financing sources and uses	-	-	-	268	-	-	-	(7,285)
Net change in fund balances	1	-	1	(240)	(15)	-	1,985	(274)
Fund balances - beginning of year	-	-	-	2,171	9,426	-	2,100	11,054
Fund balances - end of year	\$ 1	\$ -	\$ 1	\$ 1,931	\$ 9,411	\$ -	\$ 4,085	\$ 10,780

NONMAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 (Thousands of Dollars)
 For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
 Exhibit B-2
 (Continued)

Metro Alarm	Miscellaneous Grants	New Memphis Arena	Pre-K	Solid Waste Management	State Street Aid	Workforce Investment Network	Total	
								REVENUES
								Local taxes:
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59	Property taxes
-	-	-	1,218	-	-	-	4,765	Special assessments - current
-	-	-	-	-	-	-	99	Special assessments - prior
-	-	-	-	105	-	-	169	Other local taxes
-	-	-	1,218	105	-	-	5,092	Total local taxes
								State taxes (local share):
-	-	-	-	-	12,278	-	12,278	Gas and motor fuel tax
-	-	-	-	-	3,616	-	3,616	Gas 3 cent
-	-	-	-	-	1,947	-	1,947	Gas 1989
-	-	-	-	-	4,922	-	4,922	Gas 2017
-	-	-	-	-	-	-	18,964	Hotel/motel tax
2,153	-	-	-	-	-	-	2,153	Licenses and Permits
-	-	-	-	-	-	-	3,011	Fines and forfeitures
-	-	-	-	57,688	-	-	57,681	Charges for services
65	-	-	24	117	-	-	503	Investment income
-	8,734	-	-	1,073	-	3,042	15,569	Federal grants and entitlements
-	1,700	-	-	152	-	-	1,852	State grants
-	1,894	-	-	18	-	227	2,180	Other
2,218	12,328	-	1,242	59,153	22,763	3,269	129,938	Total revenues
								EXPENDITURES
468	12,137	2,500	-	-	18,195	-	49,265	General government
-	-	-	-	-	-	-	3,741	Public safety
-	-	-	-	-	-	3,269	3,994	Community service
-	-	-	-	74,408	-	-	74,408	Transportation & environment
-	-	-	-	-	-	-	59	Education
468	12,137	2,500	-	74,408	18,195	3,269	131,467	Total expenditures
1,750	191	(2,500)	1,242	(15,255)	4,568	-	(1,529)	Revenues over (under) expenditures
								OTHER FINANCING SOURCES (USES)
-	-	2,500	-	15,210	-	-	17,985	Transfers in
(1,415)	(191)	-	-	(4,682)	(4,568)	(2,000)	(20,148)	Transfers out
(1,415)	(191)	2,500	-	10,528	(4,568)	(2,000)	(2,163)	Total other financing sources and uses
335	-	-	1,242	(4,727)	-	(2,000)	(3,692)	Net change in fund balances
1,534	273	119	3,000	10,783	-	2,000	42,460	Fund balances - beginning of year
\$ 1,869	\$ 273	\$ 119	\$ 4,242	\$ 6,056	\$ -	\$ -	\$ 38,768	Fund balances - end of year

NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL ON BASIS OF BUDGETING
 (WITH ANNUAL BUDGETS)
 (Thousands of Dollars)
 For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
 Exhibit B-3

	Budget Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
AFFORDABLE HOUSING				
Revenues:				
Other local taxes	\$ -	\$ -	\$ 1	\$ 1
Total revenues	-	-	1	1
Expenditures:				
Revenues over (under) expenditures	\$ -	\$ -	\$ 1	\$ 1
COMMUNITY CATALYST				
Revenues:				
Other local taxes	\$ -	\$ -	\$ 1	\$ 1
Total revenues	-	-	1	1
Expenditures:				
Revenues over (under) expenditures	\$ -	\$ -	\$ 1	\$ 1
DRUG ENFORCEMENT FUND				
Revenues:				
Investment income	\$ -	\$ -	\$ 275	\$ 275
Fines and forfeitures	2,216	2,216	2,677	461
Federal grants and entitlements	85	85	74	(11)
Other	1,504	1,504	39	(1,465)
Total revenues	3,805	3,805	3,065	(740)
Expenditures:				
Public safety	3,805	4,783	3,080	1,703
Total expenditures	3,805	4,783	3,080	1,703
Revenues over (under) expenditures	\$ -	\$ (978)	\$ (15)	\$ 963
FIRE EMS				
Revenues:				
Federal grants and entitlements	\$ 3,437	\$ 3,437	\$ 2,646	\$ (791)
Total revenues	3,437	3,437	2,646	(791)
Expenditures:				
General government	3,437	3,533	661	2,872
Total expenditures	3,437	3,533	661	2,872
Revenues over (under) expenditures	\$ -	\$ (96)	\$ 1,985	\$ 2,081

(Continued)

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL ON BASIS OF BUDGETING
(WITH ANNUAL BUDGETS)
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit B-3
(Continued)

	<u>Budget Amounts</u>			<u>Variance with Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
HOTEL/MOTEL TAX				
Revenues:				
Hotel/motel tax	\$ 14,736	\$ 14,736	\$ 18,964	\$ 4,228
Total revenues	<u>14,736</u>	<u>14,736</u>	<u>18,964</u>	<u>4,228</u>
Expenditures:				
General government	<u>8,012</u>	<u>8,012</u>	<u>11,953</u>	<u>(3,941)</u>
Total expenditures	<u>8,012</u>	<u>8,012</u>	<u>11,953</u>	<u>(3,941)</u>
Other financing sources (uses):				
Transfers out	<u>(6,724)</u>	<u>(6,724)</u>	<u>(7,285)</u>	<u>(561)</u>
Total other financing sources (uses)	<u>(6,724)</u>	<u>(6,724)</u>	<u>(7,285)</u>	<u>(561)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (274)</u>	<u>\$ (274)</u>
METRO ALARM				
Revenues:				
Licenses and permits	\$ 948	\$ 948	\$ 2,153	\$ 1,205
Investment income	-	-	65	65
Other	<u>14</u>	<u>1,024</u>	<u>-</u>	<u>(1,024)</u>
Total revenues	<u>962</u>	<u>1,972</u>	<u>2,218</u>	<u>246</u>
Expenditures:				
General government	<u>512</u>	<u>562</u>	<u>468</u>	<u>94</u>
Total expenditures	<u>512</u>	<u>562</u>	<u>468</u>	<u>94</u>
Other financing uses:				
Transfers out	<u>(450)</u>	<u>(1,415)</u>	<u>(1,415)</u>	<u>-</u>
Total other financing uses	<u>(450)</u>	<u>(1,415)</u>	<u>(1,415)</u>	<u>-</u>
Revenues over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (5)</u>	<u>\$ 335</u>	<u>\$ 340</u>
MISCELLANEOUS GRANTS				
Revenues:				
Federal grants and entitlements	\$ -	\$ -	\$ 8,734	\$ 8,734
State grants	-	-	1,700	1,700
Other	<u>-</u>	<u>-</u>	<u>1,894</u>	<u>1,894</u>
Total revenues	<u>-</u>	<u>-</u>	<u>12,328</u>	<u>12,328</u>
Expenditures:				
General government	<u>-</u>	<u>7,860</u>	<u>12,137</u>	<u>(4,277)</u>
Total expenditures	<u>-</u>	<u>7,860</u>	<u>12,137</u>	<u>(4,277)</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(191)</u>	<u>(191)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(191)</u>	<u>(191)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ (7,860)</u>	<u>\$ -</u>	<u>\$ 7,860</u>

(Continued)

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL ON BASIS OF BUDGETING
(WITH ANNUAL BUDGETS)
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit B-3
(Continued)

	<u>Budget Amounts</u>			<u>Variance with Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
NEW MEMPHIS ARENA				
Revenues:				
Sales tax general	\$ 2,500	\$ 2,500	\$ -	\$ (2,500)
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>(2,500)</u>
Expenditures:				
General government	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total expenditures	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PRE-K				
Revenues:				
Property taxes	\$ -	\$ -	\$ 1,218	\$ 1,218
Federal grants and entitlements	<u>-</u>	<u>-</u>	<u>24</u>	<u>24</u>
Total revenues	<u>-</u>	<u>-</u>	<u>1,242</u>	<u>1,242</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,242</u>	<u>\$ 1,242</u>
SOLID WASTE MANAGEMENT FUND				
Revenues:				
Other local taxes	\$ 120	\$ 120	\$ 105	\$ (15)
Charges for services	56,195	56,195	57,688	1,493
Investment income	<u>-</u>	<u>-</u>	<u>117</u>	<u>117</u>
Federal grants and entitlements	<u>-</u>	<u>-</u>	<u>1,073</u>	<u>1,073</u>
State grants	378	378	152	(226)
Other	<u>10,221</u>	<u>10,221</u>	<u>18</u>	<u>(10,203)</u>
Total revenues	<u>66,914</u>	<u>66,914</u>	<u>59,153</u>	<u>(7,761)</u>
Expenditures:				
Transportation and environment	<u>60,849</u>	<u>78,877</u>	<u>74,408</u>	<u>4,469</u>
Total expenditures	<u>60,849</u>	<u>78,877</u>	<u>74,408</u>	<u>4,469</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>15,210</u>	<u>15,210</u>	<u>-</u>
Transfers out	<u>(6,065)</u>	<u>(6,065)</u>	<u>(4,682)</u>	<u>1,383</u>
Total other financing sources (uses)	<u>(6,065)</u>	<u>9,145</u>	<u>10,528</u>	<u>1,383</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ (2,818)</u>	<u>\$ (4,727)</u>	<u>\$ (1,909)</u>

(Continued)

NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL ON BASIS OF BUDGETING
 (WITH ANNUAL BUDGETS)
 (Thousands of Dollars)
 For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
 Exhibit B-3
 (Continued)

	Budget Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual	
STATE STREET AID FUND				
Revenues:				
State gasoline tax (local share):				
Gas and motor fuel tax	\$ 12,234	\$ 12,234	\$ 12,278	\$ 44
Gas 3 cent	3,617	3,617	3,616	(1)
Gas 1989	1,952	1,952	1,947	(5)
Gas 2017	3,600	4,300	4,922	622
Total revenues	<u>21,403</u>	<u>22,103</u>	<u>22,763</u>	<u>660</u>
Expenditures:				
General government	16,935	16,035	18,195	(2,160)
Total expenditures	<u>16,935</u>	<u>16,035</u>	<u>18,195</u>	<u>(2,160)</u>
Other financing uses:				
Transfers out	(4,468)	(6,068)	(4,568)	1,500
Total other financing uses	<u>(4,468)</u>	<u>(6,068)</u>	<u>(4,568)</u>	<u>1,500</u>
Revenues over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
WORKFORCE INVESTMENT NETWORK				
Revenues:				
Federal grants and entitlements	\$ -	\$ -	\$ 3,042	\$ 3,042
Other	-	-	227	227
Total revenues	<u>-</u>	<u>-</u>	<u>3,269</u>	<u>3,269</u>
Expenditures:				
Community service	-	1,097	3,269	(2,172)
Total expenditures	<u>-</u>	<u>1,097</u>	<u>3,269</u>	<u>(2,172)</u>
Other financing sources (uses):				
Transfers out	-	-	(2,000)	(2,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>(2,000)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (1,097)</u>	<u>\$ (2,000)</u>	<u>\$ (903)</u>

(Continued)

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL ON BASIS OF BUDGETING
(WITH ANNUAL BUDGETS)
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit B-3
(Continued)

	Budget Amounts		Actual	Variance with Final Budget- Positive(Negative)
	Original	Final		
TOTAL NONMAJOR SPECIAL REVENUE FUNDS				
Revenues:				
Local taxes:				
Property taxes	\$ -	\$ -	\$ 1,218	\$ 1,218
Sales tax general	2,500	2,500	-	(2,500)
Other local taxes	120	120	107	(13)
State taxes (local share):				
Gas and motor fuel tax	12,234	12,234	12,278	44
Gas 3 cent	3,617	3,617	3,616	(1)
Gas 1989	1,952	1,952	1,947	(5)
Gas 2017	3,600	4,300	4,922	622
Hotel/motel tax	14,736	14,736	18,964	4,228
Licenses and permits	948	948	2,153	1,205
Fines and forfeitures	2,216	2,216	2,677	461
Charges for services	56,195	56,195	57,688	1,493
Investment income	-	-	457	457
Federal grants and entitlements	3,522	3,522	15,593	12,071
State grants	378	378	1,852	1,474
Other	11,739	12,749	2,178	(10,571)
Total revenues	113,757	115,467	125,650	10,183
Expenditures:				
General government	31,396	38,502	45,914	(7,412)
Public safety	3,805	4,783	3,080	1,703
Community service	-	1,097	3,269	(2,172)
Transportation and environment	60,849	78,877	74,408	4,469
Total expenditures	96,050	123,259	126,671	(3,412)
Other financing sources (uses)				
Transfers in	-	15,210	17,710	2,500
Transfers out	(17,707)	(20,272)	(20,141)	131
Total other financing sources (uses)	(17,707)	(5,062)	(2,431)	2,631
Revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ (12,854)	\$ (3,452)	\$ 9,402

This schedule includes only Nonmajor Special Revenue Funds that have an annual budget. The following funds are not included in this schedule: Central Business Improvement District, Community Services, and Education.

CITY OF MEMPHIS

T E N N E S S E E

ENTERPRISE FUNDS

Enterprise Funds account for the acquisition, operations and maintenance of the City's facilities and services that are entirely or predominantly supported by user charges or where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

All activities necessary to provide services are accounted for in these funds, including, but not limited to, administration, operations, maintenance, and debt service.

Storm Water – The Storm Water Fund accounts for the operations of the storm water system operated by the City.

ENTERPRISE FUND
STATEMENT OF NET POSITION
(Thousands of Dollars)
June 30, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit C-1

	<u>Storm Water</u>
ASSETS	
Current assets:	
Cash	\$ -
Equity in cash and investment pool	14,241
Accounts receivable	3,174
Total current assets	<u>17,415</u>
Capital assets:	
Land	37
Buildings	907
Improvements other than buildings	57,309
Machinery and equipment	19,496
Less accumulated depreciation and amortization	<u>(32,985)</u>
Total capital assets	44,764
Construction in progress	<u>75,081</u>
Net capital assets	<u>119,845</u>
Total assets	<u>137,260</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	2,706
OPEB	540
Total assets and deferred outflows of resources	<u>140,506</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	1,602
Vacation, sick and other leave benefits	<u>1,786</u>
Total current liabilities	3,388
Long Term liabilities:	
Net Pension Liability	7,378
Net OPEB liability	8,443
Long Term Commercial Paper	5,221
Total long term liabilities	<u>21,042</u>
Total liabilities	24,430
DEFERRED INFLOWS OF RESOURCES	
Pension	2,208
OPEB	1,962
Total liabilities and deferred inflows of resources	<u>28,600</u>
NET POSITION	
Net investment in capital assets	119,845
Unrestricted	<u>(7,939)</u>
Total net position	<u>\$ 111,906</u>

ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit C-2

	<u>Storm Water</u>
Operating revenues-charges for services	\$ 28,202
Operating expenses other than depreciation and amortization:	
Personnel services	10,720
Materials, supplies, services, and other	<u>5,502</u>
Total operating expenses other than depreciation and amortization	<u>16,222</u>
Operating income before depreciation and amortization	<u>11,980</u>
Depreciation and amortization	<u>2,350</u>
Operating income (loss)	<u>9,630</u>
Non-operating revenues:	
Investment income	363
Other revenue	<u>88</u>
Total non-operating revenues	451
Income (loss) before non-operating expenses, transfers, and capital contributions	<u>10,081</u>
Non-operating expense:	
Interest on bond indebtedness	<u>205</u>
Total non-operating expenses	205
Transfers out	<u>(106)</u>
Change in net position	9,770
Total net position (deficit) - beginning of year	<u>102,260</u>
Prior period adjustment	<u>(124)</u>
Total net position (deficit) - beginning of year as restated	<u>102,136</u>
Total net position (deficit) - end of year	<u><u>\$ 111,906</u></u>

ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit C-3

	<u>Storm Water</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and users	\$ 28,584
Payments to suppliers	(7,063)
Payments to employees	(10,634)
Net cash provided by operating activities	<u>10,887</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfers to other funds	(106)
Miscellaneous income	88
Net cash used by non-capital financing activities	<u>(18)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(6,917)
Principal payment on long term commercial paper loan	(1,640)
Interest payment on long term commercial paper loan	(205)
Net cash used in capital and related financing activities	<u>(8,762)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Income earned on investments	363
Net cash provided by investing activities	<u>363</u>
Net change in cash and cash equivalents	2,470
Cash and cash equivalents, beginning of year	11,771
Cash and cash equivalents, end of year	<u>\$ 14,241</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 9,630
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	2,350
(Increase) decrease in assets:	
Accounts receivable	219
Deferred outflows Pension	(723)
Deferred outflows OPEB	216
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(1,254)
Deferred inflows Pension	(832)
Deferred inflows OPEB	271
Net pension liability	1,746
Net OPEB liability	(736)
Total adjustments	<u>1,257</u>
Net cash provided by operating activities	<u>\$ 10,887</u>



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, 2019

CITY OF MEMPHIS, TENNESSEE
 Exhibit D-1

	Fleet Management	Health Insurance	Unemployment Compensation	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 2	\$ -	\$ 2
Equity in cash and investment pool	6,944	16,731	1,257	24,932
Receivables	-	425	-	425
Inventories	1,240	-	-	1,240
Total current assets	8,184	17,158	1,257	26,599
Capital assets:				
Machinery and equipment	291	-	-	291
Less accumulated depreciation	(291)	-	-	(291)
Total assets	8,184	17,158	1,257	26,599
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - OPEB	-	59	-	59
Total deferred outflows of resources	-	59	-	59
Total assets and deferred outflows of resources	8,184	17,217	1,257	26,658
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	751	672	9	1,432
Insurance claims payable	-	8,734	-	8,734
Vacation, sick and other leave benefits	-	68	-	68
Total current liabilities	751	9,474	9	10,234
Long term liabilities:				
Net OPEB liability	-	737	-	737
Total long term liabilities	-	737	-	737
Total liabilities	751	10,211	9	10,971
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - OPEB	-	76	-	76
Total deferred inflows of resources	-	76	-	76
NET POSITION				
Unrestricted (deficit)	7,433	6,930	1,248	15,611
Total net position	\$ 7,433	\$ 6,930	\$ 1,248	\$ 15,611

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
(Thousands of Dollars)
For the fiscal year ended June 30, 2019**

**CITY OF MEMPHIS, TENNESSEE
Exhibit D-2**

	Fleet Management	Health Insurance	Unemployment Compensation	Total
Operating revenues:				
Charges for services	\$ 29,577	\$ -	\$ -	\$ 29,577
Vendor rebates	-	1,573	-	1,573
Pharmacy Rx rebates	-	3,408	-	3,408
Employee contributions	-	15,850	-	15,850
Employer contributions	-	56,727	583	57,310
Total operating revenues	29,577	77,558	583	107,718
Operating expenses other than depreciation:				
Personnel services	-	3,613	-	3,613
Materials and supplies	13,415	4,058	-	17,473
Capital outlay	-	10	-	10
Death benefits	-	102	-	102
PCORI tax	-	14	-	14
Inventories	14,301	-	-	14,301
Claims incurred	8	74,073	184	74,265
Total operating expenses other than depreciation	27,724	81,870	184	109,778
Operating income (loss) before depreciation	1,853	(4,312)	399	(2,060)
Depreciation	-	-	-	-
Operating income (loss)	1,853	(4,312)	399	(2,060)
Non-operating revenues:				
Investment income	178	483	41	702
Total non-operating revenues	178	483	41	702
Income (loss) before transfers	2,031	(3,829)	440	(1,358)
Transfers in/(out), net	-	(294)	(300)	(594)
Change in net position	2,031	(4,123)	140	(1,952)
Total net position (deficit) - beginning of year	5,402	11,053	1,108	17,563
Total net position (deficit) - end of year	\$ 7,433	\$ 6,930	\$ 1,248	\$ 15,611

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit D-3

	Fleet Management	Health Insurance	Unemployment Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 160	\$ -	\$ -	\$ 160
Receipts from other division funds	29,417	-	-	29,417
Employee contributions	-	15,850	-	15,850
Employer contributions	-	51,023	583	51,606
Vendor rebates	-	1,573	-	1,573
Pharmacy rx rebates	-	3,408	-	3,408
Payments to suppliers	(13,408)	(3,951)	-	(17,359)
Payments to employees	-	(3,836)	-	(3,836)
Payments per Affordable Care Act	-	(14)	-	(14)
Payments for inventory	(14,454)	-	-	(14,454)
Payments due to other agencies and funds	-	-	(66)	(66)
Payments for death benefits	-	(112)	-	(112)
Payments for claims incurred	(8)	(71,784)	(212)	(72,004)
Net cash (used in) provided by operating activities	<u>1,707</u>	<u>(7,843)</u>	<u>305</u>	<u>(5,831)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfers to other funds	-	(294)	(300)	(594)
Net cash provided by non-capital financing activities	<u>-</u>	<u>(294)</u>	<u>(300)</u>	<u>(594)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Income earned on investments	178	483	41	702
Net cash provided by investing activities	<u>178</u>	<u>483</u>	<u>41</u>	<u>702</u>
Net increase (decrease) in cash and cash equivalents	1,885	(7,654)	46	(5,723)
Cash and cash equivalents, beginning of year	5,059	24,387	1,211	30,657
Cash and cash equivalents, end of year	<u>\$ 6,944</u>	<u>\$ 16,733</u>	<u>\$ 1,257</u>	<u>\$ 24,934</u>
Reconciliation of operating income (loss) to net cash (used in) provided by operating activities:				
Operating income (loss)	\$ 1,853	\$ (4,312)	\$ 399	\$ (2,060)
(Increase) decrease in assets:				
Accounts receivable	(153)	(424)	-	(577)
Deferred outflows - OPEB	-	4	-	4
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	7	(3,107)	(94)	(3,194)
Deferred inflows - OPEB	-	6	-	6
Net OPEB liability	-	(10)	-	(10)
Total adjustments	<u>(146)</u>	<u>(3,531)</u>	<u>(94)</u>	<u>(3,771)</u>
Net cash (used in) provided by operating activities	<u>\$ 1,707</u>	<u>\$ (7,843)</u>	<u>\$ 305</u>	<u>\$ (5,831)</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.

Agency Funds:

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, 2019

CITY OF MEMPHIS, TENNESSEE
 Exhibit E-1

	Pension Trust					Total Pension and OPEB Trust Funds
	City Retirement System	Library Retirement System	Memphis Light, Gas and Water Retirement System	City OPEB Fund	Memphis Light, Gas and Water OPEB Trust	
ASSETS						
Cash and cash equivalents	\$ 34,895	\$ -	\$ 19,532	\$ -	\$ 23,316	\$ 77,743
Investments, at fair value:						
U.S. government securities - long-term	123,455	-	16,550	-	-	140,005
Common stock - domestic	632,707	-	450,869	-	99,038	1,182,614
Common stock - foreign	141,990	-	79,221	-	55,751	276,962
Preferred stock - foreign	-	-	3,482	-	-	3,482
Corporate bonds - domestic	336,017	-	44,463	-	-	380,480
Corporate bonds - foreign	113,006	-	41,723	-	-	154,729
Mutual funds and money market funds	18,542	58,269	16,745	3,228	36,747	133,531
Equity ETF	-	-	126,825	-	24,769	151,594
Government bonds - domestic	-	-	1,495	-	-	1,495
Global bond - international	-	-	113,517	-	-	113,517
Emerging market bonds ETF	-	-	-	-	-	-
Corporate bond mutual funds - domestic	-	-	-	-	26,717	26,717
Corporate bond mutual funds - international	-	-	-	-	-	-
Convertible bond mutual fund - domestic	-	-	-	-	8,529	8,529
Collateralized mortgage obligations	8,313	-	-	-	-	8,313
Asset-backed pooled securities	8,542	-	13,755	-	-	22,297
Mortgage-backed pooled securities	34,281	-	19,163	-	-	53,444
Securitized asset fund	-	-	2,523	-	-	2,523
Investments in index funds	97,557	-	-	-	-	97,557
Investments in limited partnerships	190,632	-	-	-	-	190,632
Investments in real estate	162,921	-	208,347	-	39,055	410,323
Multi-asset - domestic	-	-	12,588	-	-	12,588
Private debt funds - domestic	-	-	-	-	2,589	2,589
Private equity - domestic	-	-	63,958	-	37,252	101,210
Private equity - international	-	-	1,012	-	-	1,012
Investments in international equity fund	514,355	-	-	-	5,864	520,219
Investments in international bond fund	-	-	-	-	23,146	23,146
Distressed debt funds - domestic	-	-	52,696	-	12,676	65,372
Distressed debt funds - international	-	-	39,979	-	21,683	61,662
Life Settlement fund	-	-	64,883	-	11,864	76,747
Investments in short sales & written options	(35,879)	-	-	-	-	(35,879)
Total investments	2,346,439	58,269	1,373,794	3,228	405,680	4,187,410
Equity in cash and investment pool	3,185	-	-	1,492	-	4,677
Interest and dividend receivables	8,260	27	4,020	3	267	12,577
Receivable for securities sold	190,172	-	8,551	-	406	199,129
Employer and employee contributions receivable	2,054	-	520	-	598	3,172
Other Receivables	-	-	86	-	-	86
Collateral held in trust for securities on loan	126,980	-	64,052	-	668	191,700
Total assets	2,711,985	58,296	1,470,555	4,723	430,935	4,676,494
LIABILITIES						
Accounts payable and other	259,884	351	1,774	708	598	263,315
Payable for securities purchased	-	-	11,284	-	3,922	15,206
Collateral subject to return to borrowers	126,980	-	64,052	-	668	191,700
Total liabilities	386,864	351	77,110	708	5,188	470,221
DEFERRED INFLOWS OF RESOURCES						
Revenue collected in advance	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
NET POSITION						
Held in trust for pension benefits, pool participants and OPEB	\$ 2,325,121	\$ 57,945	\$ 1,393,445	\$ 4,015	\$ 425,747	\$ 4,206,273

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, 2019

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	\$ 58,896	\$ 123	\$ 22,174	\$ 10,032	\$ 48,971	\$ 140,196
Medicare Part D	-	-	-	66	-	66
Plan members	18,027	123	13,217	1,916	-	33,283
Total contributions	76,923	246	35,391	12,014	48,971	173,545
Transfer from other fund	-	1,090	-	2,626	-	3,716
Pharmacy rebate	-	-	-	516	-	516
Investment income:						
Interest and dividend income	54,034	1,789	25,361	73	8,336	89,593
Securities lending income	225	-	726	-	29	980
Other investment income	478	-	101	32	4	615
Gain on real estate investments	9,099	-	6,270	-	313	15,682
Net appreciation in the fair value of investments	53,854	420	(68,067)	145	(22,014)	(35,662)
Total investment income	117,690	2,209	(35,609)	250	(13,332)	71,208
Total additions	194,613	3,545	(218)	15,406	35,639	248,985
DEDUCTIONS						
Benefits	168,847	4,332	107,965	8,693	27,876	317,713
Administrative expenses	18,810	115	5,259	6,650	1,741	32,575
Refunds of contributions	11,637	-	5,351	-	-	16,988
Total deductions	199,294	4,447	118,575	15,343	29,617	367,276
Net increase / decrease	(4,681)	(902)	(118,793)	63	6,022	(118,291)
Net position - beginning of year	2,329,802	58,847	1,512,237	3,952	419,726	4,324,564
Net position - end of year	\$ 2,325,121	\$ 57,945	\$ 1,393,444	\$ 4,015	\$ 425,748	\$ 4,206,273

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY AGENCY FUND
 (Thousands of Dollars)
 For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
 EXHIBIT E-3

	Sold Property Tax Receivable Agency Fund			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
ASSETS				
Equity in cash and investment pool	\$ 2,361	\$ 15,280	\$ 16,706	\$ 935
Property tax receivable - current	7,530	11,108	12,877	5,761
Property tax receivable - delinquent	5,076	6,464	6,654	4,886
Total Assets	<u>\$ 14,967</u>	<u>\$ 32,852</u>	<u>\$ 36,237</u>	<u>\$ 11,582</u>
LIABILITIES				
Accounts payable & other liabilities	<u>\$ 14,967</u>	<u>\$ 34,804</u>	<u>\$ 38,189</u>	<u>\$ 11,582</u>
Total Liabilities	<u>\$ 14,967</u>	<u>\$ 34,804</u>	<u>\$ 38,189</u>	<u>\$ 11,582</u>
NET POSITION	<u>\$ -</u>	<u>\$ (1,952)</u>	<u>\$ (1,952)</u>	<u>\$ -</u>



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, 2019

CITY OF MEMPHIS, TENNESSEE
 Exhibit F-1

Tax Year	General	Debt Service	Capital Projects	Education	Pre-K	Total
2009	1,097	341	1	89	-	1,528
2010	1,930	600	3	157	-	2,690
2011	2,315	722	3	-	-	3,040
2012	2,668	833	4	122	-	3,627
2013	2,578	943	3	-	-	3,524
2014	2,710	1,252	4	-	-	3,966
2015	2,732	1,256	4	-	-	3,992
2016	3,454	1,592	5	-	-	5,051
2017	4,214	1,948	6	-	-	6,168
2018	6,120	3,035	8	-	53	9,216
Total delinquent property taxes receivable	29,818	12,522	41	368	53	42,802
Allowance for uncollectibles	1,478	666	2	18	2	2,166
Net delinquent property taxes receivable	<u>\$ 28,340</u>	<u>11,856</u>	<u>39</u>	<u>350</u>	<u>51</u>	<u>40,636</u>
Special assessment tax, net of allowance						<u>415</u>
Total tax, net of allowance						<u>\$ 41,051</u>

Note: During fiscal year 2019, \$13,513 of delinquent taxes 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, 2019

Description	Interest Rates	Date of Issue	Date of Final Maturity	Original Issue	Redemptions	Principal Amount Outstanding June 30, 2019	Interest to Maturity as of June 30, 2019
REVENUE BONDS PAYABLE (Business-Type Activities)							
Sanitary Sewerage System Revenue Refunding Bonds, Series 2019	4.00-5.00	Oct. 16, 2018	Oct. 01, 2043	\$ 69,480	-	69,480	36,069
Sanitary Sewerage System Revenue Refunding Bonds, Series 2014	3.00-4.00	Jul. 01, 2014	Jul. 01, 2025	18,930	4,930	14,000	1,685
Sanitary Sewerage System Revenue Refunding Bonds, Series 2013	4.00-5.00	Oct. 03, 2013	Oct. 01, 2024	21,410	10,100	11,310	1,722
Sanitary Sewerage System Revenue Refunding Bonds, Series 2011	3.00-5.00	Jun. 29, 2011	Oct. 01, 2021	15,165	8,375	6,790	500
Sanitary Sewerage System Revenue Bonds (RZEDB), Series 2010B	3.36-6.10	Dec. 07, 2011	Oct. 01, 2080	16,450	5,500	10,950	4,163
Sanitary Sewerage System Revenue Bonds (BABS), Series 2009B	6.30	Nov. 24, 2009	Oct. 01, 2029	12,360	12,360	-	-
Sanitary Sewerage System Revenue Bonds, Series 2009A	4.00	Oct. 01, 2009	Oct. 01, 2019	7,640	6,660	980	20
Sanitary Sewerage System Revenue Bonds, Series 2007	4.00-4.50	Dec. 18, 2007	Oct. 01, 2027	20,000	20,000	-	-
Sanitary Sewerage System Revenue Refunding Bonds, Series 2006	5.00	Sep. 06, 2006	May 01, 2020	20,220	18,725	1,495	75
Total Revenue Bonds Payable (Business-Type Activities)				201,655	86,650	115,005	44,234
SEWER STATE LOANS (Business-Type Activities)							
TN Sewer State Loan SRF 13-309	0.75	Feb. 04, 2013	Feb. 03, 2033	11,602	625	10,977	864
TN Sewer State Loan SRF 06195	.75-2.59	Jul. 19, 2013	Jul. 20, 2033	3,881	881	3,000	586
TN Sewer State Loan SRF 13-311	0.75	Mar. 21, 2016	Mar. 21, 2035	83,839	-	83,839	11,134
TN Sewer State Loan SRF 15-355				9,927	-	9,927	1,644
Total Sewer State Loans (Business-Type Activities)				109,249	1,506	107,743	14,228
REVENUE BONDS PAYABLE (Memphis Light Gas & Water) (1)							
Electric System Revenue Bonds, Series 2008	4.00-5.00	Jun. 13, 2008	Dec. 01, 2018	96,930	96,930	-	-
Electric System Revenue Bonds, Series 2010	2.50-5.00	Feb. 17, 2010	Dec. 01, 2018	460,050	460,050	-	-
Electric System Revenue Bonds, Series 2014	2.00-5.00	May 20, 2014	Dec. 01, 2034	71,000	10,035	60,965	27,239
Electric System Revenue Bonds, Series 2016	3.00-5.00	Sep. 01, 2016	Dec. 01, 2036	40,000	2,590	37,410	17,516
Electric System Revenue Bonds, Series 2017	3.00-5.00	Sep. 01, 2017	Dec. 01, 2037	90,000	2,855	87,145	39,389
Gas System Revenue Bonds, Series 2016	3.00-5.00	Sep. 01, 2016	Dec. 01, 2036	40,000	2,590	37,410	17,515
Gas System Revenue Bonds, Series 2017	3.00-5.00	Sep. 01, 2017	Dec. 01, 2037	40,000	1,250	38,750	19,720
Water System Revenue Bonds, Series 2014	2.00-5.00	May 20, 2014	Dec. 01, 2034	15,000	2,305	12,695	4,501
Water System Revenue Bonds, Series 2016	2.00-4.00	Sep. 01, 2016	Dec. 01, 2036	30,000	2,275	27,725	9,108
Water System Revenue Bonds, Series 2017	2.00-5.00	Sep. 01, 2017	Dec. 01, 2037	25,000	880	24,120	10,220
Total Revenue Bonds Payable (Memphis Light Gas & Water)				907,980	581,760	326,220	145,208
Total Revenue Debt Payable				\$ 1,218,884	669,916	548,968	203,670

(1) All Memphis Light Gas Water bonds reflect amounts outstanding at December 31, 2018.

SCHEDULE OF GENERAL OBLIGATION DEBT PAYABLE BY ISSUE
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

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, 2019	Interest to Maturity as of June 30, 2019
GENERAL OBLIGATION BONDS PAYABLE							
General Improvement Bonds, Series 2018	3.45-5.00	Apr. 17, 2018	Jul. 01, 2048 \$	309,255	4,400	304,855	207,480
General Improvement Refunding Bonds, Series 2016	2.50-5.00	Jun. 14, 2016	May 01, 2041	69,885	5,545	64,340	28,785
General Improvement Refunding Bonds, Series 2015C	4.00-5.00	May 19, 2015	Apr. 01, 2045	67,845	-	67,845	59,012
General Improvement Refunding Bonds, Series 2015B (Taxable)	2.69-2.94	May 19, 2015	Apr. 01, 2025	54,390	-	54,390	8,516
General Improvement Refunding Bonds, Series 2015A	5.00	May 19, 2015	Apr. 01, 2026	76,820	-	76,820	25,691
General Improvement Refunding Bonds, Series 2014B	4.00-5.00	Mar. 25, 2014	Apr. 01, 2044	208,230	21,605	186,625	138,149
General Improvement Refunding Bonds, Series 2014A	5.00	Mar. 25, 2014	Nov. 01, 2025	103,955	23,950	80,005	13,753
General Improvement and Refunding Bonds, Series 2012B	1.65 - 3.70	Mar. 29, 2012	Apr. 01, 2024	5,145	3,340	1,805	185
General Improvement and Refunding Bonds, Series 2012A	3.25 - 4.13	Mar. 29, 2012	Apr. 01, 2042	93,595	11,290	82,305	14,648
General Improvement and Refunding Bonds, Series 2011	4.25 - 5.00	Jun. 14, 2011	May 01, 2036	86,190	14,145	72,045	28,299
General Improvement Bonds, Series 2010F (RZEDB)	6.04	Jun. 29, 2010	Jul. 01, 2034	11,160	-	11,160	10,120
General Improvement Refunding Bonds, Series 2010E (Taxable)	3.31 - 3.92	Jun. 29, 2010	Jul. 01, 2018	55,295	55,295	-	-
General Improvement and Refunding Bonds, Series 2010D	5.00	Jun. 29, 2010	Jul. 01, 2023	121,205	-	121,205	15,367
General Improvement Bonds, Series 2010C (BABS)	4.16 - 5.94	Jun. 29, 2010	Jul. 01, 2032	62,550	-	62,550	26,498
General Improvement Bonds, Series 2010B (BABS)	5.32 - 6.14	May 04, 2010	May 01, 2030	39,950	-	39,950	17,116
General Improvement Bonds, Series 2010A	3.00 - 5.00	May 04, 2010	May 01, 2021	27,880	24,390	3,490	349
General Improvement Bonds, Series 2009	4.00 - 5.00	Jun. 02, 2009	Apr. 01, 2024	76,025	71,125	4,900	1,011
General Improvement Refunding Bonds, Series 2005	5.00 - 5.25	Mar. 16, 2005	Oct. 01, 2019	166,880	139,515	27,365	718
General Improvement Refunding Bonds, Series 2005B	5.25	Jun. 22, 2005	Oct. 01, 2018	115,635	115,635	-	-
Total General Obligation Bonds Payable				1,751,890	490,235	1,261,655	595,697
COMMERCIAL PAPER							
Commercial Paper	variable	Oct. 01, 2018	Oct. 04, 2023	75,000	-	75,000	-
Total Commercial Paper				75,000	-	75,000	-
SETTLEMENT OBLIGATION							
Settlement Obligation	-	Jan. 30, 2015	Feb. 15, 2031	20,000	5,335	14,665	-
Total Settlement Obligation				20,000	5,335	14,665	-
Total General Obligation Debt Payable				\$ 1,846,890	495,570	1,351,320	595,697

SCHEDULE OF GENERAL OBLIGATION DEBT - BY USE
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit F-4

Use	Balance Outstanding At Year End
<hr/>	
GENERAL OBLIGATION BONDS	
General Improvement	\$ 1,261,655
Bond Premiums	<u>52,893</u>
Total general obligation bonds	1,314,548
TOTAL GENERAL OBLIGATION DEBT	<u><u>\$ 1,314,548</u></u>

SCHEDULE OF CAPITAL LEASES PAYABLE BY ISSUE
 (Thousands of Dollars)
 For the fiscal year ended June 30, 2019

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, 2019	Interest to Maturity as of June 30, 2019
CAPITAL LEASES							
Sports Facility Revenue Bonds, Series 2014A	2.000% - 5.000%	Mar. 28, 2014	Feb. 01, 2029	17,925	3,795	14,130	3,749
Sports Facility Revenue Bonds, Series 2014B	1.900% - 4.970%	Mar. 28, 2014	Feb. 01, 2030	5,720	1,940	3,780	1,043
Solid Waste 2018	2.8240%-3.5979%	Jun. 07, 2018	May 1, 2023	4,400	841	3,559	230
Solid Waste 2016	1.336%	Apr. 22, 2016	Apr. 22, 2021	2,000	1,184	816	14
Solid Waste 2014	1.384%	Dec. 11, 2014	Dec. 11, 2019	15,416	13,826	1,590	11
Red Light 2014	1.678%	Aug. 15, 2014	Aug. 15, 2019	3,300	3,185	115	-
Parking Meters 2013	1.325%	Nov. 15, 2013	Nov. 15, 2018	1,573	1,573	-	-
Total Capital Leases Payable				50,334	26,345	23,989	5,047

SCHEDULE OF GUARANTEE OBLIGATIONS PAYABLE BY ISSUE
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

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, 2019	Interest to Maturity as of June 30, 2019
GUARANTEE OBLIGATIONS							
For General Purposes:							
Development Revenue Bonds, Series 2011	2.500% - 5.250%	Sep. 07, 2011	Apr. 01, 2036	20,398	4,205	16,193	7,604
Qualified Energy Conservation Bonds, Series 2015A	3.720%	Feb. 28, 2015	Jan. 05, 2025	8,316	3,326	4,990	650
Revenue Bonds, Series 2015 (Conv. Cntr Proj.)	1.870%	Mar. 03, 2015	Jan. 05, 2020	1,585	1,268	317	6
Qualified Energy Conservation Bonds, Series 2015B	3.910%	Apr. 29, 2015	Jan. 05, 2025	2,015	1,008	1,008	158
Qualified Energy Conservation Bonds, Series 2015C	3.910%	Apr. 29, 2015	Jan. 05, 2025	341	170	170	27
Revenue Bonds, Series 2016 (Conv. Cntr Proj.)	1.950%	Jan. 13, 2016	Jan. 05, 2020	1,562	1,171	390	8
Economic Development Growth Engine Bonds, Series 2017A	1.670%-2.500%	Jun. 01, 2017	Nov. 01, 2021	36,215	17,195	19,020	449
Economic Development Growth Engine Bonds, Series 2017B	5.000%	Jun. 01, 2017	Nov. 01, 2030	87,725	-	87,725	38,829
Economic Development Growth Engine Bonds, Series 2017C	2.358%-2.931	Jun. 01, 2017	Nov. 01, 2024	34,300	-	34,300	3,519
Qualified Energy Conservation Bonds, Series 2017	2.400%	Sep. 01, 2017	Jan. 05, 2021	2,143	1,071	1,071	39
Total Guarantee Obligations Payable				194,599	29,415	165,184	51,286

LONG TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
 REVENUE DEBT PAYABLE
 (Thousands of Dollars)
 For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
 Exhibit F-7

Year Ending June 30	Revenue Bonds		Revenue Bonds		Sewer State Loans		Total
	Sewer Collection and Treatment Fund	Memphis Light Gas Water (1)	Sewer Collection and Treatment Fund	Interest	Principal	Interest	
2019							26,283
2020	9,760	12,380	13,903	13,477	671	934	42,731
2021	9,620	12,810	13,477	12,948	740	938	42,173
2022	10,080	13,330	12,948	12,379	750	929	42,168
2023	8,065	13,905	11,767	11,767	759	919	39,710
2024	8,430	14,515	11,076	11,076	768	910	39,686
2025	8,780	15,205	10,368	10,368	778	900	39,649
2026	6,955	15,915	9,609	9,609	788	889	37,468
2027	4,970	16,670	8,832	8,832	797	879	35,195
2028	5,205	17,445	8,022	8,022	807	869	35,170
2029	4,015	18,260	7,184	7,184	818	858	33,736
2030	4,205	19,095	6,308	6,308	828	847	33,706
2031	2,915	19,970	5,349	5,349	839	836	32,228
2032	1,915	20,930	4,494	4,494	849	825	31,115
2033	1,995	21,790	3,596	3,596	861	813	31,119
2034	2,075	22,690	2,684	2,684	1,694	805	31,930
2035	2,160	23,590	1,741	1,741	83,398	799	107,046
2036	2,245	17,950	623	623	623	98	23,568
2037	2,340	18,620	1,073	1,073	627	93	15,426
2038	2,435	11,150	398	398	10,348	87	13,592
2039	2,535	-	-	-	-	-	3,158
2040	2,635	-	-	-	-	-	3,154
2041	2,745	-	-	-	-	-	3,157
2042	2,855	-	-	-	-	-	3,155
2043	2,975	-	-	-	-	-	3,158
2044	3,095	-	-	-	-	-	3,157
	\$ 115,005	\$ 326,220	\$ 145,208	\$ 145,208	\$ 107,743	\$ 14,228	\$ 752,638

(1) All Memphis Light Gas Water bonds reflect amounts outstanding at December 31, 2018.

LONG TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
GOVERNMENTAL DEBT PAYABLE
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit F-8

Year Ending June 30	General Obligation Bonds		Settlement Obligation		Total
	Principal	Interest	Principal	Interest	
2020	87,210	56,043	1,334	-	144,587
2021	87,120	52,638	1,334	-	141,092
2022	87,860	48,393	1,333	-	137,586
2023	88,845	43,788	1,333	-	133,966
2024	89,500	39,634	1,333	-	130,467
2025	91,105	36,483	1,333	-	128,921
2026	89,900	32,605	1,333	-	123,838
2027	30,955	28,321	1,333	-	60,609
2028	32,325	26,784	1,333	-	60,442
2029	33,725	25,179	1,333	-	60,237
2030	35,215	23,496	1,333	-	60,044
2031	31,290	21,811	1,333	-	53,101
2032	32,585	20,409	-	-	52,994
2033	33,970	18,911	-	-	52,881
2034	35,055	17,386	-	-	52,441
2035	36,515	15,782	-	-	52,297
2036	32,115	14,326	-	-	46,441
2037	28,690	12,980	-	-	41,670
2038	29,860	11,813	-	-	41,673
2039	31,075	10,590	-	-	41,665
2040	32,350	9,305	-	-	41,655
2041	33,715	7,952	-	-	41,667
2042	30,940	6,492	-	-	37,432
2043	31,520	5,122	-	-	36,642
2044	29,460	3,723	-	-	33,183
2045	17,660	2,400	-	-	20,060
2046	13,165	1,644	-	-	14,809
2047	13,690	1,117	-	-	14,807
2048	14,240	570	-	-	14,810
	\$ 1,261,655	\$ 595,697	\$ 14,665	\$ -	\$ 1,872,017

SCHEDULE OF INTERFUND BALANCES
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

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	<u>\$ 3,696</u>	<u>\$ 295</u>	<u>\$ 3,991</u>
PROPRIETARY FUND TYPES			
Enterprise:			
Storm Water	<u>-</u>	<u>5,221</u>	<u>5,221</u>
Total receivables - primary government	<u>3,696</u>	<u>5,516</u>	<u>9,212</u>
Total receivables - reporting entity	<u><u>\$ 3,696</u></u>	<u><u>\$ 5,516</u></u>	<u><u>\$ 9,212</u></u>

Note: In Debt Service Fund, there is an asset recorded for allocation of Commercial Paper issuance to Storm Water issued in 2016. There is a liability in Storm Water in the amount of \$5,221. The presentation is consistent with Generally Accepted Accounting Principles.

SCHEDULE OF INTERFUND TRANSFERS
(Thousands of Dollars)
For the fiscal year ended June 30, 2019

	Primary Government									
	Governmental Fund Types									Fiduciary
	General Fund	Debt Service	Capital Projects	New Memphis Arena	Community Service	Solid Waste	Library Retirement Trust Fund	OPEB Trust Fund	Total Transfers Out	
GOVERNMENTAL FUND TYPES										
General Fund	\$ -	\$ 361	\$ 4,000	\$ -	\$ -	\$ 15,210	\$ 1,090	\$ 2,626	\$ 23,287	
Debt Service Fund	3,501	-	-	-	-	-	-	-	3,501	
Capital Projects Fund	-	-	-	-	275	-	-	-	275	
Special Revenue:										
State Street Aid	2,800	1,768	-	-	-	-	-	-	4,568	
Miscellaneous Grants	-	191	-	-	-	-	-	-	191	
Solid Waste	1,065	3,617	-	-	-	-	-	-	4,682	
Community Redevelopment	-	-	-	-	-	-	-	-	-	
Hotel/Motel Tax	99	7,186	-	-	-	-	-	-	7,285	
New Memphis Arena	-	-	-	-	-	-	-	-	-	
Metro Alarm	1,415	-	-	-	-	-	-	-	1,415	
Community Services	7	-	-	-	-	-	-	-	7	
Workforce Investment	2,000	-	-	-	-	-	-	-	2,000	
Total Governmental Fund Types	10,887	13,123	4,000	-	275	15,210	1,090	2,626	47,211	
PROPRIETARY FUND TYPES										
Enterprise:										
Sewer Collection and Treatment	10,145	-	-	-	-	-	-	-	10,145	
Memphis Light, Gas and Water (1)	59,083	-	-	2,500	-	-	-	-	61,583	
Storm Water	106	-	-	-	-	-	-	-	106	
Internal Service:										
Health Insurance	294	-	-	-	-	-	-	-	294	
Unemployment	300	-	-	-	-	-	-	-	300	
Total Proprietary Fund Types	69,928	-	-	2,500	-	-	-	-	72,428	
Total Transfers In	\$ 80,815	\$ 13,123	\$ 4,000	\$ 2,500	\$ 275	\$ 15,210	\$ 1,090	\$ 2,626	\$ 119,639	

(1) The difference of interfund transfers between the City and Memphis Light, Gas, & Water is due to the difference in reporting periods. The City reports as of June 30th and Memphis Light, Gas, & Water reports as of December 31st.

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, 2019

	Governmental Fund Types										Proprietary Funds				Internal Service Funds		Fiduciary Fund Types				
	Governmental Fund Types										Proprietary Funds		Internal Service Funds		Fiduciary Fund Types						
	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⁾	\$ 40	\$ 18,762	\$ 445	\$ 2,062	\$ 124,521	\$ 20,516	\$ -	\$ 276,417	\$ 2	\$ 442,765	\$ 34,895	\$ -	\$ 19,532	\$ -	\$ 23,316	\$ 77,743					
Total deposits	40	18,762	445	2,062	124,521	20,516	-	276,417	2	442,765	34,895	-	19,532	-	23,316	77,743					
Investments:																					
U.S. government securities - long-term	-	-	-	-	-	13,681	-	-	-	13,681	123,455	-	16,550	-	-	140,005					
Common stock - domestic	-	-	-	-	-	-	-	-	-	632,707	632,707	-	450,869	-	99,038	1,182,614					
Common stock - foreign	-	-	-	-	-	-	-	-	-	141,990	141,990	-	79,221	-	55,751	276,962					
Preferred stock - foreign	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,482					
Corporate bonds - domestic	-	-	-	-	-	-	-	-	-	336,017	336,017	-	44,463	-	-	380,480					
Corporate bonds - foreign	-	-	-	-	-	-	-	-	-	113,006	113,006	-	41,723	-	-	154,729					
Mutual funds and money market funds	-	-	-	-	-	33	-	-	33	18,542	18,542	3,228	16,745	36,747	133,531						
Equity ETF	-	-	-	-	-	-	-	-	-	-	-	-	126,825	24,769	151,594						
Government bonds - domestic	-	-	-	-	-	-	-	-	-	-	-	-	1,495	-	1,495						
Global bond - international	-	-	-	-	-	-	-	-	-	-	-	-	113,517	-	113,517						
Corporate bond mutual funds - domestic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,717						
Convertible bond mutual fund - domestic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,529						
Collateralized mortgage obligations	-	-	-	-	-	-	-	-	-	-	8,313	-	-	-	8,313						
Asset-backed pooled securities	-	-	-	-	-	-	-	-	-	-	8,542	-	13,755	-	22,297						
Mortgage-backed pooled securities	-	-	-	-	-	-	-	-	-	-	34,281	-	19,163	-	53,444						
Securitized asset fund	-	-	-	-	-	-	-	-	-	-	-	-	2,523	-	2,523						
Investments in index funds	-	-	-	-	-	-	-	-	-	-	97,557	-	-	-	97,557						
Investments in limited partnerships	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Investments in real estate	-	-	-	-	-	-	-	-	-	-	190,632	-	208,347	-	190,632						
Multi-asset - domestic	-	-	-	-	-	-	-	-	-	-	162,921	-	12,588	-	12,588						
Private debt funds - domestic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,589						
Private equity - domestic	-	-	-	-	-	-	-	-	-	-	-	-	63,958	37,252	101,210						
Private equity - international	-	-	-	-	-	-	-	-	-	-	-	-	1,012	-	1,012						
Investments in international equity fund	-	-	-	-	-	-	-	-	-	-	514,355	-	-	5,864	520,219						
Investments in international bond fund	-	-	-	-	-	-	-	-	-	-	-	-	-	23,146	23,146						
Distressed debt funds - domestic	-	-	-	-	-	-	-	-	-	-	-	-	-	12,676	65,372						
Distressed debt funds - international	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,683						
State of TN Local Gov't Investment Pool	-	-	-	-	609	-	-	-	609	-	-	-	-	-	-						
Commercial paper	-	-	-	-	-	-	-	-	40	-	-	-	-	-	-						
U.S. Treasuries	-	-	-	-	-	-	-	82,439	-	-	-	-	-	-	-						
Federal agency (Fixed Rate)	-	-	-	-	-	-	-	74,791	-	-	-	-	-	-	-						
Certificates of Deposit	-	-	-	-	-	1,000	-	-	-	-	-	-	-	-	-						
Life Settlement fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Investment short sales & written options	-	-	-	-	-	-	-	-	-	(35,879)	-	-	-	-	-						
Total investments	-	-	-	-	649	14,714	-	157,230	-	172,593	2,346,439	58,269	1,373,794	3,228	405,680	4,187,410					
Total deposits and investments	40	18,762	445	2,062	125,170	35,230	-	433,647	2	615,358	2,381,334	58,269	1,393,326	3,228	428,986	4,265,153					

⁽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, 2019**

**CITY OF MEMPHIS, TENNESSEE
Exhibit F-12**

MEMPHIS LIGHT, GAS AND WATER DIVISION ¹

	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance December 31, 2018</u>
Electric Division	\$ 1,892,060	\$ 280,414	\$ (226,060)	\$ -	\$ 1,946,414
Gas Division	718,485	86,947	(51,122)	-	754,310
Water Division	526,462	49,966	(21,401)	-	555,027
Total	<u>\$ 3,137,007</u>	<u>\$ 417,327</u>	<u>\$ (298,583)</u>	<u>\$ -</u>	<u>\$ 3,255,751</u>

Note: Utility plant in service balances exclude amounts for construction work in progress, non-utility property and land held for future use.

SEWER COLLECTION AND TREATMENT FUND ²

	<u>Balance July 1, 2018 Restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2019</u>
Land and buildings	\$ 118,823	\$ 481	\$ -	\$ -	\$ 119,304
Improvements other than buildings	586,548	35,335	(1,282)	-	620,601
Machinery and equipment	35,339	3,685	(1,567)	-	37,457
Construction work in progress	236,335	71,357	(32,688)	-	275,004
	<u>\$ 977,045</u>	<u>\$ 110,858</u>	<u>\$ (35,537)</u>	<u>\$ -</u>	<u>\$ 1,052,366</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, 2019

CITY OF MEMPHIS, TENNESSEE
EXHIBIT F-13

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Local taxes	\$ 140,855	\$ 140,855	\$ 140,773	\$ (82)
State taxes (local share)	17,106	17,106	16,293	(813)
Investment income	527	527	2,802	2,275
Federal grants	2,299	2,299	2,450	151
Other	1,858	1,858	2,129	271
Total revenues	<u>162,645</u>	<u>162,645</u>	<u>164,447</u>	<u>1,802</u>
EXPENDITURES				
Redemption of serial bonds and notes	105,588	105,588	102,945	2,643
Interest	67,352	67,352	69,319	(1,967)
Other	1,253	1,256	789	467
Total expenditures	<u>174,193</u>	<u>174,196</u>	<u>173,053</u>	<u>1,143</u>
Revenues over expenditures	<u>(11,548)</u>	<u>(11,551)</u>	<u>(8,606)</u>	<u>2,945</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	20,027	20,027	13,123	(6,904)
Transfers out	(3,500)	(3,500)	(3,501)	(1)
Issuance of refunding debt	-	-	35	35
Retirement of general obligation bonds	-	-	-	-
Premium on debt issue	-	-	-	-
Contribution to Fund Balance	(4,979)	(4,979)	-	4,979
Contributed From Fund Balance	-	-	-	-
Total other financing sources and uses	<u>11,548</u>	<u>11,548</u>	<u>9,657</u>	<u>(1,891)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (3)</u>	\$ 1,051	<u>\$ 1,054</u>
Fund balance - beginning of year			76,878	
Fund balance - end of year			<u>\$ 77,929</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, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit F-14

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Local taxes	\$ 461,993	\$ 461,993	\$ 457,743	\$ (4,250)
State taxes (local share)	63,520	63,520	63,329	(191)
Licenses and permits	13,900	13,900	13,674	(226)
Fines and forfeitures	14,534	14,534	14,824	290
Charges for services	34,165	34,665	36,064	1,399
Investment income	1,086	2,011	5,281	3,270
Federal grants	2,990	6,863	17,279	10,416
State grants	95	95	1,261	1,166
Intergovernmental revenues	9,983	9,983	9,966	(17)
Other	7,707	8,487	12,694	4,207
Total revenues	<u>609,973</u>	<u>616,051</u>	<u>632,115</u>	<u>16,064</u>
EXPENDITURES				
General government	161,173	181,597	171,915	9,682
Public safety	437,032	444,957	452,579	(7,622)
Community services	62,786	65,508	60,736	4,772
Transportation and environment	15,846	18,338	16,977	1,361
Total expenditures	<u>676,837</u>	<u>710,400</u>	<u>702,207</u>	<u>8,193</u>
Revenues over expenditures	<u>(66,864)</u>	<u>(94,349)</u>	<u>(70,092)</u>	<u>24,257</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	5,493	5,493
Transfers in	75,727	79,786	80,815	1,029
Transfers out	<u>(8,443)</u>	<u>(27,653)</u>	<u>(23,287)</u>	<u>4,366</u>
Total other financing sources and uses	<u>67,284</u>	<u>52,133</u>	<u>63,021</u>	<u>10,888</u>
Net change in fund balances (budgetary basis)	<u>\$ 420</u>	<u>\$ (42,216)</u>	<u>\$ (7,071)</u>	<u>\$ 35,145</u>
Adjustment for encumbrances - prior year			(9,450)	
Adjustment for encumbrances - current year			11,312	
Revenues over expenditures (GAAP basis)			<u>\$ (5,209)</u>	
Fund balance - beginning			141,201	
Fund balance - ending			<u>\$ 135,992</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.

NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Thousands of Dollars)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Net investments in capital assets	\$ 24,027	\$ 6,912	\$ 131,384	\$ 203,581	\$ 121,045	\$ 2,611,833	\$ 293,259	\$ 304,799	\$ 340,474	\$ 225,370
Restricted for:										
Debt service	-	-	-	36,268	50,603	52,823	61,255	48,798	76,888	77,929
Construction	-	-	-	-	-	26,076	-	-	-	-
Capital acquisitions/ projects	-	-	-	-	-	-	4,381	23,661	191,471	148,359
Solid waste management	-	-	-	17,175	15,222	16,138	15,871	13,001	10,783	6,056
Drug enforcement	-	-	-	9,530	9,676	9,630	10,077	9,980	9,426	9,411
Donor/Statutory restrictions	-	-	-	2,343	15,503	35,085	59,814	67,242	-	-
Other	-	14,783	181,192	-	-	10,000	-	-	70,168	72,760
Unrestricted:										
Unrestricted, other	(110,079)	(278,095)	(724,294)	(814,583)	(724,643)	(3,216,914)	(851,833)	(918,811)	(1,031,458)	(809,885)
Total governmental activities net position	(86,052)	(256,400)	(411,718)	(545,686)	(512,594)	(455,329)	(407,176)	(451,330)	(332,248)	(270,000)
Business-type activities:										
Net investment in capital assets	1,664,684	1,705,138	1,755,661	1,818,916	1,902,835	1,896,485	2,017,891	2,020,550	1,958,252	2,043,389
Restricted for debt service	75,615	64,909	68,846	69,689	41,902	99,797	64,173	108,387	103,345	53,193
Restricted for construction	-	-	-	-	29,119	7,268	8,456	8,775	9,007	10,845
Unrestricted	253,616	334,093	355,220	350,750	340,416	377,219	320,158	259,192	341,409	(36,333)
Total business-type activities net position	1,993,915	2,104,140	2,179,727	2,239,355	2,314,272	2,380,769	2,410,678	2,396,904	2,412,013	2,071,094
Primary government:										
Net investment in capital assets	1,688,711	1,712,050	1,887,045	2,022,497	2,023,880	4,508,318	2,311,150	2,325,349	2,298,726	2,268,759
Restricted for:										
Debt service	75,615	64,909	68,846	105,957	92,505	152,620	125,428	157,185	180,233	131,122
Construction	-	-	-	-	29,119	33,344	8,456	8,775	9,007	10,845
Capital acquisitions/ projects	-	-	-	-	-	-	4,381	23,661	191,471	148,359
Solid waste management	-	-	-	17,175	15,222	16,138	15,871	13,001	10,783	6,056
Drug enforcement	-	-	-	9,530	9,676	9,630	10,077	9,980	9,426	9,411
Donor/Statutory restrictions	-	-	-	2,343	15,503	35,085	59,814	67,242	-	-
Other	-	14,783	181,192	-	-	10,000	-	-	70,168	72,760
Unrestricted	143,537	55,998	(369,074)	(463,833)	(384,227)	(2,839,695)	(531,675)	(659,619)	(690,049)	(846,218)
Total primary government net position	\$ 1,907,863	\$ 1,847,740	\$ 1,768,009	\$ 1,693,669	\$ 1,801,678	\$ 1,925,440	\$ 2,003,502	\$ 1,945,574	\$ 2,079,765	\$ 1,801,094

CHANGES IN NET POSITION
Last Ten Fiscal Years
(Thousands of Dollars)

CITY OF MEMPHIS, TENNESSEE
EXHIBIT X-2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 73,768	\$ 79,691	\$ 77,154	\$ 76,664	\$ 22,420	\$ 89,038	\$ 72,499	\$ 65,436	\$ 65,970	\$ 90,946
Public Safety	4,230	3,637	7,768	7,456	3,928	3,383	22,329	22,069	21,388	22,976
Community services	137	174	136	139	103	-	-	-	-	-
Transportation and environment	50,438	59,268	59,745	60,180	122,078	55,832	56,318	56,819	57,425	57,688
Operating grants and contributions	69,135	61,098	63,854	81,913	63,416	57,732	38,719	41,666	50,416	57,072
Capital grants and contributions	3,217	7,490	23,639	11,123	9,811	12,627	23,610	8,934	1,668	8,537
Total governmental activities program revenues	200,925	211,358	232,296	237,475	221,756	218,612	213,475	194,924	196,867	237,219
Business-type activities:										
Charges for services:										
Sewer collection and treatment	56,162	98,559	104,031	106,007	103,900	103,299	96,845	98,726	110,304	123,449
Memphis Light, Gas and Water	1,648,194	1,705,513	1,692,246	1,581,272	1,615,477	1,700,897	1,602,957	1,555,258	1,559,990	1,667,234
Storm water	21,897	23,661	23,723	24,108	24,332	24,309	24,289	24,418	21,391	28,202
Operating grants and contributions	28,377	30,321	30,909	29,792	31,330	562	555	547	537	420
Capital grants and contributions	800	1,398	728	663	2,950	3,022	3,009	1,133	946	-
Total business-type activities program revenues	1,755,430	1,859,452	1,851,637	1,741,842	1,777,989	1,832,089	1,727,655	1,680,082	1,693,168	1,819,305
Total primary government program revenues	1,956,355	2,070,810	2,083,933	1,979,317	1,999,745	2,050,701	1,941,130	1,875,006	1,890,035	2,056,524
Expenses										
Governmental Activities:										
General government	223,773	251,039	253,138	217,086	203,055	134,182	212,054	91,718	197,380	428,057
Public safety	482,281	510,529	500,082	503,011	472,154	425,128	437,430	333,750	310,961	342,077
Community services	129,722	121,927	118,406	96,442	90,463	93,383	92,365	46,935	78,865	82,572
Transportation and environment	81,539	82,546	87,665	82,834	79,747	85,675	71,286	28,469	50,649	65,627
Education	117,118	80,775	71,452	62,507	(475)	(151)	154	112	82	59
Redemption of serial bonds and notes	-	-	-	-	-	-	-	90,782	92,535	-
Refunding bond/ escrow agent	-	-	-	-	-	-	-	-	150,000	-
Miscellaneous	-	-	-	-	-	-	-	-	3,436	-
Interest on long term debt	58,472	52,497	75,075	58,403	45,634	83,005	64,151	64,586	59,933	67,971
Total governmental activities expenses	1,092,905	1,099,313	1,105,818	1,020,283	890,578	821,222	877,440	456,352	943,841	986,363
Business-type activities:										
Sewer collection and treatment	55,584	61,401	62,915	65,921	62,556	63,049	70,163	62,347	75,739	93,766
Memphis Light, Gas and Water	1,621,840	1,658,638	1,669,887	1,593,211	1,596,092	1,630,708	1,554,006	1,561,282	1,561,085	1,548,223
Storm water	12,571	13,160	15,623	15,464	15,048	17,027	19,289	8,502	16,556	18,777
Total business-type activities expenses	1,689,995	1,733,199	1,748,425	1,674,596	1,673,696	1,710,784	1,643,458	1,632,131	1,653,380	1,660,766
Total primary government expenses	2,782,900	2,832,512	2,854,243	2,694,879	2,564,274	2,532,006	2,520,898	2,088,483	2,597,221	2,647,129
Net (expense)/revenue										
Governmental activities	(891,980)	(887,955)	(873,522)	(782,808)	(668,822)	(602,610)	(663,965)	(261,428)	(746,974)	(749,144)
Business-type activities	65,435	126,253	103,212	67,246	104,293	121,305	84,197	47,951	39,788	158,539
Total primary government net expense	(826,545)	(761,702)	(770,310)	(715,562)	(564,529)	(481,305)	(579,768)	(213,477)	(707,186)	(590,605)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Local taxes	540,970	540,150	528,219	533,190	545,713	571,583	542,475	580,750	607,148	603,048
State taxes (local share)	87,751	87,523	85,612	71,115	71,633	77,129	103,987	82,519	105,895	102,385
Hotel/motel tax	4,017	3,537	4,524	4,189	4,223	4,612	10,726	15,513	17,176	18,964
Unrestricted investment earnings	1,402	861	761	671	754	813	1,654	1,574	4,960	12,197
Intergovernmental revenues	4,944	6,492	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	8,947	1,481	-	-	-	-	-	-
Other	8,597	12,124	22,405	17,250	15,290	19,563	28,662	41,881	4,274	43,544
Transfers	64,997	66,929	67,962	42,738	57,783	68,302	25,097	(131,119)	111,631	37,675
Total governmental activities	712,678	717,616	718,430	670,634	695,396	742,002	712,601	591,118	851,084	817,813
Business-type activities:										
Investment earnings	50,516	41,520	40,324	32,883	27,054	24,816	21,998	18,059	14,949	17,448
Other	-	-	155	437	1,350	3,991	10,003	33,910	35,216	35,559
Transfers	(64,997)	(66,929)	(67,962)	(40,938)	(57,780)	(68,302)	(66,505)	(70,897)	(74,844)	(70,248)
Total business-type activities	(14,481)	(25,409)	(27,483)	(7,618)	(29,376)	(39,495)	(34,504)	(18,928)	(24,679)	(17,241)
Total primary government	698,197	692,207	690,947	663,016	666,020	702,507	678,097	572,190	826,405	800,572
Change in Net Position										
Governmental activities	(179,302)	(170,339)	(155,092)	(112,174)	26,574	139,392	48,636	329,690	104,110	68,669
Business-type activities	50,944	100,844	75,729	59,628	74,917	81,810	49,693	30,196	15,109	141,298
Total primary government	\$ (128,358)	\$ (69,495)	\$ (79,363)	\$ (52,546)	\$ 101,491	\$ 221,202	\$ 98,329	\$ 359,886	\$ 119,219	\$ 209,967

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Thousands of Dollars)

CITY OF MEMPHIS, TENNESSEE
EXHIBIT X-3

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Restricted	\$ -	\$ 1,684	\$ 1,907	\$ 2,088	\$ 5,724	\$ 6,246	\$ 7,210	\$ 8,281	\$ 10,768	\$ 12,725
Committed	-	-	19,572	12,134	-	-	-	-	-	-
Assigned	-	8,252	12,924	-	20,384	34,030	43,489	43,759	32,150	31,726
Unassigned	-	81,125	61,667	56,149	82,230	91,990	94,674	95,343	98,283	91,541
Reserved	8,299	-	-	-	-	-	-	-	-	-
Unreserved	76,271	-	-	-	-	-	-	-	-	-
Total general fund	84,570	91,061	96,070	70,371	108,338	132,266	145,373	147,383	141,201	135,992
All other governmental funds										
Restricted	-	13,099	54,308	63,228	59,035	56,130	62,616	46,688	54,815	52,711
Committed	-	72,186	92,481	80,109	72,943	53,346	43,083	63,954	261,003	217,353
Unassigned	-	(5,086)	(4,138)	-	-	-	794	-	-	-
Unreserved, reported in:										
Debt service fund	34,680	-	-	-	-	-	-	-	-	-
Capital projects fund	74,030	-	-	-	-	-	-	-	-	-
Special revenue funds	6,179	-	-	-	-	-	-	-	-	-
Total all other governmental funds	114,889	80,199	142,651	143,337	131,978	109,476	106,493	110,642	315,818	270,064
Total governmental funds	\$ 199,459	\$ 171,260	\$ 238,721	\$ 213,708	\$ 240,316	\$ 241,742	\$ 251,866	\$ 258,025	\$ 457,019	\$ 406,056

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during fiscal year 2011.

- (1) The \$1,957 year-over-year increase is primarily attributable to \$783 restricted to cover repairs to the Bass Pro property and \$1,130 for automated photo enforcement - red light cameras.
- (2) The \$424 year-over-year decrease is attributable to \$2,275 decrease in encumbrances for purchase orders and offset by Agency Fund Buy Back for \$2,700
- (3) The \$6,742 year-over-year decrease is attributable to transfer out to Solid Waste Fund for \$15,210 offset by net income of \$4,904
- (4) The \$2,104 year-over-year decrease is primarily attributable to \$2,000 dissolved for Workforce Investment Network
- (5) The \$43,650 year-over-year decrease is primarily attributable to a \$46,288 increase in project cost expenditures

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Thousands of Dollars)

CITY OF MEMPHIS, TENNESSEE
EXHIBIT X-4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Local taxes	534,141	\$ 546,446	\$ 540,761	\$ 532,902	\$ 550,660	\$ 568,619	\$ 576,294	\$ 580,750	\$ 609,946	\$ 603,993
State taxes (local share)	87,751	85,612	89,798	89,798	89,767	94,058	103,987	100,397	105,895	102,385
Hotel/motel tax	4,017	3,537	4,524	4,189	4,223	4,612	10,726	15,513	17,176	18,964
Licenses and permits	11,119	11,393	10,986	11,436	12,489	13,586	14,161	15,300	15,827	17,837
Fines and forfeitures	16,392	16,961	16,866	19,119	20,596	19,546	19,863	17,731	17,226	18,275
Charges for services	82,851	89,388	91,421	91,231	87,272	87,058	91,075	90,924	91,618	93,915
Investment income	1,301	798	725	652	721	769	1,508	1,421	4,574	12,197
Federal grants and entitlements	58,123	59,398	66,172	58,563	49,898	44,287	52,758	45,596	47,474	62,496
State grants	5,929	6,359	15,421	12,422	4,328	5,839	9,571	5,004	4,610	3,113
Intergovernmental revenues	6,836	6,492	6,155	4,136	3,928	3,411	5,996	9,409	8,661	9,966
Operating revenues	13,696	14,016	22,576	21,328	17,000	22,525	16,661	20,321	38,988	21,080
Other	-	-	-	-	-	-	-	-	-	-
Total revenues	822,156	842,311	861,219	845,776	840,882	863,418	906,531	901,227	961,468	961,771
Expenditures										
General government	177,049	179,292	150,362	165,735	177,009	176,173	183,995	198,706	219,466	216,804
Public safety	374,182	388,071	373,590	383,181	384,594	400,632	408,809	435,763	445,196	457,908
Community services	109,092	101,360	98,619	79,562	75,407	84,247	77,099	80,562	85,180	83,494
Transportation and environment	73,687	74,042	86,410	70,675	67,310	79,189	68,281	74,196	82,055	91,410
Education	62,825	82,400	72,526	63,720	276	154	112	112	82	59
Capital outlay	86,656	100,550	225,201	123,544	124,566	85,120	97,966	71,108	91,963	138,196
Operating expenditures	-	-	-	-	-	-	6,259	-	-	-
Debt service:	-	-	-	-	-	-	-	-	-	-
Redemption of serial bonds and notes:	61,803	24,100	36,874	66,812	74,099	86,421	86,733	90,782	92,535	97,366
Lease payments	-	-	-	3,799	2,386	3,294	7,037	6,406	5,608	6,422
Interest	53,866	52,303	64,709	66,390	61,595	67,465	65,403	65,051	59,848	69,319
Bond issuance cost	2,783	1,012	5,538	7	3,303	2,773	895	1,699	2,234	242
Service charges	196	194	229	616	1,327	1,019	966	1,115	1,202	754
Total expenditures	1,002,139	1,003,324	1,114,058	1,024,041	971,872	986,333	1,003,597	1,025,500	1,085,369	1,161,974
Excess of revenues over (under) expenditures	(179,983)	(161,013)	(252,839)	(178,265)	(130,990)	(122,915)	(97,066)	(124,273)	(123,901)	(200,203)
Other financing sources (uses)										
Sale of capital assets	-	-	8,947	1,481	431	691	-	1,792	60	5,493
Transfers in	120,557	187,613	162,405	152,176	104,545	86,542	99,071	95,190	110,963	115,923
Transfers out	(55,560)	(120,684)	(94,443)	(115,405)	(58,371)	(30,161)	(36,987)	(23,817)	(43,865)	(47,211)
Proceeds from issuance of debt	393,440	60,824	-	-	-	-	-	-	-	-
Capital leases	-	-	8,963	-	23,600	18,716	2,003	3,250	4,400	-
Special items	-	-	-	-	-	-	(6,250)	-	-	-
Issuance of debt	-	-	-	115,000	-	-	-	-	-	-
Issuance of refunding debt	-	25,366	98,740	-	430,652	244,055	114,885	233,240	384,254	75,035
Related party loan	-	-	20,397	-	-	1,585	1,562	-	-	-
Proceeds from related party debt	-	-	196,936	-	-	-	-	-	-	-
Retirement of refunded debt obligation	(322,487)	(27,108)	(173,496)	-	(343,259)	(222,171)	(75,000)	(195,830)	(150,000)	-
Premium on debt issue	18,274	6,803	19,876	-	-	25,084	5,805	17,401	17,764	-
Total other financing sources	154,224	132,814	320,300	153,252	157,598	124,341	105,089	131,226	323,576	149,240
Net change in fund balances/(deficit)	(25,759)	(28,199)	(67,461)	(25,013)	(26,608)	(1,426)	8,023	6,953	199,675	(50,963)
Debt service as a percentage of noncapital expenditures	12.6%	8.5%	11.4%	15.2%	16.3%	17.4%	17.6%	17.0%	15.9%	16.9%

GENERAL FUND EXPENDITURES AND OTHER USES BY FUNCTION
 Last Ten Fiscal Years
 (Thousands of Dollars)

CITY OF MEMPHIS, TENNESSEE
 Exhibit X-5

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Legislative	\$ 1,515	\$ 1,572	\$ 1,498	\$ 1,502	\$ 1,426	\$ 1,501	\$ 1,443	\$ 1,547	\$ 1,932	\$ 2,093
Judicial	576	606	586	588	619	624	643	645	631	858
Court clerk	4,042	4,675	4,551	4,508	4,454	9,160	6,250	6,354	6,098	5,718
Executive	6,545	6,390	4,785	4,835	5,272	7,101	8,413	12,970	18,605	18,220
Finance and administration	5,018	5,196	4,656	4,557	4,649	5,100	7,489	9,278	16,648	16,962
City attorney	14,506	14,978	14,126	11,158	10,793	9,131	10,140	11,892	10,385	12,861
City engineer	5,327	5,981	5,674	5,773	5,030	5,230	6,640	7,776	7,916	8,636
Information systems	18,850	19,158	15,449	14,587	14,510	14,474	15,949	21,378	27,836	19,573
Human resources	7,787	5,367	5,055	5,554	4,638	5,731	7,343	8,090	9,351	8,427
General services	11,730	12,941	11,724	21,156	19,540	20,628	21,701	24,273	20,217	20,396
Special appropriations	66,797	64,989	53,096	42,362	64,627	55,521	53,886	49,837	50,033	54,638
Total general government	<u>142,693</u>	<u>141,853</u>	<u>121,200</u>	<u>116,580</u>	<u>135,558</u>	<u>134,201</u>	<u>139,897</u>	<u>154,040</u>	<u>169,652</u>	<u>168,382</u>
Public Safety										
Police	212,492	224,752	218,643	226,569	227,401	234,108	240,431	256,476	262,684	269,578
Fire	157,063	159,488	152,013	153,423	154,070	163,014	165,273	176,102	178,816	184,589
Total public safety	<u>369,555</u>	<u>384,240</u>	<u>370,656</u>	<u>379,992</u>	<u>381,471</u>	<u>397,122</u>	<u>405,704</u>	<u>432,578</u>	<u>441,500</u>	<u>454,167</u>
Community Services										
Library	-	-	-	-	-	-	-	17,547	18,698	19,800
Parks and recreation	29,992	28,593	29,033	42,706	46,118	49,815	49,709	31,901	35,126	35,796
Public Service	21,821	22,661	22,944	-	2	-	373	(2)	1	-
Community development	5,093	4,498	5,385	4,194	3,705	4,726	3,914	4,792	4,457	5,198
Community enhancement	7,280	7,387	6,312	-	36	-	-	5	1	-
Total community services	<u>64,186</u>	<u>63,139</u>	<u>63,674</u>	<u>46,900</u>	<u>49,861</u>	<u>54,541</u>	<u>53,996</u>	<u>54,243</u>	<u>58,283</u>	<u>60,794</u>
Transportation and Environment										
Public works	6,458	6,321	10,145	19,068	12,241	11,847	14,612	14,162	19,433	17,002
Total transportation and environment	<u>6,458</u>	<u>6,321</u>	<u>10,145</u>	<u>19,068</u>	<u>12,241</u>	<u>11,847</u>	<u>14,612</u>	<u>14,162</u>	<u>19,433</u>	<u>17,002</u>
Transfers out	45,662	66,722	78,107	78,732	22,464	19,005	18,775	7,974	23,764	23,287
Special items	-	-	-	-	-	-	6,250	-	-	-
Total	<u>\$ 628,554</u>	<u>\$ 662,275</u>	<u>\$ 643,782</u>	<u>\$ 641,272</u>	<u>\$ 601,595</u>	<u>\$ 616,716</u>	<u>\$ 639,234</u>	<u>\$ 662,997</u>	<u>\$ 712,632</u>	<u>\$ 723,632</u>

CITY OF MEMPHIS, TENNESSEE
EXHIBIT X-6

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			
2009	2010	5,476,099,925	21,904,399,700	4,893,771,265	12,450,961,410	1,196,861,700	3,986,490,000	775,027,935	1,409,141,700	12,341,760,825	39,750,992,810	31.05%	3.1957
2010	2011	5,359,781,600	21,439,126,400	4,743,781,550	12,089,810,000	1,133,365,185	3,774,783,400	816,425,195	1,484,409,445	12,053,353,530	38,788,129,245	31.07%	3.1957
2011	2012	5,301,771,500	21,207,086,000	4,507,983,385	11,506,347,200	1,128,790,635	3,760,225,200	877,932,058	1,596,240,105	11,816,477,578	38,069,898,505	31.04%	3.1889
2012	2013	5,248,101,650	20,992,406,600	4,371,602,915	11,161,458,700	1,178,853,370	3,927,663,000	922,004,864	1,676,372,480	11,720,562,799	37,757,900,780	31.04%	3.1100
2013	2014	4,731,533,025	18,926,132,100	4,532,007,925	11,566,004,400	1,273,218,610	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	1,202,709,365	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	1,163,790,125	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	1,195,454,995	3,979,910,300	1,074,179,569	1,953,083,762	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	1,232,142,320	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	1,260,430,100	4,199,045,700	1,138,764,751	2,070,481,365	12,687,864,236	40,029,727,765	31.70%	3.1960

(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)

PROPERTY TAX RATES AND LEVIES -
ALL DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Tax Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fiscal Year	2010	2011	2012 *	2013	2014 *	2015	2016	2017	2018	2019	2020
City Direct Rates											
General Fund	\$ 2.2917	\$ 2.2917	\$ 2.4717	\$ 2.2917	\$ 2.4874	\$ 2.3125	\$ 2.3125	\$ 2.3125	\$ 2.2251	\$ 2.1640	
Debt Service	0.7141	0.7141	0.7141	0.7152	0.9093	1.0842	1.0842	1.0842	1.0432	1.0189	
CIP	0.0031	0.0031	0.0031	0.0031	0.0033	0.0033	0.0033	0.0033	0.0032	0.0031	
Education	0.1868	0.1868	0.0000	0.1000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Pre-K	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0100	
Total City Direct Rate	3.1957	3.1957	3.1889	3.1100	3.4000	3.4000	3.4000	3.4000	3.2715	3.1960	
County Direct Rates											
General Fund	1.23	1.33	1.36	1.36	1.45	1.45	1.45	1.45	1.43	1.49	
Debt Service	0.81	0.79	0.75	0.75	0.79	0.78	0.78	0.78	0.69	0.62	
Education	1.98	1.90	1.91	1.91	2.14	2.14	2.14	2.14	1.99	1.94	
Total County Direct Rate	4.02	4.02	4.02	4.02	4.38	4.37	4.37	4.37	4.11	4.05	
Total Overlapping Rate	7.2157	7.2157	7.2089	7.1300	7.7800	7.7700	7.7700	7.7700	7.3815	7.2460	
Tax Levies											
(1) City	\$ 389,347,038	\$ 380,172,801	\$ 378,505,905	\$ 369,997,811	\$ 386,414,917	\$ 390,901,305	\$ 389,694,995	\$ 395,497,816	\$ 420,342,211	\$ 413,606,555	
County	768,641,959	756,936,983	754,262,345	750,562,710	775,606,738	778,641,703	780,513,345	787,557,182	823,187,542	821,656,618	
Total Tax Levies	1,157,988,997	1,137,109,784	1,132,768,250	1,120,560,521	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) 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 CAFR. 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 2019		Name of Taxpayer	Fiscal Year 2010	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Percentage of Total Taxable Assessed Value
FedEx Corporation	\$ 734,831,775	5.79	Federal Express	\$ 416,493,826	3.46
Wolchase Galleria, LTD	64,134,520	0.51	Bell South Telecommunications	106,678,551	0.89
Exeter	54,197,040	0.43	Wolchase Galleria, LTD	60,006,960	0.50
BNSF Railway Company	50,588,478	0.40	Cargill, Inc.	31,218,490	0.26
Smith and Nephew	43,218,230	0.34	Delta Airlines, Inc. (Northwest)	26,432,693	0.22
AT&T Mobility LLC	37,300,012	0.29	BNSF Railway Company	26,314,885	0.22
Union Pacific Railroad Company	33,862,781	0.27	Pinnacle Airlines, Inc.	25,686,283	0.21
Nike	33,349,210	0.26	HRLP Crescent Center LLC	23,425,880	0.19
TMF II Riverset LLC	32,984,560	0.26	Shopping Center Associates	21,990,080	0.18
The Premcor Refining Group	32,123,280	0.25	AT&T Mobility LLC	21,918,007	0.18
Total Assessed Valuation of Top 10 Taxpayers	1,116,589,886	8.80		760,165,655	6.31
Balance of Assessed Valuation	11,571,274,350	91.20		11,293,187,875	93.69
	\$ 12,687,864,236	100.00		\$ 12,053,353,530	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 Collections as Percent of Current Levy	Prior Years Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
2009	2010	389,347,038	363,573,869	93.38	13,566,861	377,140,730	96.86	38,682,060	9.94
2010	2011 (A)	380,186,210	359,918,827	94.67	17,476,145	377,394,972	99.27	37,327,820	9.82
2011	2012 (B)	* 378,505,905	357,439,955	* 94.43	7,157,948	364,597,903	* 96.33	* 38,518,840	* 10.18
2012	2013 (C)	369,997,811	351,568,012	95.02	4,609,428	356,177,440	96.26	37,920,407	10.25
2013	2014 (D)	* 386,414,817	* 373,811,552	* 96.74	4,475,138	* 378,286,690	* 97.90	* 40,240,356	* 10.41
2014	2015 (E)	390,901,305	* 372,601,741	* 95.32	9,154,932	* 381,756,673	* 97.66	* 37,980,066	* 9.72
2015	2016 (F)	389,694,995	371,180,561	95.25	9,372,759	380,553,320	97.65	38,934,491	9.99
2016	2017 (G)	395,497,816	376,155,872	95.11	5,759,219	381,915,091	96.57	41,089,159	10.39
2017	2018 (H)	420,342,211	400,081,997	95.18	7,091,826	407,173,822	96.87	40,252,452	9.58
2018	2019 (I)	413,606,555	394,872,256	95.47	6,753,713	401,625,969	97.10	38,342,430	9.27

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 of 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) FY2011 was corrected to include collections of current receivables (tax year 2010 that funds FY2011) and collections of delinquent receivables (tax years 2008 & 2009) resulting from a sale of real property tax receivables to an outside party in May 2011. The sale generated property tax revenue and a reduction of the property tax receivable balances of \$6,717,420 for 2010 tax year, which is reflected in current tax amount collections, and \$3,507,581 for 2008 and 2009 tax years, which is reflected in delinquent collections.

(B) In November 2011, the City sold the majority of the 2011 tax year (which funds fiscal year 2012) real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$17,737,009 for fiscal year 2012, which is reflected in tax collections.

(C) In November 2012, the City sold the majority of the 2012 tax year (which funds fiscal year 2013) real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$17,353,001 for fiscal year 2013, which is reflected in tax collections.

(D) 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.

(E) 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.

(F) 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."

(G) 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.

(H) 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

(I) 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 \$2,541,070.80. The sale is reflected in total tax collections.

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⁾	Anticipation Notes / Commercial Paper ⁽¹⁾	Bond Obligations	Guarantee Obligations	Guarantee Premiums ⁽¹⁾	Settlement Obligation ⁽¹⁾	Capital Leases ⁽¹⁾	Sewer Revenue Bonds ⁽¹⁾	Sewer Revenue Bond Premiums ⁽¹⁾	Sewer State Loans ⁽¹⁾	Electric Revenue Bonds ⁽¹⁾	Electric Revenue Bond Premiums ⁽¹⁾	Gas Bond Anticipation Notes	Gas Bond Premiums	Water Revenue Bonds ⁽¹⁾	Water Revenue Bond Premiums ⁽¹⁾	Total Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
2010	1,144,493	-	75,400	-	-	-	4,628	148,270	-	3,881	953,664	-	-	15,000	-	3,165	-	2,348,501	4.69%	3,469
2011	1,181,468	-	75,400	-	-	-	5,182	155,540	-	3,881	848,305	-	-	-	-	1,625	-	2,271,401	4.49%	3,511
2012	1,158,085	-	71,975	217,050	-	-	11,286	145,575	-	3,881	757,885	-	-	-	-	1,625	-	2,367,362	4.78%	3,631
2013	1,091,780	-	186,975	216,543	-	-	7,487	135,095	-	3,881	662,695	-	-	-	-	-	-	2,304,456	6.05%	3,508
2014	1,221,320	-	50,000	216,018	-	-	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	20,000	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	2,171	18,666	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	17,332	31,618	89,190	929	47,124	341,455	21,016	40,000	7,866	43,870	3,331	2,102,446	4.96%	3,152	
2018	1,347,440	66,452	-	176,765	16,394	15,999	30,440	77,960	461	83,898	312,685	27,659	78,725	13,828	67,170	5,679	2,321,525	5.37%	3,561	
2019	1,261,655	52,893	75,000	165,184	14,797	14,665	23,989	115,005	44,237	107,743	185,520	23,709	76,160	12,611	64,540	5,180	2,242,888	5.02%	3,445	

⁽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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Estimated population (3)	676,640	646,889	652,050	657,457	653,450	656,861	653,480	666,723	652,236	650,618
Appraised property valuation (2) (4)	\$ 39,750,993	\$ 38,788,129	\$ 38,069,899	\$ 37,757,901	\$ 36,455,804	\$ 35,448,458	\$ 35,955,987	\$ 36,080,187	\$ 39,799,719	\$ 40,029,728
Assessed valuation (2) (4)	12,341,761	12,053,354	11,816,478	11,720,563	11,483,484	11,142,251	11,345,981	11,374,600	12,597,019	12,687,864
General obligation debt (1) (2)	1,219,893	1,256,868	1,230,060	1,163,755	1,271,320	1,228,825	1,199,950	1,119,035	1,347,440	1,261,655
Bond Premiums (2) (5)	-	-	-	-	-	79,464	73,155	60,542	66,452	52,893
Less self supporting debt (1a) (2)	3,920	2,015	-	-	-	-	-	-	-	-
Net Debt (1a) (2)	1,215,973	1,254,853	1,230,060	1,163,755	1,271,320	1,308,289	1,273,105	1,179,577	1,413,892	1,314,548
Bonded debt per capita - net debt	1,797	1,940	1,886	1,770	1,946	1,992	1,948	1,769	2,168	2,020
Bonded debt to appraised valuation -net debt	3.06%	3.24%	3.23%	3.08%	3.49%	3.69%	3.54%	3.27%	3.55%	3.28%
Bonded debt to assessed valuation -net debt	9.85%	10.41%	10.41%	9.93%	11.07%	11.74%	11.22%	10.37%	11.22%	10.36%

(1) Debt includes City general obligation bonds, bond anticipation notes, and commercial paper (2010-2019).
Does not include capital leases, guarantee obligations or state loans.

(1a) Debt includes debt issued by City for MSCAA.

(2) In thousands of dollars.

(3) Source-U.S. Census Bureau; the most current data available is for calendar year 2018.

(4) Sources: Shelby County Assessor and State of Tennessee Office of State Assessed Property

(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, 2019

(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⁾	\$ 1,336,655	100.0%	\$ 1,336,655
Bond Premiums	52,893	100.0%	52,893
Capital lease obligations	23,989	100.0%	23,989
Guarantee Obligations	165,184	100.0%	165,184
Guarantee Obligation Premiums	14,797	100.0%	14,797
Settlement Obligation	<u>14,665</u>	100.0%	<u>14,665</u>
Total direct government indebtedness ⁽³⁾	1,608,183		1,608,183
<u>Overlapping bonded indebtedness:</u>			
Shelby County debt	<u>965,474</u>	62.3%	<u>601,490</u>
Total overlapping bonded indebtedness	965,474		601,490
Total direct and overlapping debt ⁽⁴⁾	<u>\$ 2,573,657</u>		<u>\$ 2,209,673</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 \$55,520 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)

CITY OF MEMPHIS, TENNESSEE
EXHIBIT X-13

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt capacity limit	\$ 1,446,402	\$ 1,417,977	\$ 1,406,468	\$ 1,406,468	\$ 1,378,018	\$ 1,337,070	\$ 1,361,518	\$ 1,364,952	\$ 1,511,642	\$ 1,522,544
Total net debt applicable to limit	1,213,947	1,259,298	1,230,060	1,163,755	1,271,320	1,308,289	1,273,105	1,179,577	1,413,892	1,314,548
Debt capacity margin balance	\$ 232,455	\$ 158,679	\$ 176,408	\$ 242,713	\$ 106,698	\$ 28,781	\$ 88,413	\$ 185,375	\$ 97,750	\$ 207,996
Total net debt applicable to the limit as a percentage of debt limit	83.93%	88.81%	87.46%	82.74%	92.26%	97.85%	93.51%	86.42%	93.53%	86.34%

Debt Margin Calculation for Fiscal Year 2019

Total assessed value (1)	\$ 12,687,864
Debt capacity limit (12% of total assessed value) (2)	1,522,544
Debt applicable to limit:	
Total bonded debt	\$ 1,314,548
Total net debt applicable to limit	1,314,548
Debt capacity margin balance	\$ 207,996

(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)					
2009	1,284,863	1,134,821	150,042	140,796	1.07
2010	1,348,346	1,193,617	154,729	610,778	0.25
2011	1,385,433	1,247,530	137,903	131,619	1.05
2012	1,331,536	1,221,769	109,767	132,217	0.83
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
GAS DIVISION (1)					
2009	361,271	314,213	47,058	20,674	2.28
2010	341,350	292,481	48,869	15,126	3.23
2011	288,409	250,812	37,597	-	N/A
2012	226,395	200,483	25,912	-	N/A
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
WATER DIVISION (1)					
2009	80,295	65,676	14,619	5,133	2.85
2010	84,957	71,908	13,049	1,706	7.65
2011	86,887	72,029	14,858	43	345.53
2012	85,265	74,395	10,870	1,668	6.52
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
SEWER COLLECTION AND TREATMENT FUND (2) (3)					
2010	56,810	35,972	20,838	15,587	1.34
2011	100,931	39,919	61,012	17,384	3.51
2012	106,910	42,244	64,666	16,880	3.83
2013	106,993	44,546	62,447	16,806	3.72
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

(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
2009	676,640	50,093,990	38,577	33.8	107,041	10.0
2010	646,889	50,613,401	35,775	33.5	106,656	10.9
2011	652,050	49,519,474	37,569	34.5	102,798	9.9
2012	657,457	38,116,646	37,546	33.4	101,696	9.5
2013	653,450	39,896,975	42,409	33.1	149,928	9.3
2014	656,861	40,594,551	43,210	34.3	141,814	8.7
2015	653,480	41,968,752	44,705	34.1	116,059 ⁽¹⁾	6.5
2016	666,723	42,356,302	45,153	34.2	114,644	4.2
2017	652,236	43,210,184	46,234	33.5	112,808	4.7
2018	650,618	44,650,627	47,655	36.5	103,015	5.0

Source - U.S. Census Bureau, Bureau of Economic Analysis, Bureau of Labor Statistics, Shelby County Schools and Greater Memphis Chamber

(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.

Name of Employer	2019		2010	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
FedEx Corporation	30,000	4.64%	32,000	5.81%
Tennessee State Government	14,500	2.24%	16,184	2.94%
United States Government	13,400	2.07%	14,600	2.65%
Methodist Le Bonheur Healthcare	12,923	2.00%	9,000	1.63%
Shelby County Schools	11,500	1.78%	8,442	1.53%
Baptist Memorial Healthcare Corp.	7,405	1.14%	7,080	1.29%
City of Memphis	7,000	1.08%	6,470	1.17%
Kroger Co.	6,560	1.01%	6,100	1.11%
Naval Support Activity Mid-South	6,500	1.00%	6,000	1.09%
Wal-Mart Stores, Inc.	6,280	0.97%	5,200	0.94%
Total	116,068	17.94%	111,076	20.17%

Source - City of Memphis Comprehensive Annual Financial Report FY 2010, Greater Memphis Chamber MSA Employers 2019

Function and Activity	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	1,261	1,147	1,147	724	669	640	652	725	983	1,049
Public safety										
Police										
Officers	2,444	2,550	2,550	2,554	2,521	2,299	2,042	2,290	2,283	2,397
Civilians	447	478	478	478	411	397	732	438	453	469
Fire										
Firefighters and officers	1,758	1,678	1,740	1,709	1,616	1,576	1,391	1,576	1,585	1,595
Civilians	116	184	122	122	218	213	398	208	199	178
Highways and streets										
Engineering	146	124	124	120	117	117	116	116	116	116
Maintenance	287	274	274	389	382	391	393	399	399	446
Sanitation	611	604	604	621	619	619	615	515	515	515
Culture and recreation	261	240	240	510	507	508	506	162	208	211
Sewer	290	289	289	299	299	305	341	341	341	354

Source - City of Memphis Operating Budget Book FY 2019

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

CITY OF MEMPHIS, TENNESSEE
EXHIBIT X-18

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Physical arrests	61,322	82,003	48,357	46,116	89,478	58,247	53,269	65,231	62,707	58,920
Parking violations	92,433	89,374	77,398	87,536	62,595	62,916	48,623	58,181	64,622	72,770
Traffic violations	224,647	222,435	215,658	178,934	179,599	152,773	179,374	111,908	167,936	219,237
Fire										
Number of calls answered	24,974	23,892	24,522	126,789	131,542	118,928	124,320	142,087	144,931	144,282
Inspections	N/A	N/A	206,142	206,881	53,980	51,159	45,240	45,022	15,822	18,919
Highways and streets										
Street resurfacing (miles)	99.12	137.93	147.04	131.60	139.05	113.90	177.80	246.30	102	224.87
Potholes repaired	946	982	973	39,280	47,504	76,482	3,882	75,000	58,871	60,085
Sanitation										
Refuse collected (tons/day)	1,121	1,161	1,131	1,117	1,401	928	920	1,117	1,868	1,898
Recyclables collected (tons/day)	435	374	429	407	495	392	489	337	411	1,385
Culture and recreation										
Athletic field permits issued	1,465	1,786	999	982	1,445	1,129	1,154	827	702	1,127
Community center admissions	1,472,891	1,653,610	1,798,532	1,929,348	1,899,388	1,818,094	1,318,919	1,676,957	1,328,117	1,116,072
Water										
Average daily consumption (thousands of gallons)	115,519	118,768	115,295	112,216	108,564	104,620	100,055	99,957	99,137	99,657
Wastewater										
Average daily sewage treatment (thousands of gallons)	169,000	172,950	175,900	150,000	150,000	146,000	146,000	146,000	149,200	187,901

Source: MLGW and/or Internal Division Operating Reports

Function and Activity	Fiscal Year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Public Safety:											
Police:											
Stations	10	10	10	9	9	9	10	10	9	9	
Community policing offices	14	14	14	14	9	9	9	9	9	9	
Patrol units	800	1,056	877	730	692	741	740	677	715	781	
Fire:											
Stations	56	57	57	57	57	56	56	56	57	57	
Trucks (ladder)	27	27	27	27	21	21	21	21	21	21	
Solid Waste Management:											
Collection trucks	253	253	227	227	227	227	214	212	212	263	
Solid waste disposed (tons)	406,191	424,025	405,686	396,309	364,159	343,114	366,483	378,256	485,820	493,423	
Streets and Highways:											
Streets (miles)	6,750	6,750	6,750	6,750	6,818	6,818	6,818	6,818	6,818	6,818	
Curb & gutter (miles)	3,950	3,950	3,950	3,590	6,306	6,306	6,306	6,060	6,355	6,306	
Streetlights	82,640	82,706	82,774	83,750	83,000	83,437	83,800	83,800	83,800	84,499	
Traffic signals	830	770	769	771	770	772	770	770	782	787	
Roadside ditches	580	580	580	580	512	512	512	512	512	512	
Community Services:											
Parks acreage	5,387	5,387	5,387	3,219	3,219	3,219	4,002	4,002	3,219	3,219	
Parks	187	187	187	166	166	166	167	167	167	167	
Golf courses	8	8	8	8	8	8	8	8	8	8	
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	18	17	17	17	17	17	17	17	17	17	
Water:											
Water mains (miles)	3,716	3,716	3,716	3,716	3,874	3,877	3,879	3,879	3,881	3,943	
Fire hydrants	30,423	30,423	30,423	30,423	30,819	30,937	31,018	31,018	31,159	30,311	
Daily storage capacity (millions of gallons)	437.5	437.5	437.5	437.5	437.5	437.5	438	438	438	438	
Sanitary Sewer and Storm:											
Miles of sewer lines	3,625	3,630	3,635	2,400	2,400	2,400	2,400	2,400	3,133	3,133	
Miles of storm drainage	3,988	3,988	3,995	3,900	1,997	1,997	1,936	307	1,424	1,424	

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, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit X- 20

	<u>2019</u>
Revenues	
State taxes (local share)	\$ 18,196
Total revenues	<u>18,196</u>
Expenditures	
Traffic engineering	2,153
Street signs and markings	3,132
Mass transit	35,870
Traffic signal maintenance	3,567
Street maintenance	9,560
Grounds maintenance	<u>3,533</u>
Total expenditures	<u>57,815</u>
Excess of expenditures over revenues	<u>\$ 39,619</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

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
Federal Government Awards					
	Urban Search and Rescue Task Force	97.025	EMW-2015-CA-00015-501	\$ -	\$ 86,858
	Urban Search and Rescue Task Force	97.025	EMW-2016-CA-00016	-	238,520
	TNTF-1 US&R Readiness Cooperative Agreement 2010-SR-24-K044	97.025	2010-SR-24-K044	-	430
	Total Program 97.025			\$ -	\$ 325,808
	AFG Exhaust System	97.044	EMW-2016-FO-04044	-	124,071
	2017 Nat'l Urban Search & Rescue Response system	97.044	EMW-2017-CA-00082	-	460,606
	EMW-2018-CA-00013	97.044	EMW-2018-CA-00013	-	530,134
	2017 Fire Prevention and Safety Grant	97.044	EMW-2017-PP-00804	-	95,043
	Subtotal (97.044)			\$ -	\$ 1,209,854
	Port Security Grant	97.056	EMW-2016-PU-00441	-	232,620
	Port Security Grant	97.056	EMW-2014-PU-00521	-	(9,687)
	Port Security Grant	97.056	EMW-2017-PU-00500	-	122,746
	Total Program 97.056			\$ -	\$ 345,679
TOTAL DEPARTMENT OF HOMELAND SECURITY				\$ -	\$ 1,881,341
	<i>Entitlement Grants Cluster:</i>				
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	Community Development Block Grant	14.218	B01MC470006,B03MC470006,B05MC470006,B06MC470006,B07MC470006,B08MC470006	-	\$ 291,378
	Community Development Block Grant	14.218	B13MC470006	47,104	13,903
	Community Development Block Grant	14.218	B14MC470006	47,102	62,623
	Community Development Block Grant	14.218		-	2,552,755
	Community Development Block Grant	14.218	B17MC470006	243,600	627,127
	Community Development Block Grant	14.218	B17MC470006	671,466	4,999,255
	Unprogrammed CDBG Entitlements FY06	14.218	B06MC470006	-	(544)
	Neighborhood Stabilization Program	14.218	B08MN470003	-	(446,696)
	Total Program 14.218			\$ 1,009,272	\$ 8,099,801
	Lead Hazard Reduction	14.905	TNLHD0258-13	-	773
	Lead Hazard Reduction	14.905	TNLHD0281-15	-	1,172,134
	Total Program 14.905			\$ -	\$ 1,172,907
	Emergency Shelter	14.231	S02.03MC4-70002,S04MC470002,S05MC470002,S06MC470002,S08MC470002,S09MC470002	22,444	\$ 63,565
	Emergency Shelter FY16	14.231	S15MC470002	6,537	-
	Emergency Shelter FY17	14.231	S16MC470002	59,687	-
	Emergency Shelter FY18	14.231	S17MC470002	551,099	351,170
	Emergency Shelter FY19	14.231	S18MC470002	394,435	342,019
	Total Program 14.231			\$ 1,034,202	\$ 756,754

SUPPLEMENTAL SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit Y-1

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	CFDA Number	Contract Number	Passed Through to	
				Subrecipients	Expenditures
	Home Program	14.239	M02.03MC470202,M98MC470202,M99MC470202,M00MC470202,M04MC470202,M0	\$ 387,028	\$ 1,936,962
	Home Program	14.239	M15MC470202	118,718	368,381
	Home Program	14.239	M16MC470202	184,515	327,638
	Home Program	14.239	M17MC470202	-	146,113
	Home Program	14.239	M18MC470202	94,414	889,003
	Total Program 14.239			\$ 784,675	\$ 3,668,097
	Housing Opportunities for Persons with Aids FY17	14.241	TNH16F001	\$ 192,148	\$ 217,175
	Housing Opportunities for Persons with Aids FY18	14.241	TNH17F001	192,979	452,467
	Housing Opportunities for Persons with Aids FY19	14.241	TNH18F001	3,151,057	3,188,448
	Total Program 14.241			\$ 3,536,184	\$ 3,858,090
	Low Income Home Energy Assistance Program (LIHEAP)	81.042	DE-EE0007951.0000LWx	\$ -	\$ 11,405
	Weatherization Program (WAP) FY18	81.042	DE-EE0007951.0000	-	30,001
	Weatherization Program (WAP) FY19	81.042	DE-EE0007951.00	-	290,475
	Low Income Home Energy Assistance Program (LIHEAP) FY19	93.568	G-1801TNLIEA	-	148,042
	Continuum of Care (COC) Program	14.267	TN0016L4J011710	111,585	111,585
	Continuum of Care (SHIELD)	14.267	TN0111L4J011709	212,949	212,949
	Continuum of Care (COC) Program	14.267	TN0111L4J011810	-	55,458
	Continuum of Care (COC) Program	14.267	TN0016L4J011811	-	29,699
	Choice Neighborhoods implementation Grant	14.889	TN4K001CNG114	-	24,900
	Neighborhood Stabilization 3	14.256	B-11-MN-47-0003	-	117,140
	Total Program 14.246, 81.042, 14.256, 14.267, 93.568, 14.889, 15.904			\$ 324,534	\$ 1,031,654
	TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			\$ 6,688,867	\$ 18,587,303
	Equitable Sharing Forfeitures	16.000	TNMPD0000	\$ -	\$ 397,656
	Equitable Sharing Forfeitures	16.000	TNMPD0000	-	397,656
	Total Program 16.000			\$ -	\$ 397,656
	Bulletproof Vest Partnership Program FY16	16.607	N/A	\$ -	\$ 260
	Bulletproof Vest Partnership Program FY16	16.607	N/A	-	260
	Total Program 16.607			\$ -	\$ 260
	Project Safe Neighborhood Housing Demo	16.609	2004-GP-CX-0704,2003-GP-CX-0515,Z-04-015253-00,2009-GP-BX-0069,2010-GP-BX-004	\$ -	\$ 61,176
	Total Program 16.609			\$ -	\$ 61,176
	Encourage Arrest Policies	16.590	2004-WE-AX-0031,2008-WE-AX-0037	\$ -	\$ 419
	Encourage Arrest	16.590	2014-WE-AX-0049	73,763	73,763
	Total Program 16.590			\$ 73,763	\$ 74,182
	Juvenile Justice and Delinquency Program	16.541	2012-NY-FX-0024	\$ -	\$ (4,000)
	Youth Violence Prevention	16.541	2012-NY-FX-0024	-	4,096
	Total Program 16.541			\$ -	\$ 96
	STOP Vioploence Against Women	16.588	n/a	\$ -	\$ 154,652
	Total Program 16.588			\$ -	\$ 154,652

SUPPLEMENTAL SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit Y-1

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
Pass - through Funding Passed through Shelby County State of Tennessee	JAG Program Cluster: JAG 10 JAG 14 JAG 16 Memphis LPR/GSR Technology Innovation MPL After School Programs Technology Innovation for Public Safety FY09 EDWARD BYRNE (LOCAL) JUSTICE ASSISTANCE GRANT Byrne Memorial Justice Assistance Grant (JAG) FY08 (Local)	16.738 16.738 16.738 16.738 16.738 16.738 16.738	2010-DJ-BX-1563,BJA-2013-3599 BJA-2014-3879 2016-DG-BX-K143 N/A 2018-DG-BX-K010 2009-G9418-TN-DJ 2008-D-J-BX-0465	\$ - - - - 31,593 -	\$ 21,371 43,253 (3,155) 71,452 68,533 31,593 10,482 4,046
Total Program 16.738				\$ 31,593	\$ 247,575
	Total JAG Program Cluster			\$ 31,593	\$ 247,575
	2015 Sexual Assault Kit Initiative FY17 National Sexual Assault Kit Initiative (SAKI) Subtotal (16.833)	16.833 16.833	2015-AK-BX-K004 2017-AK-BX-0014	\$ 246,641 89,130	\$ 351,334 166,028
Total Program 16.833				\$ 335,771	\$ 517,362
	GREAT 07 Great FY04 Subtotal (16.737)	16.737 16.737	2007-JV-FX-0255 2004-JV-FX-0113	\$ - -	\$ (5,968) 4,941
Total Program 16.737				\$ -	\$ (1,027)
	OCS: COOR Le Initiative	16.753	2008-D-BX-0282, 2009-D1-BX-0178	\$ -	\$ 20,255
TOTAL DEPARTMENT OF JUSTICE				\$ 441,127	\$ 1,472,187
Direct Funding:	WIA Cluster: Workforce Investment Act - Adult Workforce Investment Act - Adult Workforce Investment Act - Adult Workforce Investment Act - Adult Workforce Investment Act - Adult Workforce Investment Act - Adult 0913FY9213ADULT	17.258 17.258 17.258 17.258 17.258 17.258 17.258	DA0400062,LW13ST91ADULT09, 08-13-FY8-213-ADULT, 08-13-PY7-213-Adult, 07-13-F) LW13P141ADULT17 LW13F151ADULT15 LW13P141ADULT17 LW13P171ADULT18 LW13F181ADULT18 0913FY9213ADULT	\$ 15,784 - 12,401 - 38,964 553,331 -	\$ 15,785 1,666 12,401 - 76,195 39,964 740,988 (3,883) 883,116
Total Program 17.258				\$ 620,480	\$ 883,116
	LW13P161TFSWA17 LW13P161MNSWA17 Workforce Investment Act - Youth Workforce Investment Act - Youth	17.259 17.259 17.259 17.259	LW13P161TFSWA17 LW13P161MNSWA17 LW13P171YOUTH18 LW13P171YOUTH18 LW13P131YOUTH14,LW13P161YOUTH17	\$ - - 408,401 -	\$ 453,524 164,538 563,823 (2,308) 243,849 1,423,426
Total Program 17.259				\$ 511,433	\$ 1,423,426

SUPPLEMENTAL SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the fiscal year ended June 30, 2019

CITY OF MEMPHIS, TENNESSEE
Exhibit Y-1

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
	Workforce Investment Act - America's Promise Job Driven Grant	17.268	HG-30131-17-60-A-47	\$ -	\$ 47,408
	Total Program	17.268		\$ -	\$ 47,408
	Workforce Investment Act - Dislocated	17.278	LW13F142TRSP14	\$ -	\$ (3,311)
	Workforce Investment Act - Dislocated	17.278	LW13P161DSLWK17	6,479	48,031
	Workforce Investment Act - Dislocated	17.278	LW13F171DSLWK17	100,936	128,369
	Workforce Investment Act - Dislocated	17.278	LW13P141DSLWK15	-	(204)
	Workforce Investment Act - Dislocated	17.278	LW13F151DSLWK15	-	(23,547)
	Workforce Investment Act - Dislocated	17.278	LW13F181DSLWK18	3,590	208,049
	Workforce Investment Act - Dislocated	17.278	LW13P171DSLWK18	45,486	(14,167)
	Workforce Investment Act - Dislocated Administrative	17.278	LW13F162MNSWA16	-	6,870
	Workforce Investment Act - Rapid Response DW	17.278	LW13F171CBRSP17	89,822	89,822
	Workforce Investment Act - Rapid Response IWT	17.278	LW13F152WRSP15	86,000	86,000
	09-13-FY9-413-DSLWK	17.278	09-13-FY9-413-DSLWK	-	(11,239)
	Total Program	17.278		\$ 332,313	\$ 514,673
	Total WIA Cluster			\$ 1,464,226	\$ 2,868,623
	Workforce Investment Act - TDOL	17.207	LW13P161WP32517	\$ -	\$ 292
	Workforce Investment Act (RESEA) Employment Services	17.225	LW13P161RESEA17	-	13,749
	Workforce Investment Act SNAP E&T	10.561	LW13F181OSNAP18	14,263	15,391
	Workforce Investment Act SNAP E&T	10.561	LW13F161SNAP	-	(476)
	YouthBuild	17.274	YB-24715-13-60-A-47	-	153
	Ticket to Work	96.009	NONE	2,962	156,754
	Child Support Enforcement	93.564	NONE	-	(28,857)
	Workforce Investment Act - Mid-South Community College- sub gr	17.282	contract # 32326	19,943	-
	Total Program	17.207, 17.225, 10.561, 17.274, 96.009, 93.564, 17.282		\$ 37,168	\$ 157,006
	TOTAL DEPARTMENT OF LABOR			\$ 1,501,394	\$ 3,025,629
Direct Funding:				\$ -	\$ 4,140
U.S. DEPARTMENT OF TRANSPORTATION				-	-
Pass-through Funding:				-	526,948
Tennessee Department of Transportation				-	224,005
	Highway Planning and Construction Cluster:			-	-
	Biomedical Sidewalk	20.205	PIN 070149,HPP-9409(103), PIN 108676	-	-
	Enhanced Traffic Signal Implementation	20.205	CM-STP-9409(41)-040713,(48)-040718,(141)-112905,(142)-113006,(145)-112875,(47)-(-	-
	Elvis Presley/Shelby/Winchester	20.205	STP-EN-09TN(003)-113028	-	-
	Winchester/Perkins	20.205	STP-M-9409(96,36)	-	87,628
	Plough Blvd Bridge over Winchester Rd	20.205	PIN: 124925.00	-	3,160
	Holmes Road East	20.205	PIN-108701-00,STP-M-9409(99)	-	20,589
	Forest Hill	20.205	STP-M-9409(90)	-	288
	TDOT Multimodal Access Grant	20.205	PIN 1222008	-	131,846
	Westmont Street Sidewalk Imp Project	20.205	PIN 123158	-	3,409
	TDOT Macon Road Sidewalk Project	20.205	PIN 123156	-	43,440
	50-Mile Connections - Bike/Ped On-street Connections	20.205	NONE	-	143,487
	Memphis Bicycle Facilities	20.205	STP-M-9409(167) PIN 118411.00	-	1,865
	STP Wolf River Greenway Phase 15	20.205	STP-M-9409(204) PIN 123310	-	117,786
	STP Group 5 Resurfacing	20.205	STP-EN-9409 (111) PIN 119539	-	3,652,048
	STP Group 6 Resurfacing	20.205	791PLM-FO-417-419 PIN 120588	-	5,193
	STP Isolated Traffic Signal Improvements-Grp 1	20.205	STP-M-NH-14(56) PIN 119540.00	-	22,696
	STP Isolated Traffic Signal Improvements-Grp 2	20.205	STP-EN-9409 (111) PIN 119541	-	2,063,171
	STP Isolated Traffic Signal	20.205	STP-EN-9409 (111) PIN 119542	-	58,495
	Repair 14 Bridges on/over Sam Cooper B20.205lvd	20.205	STP-EN-9409 (111) PIN 119544	-	20,503

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
	Repair Brooks Rd. Bridge over Days Creek	20.205	STP-M-9409(182) 119543	\$ -	519,375
	Chelsea Ave Greenline from Washington Park to Evergreen St	20.205	79LPLM-F0-365, 79LPLM-F0-366, 79LPLM-F0-367, 79LPLM-F0-368	-	1,600
	Mitchell Rd ov IC Railroad	20.205	PIN: 125041.00	-	3,120
	TDOT/Evis Presley Blvd	20.205	STP-EN-9409 (111) PIN	-	68,695
	Highland street Bridge over Wolf River	20.205	PIN: 125042.00	-	3,840
	Overton Park Trail along Poplar Avenue from Morrie Moss Drive	20.205	PIN 119936	-	4,328
	Shelby Farms Greenline Bridge	20.205	PIN 119937	-	42,637
	Transportation Alternative	20.205	N/A	-	60,333
	TDOT Plough/Winchester	20.205	PIN 102619	-	755,523
	TDOT Walker Ave Streetscape-Phase 2	20.205	PIN 119920	-	171,244
	HWY Rail Grade Crossing	20.205	PIN 108673.04	-	98,816
	Georgia at Riverside Dr. Intersection Imprv	20.205	PIN 125430	-	31,302
	Railroad Safety Improvements	20.205	STP-R-2883(2) PIN 112932	-	202,670
	Total Program 20.205			\$ -	\$ 9,094,180
	NETWORK COORDINATOR	20.600	Z14GHS231	\$ -	(11,746)
	Network Coordinator FY17	20.600	PT-17-36	-	302
	THSO Alcohol Saturation & Traffic Enforcement Program	20.600	Z18THS204	-	96,210
	Highway Safety/Network Coordinator FY13	20.600	Z15GHS235	-	(1,168)
	FY18 Network Coordinator	20.600	Z18THS207	-	4,854
	GHSO 2006	20.600	Z-06-027348-00	-	(1,523)
	Highway Safety 2013	20.600	Z13GHS210	-	8,392
	GHSO Network Coordinator Law Enforcement Grants 2012	20.600	Z12GHS196	-	9,670
	GHSO FY10 NETWORK COORDINATOR LAW ENFORCEMENT	20.600	PT-10-31	-	2,804
	GHSO Network Coordinator Law Enforcement	20.600	Z11GHS265	-	1,083
	GHSO FY09 COMPREHENSIVE ALCOHOL REDUCTION	20.600	Z09214633	-	(136)
	Highway Safety Grant	20.600	154AL-03-16	-	(935)
	GHSO FY08 Multiple Violations Award	20.600	Z-08-023692-00	-	1,264
	GHSO FY08 Network Coordinator Award	20.600	Z-08-023676-00	-	732
	Total Program 20.600			\$ -	\$ 109,803
	GHSO FY10 CARD	20.601	K8-10-80,Z13GHS209	-	(6,728)
	Total Program 20.601			\$ -	(6,728)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
	GHSO FY08 Alcohol Award	20.607	Z-08-024037-00	\$ -	(7,048)
	GHSO Alcohol Saturation	20.607	Z11GHS004,Z12GH5197,Z12GH5198,2012-Z13GH5208	-	7,815
	GHSO Alcohol Saturation FY15	20.607	Z15GHS234	-	(20,363)
	GHSO Alcohol Saturation FY16	20.607	154AL-16-46	-	(4,054)
	GHSO Alcohol Saturation FY17	20.607	154AL-17-154	-	(3,181)
	GHSO FY09 ALCOHOL SATURATION PATROLS	20.607	Z09214632	-	(24,150)
	GHSO FY10 ALCOHOL SATURATION PATROLS	20.607	154AL-10-29	-	(63,704)
	Total Program 20.607			\$ -	(114,685)
	Comprehensive Alcohol Risk Reduction	20.616	MSHVE-17-13	\$ -	51,013
	Total Program 20.616			\$ -	51,013
TOTAL DEPARTMENT OF TRANSPORTATION				\$ -	9,133,583
INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES	Technology Equip Teen Learning Van	45.310	LS-00-16-0043-16	\$ -	8,850
	Supplies, Books, Materials Collection Development	45.310	N/A	-	6,400
EXECUTIVE OFFICE OF THE PRESIDENT					
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT	HIDTA FY17	95.001	G16GC005A	\$ -	(5,472)
	HIDTA FY14	95.001	NONE	-	6,179
	High Intensity Drug Trafficking Areas Program	95.001	G17GC0005A	-	27,780
	Total Program 95.001			\$ -	28,487
NATIONAL ALLIANCE PRESERVATION					
TOTAL NATIONAL ALLIANCE PRESERVATION	National Alliance of Preservation	15.904	P17AF00055	\$ -	4,459
	Memphis Heritage Trail	15.904	P18AP00139	-	25,650
	Memphis Heritage Trail Project- Under Rep Communities	15.904	P18SP00025	-	5,518
	Total Program 15.904			\$ -	35,627
Pass-through Funding					
Direct Funding:	Capitalization Grant for Clean Water State Revolving Fund	66.458	SRF 13-311, SRF 06-195, & SRF-13-309, SRF 2015-355	\$ -	18,866,393
TOTAL ENVIRONMENTAL PROTECTION AGENCY, OFFICE OF WATER				\$ -	18,866,393
TOTAL FEDERAL GRANTS				\$ 8,631,388	\$ 53,045,800

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
STATE FINANCIAL ASSISTANCE	Memphis Police Division In-service Training	N/A		\$ -	\$ 1,091,400
	Domestic Violence Intervention	N/A			248,967
	Household Hazardous Waste	N/A	GG0712743.GG-09-253326-00,GG1339302		13,023
	Internet Crimes Against Children	N/A	GG082393100		26,843
	In-Service Training FY17	N/A			10,200
	2008 Project Safe Neighborhoods Initiative PSN (state grant in 200	N/A			14,729
	Internet Crimes Against Children	N/A			25
	ICAC FY16	N/A	31701-06185		953
	ICAC FY17	N/A	31701-06206		1,974
	ICAC FY18	N/A	31701-06234		51,086
	ICAC FY19	N/A	31701-06249		158,813
	THSO FY19 Network Coordinator	N/A	Z19THS184		1,694
	THSO Alcohol Saturation Patrols	N/A	Z19THS185		110,630
	THSO FY19 CARD	N/A	Z19THS186		48,988
	JAG PAL 2018	N/A	20146-MU-BX-0181		100,000
	Urban Forestry Program	N/A			(1,211)
	Urban & community Forestry Program	N/A			(477)
	Urban & Community Forestry Program	N/A			4,715
	Competitive Bidders Prep Accelerator- sub to Prime	N/A			23,736
	Memphis Shelby County Metro Traffic	N/A			(214,850)
	ABC Arts Grant	N/A			1,500
	LW13P171ES1FA18	N/A	LW13P171ES1FA18		232
	General Library Services Collection Development	N/A			45,500
	Training Opportunities for Public Grant Classes	N/A			3,789
	Technology for Library Outreach	N/A			6,000
	TOTAL STATE GRANTS			\$ -	\$ 1,748,259
	TOTAL GRANTS			\$ 8,631,388	\$ 54,794,059

City of Memphis
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2019

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 presented in, or used in the preparation of the general purpose financial statements.

In compliance with Tennessee state law, the accompanying schedule of expenditures of state financial assistance is included with 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, \$83,839,140, 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, \$3,000,048, 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, \$10,977,052, 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, \$9,927,195, 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 equals the total loan amounts. (see Exhibit A-9)

NOTE 4 - Negative Balances

The negative balances recorded for the Department of Justice is due to Police Services reconciling and closing out old awards. The negative balances for the Department of Transportation is due to the division of Police Services reconciling and closing out old awards. The negative balances recorded for the Department of Homeland Security is due to Fire Services closing out old awards. The negative balances recorded for Total Executive Office of the President is due to Police Services reconciling and closing out old awards. The negative balances recorded for the State grants is once again due to Police Services reconciling and closing out old awards.

Because WIN closed in FY19, the division reconciled and closed out a number of old awards. This process caused negative balances on some awards.

Housing and Community Development made correcting entries for NSP and DPA in the amount of \$447k.

NOTE 5 - Contingencies

The federal and state awards received by the government are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, the grantor agencies could make a claim for reimbursement, which would become a liability of the Government.



**BANKS, FINLEY,
WHITE & CO.**
CERTIFIED PUBLIC ACCOUNTANTS

**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 statements 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, 2019, 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 16, 2019. Our report includes a reference to other auditors who audited the financial statements of the Memphis-Shelby County Airport, the Memphis Zoological Society, the Blight Authority of Memphis, Inc. and the 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.

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) to determine the 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.



Page 2

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. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. 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*.

Additionally, the audit for the fiscal year ended June 30, 2019 revealed the following assertions of fraud and cash shortages that were detected by the City in the normal operation of their internal controls and internal audit functions, as follows:

1. Locking night deposit bag, which is used to transport Construction Sidewalk revenue from Construction Inspection to City Hall, went missing. The amount was \$321.

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.

Banks, Finley, White & Co

Memphis, Tennessee
December 16, 2019

**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

We have audited the City of Memphis, Tennessee's compliance with the types of compliance requirements described 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, 2019. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



Page 2

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

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, 2019.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Page 3

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.

Banks, Finley, White & Co

Memphis, Tennessee
December 16, 2019

CITY OF MEMPHIS
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2019

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- a. Material weakness(es) identified? ___yes ___X___no
- b. Significant deficiency(ies) identified not considered to be material weaknesses? ___yes ___X___none reported

Noncompliance material to financial statements noted? ___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 weaknesses? ___yes ___X___none reported

Type of auditor's 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:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds
14.241	Housing Opportunities for Persons with AIDS

Dollar threshold used to distinguish between Type A and Type B programs: \$1,591,374

Auditee qualified as low-risk auditee? ___yes ___X___no

SECTION II: FINDINGS – FINANCIAL STATEMENT AUDIT

No matters are reportable

SECTION III: FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM

No matters are reportable

CITY OF MEMPHIS
 Schedule of Prior Year Findings and Questioned Costs
 For the Year Ended June 30, 2019

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2018-001	Lack of Oversight Body to Oversee Internal Control System	Partially Corrected
2018-002	Lack of Management Steering Committee	Partially Corrected
2018-003	24 CFR 92.2(1) Noncompliance	Partially Corrected
2016-002	Unsubstantiated Overtime Pay	Partially Corrected