

# CITY OF MEMPHIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

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**JIM STRICKLAND**  
**MAYOR**

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2021

**City of Memphis**

Tennessee

**Jim Strickland**

Mayor

PREPARED BY DIVISION OF FINANCE

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**Jim Strickland**

December 31, 2021

Dear Fellow Memphians,

I am pleased to share with you the FY2021 Annual Comprehensive Financial Report. Throughout this report, you will see that even through difficult times your city government's financial status remains stable.

I would like to say thank you the members of the Memphis City Council and our city employees for their hard work and diligent stewardship during these uncertain times. Because of their commitment, our budget was balanced without property tax increase for the sixth time since taking office, and we were able to do this without cutting services to our citizens.

As we move into the new year, 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. Even through this pandemic our city's future is bright, and I am excited about the promise that 2022 brings.

Sincerely,

A handwritten signature in black ink that reads "Jim Strickland". The signature is written in a cursive, flowing style.

Jim Strickland

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December 31, 2021

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

The Annual Comprehensive Financial Report (ACFR) of the City of Memphis (City) for the fiscal year ended June 30, 2021 is hereby submitted. In accordance with the Memphis City Charter requirement, the ACFR includes financial statements that have been audited by an independent certified public accounting firm. The financial statements are presented in conformity with the United States generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and have been audited in accordance with the United States generally accepted auditing standards. Additionally, the report is presented for compliance with the provisions of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

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

The City's financial statements have been audited by Banks, Finley, White and Co., licensed certified public accountants. Banks, Finley, White & Co. has issued an unmodified ("clean") opinion on the City's financial statements for the year ended June 30, 2021. 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 633,104. 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 the City government are the duty and responsibility of the Mayor. Each of the various divisions of the 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)
- Renasant Convention Center (RCC)
- Memphis and Shelby County Airport Authority (MSCAA)
- Memphis Zoological Society (MZS)



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

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

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

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

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

- Memphis Housing Authority (*related organization*)
- Depot Redevelopment Corporation of Memphis and Shelby County
- Downtown Memphis Commission
- Economic Development Growth Engine (EDGE) Industrial Development Board
- Industrial Development Board
- Memphis Center City Revenue Finance Corporation
- Memphis and Shelby County Parking Authority

## **Budget Process**

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

The budgeting process for the coming year takes place before the completion of this reporting year. The City prepared for another fiscal year with uncertainties as to the continued impact of the pandemic, and as a result a cautionary and conservative approach was taken for the planning of the fiscal year 2022 budget.



Almost every city has experienced significant changes as a result of the impact of the pandemic. The City has continued to adapt its business model to sustain not only mission critical services, but also the reporting transparency that provides the metrics that track quality, performance, productivity, innovation, and service delivery. The City's top priorities continues to be for the service to its community, and the protection, safety, and well-being of its employees and citizens.

### **Economic Condition Assessment**

The COVID-19 pandemic has impacted the global economy, with cascading impacts on national and local economies. Memphis was obviously impacted as local businesses shut down, telecommuting became the new business model, and many of our citizens had to adjust to a new "norm". The COVID-19 pandemic's devastating effects on our nation cannot be understated. The economic impacts that will be felt for decades are without question secondary to the tragic death of over 750,000 individuals nationwide from COVID-19.

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

#### *The National Economy*

- The economic consequences of COVID-19 were felt worldwide. After multiple years of consistently positive growth, all major economies fell into recession in 2020. The succeeding recovery, boosted by the massive COVID-19 vaccine rollout and fiscal stimulus provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Paycheck Protection Program (PPP), was large enough to alleviate many of the economic losses.
- The unemployment rate skyrocketed to over 14% in early May 2020, the largest single month increase in United States recorded history. While the economic recovery has been slowed at times, the national unemployment rate was down to 4.8% in September 2021. This measure remains greater than the 3.5% rate reported in September 2019; ultimately, shifts in the demands of both employers and employees will need to be closely reviewed for months to come.
- Paradoxically, average wages increased in April 2020. This is due to increased job loss among lower-wage workers, who were disproportionately impacted by the recession. However, average hourly earnings for U.S. workers has resumed its pre-pandemic growth trajectory, having grown by over \$2.00 per hour from March 2020 to October 2021.

- The United States fared relatively well in comparison to countries throughout Europe and Asia, with inflation-adjusted gross domestic product (real GDP, adjusted for inflation) expected to decline about 3.5% in the year 2020. In 2021 real GDP has surpassed pre-pandemic totals, which arrives as one of the most encouraging macroeconomic indicators reported since the onset of the pandemic.
- The Federal Reserve has affirmed the goal of preserving a near 0% Federal Funds Rate through 2022. While this action was undoubtedly effective during the pandemic caused recession, the Fed may experience mounting public pressure to raise interest rates in order to combat rising prices. In October, the Consumer Price Index (CPI) for All Urban Consumers rose 0.9% on a seasonally adjusted basis, contributing to a 6.2% increase over the last 12 months, not seasonally adjusted.
- As the U.S. economy climbs out of a unique recession, the overall impact of decisions made by The Federal Government, the Federal Reserve Bank, and households will continue to be revealed. Federal Initiatives such as the PPP and CARES Act undoubtedly provided much needed financial aid to the nation. These stimulus measures combined with declining revenues contributed to a federal deficit near or exceeding \$3 trillion in both 2020 and 2021.

### *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 Memphis MSA’s population, and Shelby County accounts for roughly 70%. Memphis took immediate action to collectively address some of the local issues related to COVID-19 by the creation of a Memphis and Shelby County Joint Task Force. The Task Force coordinated unified community and regional response to the COVID-19 pandemic with the inclusion of locally elected officials, government agencies, schools, health care centers, and non-profit partners necessary for an effective response to turbulent conditions caused by the pandemic.

The City of Memphis is conveniently located within 600 miles of most major cities and commercial markets in the United States. Because of its central location and access to the interstate, Mississippi River, railways, and international airport, the City is a major distribution hub. Memphis’ geographical location provides a significant advantage for the pursuit of rapid economic recovery going into 2022, an effort that was hindered for over two months during the summer of 2021 when the I-40 bridge over the Mississippi River was closed for repairs.

The MSA continues to face relatively higher unemployment and economic disparities caused by factors both pre-dating and succeeding the COVID-19 pandemic. Government, trade, healthcare services, hospitality, warehousing, transportation, and utilities are all mainstays of the regional economy.

- At the onset of the pandemic, many states, including Tennessee, issued stay-at-home orders and social distancing mandates, shutting down all non-essential activities in an effort to slow the spread of the virus. While job growth in Tennessee was significant from May 2020 to the end of 2020, the positive growth rate slowed as the year progressed. The August 2021 job growth rate represents a 4.2% increase from August 2020, but lingers 1.7% lower than February 2020.
- The total number of nonfarm jobs in Tennessee is expected to exhibit positive growth into 2022, potentially setting up a return to pre-pandemic levels in late 2022 or early 2023.
- The importance of tourism and of local consumption cannot be ignored as Tennessee continues to adjust to future economic uncertainties. Visitor spending in Tennessee decreased by 31.6% from 2019 to 2020, after displaying positive growth each year the preceding decade.
- Leisure and hospitality were the hardest hit industries by the COVID-19 pandemic, with statewide job loss of nearly 160 thousand from February to April 2020. Persistent concerns surrounding the COVID-19 virus have stunted a full recovery in the hardest hit sectors of leisure/hospitality and manufacturing, neither of which is expected to recover to pre-pandemic levels of employment until 2025 and 2030 respectively.
- Average earnings in Tennessee had been on the rise in the years leading up to the pandemic. While average income measures in 2020 are skewed due to aforementioned factors, Tennessee per capita income, which is unaffected by average wages, grew in the second quarter of 2020. Gains were largely driven by federal transfer payments, which expanded by an annualized rate of 463.0% in Tennessee during the second quarter of 2020 (as compared to the previous quarter).
- Through the first half of 2020, Tennesseans spent more of their money on taxable goods and less on in-person services, many of which are not taxable in the state. This helped to keep taxable sales from falling too sharply following the pandemic's peak. Online purchases have become even more popular during the pandemic, and Tennessee recently expanded their collections of online sales tax collections. As a result of these factors and the Federal government's quick and aggressive monetary and fiscal policy, Tennessee real GDP has grown every quarter since the second quarter of 2020, and surpassed its pre-pandemic value following 3.18% growth during the first quarter of 2021.



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 local and national economies fully recover. Memphis’ tourism sector was especially hindered by the COVID-19 pandemic, and will be closely monitored as the impact of changes in consumer preferences are revealed in the coming months.

The unemployment rate in United States (5.2%) exceeded that in Tennessee (4.6%) as of August 2021, which ranked near the dead center among all 50 states. Memphis MSA unemployment reported for August 2021 remained above the national average at 6.1%. Unemployment rates at all levels increased due to the global pandemic, but have since drifted closer to the pre-pandemic counts.

**Unemployment Rates (Seasonally Adjusted) 2020-2021**

<u>Region</u>	<u>August 2020</u>	<u>August 2021</u>	<u>Percent Change</u>
Memphis MSA	11.8	6.1	-48.3%
TN	8.5	4.6	-45.9%
US	8.4	5.2	-38.1%

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

The Memphis real estate market has remained strong throughout 2021. Total home sales increased by 15.6% YTD 2020 to 2021 (ending mid-October). The average sales price increased further by 10.9%, while the median sales price increased by 13.9%. New home sales also increased by 2.8% YTD, and is likely to remain stable if supply can match local demand. Overall market stability is encouraging, even while the housing market has a chance to cool down if mortgage rates climb towards pre-pandemic measures.

**Home Sales in Memphis, Comparative September 2020-2021**

	<u>FY2020</u>	<u>FY2021</u>	<u>Change %</u>
Home Sales	1,813	1,929	6.4%
Median Sales Price	\$ 187,500	\$ 200,500	6.9%
Average Sales Price	\$ 224,713	\$ 236,654	5.3%
Active Listings	2,863	2,384	-16.7%

Source: Memphis Area Association of Realtors – Memphis Area Homes Sales Report October 2020 & 2021

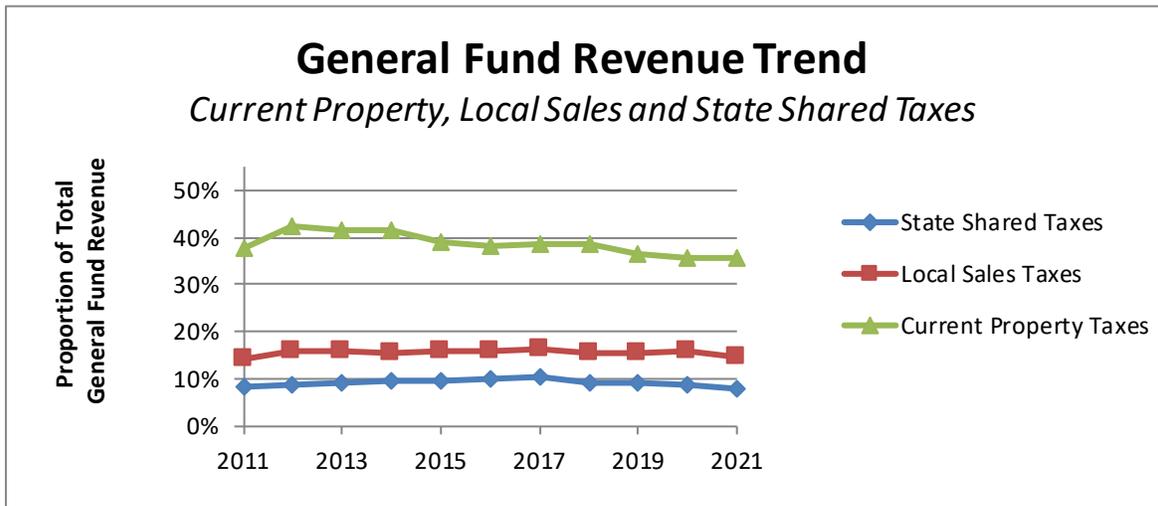


The chart below shows the General Fund revenue trends from fiscal year 2011 through 2021. Explanations for notable trends for the last five years are as follows:

- In 2017, general fund revenues increased over 2016, primarily because of greater than expected revenue from current property taxes. Current Property Taxes have increased year over year from 38% to 39%.
- 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% to 36%.
- In 2020, current property tax type revenues remained steady year over year at 36% of total revenues and transfers. General Fund revenues increased by \$18 million driven primarily by an increase in federal grants and a slight increase (\$4 million) in total local taxes. The increase in the federal grants was funded through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Approximately \$23.5 million of CARES Act funding was recognized in fiscal year 2020. Fiscal year 2020 revenues also included a \$9 million transfer in from the 2019 Sales Tax Referendum Fund to offset the healthcare cost of police and fire personnel. Also of note, the State Income Tax continues to decrease in accordance with the phasing out of the State Hall Income Tax revenue source.
- In 2021 current property tax revenues were consistent with the prior years as a percentage of total revenues and transfers. However, of note, is the increase of general fund revenues due to the recognition of approximately \$85 million in CARES Act funding. While some revenue sources decreased as a result of the pandemic, local sales tax and state portion of sales tax both experienced a significant increase. Local sales tax increased approximately \$21 million year over year, and the state portion of sales tax increased approximately \$9.5 million year over year. Fiscal year 2021 included a \$12 million transfer in from the 2019 Sales Tax Referendum Fund to offset the healthcare cost of police and fire personnel.



While the chart below represents the three primary sources of general fund revenues as a percentage of total general fund revenues and transfers, the chart must be considered in context of the impact of the unique revenue funding revenues related to COVID-19 relief funding for fiscal years 2020 and 2021.

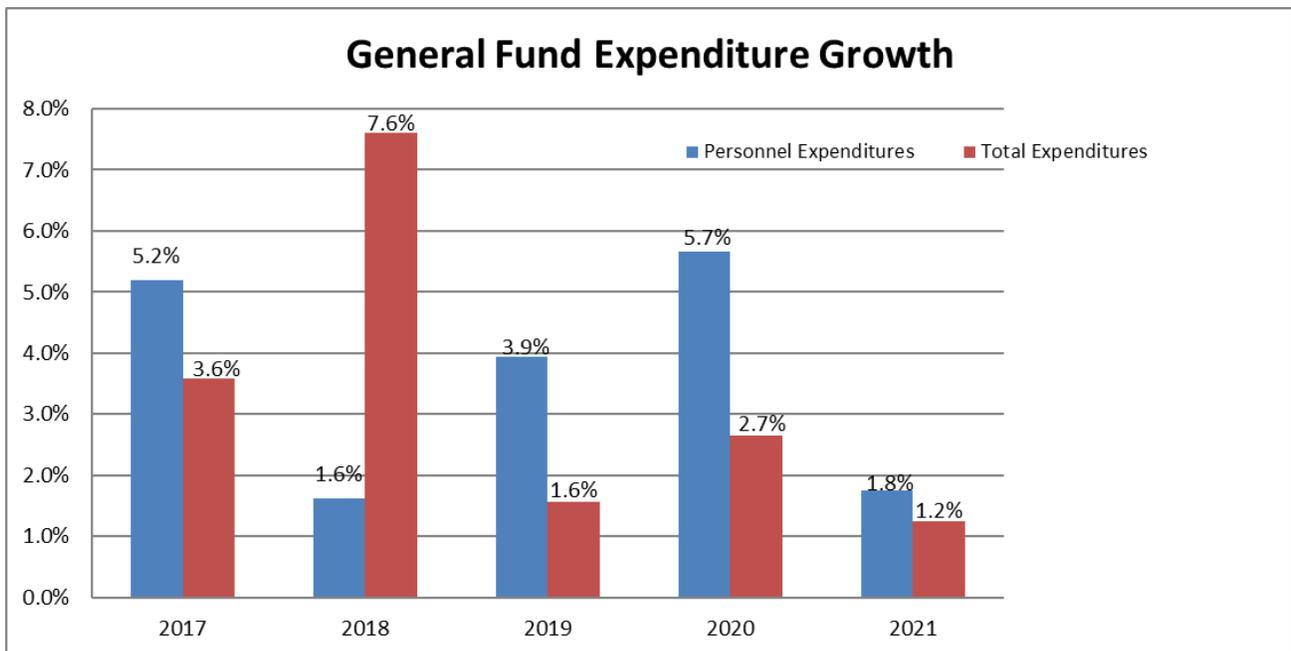


The chart below shows the General Fund Expenditure trends from fiscal year 2011 through 2021. Explanations for notable trends for the last five years are as follows:

With 71% of the City’s expense budget dedicated to personnel expenditures for the provision of city services; employment, healthcare, and retirement costs are a constant source of concern. For retirement costs, Tennessee state law required the City to progressively increase the funding percentages of the Actuarially Determined Contribution (ADC) for employer retirement contributions for the fiscal years 2015 – 2019, with a 100% ADC funding achieved for fiscal year 2020. Contributions for meeting the ADC continues to be a significant and material component of personnel cost.

In fiscal year 2017, total expenditures increased by 3.6%. This increase was partially due to a \$23,472 (5.2%) 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%) increase in material and supplies across the City Divisions.

- In fiscal year 2018, total expenditures increased by 7.6%. 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%. This slight change was due to the increase in personnel services mainly for the Police Division, totaling \$5.6 million increase. Total personnel expenditures increased 3.9% overall among the City’s general fund divisions.
- In fiscal year 2020, total expenditures increased by 2.7%. This change was due to increase in personnel services for Fire and Police Divisions, totaling \$15.3 million. Overall, personnel expenditures increased by 5.7%.
- In fiscal year 2021, total expenditures increased by 1.3%. This change was due to an increase in personnel services for the Fire Division totaling \$8.1 million. Overall, personnel expenditures increase by 1.8%.





## Recent Developments:

- During 2021, the City of Memphis issued \$200 million in bonds to fund a catalytic initiative known as Accelerate Memphis. This issue of social bonds (the first in Tennessee) is intended to facilitate community projects that will “accelerate” the growth of the City by improving quality of life, driving equity and inclusion, improving connectivity, and addressing deferred maintenance and other improvements that are far beyond any single year capital budget. As a result of a debt restructure in 2015, the City is poised to experience a dramatic drop in its debt service in 2027. The Accelerate Memphis initiative was developed to take advantage of that decrease, and to put \$200 million of one-time transformative capital improvement into the City now.

The program has been developed into three primary targets for community investment:

\$75 million has been allocated to activating Memphis 3.0. Memphis 3.0 is the adopted Comprehensive Plan for Memphis. Memphis 3.0 provides the road map for where and how to invest in communities to drive growth within the core of the City. Growth is anchored on the strengths of our neighborhoods, and this investment is intended to kickstart that growth.

\$75 million has been allocation to improving the park assets throughout the City. Parks are often the focus of neighborhood life. The City has millions in assets including 150 parks of all sizes, 30 community and senior centers, 17 pools, 7 golf courses, 81 playgrounds, 48 basketball courts, 80 tennis courts, and four dog parks. This initiative is intended to provide much needed updates, additions, and improvements to amenities throughout the City.

\$50 million has been allocated to revitalizing Citywide assets. Regardless of the neighborhoods in which Memphians live, there are common assets that are enjoyed. Many are progressing through their life cycle to critical point at which major repairs or renovations are necessary to maintain their usefulness and vibrancy.

- The Renasant Convention Center debuted its \$200 million modernization in Fall 2021, introducing a 118,000-square-foot, column-free exhibit hall – the largest in the region. The one-of-a-kind facility boasts a 28,000-square-foot ballroom and a 2,100-seat theater as well as an 18,000-square-foot secondary hall/ballroom and other state-of-the-art amenities.



- The north area of the City is seeing a lot of redevelopment that's expected to be completed within the next few years. Frayser residents are looking forward to the replacement of two popular public facilities. The new Ed Rice Community Center, at a total cost of approximately \$8.4 million, is scheduled to open in 2022. The new Frayser Library branch, with an estimated cost of over \$11 million, will be 25,000 square feet – almost 4 times the size of the current 6,400-square-foot branch. The new library branch, expected to open by late 2023, will be across the street from Rodney Baber Park, which is also undergoing major renovations.

### **Long-term Financial Planning**

The Fiscal Year 2021 Operating Budget brought many budgeting challenges to the City in its goal of maintaining financial stability while addressing some of its biggest financial issues. While these continued difficult financial times forced the City to prioritize and closely monitor operating expenditures, the City continues to strategically fund 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, advance a culture of excellence in government and provide 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 the 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.

In 2020 the City adopted and issued its first comprehensive plan in almost 40 years. The Memphis 3.0 Comprehensive Plan provides the road map for where and how to invest in Memphis communities, with the intent to initiate growth within the core of the City. More than 15,000 Memphians offered input at more than 400 events, ensuring that priorities for activating Memphis 3.0 were formed by significant public input.

City Administration also created two new special revenue funds to support community initiatives.

- The Affordable Housing Trust Fund was developed to provide grants and loans for new construction and rehab of multifamily homes, as well as minor repairs and rehabilitation of single family homes for those who qualify. It is funded by an allocation of property taxes collected and other funding sources.
- The Community Catalyst Fund was developed to fund improvements to infrastructure in key anchors neighborhoods throughout the City. This fund is also sources by an allocation of property taxes collected and other funding provisions.



## 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 2022-2026 are as follows:

- The City's planned CIP spending of \$234.0 million aligns with current priorities that are focused on projects that enhance the City's economic development strategy, leverage federal or private funding, projects that maintain existing facilities, and projects mandated by law. The Fiscal Year 2022 CIP Budget for General Obligation (G.O.) Bond spending is \$90.8 million.
- In the Public Works Division, \$19.5 million in funding (\$16.9 million G.O. Bonds) is provided to pave more than 400 lane miles of streets, including ADA ramp improvements and several road projects. The CIP budget includes \$5.5 million for two Memphis Area Transit Authority (MATA) projects.
- The Housing and Community Development Division includes \$2.0 million for the HOPE VI (Housing Opportunities of People Everywhere) project. This project will remove the last public housing project in the City (Foote Homes). The Library Services Division includes funding for the construction of the new Frayser Branch Library, and the General Services Division includes funding for mission critical maintenance as well as Fleet capital acquisitions for all Divisions.

## Capital Planning Process

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



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

The CIP planning development includes the following process:

- 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This was the 44th consecutive year that the City has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an



easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive 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, 2020, the 23<sup>rd</sup> 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 Accounting Managers, Sandra Brodnax-Taylor and Starr Nichols for their contributions to the completion of this audit and report.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Shirley Ford".

Shirley Ford, CPA, CMFO  
Chief Financial Officer

A handwritten signature in blue ink, appearing to read "Dywuana E Morris".

Dywuana Morris, CPA  
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, 2020

*Christopher P. Morrill*

Executive Director/CEO

# CITY OF MEMPHIS, TENNESSEE

## CITY OFFICIALS

Jim Strickland, Mayor

### CITY COUNCIL

Frank Colvett, Jr., Chairman (District 2)

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

### COURTS

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

### ADMINISTRATIVE

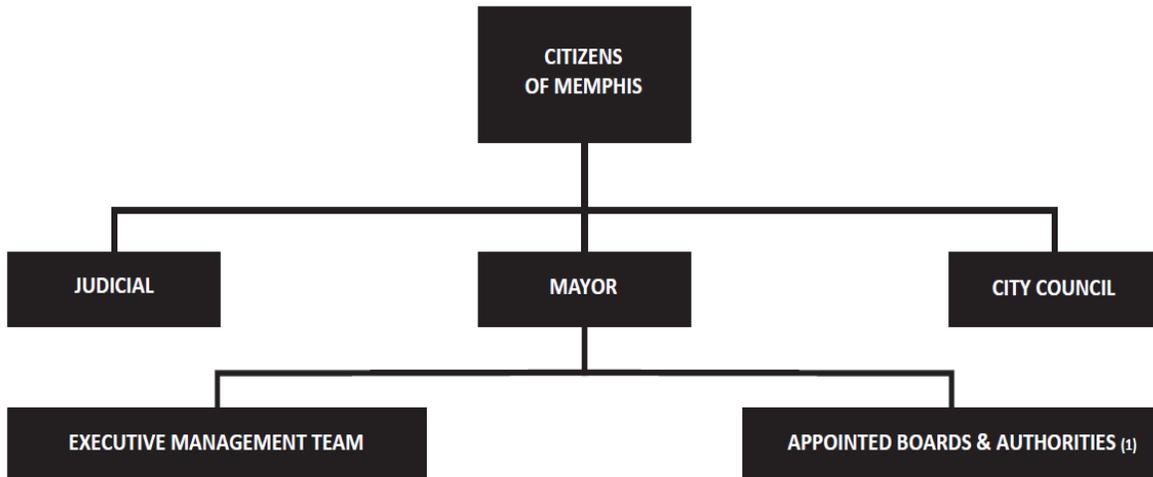
Doug McGowen	Chief Operating Officer
Cerelyn Davis	Chief of Police
Shirley Ford	Chief Financial Officer/Interim, Chief Information Officer
Ursula Madden	Chief Communications Officer
Jennifer Sink	Chief Legal Officer
Alexandria Smith	Chief Human Resources Officer
Gina Sweat	Chief, Fire Services
Antonio Adams	Director, General Services
Debbie Banks	Director, Internal Audit
Manny Belen	Director, City Engineering
Ashley Cash	Director, Housing and Community Development
Robert Knecht	Director, Public Works
Chandell Ryan	Interim Director, Solid Waste
Nick Walker	Director, Parks & Neighborhoods
John Zeanah	Director, Office of Planning and Development
Dywuana Morris	Comptroller
J.T. Young	President, Memphis Light, Gas and Water Division



# City of Memphis, Tennessee

## ORGANIZATION CHART

Primary Government and Discretely Presented Component Units



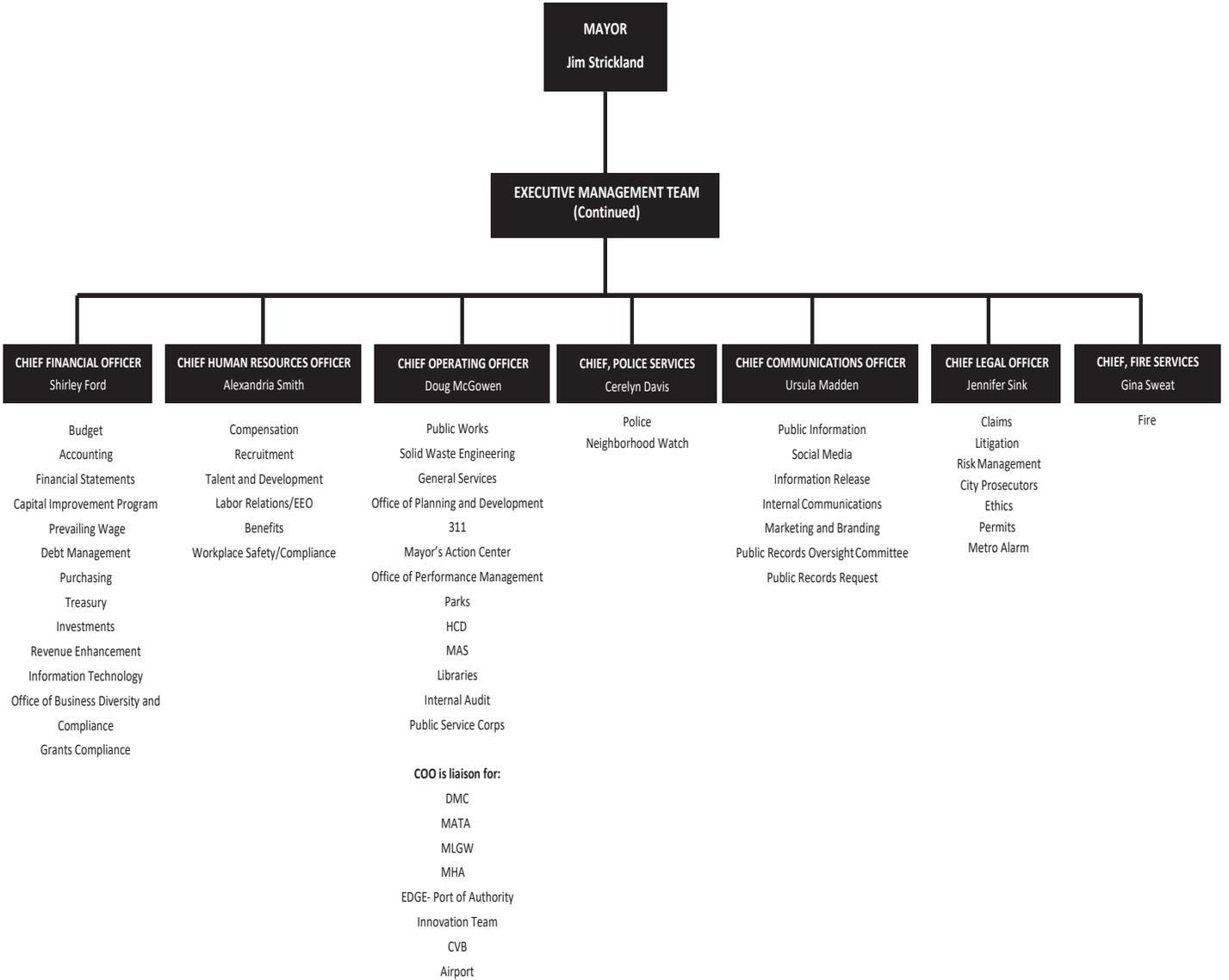
- Memphis Area Transit Authority
- Memphis Light, Gas and Water
- Memphis-Shelby County Airport Authority
- Memphis Light, Gas and Water Retirement and Pension System
- Blight Authority of Memphis, Inc.

(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)





## 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, and the aggregate remaining fund information of the City of Memphis, Tennessee (the "City") as of and for the year ended June 30, 2021, 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 90%, 95%, and 97%, 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 73%, 72% and 89% respectively, of the assets, net position and revenues of the business-type activities of the primary government. 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.



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, 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 as of June 30, 2021, 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 24 through 38 and 189 through 201 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 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.



### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Memphis, Tennessee's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 31, 2021, 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 31, 2021

## 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, 2021. 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, 2021 by \$2,080,261 (net position). Total government-wide net position increased by \$328,895 or 18.78% in fiscal year 2021.
- At June 30, 2021, the City's governmental activities reported ending net position of a negative \$217,915 compared to a negative \$407,502 as restated from the prior year. The governmental activities change in net position for fiscal year 2021 was an increase of \$189,587 or 46.52% from prior year's beginning balance as restated.
- The City's business-type activities reported a June 30, 2021 ending net position of \$2,298,176 an increase of \$145,677 or 6.77% from prior year beginning balance as restated.
- At June 30, 2021, the fund balance for the general fund was \$197,553 an increase of \$67,708 or 52.15% from prior year's balance. The unassigned portion, comprising 26.44% of the total general fund balance at fiscal year-end was \$106,350, an increase of \$27,303 or 34.54% over the prior year.
- The City's total general obligation, other debt, and revenue bond debt increased by \$7,801 or 0.48% during the current fiscal year for governmental activities and increased \$470,191 or 73.88% for the business-type activities.
- The City's total liabilities of \$4,210,271 which include, among other items, pension, and other post-employment benefits liabilities, decreased by \$192,789 or 4.38% from prior year total liabilities of \$4,403,690.
- Deferred outflows decreased from \$318,812 to \$223,524 for a change of \$95,288 or 29.89%. Year over year changes are primarily attributable to changes in actuarial assumptions.
- Deferred Inflows increased from \$829,584 to \$1,304,276 for a change of \$474,692 or 57.22%. As with deferred outflows, year over year changes are primarily attributable to changes in actuarial assumptions. For the fiscal year ended June 30, 2021, deferred inflows, and outflows of projected and actual investment earnings for both the pension and other post-employment benefits were aggregated and reported as either a net deferred inflow or net deferred outflow as applicable.
- With the passing of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the City of Memphis received \$113,607,217 in funding from the US Department of Treasury to assist in navigating the impact of the COVID-19 outbreak. The federal allocation was received in April 2020, and approximately \$23.5m was spent in fiscal year 2020.

Approximately \$85m was executed during fiscal year 2021, and the remaining \$5.1m allocation has a planned use in fiscal year 2022.

- In conjunction with the CARES Act, the Housing and Community Development Division of the City received \$8m in Emergency Solutions Grant through the US Department of Housing and Urban Development.
- On March 1, 2021, the American Rescue Plan Act (ARPA) was signed into law by the President. Section 9901 of ARPA amended Title VI of the Social Security Act to add section 602, which established the Coronavirus State Fiscal Recovery Fund, and section 603, which established the Coronavirus Local Fiscal Recovery Fund (together, the Fiscal Recovery Funds). None of the ARPA funds were expended or recognized as revenue in fiscal year 2021. The funding is expected to be spent in future fiscal years in accordance with the Treasury guidelines.
- Also in conjunction with the Fiscal Recovery Funds, the Housing and Community Development Division of the City also received \$23m in funding allocation through the Tennessee Housing Development Agency to provide Emergency Rental Assistance.

### **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, 2021. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements include not only the City itself (the primary government), but also the Memphis Area Transit Authority, the Renasant Convention Center (formerly, 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 2021, the City maintained 21 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 15 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements (Exhibits B-1 and B-2).

The City adopts an annual appropriated budget for its general, special revenue (except Miscellaneous Grant Fund, Community Development Fund, and Central Business Improvement District Fund), and debt service funds. Budgetary comparison statements are provided to demonstrate compliance with this budget.

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

### **Proprietary Funds**

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

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

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

**Fiduciary Funds**

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

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

**Notes to the Financial Statements**

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

**Combining and Individual Fund Statements and Schedules**

Combining schedules 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 \$2,082,364 at June 30, 2021.

### Condensed Statement of Net Position

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 1,208,845	1,152,714	1,374,926	881,054	2,583,771	2,033,768
Capital assets	1,984,964	1,909,941	2,802,549	2,721,489	4,787,513	4,631,430
Total assets	<u>3,193,809</u>	<u>3,062,655</u>	<u>4,177,475</u>	<u>3,602,543</u>	<u>7,371,284</u>	<u>6,665,198</u>
Deferred outflows of resources	130,638	163,112	92,886	155,700	223,524	318,812
Long-term liabilities outstanding	1,507,934	1,503,596	1,077,439	653,356	2,585,373	2,156,952
Other liabilities	996,523	1,459,063	628,375	787,045	1,624,898	2,246,108
Total liabilities	<u>2,504,457</u>	<u>2,962,659</u>	<u>1,705,814</u>	<u>1,440,401</u>	<u>4,210,271</u>	<u>4,403,060</u>
Deferred inflows of resources	<u>1,037,905</u>	<u>671,435</u>	<u>266,371</u>	<u>158,149</u>	<u>1,304,276</u>	<u>829,584</u>
Net positions:						
Net investment in capital assets	244,190	343,085	1,226,768	2,135,366	1,470,958	2,478,451
Restricted	295,914	307,288	563,850	76,710	859,764	383,998
Unrestricted	(758,019)	(1,058,700)	507,558	(52,383)	(250,461)	(1,111,083)
Total net position as restated	<u>\$ (217,915)</u>	<u>(408,327)</u>	<u>2,298,176</u>	<u>2,159,693</u>	<u>2,080,261</u>	<u>1,751,366</u>

The portion of the City's net position that reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related outstanding debt used to acquire those assets is \$1,470,958.

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 \$800,499 portion of the City's net position represents resources that are either subject to external restrictions on how they may be used or formally constrained for a specific purpose by the City Council. The balance remaining is a negative unrestricted net position of \$189,090. The majority of the negative unrestricted net position is driven by governmental activities and the result of the City's Pension and Post-retirement benefits liability.

**Condensed Statement of Changes in Net Positions**

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 199,899	185,665	1,698,838	1,816,500	1,898,737	2,002,165
Operating grants and contributions	138,249	60,663	127	258	138,376	60,921
Capital grants and contributions	12,291	12,501	789	1,333	13,080	13,834
General revenues:						
Local taxes	690,526	627,101	-	-	690,526	627,101
State taxes (local share)	112,301	107,136	-	-	112,301	107,136
Hotel/motel tax	11,369	13,614	-	-	11,369	13,614
Sale of Capital Assets	-	-	-	-	-	-
Unrestricted investment earnings	573	8,460	7,373	12,227	7,946	20,687
Other	(7,154)	38,270	52,225	35,936	45,071	74,206
Total revenues	1,158,054	1,053,410	1,759,352	1,866,254	2,917,406	2,919,664
Expenses:						
General government	361,003	434,376	-	-	361,003	434,376
Public safety	452,271	540,696	-	-	452,271	540,696
Community services	82,061	93,817	-	-	82,061	93,817
Transportation and environment	70,668	84,624	-	-	70,668	84,624
Education	4,556	3,060	-	-	4,556	3,060
Interest on long-term debt	66,252	63,470	-	-	66,252	63,470
Refunding Bonds/Escrow Agent	-	-	-	-	-	-
Sewer collection and treatment	-	-	102,730	110,461	102,730	110,461
Memphis Light, Gas and Water	-	-	1,422,151	1,564,178	1,422,151	1,564,178
Miscellaneous	-	-	-	-	-	-
Storm Water	-	-	19,950	30,375	19,950	30,375
Total expenses	1,036,811	1,220,043	1,544,831	1,705,014	2,581,642	2,925,057
Increase (decrease) in net position before transfers	121,243	(166,633)	214,521	161,240	335,764	(5,393)
Transfers	68,344	19,348	(68,844)	(69,559)	(500)	(50,211)
Increase (decrease) in net position	189,587	(147,285)	145,677	91,681	335,264	(55,604)
Net position - July 1	(408,327)	2,305,370	2,159,693	2,068,012	1,751,366	4,373,382
Restatement of beginning net position					-	-
Net position - July 1, as restated	(407,502)	(261,042)	2,152,499	2,068,012	1,744,997	1,806,970
Net position - June 30	\$ (217,915)	(408,327)	2,298,176	2,159,693	2,080,261	1,751,366

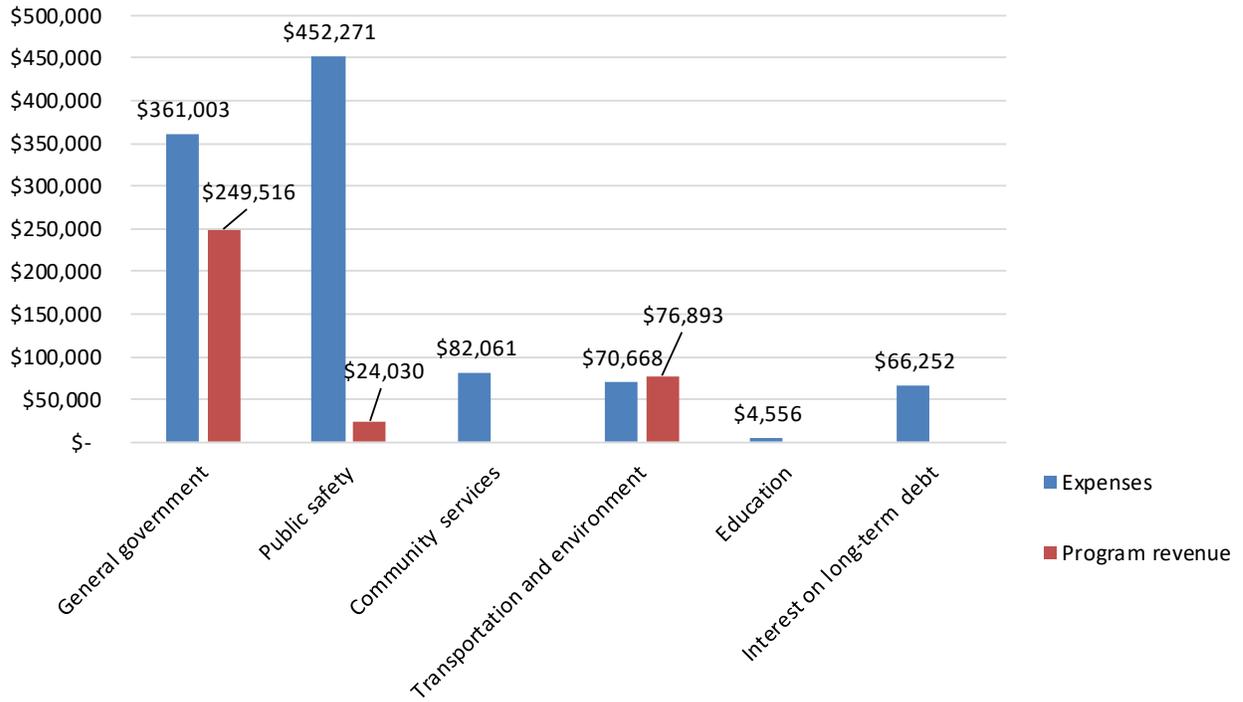
**Governmental Activities**

During fiscal year 2021 governmental activities increased the City's net position by \$189,587. Key elements of the governmental activities are discussed below:

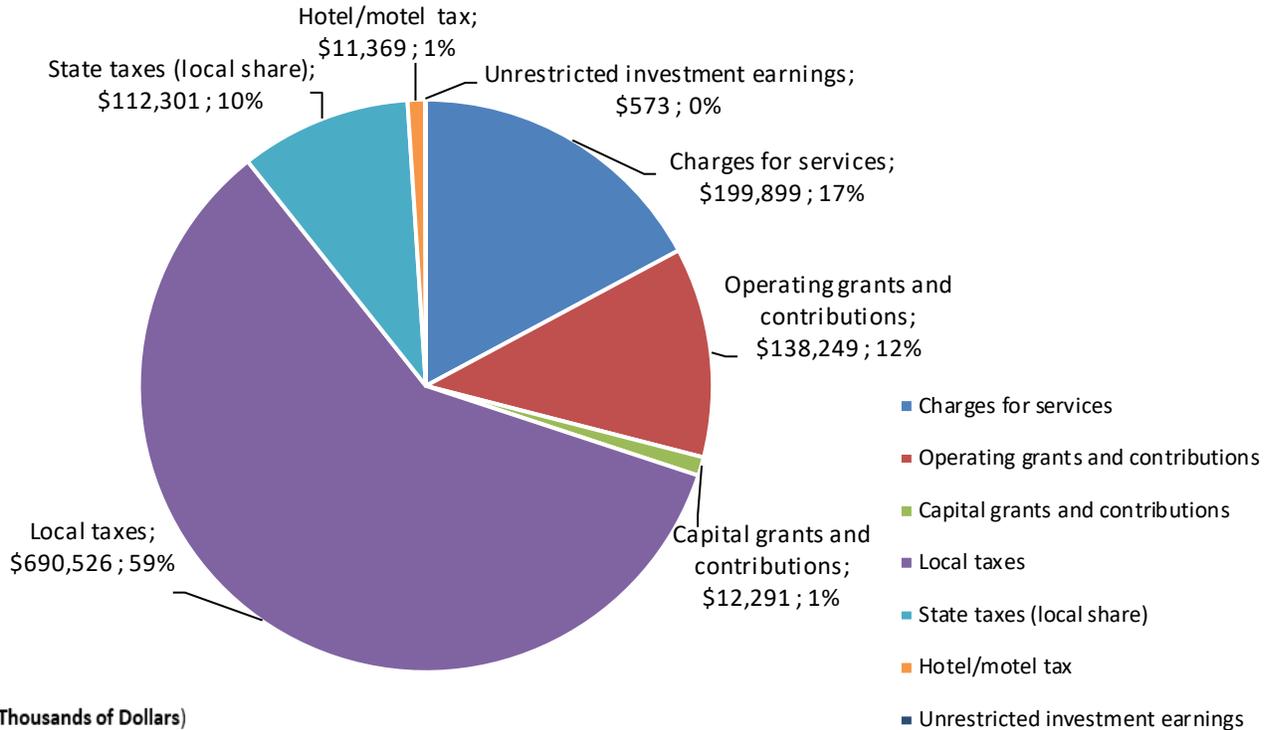
- During fiscal year 2021, total revenues increased by \$104,644. Relevant factors include an increase in operating grants and contributions, local taxes and charges for services of \$77,586, \$63,425 and \$14,234, respectively. These increases were offset by decreases in other revenues and hotel/motel taxes of \$7,887 and \$2,245 primarily resulting from a decline in tax payments due to the impact of the COVID-19 pandemic.
- Total governmental activities expenses decreased \$183,232. Governmental activities program expenses are detailed in Exhibit A-2.

## Expenses and Program Revenues - Governmental Activities

(Thousands of Dollars)



## Revenues by Source - Governmental Activities

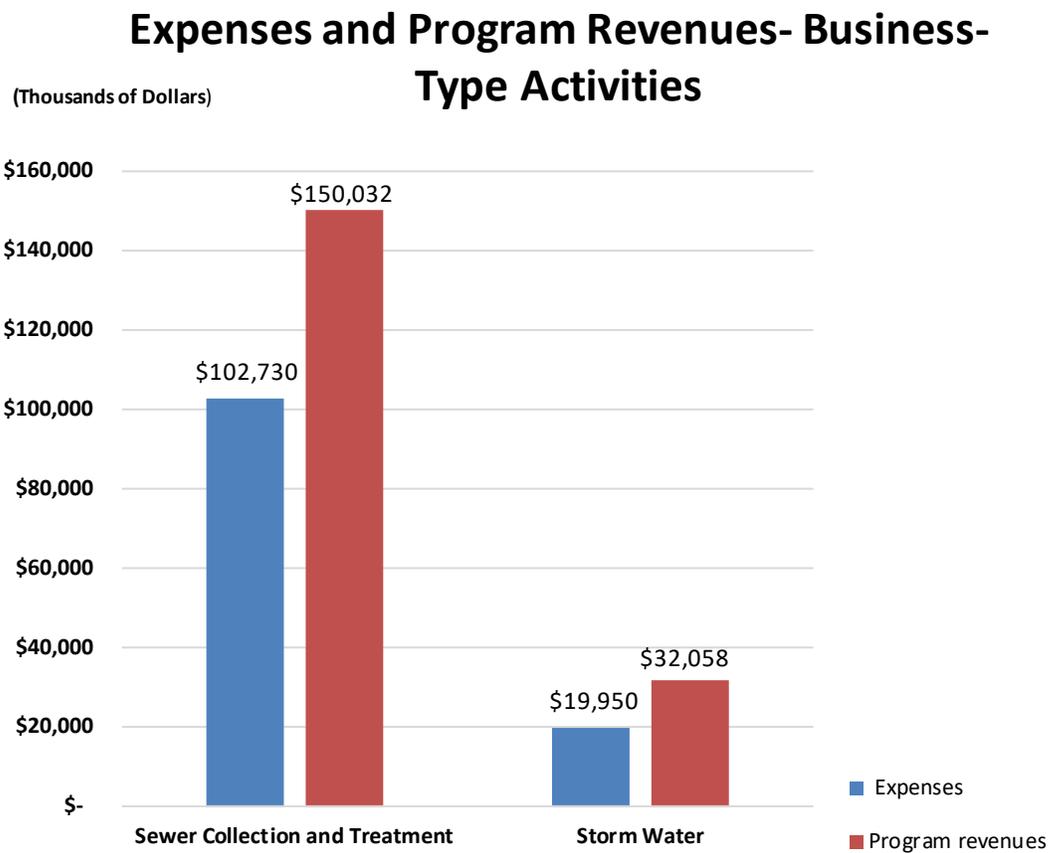


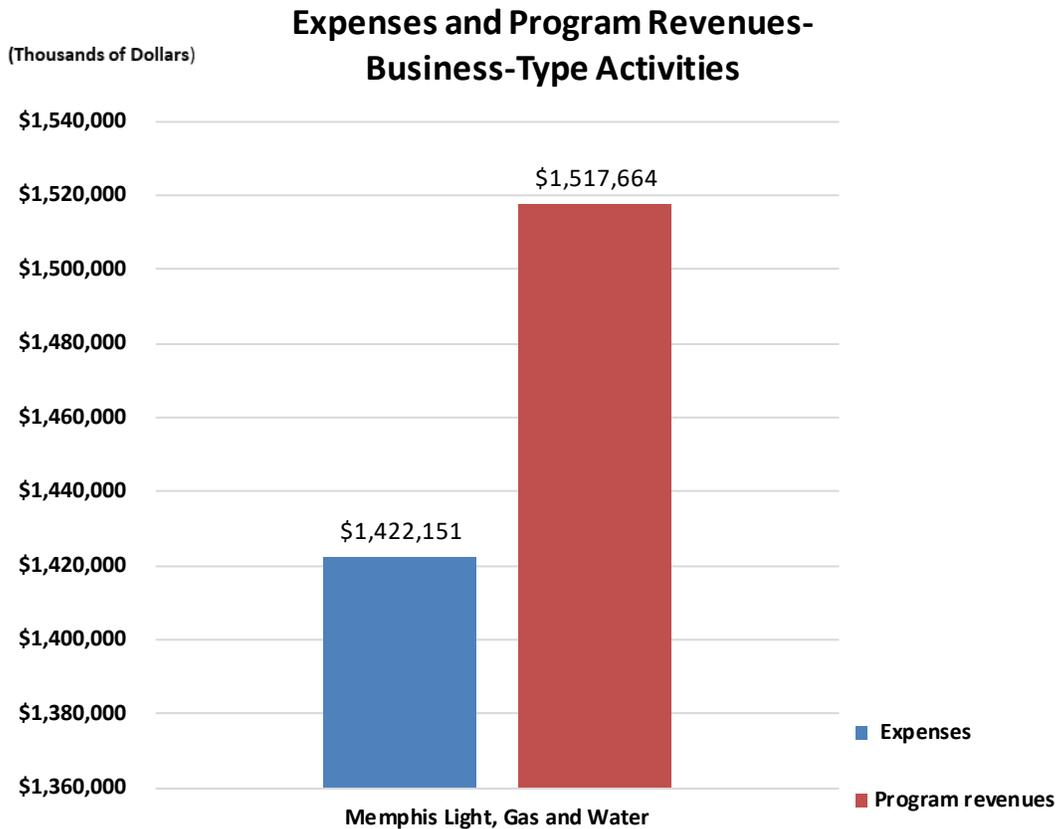
(Thousands of Dollars)

## Business-type Activities

Business-type activities increased the City's net position by \$145,677. Key elements of the increase are as follows:

- Total business-type expenses decreased \$160,183 or 9.4% year over year. The decrease in expenses occurred in the Sewer Collection and Treatment Fund, MLGW and the Storm Water Fund \$7,731, \$142,027 and \$10,425, respectively. Business-type program expenses are detailed in Exhibit A-2.
- Total revenues for the business-type activities decreased by \$106,902 year over year. The most significant variances were a \$117,662 decrease in charges for services offset by a \$16,289 increase in other revenues largely attributable to Memphis Light Gas & Water.





**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, 2021, the City’s total governmental funds reported combined ending fund balance of \$404,264, an increase of \$15,929 or 4.12% in comparison with the prior year. Approximately 26.44% or \$106,350 of the fund balance constitutes unassigned fund balance, which is available for spending at the government’s discretion. Approximately 32.26% or \$129,782 of the fund balance is considered restricted to indicate the amount is subject to external enforceable legal restrictions. Additionally, \$89,564 or 22.26% 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 \$76,568 or 19.03% 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, 2021, unassigned fund balance of the general fund was \$106,350 or 49.1% of the total fund balance of \$197,553. The assets of the general fund exceeded the liabilities and deferred inflows of resources due to an increase in assets of 1.30% over the prior year. The increase in total assets is attributable to increases in the equity in cash and investment pool. General fund liabilities and deferred inflows from resources decreased by \$60,033 or 13.01% over the prior year. Funds due to other agencies and governments decreased \$65,835 for undisbursed funding at June 30, 2021 which was received from the federal government during fiscal year 2020 in conjunction with the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") for the City's COVID-19 response and relief efforts. Deferred inflows also decreased \$11,970 or 73.18% due to expended receipts of CARES Act funds that occurred during fiscal year 2021.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14.19% of total general fund expenditures, while total general fund balance represents 26.36% of the fund expenditures.

The fund balance of the City's general fund increased by \$67,728 or 52.17% during the fiscal year ended June 30, 2021. The year over year net change in fund balance increased by \$73,895. Key factors of the change in the general fund are as follows:

- Total general fund revenues resulted in an increase of \$85,928 or 13.21% over the prior year. The primary variances that comprise the increase are revenue categories federal grants and entitlements (increase of \$52,631), local taxes (increase of \$21,949), state grants (increase of \$10,000) and the local share of state taxes (increase of \$6,952). The federal grants and entitlements increased due to CARES Act funding received.
- Total expenditures increased by \$14,522 or 1.98% over prior year. Increases were largely attributable to a \$11,052 increase in general government expenditures and continued increases in expenditures for public safety with an increase of \$5,972. General government expenses increased due to spending for testing sites and procurement of protective equipment and other supplies in response to the COVID-19 pandemic.
- Total other financing sources (uses) increased by \$2,489. The increase year over year is primarily due to a decreased transfer out of \$2,917.

The fund balance of the City's Debt Service fund decreased by \$108,556 to \$66,386 during the fiscal year ended June 30, 2021. Key factors resulting in this change are as follows:

- Total revenues decreased by \$7,286 or 4.53% year over year. The decrease is primarily due to decreases in local share of state taxes, investment income, and federal grants and entitlements of \$2,522, \$2,237, and \$1,413 respectively.

- Expenditures related to debt service decreased \$5,289 or 3.01% for fiscal year 2021. The decrease is primarily due to service charges, redemption of serial bonds and bond issuance costs which decreased by \$3,705, \$1,686, and \$1,401 respectively. Interest and lease payments increased by \$1,174 and \$329 respectively.
- Total other financing sources and uses decreased by \$202,570. Activities included a use of sources in the amount of \$97,605 for payments to refunded bond escrow agent.

The fund balance of the City's Capital Projects fund increased by \$216 for fiscal year ended June 30, 2021. Major elements of fund balance change are:

- Expenditures exceeded revenues by \$133,382
- Revenue decreased \$4,233 from prior year, largely attributable to a significant decrease in local other revenue.
- Expenditures decreased \$110,284 or 42.50% due to a significant increase in capital outlay.
- Other financing sources in the form of refunding of bonds / issuance of debt increased from \$125,000 to \$130,407 over the prior year.

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 \$507,558 on Exhibit A-1 is comprised of net positions of \$367,001 and \$109,283 for Memphis Light, Gas and Water and the Sewer Collection and Treatment Fund, respectively. The remaining balance represents the Storm Water Fund position of \$27,857 and the consolidation of internal service funds related to enterprise funds of \$3,417. 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 2021 anticipated a decrease in fund balance of \$52,643. Actual contribution to fund balance for fiscal year 2021 was \$67,728.

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

- Revenues budget increased by \$63,688 or 11.09%, primarily due to federal grants (increase of \$60,659).

- Expenditures budget was increased by \$79,581 or 11.26% which encompassed an increase in the general government, community services, public safety, and transportation and environment budgets by \$65,107, \$6,253, \$5,030 and \$3,191, 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, 2021, totaled \$4,787,513 (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 \$156,083 or 3.37%. Both governmental and business-type activities contributed an increase of \$75,023 and \$81,060, respectively.

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

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Land and buildings	\$ 375,439	373,392	28,609	28,034	404,048	401,426
Improvements other than buildings	488,223	490,323	393,556	338,133	881,779	828,456
Equipment	102,198	88,571	15,954	15,585	118,152	104,156
Construction in progress	1,019,104	957,655	459,548	438,963	1,478,652	1,396,618
Memphis Light, Gas and Water	-	-	1,904,882	1,900,774	1,904,882	1,900,774
Total	\$ 1,984,964	1,909,941	2,802,549	2,721,489	4,787,513	4,631,430

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

- Pavement of up to 400 miles of streets
- Major investments in the drainage infrastructure throughout the City
- Repair and replacement of sewer infrastructure, new sewer connections and improvements to the treatment plants
- Major renovations of the Police Academy
- Engineering Division funding for replacement of traffic signals, speed bumps, and transportation improvements
- 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, 2021, the City had total bonded debt outstanding of \$2,740,103. Of this amount, \$1,633,456 comprises debt backed by the full faith and credit of the government. The remaining balance of \$1,106,647 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	
	2021	2020	2021	2020	2021	2020
General obligation bonds	1,294,434	1,367,735	-	-	1,294,434	1,367,735
Commercial Paper	150,000	50,000	-	-	150,000	50,000
Capital lease obligations	23,742	28,184	-	-	23,742	28,184
Settlement obligations	12,000	13,331	-	-	12,000	13,331
Guarantee obligations	153,280	166,405	-	-	153,280	166,405
Revenue bonds	-	-	953,638	506,179	953,638	506,179
State loans	-	-	153,009	130,277	153,009	130,277
Total	\$ 1,633,456	1,625,655	1,106,647	636,456	2,740,103	2,262,111

During fiscal year 2021, the City issued \$5,336 and 123,535 of Sanitary Sewerage System Revenue, and Refunding Bonds, Series 2020A and 2020B, respectively. 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 increased by \$7,802 and \$470,191, respectively.

The City has long held a high-grade bond rating on indebtedness from the major credit rating services. As of June 30, 2021, 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](http://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**

The City has been severely affected by the outbreak of COVID-19 which was declared a pandemic by the World Health Organization in fiscal year 2020. State of emergencies, declared by the Governor on March 12, 2020 and the Mayor on March 17, 2020, each were still in effect at June 30, 2021. The ultimate impact of the COVID-19 pandemic and economic disruption resulting from measures taken to contain it cannot be determined at this time. No assurance can be provided that the COVID-19 pandemic and resulting economic disruption will not result in certain revenues in the City that are lower than projected.

The City of Memphis FY22 general fund budget embraces a continued uncertainty of the economic impact of COVID-19. Factors considered in preparing the City's budget for the 2022 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 \$1,407,354 against revenues of \$1,389,292.
- The adopted operating budget for the general fund is \$692,817 in revenues and \$715,992 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 Annual Comprehensive Financial Report, the Annual Operating Budget and 5 Year Capital Improvement Program, and other general information about the City may be found on the City's website, [www.memphistn.gov](http://www.memphistn.gov).





STATEMENT OF NET POSITION  
(Thousands of Dollars)  
June 30, 2021

CITY OF MEMPHIS, TENNESSEE  
EXHIBIT A-1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,065	\$ 204,890	\$ 212,955	\$ 72,615
Investments	15,667	170,209	185,876	9,972
Derivative financial instruments		3,293	3,293	
Equity in cash and investment pool	524,607	93,608	618,215	
Restricted funds	14,038	434,327	448,365	
Receivables (net of allowance for uncollectibles):				
Property taxes	436,135	-	436,135	
Sales, income, and other taxes	43,916	-	43,916	
Special assessments	3,995	-	3,995	
Federal and state grants	43,564	-	43,564	15
Interest and dividends on investments	283	2	285	
Notes and accounts receivable		166,540	166,540	6,935
Housing rehabilitation loans	42,491	-	42,491	
Other	73,607	3,417	77,024	
Due from other agencies and governments	457	-	457	31,643
Inventories	2,020	65,782	67,802	5,463
Unbilled revenues	-	67,155	67,155	
Prepaid expense	-	1,968	1,968	2,995
Restricted assets:				
Cash and cash equivalents	-	-	-	199,450
Investments	-	64,937	64,937	9,463
Non-depreciable capital assets	1,096,575	473,693	1,570,268	337,831
Depreciable capital assets (net of accumulated depreciation)	888,389	2,328,856	3,217,245	812,508
Net Pension asset	-	-	-	13,532
Other assets	-	98,798	98,798	159,378
<b>Total Assets</b>	<b>3,193,809</b>	<b>4,177,475</b>	<b>7,371,284</b>	<b>1,661,800</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - pensions	120,335	41,062	161,397	4,304
Deferred outflows - OPEB	10,303	50,458	60,761	4,034
Deferred outflows - other	-	1,366	1,366	656
<b>Total assets and deferred outflows of resources</b>	<b>3,324,447</b>	<b>4,270,361</b>	<b>7,594,808</b>	<b>1,670,794</b>

(Continued)

STATEMENT OF NET POSITION  
(Thousands of Dollars)  
June 30, 2021

CITY OF MEMPHIS, TENNESSEE  
EXHIBIT A-1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 83,724	\$ 225,249	\$ 308,973	\$ 28,340
Accrued interest payable	12,165	-	12,165	15,633
Contract retainage	3,954	3,245	7,199	
Insurance claims payable	9,382	-	9,382	
Due to other agencies and governments	92,638	-	92,638	3,066
Refundable bonds and deposits	2,205	-	2,205	
Unearned revenue	13,769	103	13,872	10,239
Other liabilities	93,696	103,787	197,483	
Noncurrent liabilities:				
Other Post Employment Benefits	553,390	255,894	809,284	
Net Pension Obligations	4,511	-	4,511	
Due within one year	127,090	40,097	167,187	20,922
Due in more than one year	1,507,934	1,077,439	2,585,373	618,845
Net OPEB liability - due in more than one year	-	-	-	84,357
<b>Total Liabilities</b>	<b>2,504,458</b>	<b>1,705,814</b>	<b>4,210,272</b>	<b>781,402</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - pension	432,553	95,499	528,052	21,073
Deferred inflows - OPEB	75,374	167,579	242,953	30,399
Deferred inflows - other	529,978	3,293	533,271	1,199
<b>Total liabilities and deferred inflows of resources</b>	<b>3,542,363</b>	<b>1,972,185</b>	<b>5,514,548</b>	<b>834,073</b>
<b>NET POSITION</b>				
Net investment in capital assets	244,190	1,226,768	1,470,958	696,464
Restricted for:				
Debt service	17,285	552,470	569,755	
Capital acquisitions/projects	-	-	-	149,508
Construction	-	11,380	11,380	
Solid waste management	15,379	-	15,379	
Drug enforcement	8,772	-	8,772	
Operations	254,478	-	254,478	11,414
Unrestricted:	(758,019)	507,558	(250,461)	(20,666)
<b>Total Net Position</b>	<b>\$ (217,915)</b>	<b>\$ 2,298,176</b>	<b>\$ 2,080,261</b>	<b>\$ 836,720</b>

STATEMENT OF ACTIVITIES  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021

CITY OF MEMPHIS, TENNESSEE  
EXHIBIT A-2

Functions/Programs	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	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 361,003	\$ 98,976	\$ 138,249	\$ 12,291	\$ (111,487)	\$ -	\$ (111,487)	\$ -
Public safety	452,271	24,030			(428,241)	-	(428,241)	-
Community services	82,061				(82,061)	-	(82,061)	-
Transportation and environment	70,668	76,893			6,225	-	6,225	-
Education	4,556				(4,556)	-	(4,556)	-
Interest on long-term debt	66,252		-		(66,252)	-	(66,252)	-
Total governmental activities	<u>1,036,811</u>	<u>199,899</u>	<u>138,249</u>	<u>12,291</u>	<u>(686,372)</u>	<u>-</u>	<u>(686,372)</u>	<u>-</u>
Business-type activities:								
Sewer collection and treatment	102,730	149,116	127	789	-	47,302	47,302	-
Memphis Light, Gas and Water	1,422,151	1,517,664			-	95,513	95,513	-
Storm water	19,950	32,058			-	12,108	12,108	-
Total business-type activities	<u>1,544,831</u>	<u>1,698,838</u>	<u>127</u>	<u>789</u>	<u>-</u>	<u>154,923</u>	<u>154,923</u>	<u>-</u>
Total primary government	<u>\$ 2,581,642</u>	<u>\$ 1,898,737</u>	<u>\$ 138,376</u>	<u>\$ 13,080</u>	<u>\$ (686,372)</u>	<u>\$ 154,923</u>	<u>\$ (531,449)</u>	<u>\$ -</u>
<b>Component units:</b>								
Memphis Area Transit Authority	73,373	2,428		13,337	-	-	-	(57,608)
Memphis-Shelby County Airport Authority	134,838	90,192	16,715	82,100	-	-	-	54,169
Renasant Convention Center	4,418	1,320			-	-	-	(3,098)
Blight Authority Memphis, Inc.	98	-	7		-	-	-	(91)
Memphis Zoological Society	21,709	21,687	10,143	181	-	-	-	10,302
Total component units	<u>\$ 234,436</u>	<u>\$ 115,627</u>	<u>\$ 26,865</u>	<u>\$ 95,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,674</u>

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
				Governmental Activities	Business-Type Activities	Total	
General revenues:							
Local taxes:							
Property taxes - levied for education				4,271		4,271	
Property taxes - levied for debt service				136,789		136,789	
Property taxes - levied for capital projects				1,202		1,202	
Property taxes - levied for general government				291,751		291,751	
Interest, penalties and commission - property taxes				8,085		8,085	
Sales tax, general				201,032		201,032	
Sales tax, beer				14,082		14,082	
Gross receipts tax				17,960		17,960	
Franchise tax				7,904		7,904	
Other local taxes				7,450		7,450	
State taxes-unrestricted:							
Sales tax				69,301		69,301	
Income tax				2,940		2,940	
Beer tax				306		306	
Alcoholic beverage tax				491		491	
Professional tax				122		122	
Petroleum products tax				24,873		24,873	
State taxes - Debt service				14,268		14,268	
Hotel/motel tax				11,369		11,369	
Grants and contributions not restricted to specific programs							
City of Memphis subsidy							21,638
Investment income				573	7,373	7,946	3,651
Federal grants and entitlements							49,410
State grants							8,259
Other				(7,154)	52,225	45,071	9,838
Transfers				68,344	(68,844)	(500)	
Total general revenues and transfers				875,959	(9,246)	866,713	92,796
Changes in net position				189,587	145,677	335,264	96,470
Net position - beginning, as restated				(407,502)	2,152,499	1,744,997	740,249
Net position - ending				\$ (217,915)	\$ 2,298,176	\$ 2,080,261	\$ 836,719

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

The net difference in the transfers is the result of change in PILOT agreement which began in April 2021 subsequent to the MLGW reporting period of December 31, 2020

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
(Thousands of Dollars)  
**June 30, 2021**

**CITY OF MEMPHIS, TENNESSEE**  
**EXHIBIT A-3**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Community Development</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 41	\$ -	\$ -	\$ 7,855	168	\$ 8,064
Investments	-	76	15,591	-	-	15,667
Equity in cash and investment pool	214,943	44,595	20,522	32,384	181,587	494,031
Receivables (net of allowance for uncollectibles):						
Property taxes:						
Current property taxes	272,980	125,144	1,176	-	1,479	400,780
Delinquent property taxes	24,283	10,831	89	-	152	35,355
Special assessments:						
Current special assessments	-	-	-	-	3,688	3,688
Delinquent special assessments	68	-	-	-	239	307
Sales, income, and other taxes	35,944	1,962	-	-	6,010	43,916
Federal and state grants	1,357	-	16,628	20,223	5,357	43,564
Interest and dividends on investments	-	-	-	283	-	283
Housing rehabilitation loans	-	-	-	42,491	-	42,491
Other	38,044	3,080	-	19,294	7,289	67,707
Due from other funds	11,015	2,087	-	-	-	13,102
Due from other agencies and governments	424	-	-	-	7,709	8,133
Escrows - debt funding	-	5,900	-	-	-	5,900
Restricted assets:						
Cash restricted for debt service	-	14,038	-	-	-	14,038
<b>Total assets</b>	<b>\$ 599,099</b>	<b>\$ 207,713</b>	<b>\$ 54,006</b>	<b>\$ 122,530</b>	<b>\$ 213,678</b>	<b>\$ 1,197,026</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 55,087	\$ 7	\$ 7,908	\$ 8,933	\$ 8,711	\$ 80,646
Contract retainage	-	-	3,953	-	1	3,954
Due to other funds	-	-	-	20	11,290	11,310
Due to other agencies and governments	12,051	-	-	-	80,587	92,638
Refundable bonds and deposits	2,205	-	-	-	-	2,205
Unearned revenue	-	-	6,284	-	7,485	13,769
<b>Total liabilities</b>	<b>69,343</b>	<b>7</b>	<b>18,145</b>	<b>8,953</b>	<b>108,074</b>	<b>204,522</b>
<b>Deferred inflows:</b>						
Prepaid taxes	1,432	-	-	-	-	1,432
Uncollected property taxes	300,134	138,556	1,281	-	1,631	441,602
Uncollected anti-neglect fees	319	-	-	-	-	319
Uncollected traffic fines	19,974	-	-	-	-	19,974
Uncollected ambulance fees	5,957	-	-	-	-	5,957
Uncollected special assessments	-	-	-	-	3,999	3,999
Uncollected grant reimbursements	-	-	-	-	-	-
Uncollected intergovernmental revenue	-	-	-	66,316	-	66,316
Uncollected project loans receivable	-	-	-	42,491	-	42,491
Other deferred inflows	4,387	3,765	-	-	-	8,152
<b>Total deferred inflows</b>	<b>332,203</b>	<b>142,321</b>	<b>1,281</b>	<b>108,807</b>	<b>5,630</b>	<b>590,241</b>
<b>Total liabilities and deferred inflows</b>	<b>401,546</b>	<b>142,327</b>	<b>19,426</b>	<b>117,760</b>	<b>113,704</b>	<b>794,763</b>
<b>Fund balances:</b>						
Restricted	14,635	17,285	-	4,770	93,092	129,782
Committed	-	48,101	34,580	-	6,883	89,564
Assigned	76,568	-	-	-	-	76,568
Unassigned	106,350	-	-	-	-	106,350
<b>Total fund balances</b>	<b>197,553</b>	<b>65,386</b>	<b>34,580</b>	<b>4,770</b>	<b>99,975</b>	<b>402,264</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 599,099</b>	<b>\$ 207,713</b>	<b>\$ 54,006</b>	<b>\$ 122,530</b>	<b>\$ 213,679</b>	<b>\$ 1,197,028</b>

See accompanying notes to financial statements.

RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
(Thousands of Dollars)  
June 30, 2021

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	\$ 402,264
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,984,964
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	50,763
Net pension liabilities, deferred inflows and outflows should be reported as a liability in the government-wide statement of net position. This is the cumulative amount by which the City has underfunded its pension obligations.	(316,729)
Net OPEB liabilities, deferred inflows and outflows should be reported as a liability in the government-wide statement of net position. This is the cumulative amount by which the City has underfunded its OPEB obligations.	(617,570)
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.	19,167
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,740,774)</u>
Net position of governmental activities	<u>\$ (217,915)</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, 2021

**CITY OF MEMPHIS, TENNESSEE**  
**EXHIBIT A-5**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Community Development</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Local taxes	\$ 483,995	\$ 136,789	\$ 1,202	\$ -	\$ 72,340	\$ 694,326
State taxes (local share)	74,322	14,268	-	-	23,589	112,179
Hotel/motel tax	-	-	-	-	11,369	11,369
Licenses and permits	14,807	-	-	-	2,273	17,080
Fines and forfeitures	10,338	-	-	-	1,872	12,210
Charges for services	35,594	-	-	-	76,947	112,541
Investment income	331	209	6	-	27	573
Federal grants and entitlements	82,538	1,557	12,291	21,376	18,955	136,717
State grants	10,000	-	558	-	3,265	13,823
Intergovernmental revenues	10,610	-	-	-	-	10,610
Other	14,056	701	1,780	33	6,436	23,006
Total revenues	<u>736,591</u>	<u>153,524</u>	<u>15,837</u>	<u>21,409</u>	<u>217,073</u>	<u>1,144,434</u>
<b>EXPENDITURES</b>						
Current:						
General government	199,840	-	-	-	59,615	259,455
Public safety	476,693	-	-	-	5,228	481,921
Community services	61,008	-	-	20,248	783	82,039
Transportation and environment	11,940	-	-	-	65,563	77,503
Education	-	-	-	-	4,556	4,556
Capital outlay	-	-	147,847	-	-	147,847
Debt service:						
Redemption of serial bonds and notes	-	98,236	-	-	-	98,236
Lease payments	-	4,442	-	-	-	4,442
Interest	-	66,252	-	-	-	66,252
Bond issuance cost	-	1	436	-	-	437
Service charges	-	1,211	936	-	-	2,147
Total expenditures	<u>749,481</u>	<u>170,142</u>	<u>149,219</u>	<u>20,248</u>	<u>135,745</u>	<u>1,224,835</u>
Revenues over (under) expenditures	<u>(12,890)</u>	<u>(16,618)</u>	<u>(133,382)</u>	<u>1,161</u>	<u>81,328</u>	<u>(80,401)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of capital assets	34	-	-	-	-	34
Transfers in	85,532	11,652	3,191	-	7,414	107,789
Transfers out	(4,948)	(5,985)	-	-	(33,362)	(44,295)
Payment to refunded bond escrow agent	-	(97,605)	-	-	-	(97,605)
Issuance of debt	-	-	130,407	-	-	130,407
Total other financing sources (uses)	<u>80,618</u>	<u>(91,938)</u>	<u>133,598</u>	<u>-</u>	<u>(25,948)</u>	<u>96,330</u>
Net change in fund balances	67,728	(108,556)	216	1,161	55,380	15,929
Fund balances - beginning of year	129,825	173,942	34,364	3,609	44,595	386,335
<b>Fund balances - end of year</b>	<u>\$ 197,553</u>	<u>\$ 65,386</u>	<u>\$ 34,580</u>	<u>\$ 4,770</u>	<u>\$ 99,975</u>	<u>\$ 402,264</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, 2021

**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	\$ 15,929
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.	75,023
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(3,678)
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.	(7,801)
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.	3,894
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.	106,892
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>(672)</u>
Change in net position of governmental activities	<u>\$ 189,587</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, 2021

CITY OF MEMPHIS, TENNESSEE  
Exhibit A-7

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>Local taxes:</b>				
Property taxes	\$ 264,861	\$ 264,861	\$ 266,795	\$ 1,934
Interest, penalties and commission - property taxes	6,898	6,898	8,085	1,187
Receipts in lieu of taxes contractual	12,800	12,800	11,800	(1,000)
Sales tax general	92,406	94,106	139,444	45,337
Sales tax beer	13,995	13,995	14,082	87
Alcoholic beverage tax	5,404	5,404	8,044	2,640
Liquor by the drink tax	6,375	6,375	6,018	(357)
Gross receipts tax	12,870	12,870	17,960	5,090
Excise tax	1,500	1,500	2,753	1,253
Franchise tax	7,600	7,600	7,904	304
Tourism development zone tax	-	-	19	19
Other local taxes	918	918	1,091	173
Total local taxes	<u>425,627</u>	<u>427,327</u>	<u>483,995</u>	<u>56,668</u>
<b>State taxes (local share):</b>				
Sales tax	46,525	46,525	69,301	22,776
Income taxes	2,500	2,500	2,940	440
Beer taxes	225	225	306	81
Alcoholic beverage tax	300	300	491	191
Petroleum special tax	1,285	1,285	1,284	(1)
Total state taxes (local share)	<u>50,835</u>	<u>50,835</u>	<u>74,322</u>	<u>23,487</u>
<b>Licenses and permits:</b>				
Auto licenses	13,000	13,000	13,785	785
Dog licenses	285	285	352	67
Liquor by the drink licenses	197	197	224	28
Other	314	314	445	131
Total licenses and permits	<u>13,796</u>	<u>13,796</u>	<u>14,807</u>	<u>1,011</u>
<b>Fines and forfeitures:</b>				
City courts	11,763	11,763	10,222	(1,541)
Library	-	-	116	116
Total fines and forfeitures	<u>11,763</u>	<u>11,763</u>	<u>10,338</u>	<u>(1,425)</u>

(Continued)

See accompanying notes to financial statements.

**GENERAL FUND**  
**STATEMENT OF REVENUES AND OTHER SOURCES -**  
**BUDGET AND ACTUAL ON BASIS OF BUDGETING**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Charges for services:</b>				
Building and other inspection fees	\$ 150	\$ 150	\$ 281	\$ 131
Park commission revenues	4,671	5,185	3,753	(1,432)
Parking meter revenues	1,100	1,100	786	(314)
Ambulance service fees	22,500	22,500	24,030	1,530
Rents	2,334	2,334	2,301	(33)
Tax sale attorney fees	425	425	879	454
Wrecker and storage fees	1,250	1,250	1,626	376
Police special events	500	500	239	(261)
Other	1,020	1,020	1,698	678
<b>Total charges for services</b>	<u>33,950</u>	<u>34,464</u>	<u>35,594</u>	<u>1,129</u>
<b>Investment income:</b>				
Interest on investments	1,937	1,937	236	(1,701)
Other	60	60	95	35
<b>Total investment income</b>	<u>1,997</u>	<u>1,997</u>	<u>331</u>	<u>(1,667)</u>
<b>Federal grants</b>	<u>5,250</u>	<u>65,909</u>	<u>82,538</u>	<u>16,629</u>
<b>State grants</b>	<u>14,000</u>	<u>14,000</u>	<u>10,000</u>	<u>(4,000)</u>
<b>Intergovernmental revenues</b>	<u>10,966</u>	<u>10,966</u>	<u>10,610</u>	<u>(356)</u>
<b>Other:</b>				
Auctions	1,700	1,700	3,925	2,225
Property insurance recoveries	215	215	112	(103)
Local shared revenue	1,684	1,684	1,791	107
Miscellaneous	2,527	3,343	8,228	4,885
<b>Total other</b>	<u>6,126</u>	<u>6,942</u>	<u>14,056</u>	<u>7,114</u>
<b>Total revenues</b>	<u>\$ 574,311</u>	<u>\$ 637,999</u>	<u>\$ 736,591</u>	<u>\$ 98,592</u>
<b>Other sources and transfers in:</b>				
Sale of capital assets	\$ -	\$ -	\$ 34	\$ 34
<b>Transfers in:</b>				
Solid waste management	750	750	750	-
Sewer collection and treatment fund	10,871	11,971	12,055	84
MLG&W fund	56,411	56,411	58,977	2,566
Hotel/Motel	-	-	44	44
Storm water	106	106	106	-
Metro alarm	1,600	1,600	1,600	-
2019 Sales Tax Referendum	12,000	12,000	12,000	-
<b>Total transfers in</b>	<u>81,738</u>	<u>82,838</u>	<u>85,532</u>	<u>2,694</u>
<b>Total other sources and transfers in</b>	<u>\$ 81,738</u>	<u>\$ 82,838</u>	<u>\$ 85,566</u>	<u>\$ 2,728</u>
<b>Total Revenues, Other Sources &amp; Transfers In</b>	<u>\$ 656,049</u>	<u>\$ 720,837</u>	<u>\$ 822,156</u>	<u>\$ 101,319</u>

See accompanying notes to financial statements.

**GENERAL FUND**  
**STATEMENT OF EXPENDITURES AND OTHER USES -**  
**BUDGET AND ACTUAL ON BASIS OF BUDGETING**  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
<b>General government:</b>				
Legislative:				
Personnel services	\$ 1,955	\$ 1,969	\$ 2,017	\$ (48)
Materials and supplies	713	766	589	177
Grants and Subsidies	-	-	95	(95)
Total legislative	<u>2,668</u>	<u>2,735</u>	<u>2,701</u>	<u>34</u>
Judicial:				
Personnel services	765	765	760	5
Materials and supplies	54	53	23	30
Total judicial	<u>819</u>	<u>818</u>	<u>783</u>	<u>35</u>
Court clerk:				
Personnel services	3,778	3,778	3,376	402
Materials and supplies	2,915	3,796	1,402	2,394
Capital outlay	37	36	21	15
Total court clerk	<u>6,730</u>	<u>7,610</u>	<u>4,799</u>	<u>2,811</u>
Executive:				
Personnel services	12,096	12,124	10,807	1,317
Materials and supplies	4,451	13,207	14,741	(1,534)
Capital outlay	-	38	-	38
Grants and subsidies	3,671	5,739	5,114	625
Expense reimbursement	(240)	(240)	(90)	(150)
Total executive	<u>19,978</u>	<u>30,868</u>	<u>30,572</u>	<u>296</u>
Finance and administration:				
Personnel services	9,251	21,340	20,225	1,115
Materials and supplies	2,232	2,453	3,127	(674)
Capital outlay	-	-	6	(6)
Grants and subsidies	3,309	3,313	2,703	610
Expense reimbursement	(1,083)	(1,083)	(948)	(135)
Total finance and administration	<u>13,709</u>	<u>26,023</u>	<u>25,113</u>	<u>910</u>
City attorney:				
Personnel services	5,446	5,446	5,233	213
Materials and supplies	11,836	13,053	11,771	1,282
Capital outlay	-	-	-	-
Grants and subsidies	478	555	180	375
Expense reimbursement	(3,410)	(3,410)	(3,372)	(38)
Total city attorney	<u>14,350</u>	<u>15,644</u>	<u>13,812</u>	<u>1,832</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, 2021

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
City engineer:				
Personnel services	\$ 9,577	\$ 9,577	\$ 9,117	\$ 460
Materials and supplies	3,471	5,993	5,823	170
Capital outlay	85	85	3	82
Expense reimbursement	(5,638)	(5,638)	(8,349)	2,711
Total city engineer	<u>7,495</u>	<u>10,017</u>	<u>6,594</u>	<u>3,423</u>
Information technologies:				
Personnel services	2,598	2,599	2,307	292
Materials and supplies	20,685	22,231	20,358	1,873
Capital outlay	100	100	94	6
Expense reimbursement	(1,579)	(1,579)	(1,484)	(95)
Total information technologies	<u>21,804</u>	<u>23,351</u>	<u>21,275</u>	<u>2,076</u>
Human resources:				
Personnel services	5,536	5,656	5,136	520
Materials and supplies	3,597	4,144	2,768	1,376
Capital outlay	30	30	28	2
Expense reimbursement	(800)	(800)	(995)	195
Total human resources	<u>8,363</u>	<u>9,030</u>	<u>6,937</u>	<u>2,093</u>
General services:				
Personnel services	23,293	23,293	21,577	1,716
Materials and supplies	9,376	10,816	9,481	1,335
Capital outlay	85	81	89	(8)
Expense reimbursement	(9,435)	(9,435)	(9,534)	99
Total general services	<u>23,319</u>	<u>24,755</u>	<u>21,613</u>	<u>3,142</u>
Special appropriations:				
Materials and supplies	-	348	599	(251)
Grants and subsidies	40,600	73,743	74,027	(284)
Expense reimbursement	(5,500)	(5,500)	(4,260)	(1,240)
Total special appropriations	<u>35,100</u>	<u>68,591</u>	<u>70,366</u>	<u>(1,775)</u>
Total general government	<u>\$ 154,335</u>	<u>\$ 219,442</u>	<u>\$ 204,565</u>	<u>\$ 14,877</u>

(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, 2021

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Public safety:</b>				
Police:				
Personnel services	\$ 251,975	\$ 250,025	\$ 249,381	\$ 644
Materials and supplies	30,608	33,898	30,648	3,250
Capital outlay	476	476	379	97
Grants and subsidies	150	195	22	173
Expense reimbursement	(1,730)	(1,730)	(4,341)	2,611
Total police	<u>281,479</u>	<u>282,864</u>	<u>276,089</u>	<u>6,775</u>
Fire:				
Personnel services	171,455	172,541	177,181	(4,640)
Materials and supplies	20,304	22,863	22,999	(136)
Capital outlay	86	86	69	17
Expense reimbursement	(227)	(227)	(442)	215
Total fire	<u>191,618</u>	<u>195,263</u>	<u>199,807</u>	<u>(4,544)</u>
Total public safety	<u>\$ 473,097</u>	<u>\$ 478,127</u>	<u>\$ 475,896</u>	<u>\$ 2,231</u>
<b>Community services:</b>				
Library:				
Personnel services	\$ 16,406	\$ 16,406	\$ 15,846	\$ 560
Materials and supplies	4,698	5,958	3,571	2,387
Total library	<u>21,104</u>	<u>22,364</u>	<u>19,417</u>	<u>2,947</u>
Parks and recreation:				
Personnel services	16,591	16,905	15,569	1,336
Materials and supplies	19,058	20,221	18,935	1,286
Capital outlay	12	12	8	4
Inventory	453	463	282	181
Total parks and recreation	<u>36,114</u>	<u>37,601</u>	<u>34,794</u>	<u>2,807</u>
Community development:				
Personnel services	4,564	4,599	2,676	1,923
Materials and supplies	584	822	653	169
Grants and subsidies	1,655	4,888	2,926	1,962
Expense reimbursement	(1,937)	(1,937)	-	(1,937)
Total community development	<u>4,866</u>	<u>8,372</u>	<u>6,255</u>	<u>2,117</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, 2021

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Total community services	\$ 62,084	\$ 68,337	\$ 60,466	\$ 7,871
<b>Transportation and environment:</b>				
Public works:				
Personnel services	\$ 16,110	\$ 16,110	\$ 14,620	\$ 1,490
Materials and supplies	14,624	17,387	11,729	5,658
Capital outlay	200	293	169	124
Grants and subsidies	137	472	300	172
Expense reimbursement	(13,981)	(13,981)	(15,839)	1,858
Total public works	17,090	20,281	10,979	9,302
Total transportation and environment	\$ 17,090	\$ 20,281	\$ 10,979	\$ 9,302
<b>Total Expenditures</b>	<u>\$ 706,606</u>	<u>\$ 786,187</u>	<u>\$ 751,906</u>	<u>\$ 34,281</u>
<b>OTHER USES</b>				
<b>Transfers out</b>				
New Memphis Arena	\$ -	\$ 2,863	\$ 2,863	\$ -
Library retirement fund	1,536	1,536	1,534	2
HUB Community Impact fund	550	550	551	(1)
Total transfers out	2,086	4,949	4,948	1
<b>Total other uses</b>	<u>\$ 2,086</u>	<u>\$ 4,949</u>	<u>\$ 4,948</u>	<u>\$ 1</u>
<b>Total Expenditures and Other Uses</b>	<u>\$ 708,692</u>	<u>\$ 791,136</u>	<u>\$ 756,854</u>	<u>\$ 34,282</u>
Net Change in Fund balances (Budgetary)	<u>\$ (52,643)</u>	<u>\$ (70,299)</u>	\$ 65,302	<u>\$ 67,037</u>
Adjustment for encumbrances			2,426	
Revenues over expenditures GAAP basis			67,728	
Fund Balance - beginning			129,825	
Fund Balance - ending			<u>\$ 197,553</u>	

See accompanying notes to financial statements.

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 (Thousands of Dollars)  
 June 30, 2021

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
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ -	\$ 124,761	\$ 58,673	\$ 21,456	\$ -	\$ 204,890	\$ 1
Investments	21,911	90,085	40,159	15,527	2,527	170,209	-
Equity in cash and investment pool	71,906	-	-	-	21,702	93,608	30,576
Derivative financial instruments	-	-	3,293	-	-	3,293	-
Restricted funds	99,979	154,002	72,743	77,400	30,203	434,327	-
Receivables:							
Notes and accounts	15,139	76,579	51,293	20,809	2,720	166,540	33
Interest on investments	-	-	2	-	-	2	-
Due from other agencies	-	-	-	-	-	-	-
Unbilled revenues	-	45,653	17,025	4,477	-	67,155	-
Prepaid power cost	-	-	1,968	-	-	1,968	-
Unrecovered purchased power cost	-	5,285	-	-	-	5,285	-
Prepaid expenses	2,105	-	908	-	-	3,013	-
Inventories of materials and supplies	-	49,113	11,022	5,647	-	65,782	2,020
Other current assets	-	4,627	5,263	1,660	-	11,550	-
Total current assets	211,040	550,105	262,349	146,976	57,152	1,227,622	32,630
Non-current assets:							
Restricted assets:							
Investments, less current portion	-	41,033	14,783	9,121	-	64,937	-
Total restricted assets	-	41,033	14,783	9,121	-	64,937	-
Capital assets:							
Land	14,108	-	-	-	37	14,145	-
Buildings	105,196	-	-	-	2,573	107,769	-
Utility plant	-	2,033,842	783,394	580,479	-	3,397,715	-
Improvements other than buildings	658,195	-	-	-	96,444	754,639	-
Machinery and equipment	44,342	-	-	-	20,065	64,407	-
Less accumulated depreciation and amortization	(466,605)	(895,191)	(372,999)	(224,643)	(36,236)	(1,995,674)	-
Total capital assets	355,236	1,138,651	410,395	355,836	82,883	2,343,001	-
Construction in progress	398,974	-	-	-	60,574	459,548	-
Net capital assets	754,210	1,138,651	410,395	355,836	143,457	2,802,549	-
Other non-current assets:							
Prepayments in lieu of taxes	-	1,650	38	-	-	1,688	-
Unamortized debt expense	-	1,802	938	977	-	3,717	-
Other prepayments	-	15,859	20,600	5,118	-	41,577	-
Net pension asset -long term	59	15,898	6,094	4,505	30	26,586	-
Notes receivable	-	-	3,632	1,750	-	5,382	-
Total other non-current assets	59	35,209	31,302	12,350	30	78,950	-
Total non-current assets	754,269	1,214,893	456,480	377,307	143,487	2,946,436	-
<b>Total assets</b>	<b>965,309</b>	<b>1,764,998</b>	<b>718,829</b>	<b>524,283</b>	<b>200,639</b>	<b>4,174,058</b>	<b>32,630</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred outflows related to pensions	4,412	17,892	6,860	5,070	2,618	36,852	-
Deferred outflows related to OPEB	562	29,715	11,391	8,419	371	50,458	54
Unamortized balance of refunded debt	-	1,366	-	-	-	1,366	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 970,283</b>	<b>\$ 1,813,971</b>	<b>\$ 737,080</b>	<b>\$ 537,772</b>	<b>\$ 203,628</b>	<b>\$ 4,262,734</b>	<b>\$ 32,684</b>

(Continued)

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 (Thousands of Dollars)  
 June 30, 2021

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
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable and accrued expenses	\$ 20,101	\$ 125,721	\$ 21,062	\$ -	\$ 3,480	\$ 170,364	\$ 3,079
Bonds and notes payable	-	9,668	3,621	3,648	-	16,937	-
Accrued liabilities	-	25,450	15,416	13,800	-	54,666	-
Payables due from restricted assets	-	26,030	8,043	5,557	-	39,630	-
Bonds payable - principal from restricted assets	-	892	335	337	-	1,564	-
Bonds payable - interest from restricted assets	-	1,084	484	396	-	1,964	-
Insurance claims payable	219	-	-	-	-	219	9,382
Contract retainage	2,683	-	-	-	562	3,245	-
Unearned revenue	103	-	-	-	-	103	-
Current installment of revenue bonds payable	11,940	-	-	-	775	12,715	-
State loans payable - current	7,379	-	-	-	-	7,379	-
Vacation, sick and other leave benefits	3,277	11,196	4,303	3,155	1,667	23,598	111
<b>Total current liabilities</b>	<b>45,702</b>	<b>200,041</b>	<b>53,264</b>	<b>26,893</b>	<b>6,484</b>	<b>332,384</b>	<b>12,572</b>
Long-term liabilities:							
Revenue bonds payable	226,413	356,713	152,017	139,639	40,160	914,942	-
State loans payable	145,630	-	-	-	-	145,630	-
Federal loans payable	5,336	-	-	-	-	5,336	-
Net pension liability	-	-	-	-	-	-	-
Net OPEB liability	30,418	125,135	47,968	35,455	16,918	255,894	862
Customer common deposits	-	21,925	4,965	1,552	-	28,442	-
Long term commercial paper	-	-	-	-	-	-	-
Other	-	9,190	7,690	4,514	1,792	23,186	-
<b>Total long-term liabilities</b>	<b>407,797</b>	<b>512,963</b>	<b>212,640</b>	<b>181,160</b>	<b>58,870</b>	<b>1,373,430</b>	<b>862</b>
<b>Total liabilities</b>	<b>453,499</b>	<b>713,004</b>	<b>265,904</b>	<b>208,053</b>	<b>65,354</b>	<b>1,705,814</b>	<b>13,434</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflows related to pensions	10,547	45,096	17,287	12,777	5,582	91,289	-
Deferred inflows related to OPEB	4,153	96,764	37,092	27,417	2,153	167,579	83
Revenue collected in advance	-	-	3,293	-	-	3,293	-
<b>Total liabilities and deferred inflows of resources</b>	<b>468,199</b>	<b>854,864</b>	<b>323,576</b>	<b>248,247</b>	<b>73,089</b>	<b>1,967,975</b>	<b>13,517</b>
<b>NET POSITION</b>							
<b>Net investment in capital assets</b>	202,418	603,980	183,375	135,140	101,855	1,226,768	-
Restricted for debt service	179,003	198,466	85,331	88,843	827	552,470	-
Restricted for construction	11,380	-	-	-	-	11,380	-
Unrestricted (deficit)	109,283	156,661	144,798	65,542	27,857	504,141	19,167
<b>Total net position (deficit)</b>	<b>\$ 502,084</b>	<b>\$ 959,107</b>	<b>\$ 413,504</b>	<b>\$ 289,525</b>	<b>\$ 130,539</b>	<b>\$ 2,294,759</b>	<b>\$ 19,167</b>
Adjustment to reflect the consolidation of internal service funds related to enterprise funds						3,417	
<b>Net position of business-type activities</b>						<b>\$ 2,298,176</b>	

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, 2021

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	\$ 149,116	\$ 1,194,269	\$ 212,741	\$ 110,654	\$ 32,058	\$ 1,698,838	\$ 114,307
<b>Operating revenues</b>	149,116	1,194,269	212,741	110,654	32,058	1,698,838	114,307
Operating expenses other than depreciation and amortization:							
Personnel services	21,250	-	-	-	10,164	31,414	4,924
Materials, supplies, services, and other	52,917	-	-	-	4,887	57,804	19,623
Capital outlay	897	-	-	-	-	897	365
Purchased power and gas for resale	-	939,781	75,183	-	-	1,014,964	-
Production	-	-	-	15,915	-	15,915	-
Operation	-	112,047	65,617	40,948	-	218,612	-
Maintenance	-	39,784	5,955	11,153	-	56,892	-
In lieu of taxes	-	6,620	1,020	-	-	7,640	-
Death benefits	-	-	-	-	-	-	127
Inventories	-	-	-	-	-	-	12,300
Claims incurred	-	-	-	-	-	-	74,283
Total operating expenses other than depreciation and amortization	75,064	1,098,232	147,775	68,016	15,051	1,404,138	111,622
Operating income (loss) before depreciation and amortization	74,052	96,037	64,966	42,638	17,007	294,700	2,685
Depreciation and amortization	14,647	59,721	24,374	11,704	3,137	113,583	11
<b>Operating income (loss)</b>	59,405	36,316	40,592	30,934	13,870	181,117	2,674
Non-operating revenues:							
Transmission credits	-	36,192	-	-	-	36,192	-
Investment income	1,002	5,059	390	882	40	7,373	20
Federal grants	127	-	-	-	-	127	-
State grants	-	-	-	-	-	-	-
Other	6,648	-	-	-	4,349	10,997	-
Total non-operating revenues	7,777	41,251	390	882	4,389	54,689	20
Non-operating expenses:							
Bond sale expense	1,130	-	-	-	-	1,130	-
Loss on disposal of assets	524	-	-	-	-	524	-
Interest on bonded indebtedness	6,024	6,887	2,780	2,302	924	18,917	-
Interest on state loan	1,170	-	-	-	-	1,170	-
Other	4,171	-	-	-	838	5,009	-
Total non-operating expenses	13,019	6,887	2,780	2,302	1,762	26,750	-
Income (loss) before capital contributions and transfers	54,163	70,680	38,202	29,514	16,497	209,056	2,694
Transfers in	2,794	-	-	-	-	2,794	1,310
Transfers out	(12,055)	(38,536)	(18,441)	(2,500)	(106)	(71,638)	-
Capital contributions	789	-	-	-	-	789	-
Change in net position (deficit)	45,691	32,144	19,761	27,014	16,391	141,001	4,004
Total net position (deficit) - beginning of year	456,393	926,963	393,743	262,511	114,148		15,163
Prior Period Adjustment	-	-	-	-	-	-	-
<b>Total net position - end of year</b>	<b>\$ 502,084</b>	<b>\$ 959,107</b>	<b>\$ 413,504</b>	<b>\$ 289,525</b>	<b>\$ 130,539</b>		<b>\$ 19,167</b>
Adjustment to reflect the consolidation of internal service funds related to enterprise funds						4,676	
<b>Change in net position of business-type activities</b>						<b>\$ 145,677</b>	

See accompanying notes to financial statements.



STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 (Thousands of Dollars)  
 For the fiscal year ended June 30, 2021

CITY OF MEMPHIS, TENNESSEE  
 Exhibit A-11

	Sewer Col- lection and Treatment	MLGW Electric Division	MLGW Gas Division	MLGW Water Division	Non-Major Funds	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts from customers and users	\$ 148,631	\$ 1,219,574	\$ 198,798	\$ 109,817	\$ 31,987	\$ 1,708,807	\$ 140
Receipts from other division funds	-	-	-	-	-	-	27,416
Miscellaneous income	48	-	-	-	-	48	-
Employee contributions	-	-	-	-	-	-	16,672
Employer contributions	-	-	-	-	-	-	65,849
Vendor rebates	-	-	-	-	-	-	-
Pharmacy rx rebates	-	-	-	-	-	-	4,111
Payments to suppliers	(55,044)	(975,201)	(93,055)	(30,440)	(7,806)	(1,161,546)	(17,824)
Payments to/on behalf of employees	(21,943)	(117,831)	(58,481)	(42,531)	(10,577)	(251,363)	(5,035)
Payments from / (to) other divisions or funds	-	(6,697)	(1,559)	(4,011)	-	(12,267)	-
Payments for taxes	-	(6,577)	(1,019)	-	-	(7,596)	-
Payments for inventory	-	-	-	-	-	-	(12,640)
Payments for death benefits	(32)	-	-	-	-	(32)	(127)
Payments for claims incurred	-	-	-	-	-	-	(72,205)
Net cash provided by (used in) operating activities (1)	<u>71,660</u>	<u>113,268</u>	<u>44,684</u>	<u>32,835</u>	<u>13,604</u>	<u>276,051</u>	<u>6,357</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>							
Transfers to City	-	(38,536)	(18,441)	(2,500)	-	(59,477)	-
Receipt of miscellaneous income	-	-	-	-	-	-	-
Principal payments on long-term debt	-	-	-	-	-	-	-
Transfers from other funds	2,794	-	-	-	-	2,794	-
Transfers to other funds	(12,055)	-	-	-	(106)	(12,161)	1,310
Net cash (used in) provided by non-capital financing activities	<u>(9,261)</u>	<u>(38,536)</u>	<u>(18,441)</u>	<u>(2,500)</u>	<u>(106)</u>	<u>(68,844)</u>	<u>1,310</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Bond issue costs	(1,130)	-	-	-	-	(1,130)	-
Acquisition and construction of capital assets	(79,976)	(86,003)	(22,525)	(19,295)	(16,497)	(224,296)	-
Contributions in aid of construction	-	17,502	2,470	4,087	-	24,059	-
Proceeds from issuance of debt	141,548	198,805	74,662	79,971	-	494,986	-
Proceeds from federal grants	127	-	-	-	-	127	-
Principal payments on long term commercial paper loan	-	-	-	-	(1,740)	(1,740)	-
Principal payments on capital debt	(11,725)	(31,160)	(2,765)	(2,750)	(740)	(49,140)	-
Interest payments on debt	(8,186)	(8,861)	(3,847)	(2,686)	(1,879)	(25,459)	-
Capital contributions received	789	-	-	-	-	789	-
Proceeds from Federal loan	5,336	-	-	-	-	5,336	-
Proceeds from State Revolving Fund (SRF) loans	22,731	-	-	-	-	22,731	-
Net cash used in capital and related financing activities	<u>69,514</u>	<u>90,283</u>	<u>47,995</u>	<u>59,327</u>	<u>(20,856)</u>	<u>246,263</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Sales and maturities of investments	340	34,671	23,861	8,422	-	67,294	-
Purchase of investments	(7,283)	(105,296)	(77,837)	(66,970)	-	(257,386)	-
Payments received on notes receivable	-	-	-	(23)	-	(23)	-
Income earned on investments	479	3,047	1,634	295	40	5,495	22
Net cash provided by (used in) investing activities	<u>(6,464)</u>	<u>(67,578)</u>	<u>(52,342)</u>	<u>(58,276)</u>	<u>40</u>	<u>(184,620)</u>	<u>22</u>
Net increase (decrease) in cash and cash equivalents	<u>125,449</u>	<u>97,437</u>	<u>21,896</u>	<u>31,386</u>	<u>(7,318)</u>	<u>268,850</u>	<u>7,689</u>
Cash and cash equivalents, beginning of year	<u>46,436</u>	<u>141,585</u>	<u>62,738</u>	<u>20,065</u>	<u>59,223</u>	<u>330,047</u>	<u>22,888</u>
Cash and cash equivalents, end of year	<u>\$ 171,885</u>	<u>\$ 239,022</u>	<u>\$ 84,634</u>	<u>\$ 51,451</u>	<u>\$ 51,905</u>	<u>\$ 598,897</u>	<u>\$ 30,577</u>

(Continued)

## STATEMENT OF CASH FLOWS

CITY OF MEMPHIS, TENNESSEE

## PROPRIETARY FUNDS

Exhibit A-11

(Thousands of Dollars)

(Continued)

For the fiscal year ended June 30, 2021

	Sewer Col- lection and Treatment	MLGW Electric Division	MLGW Gas Division	MLGW Water Division	Non-Major Funds	Total	Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>							
Operating income (loss)	\$ 59,405	\$ 36,316	\$ 40,592	\$ 30,934	\$ 13,869	\$ 181,116	\$ 2,674
Adjustments to reconcile operating income to net cash provided by operating activities:							
Pension expense - non cash	6,508	(5,405)	(2,072)	(1,523)	-	(2,492)	-
OPEB expense - non cash	-	(25,445)	(9,754)	(7,209)	-	(42,408)	-
Depreciation expense	14,647	59,721	24,374	11,704	3,137	113,583	11
Transmission credits	-	36,192	-	-	-	36,192	-
Other income	16	2,014	(1,180)	589	-	1,439	-
(Increase) decrease in assets:							
Accounts receivable	(485)	11,661	(10,722)	(2,347)	(76)	(1,969)	(21)
Deferred outflows - Pension	(1,783)	-	-	-	(899)	(2,682)	-
Deferred outflows - OPEB	764	-	-	-	385	1,149	8
Net pension asset	(691)	-	-	-	-	(691)	-
Unbilled revenues	-	2,138	(3,645)	(807)	-	(2,314)	-
Prepayments - in lieu of taxes	-	21	-	-	-	21	-
Unrecovered purchased power and gas	-	5,736	683	-	-	6,419	-
Inventories	-	(4,777)	(1,607)	(755)	-	(7,139)	(340)
Other assets	-	116	(1,173)	-	-	(1,057)	-
Increase (decrease) in liabilities:							
Accounts payable	(2,165)	(11,745)	4,393	-	247	(9,270)	4,006
Other accrued expenses	1,044	2,417	1,340	1,279	-	6,080	-
Accrued payment in lieu of taxes	-	-	-	-	-	-	-
Customer deposits	-	3,172	700	305	-	4,177	-
Insurance reserves	-	(415)	119	304	-	8	-
Medical benefit accrual	-	1,250	571	373	-	2,194	-
Deferred inflows - Pension	9,224	-	-	-	4,648	13,872	-
Deferred inflows - OPEB	1,722	-	-	-	868	2,590	19
Net pension liability	(13,497)	-	-	-	(7,150)	(20,647)	-
Net OPEB liability	(2,827)	-	-	-	(1,425)	(4,252)	-
Accrued vacation/sick leave	(222)	-	-	-	-	(222)	-
Other	-	301	2,065	(12)	-	2,354	-
Total adjustments	12,255	76,952	4,092	1,901	(265)	94,935	3,683
Net cash provided by (used in) operating activities (1)	\$ 71,660	\$ 113,268	\$ 44,684	\$ 32,835	\$ 13,604	\$ 276,051	\$ 6,357
<b>Reconciliation of cash and cash equivalents per statements of cash flows to the balance sheets:</b>							
Restricted funds	\$ 99,979	\$ 195,035	\$ 87,526	\$ 86,521	\$ 30,203	\$ 499,264	\$ -
Less investments included in restricted funds	-	(80,774)	(61,565)	(56,526)	-	(198,865)	-
Cash and cash equivalents included in restricted funds	99,979	114,261	25,961	29,995	30,203	300,399	-
Current assets - cash and cash equivalents	-	124,761	58,673	21,456	-	204,890	1
Current assets - equity in cash and investment pool	71,906	-	-	-	21,702	93,608	30,576
Total cash and cash equivalents	\$ 171,885	\$ 239,022	\$ 84,634	\$ 51,451	\$ 51,905	\$ 598,897	\$ 30,577

See accompanying notes to financial statements.

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
(Thousands of Dollars)  
**June 30, 2021**

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

	<b>Pension and OPEB Trust Funds</b>	<b>Sold Property Tax Receivable Agency Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 67,996	\$ -
Investments, at fair value:		
U.S. government securities - long-term	128,571	-
Common stock - domestic	1,812,891	-
Common stock - foreign	390,176	-
Preferred stock - foreign	1,944	-
Corporate bonds - domestic	434,801	-
Corporate bonds - foreign	134,299	-
Mutual funds and money market funds	162,008	-
Government bonds - domestic	4,483	-
Government bonds - international	50,864	-
Global bond - international	90,581	-
Emerging market bonds ETF	6,696	-
Corporate bond mutual funds - domestic	34,977	-
Convertible bond - international	16,361	-
Collateralized mortgage obligations	8,345	-
Asset-backed pooled securities	17,003	-
Mortgage-backed pooled securities	35,185	-
Securitized asset fund	57,574	-
Investments in index funds	111,647	-
Investments in limited partnerships	225,650	-
Investments in real estate	431,300	-
Multi-asset - domestic	14,373	-
Private debt funds - domestic	2,058	-
Private equity - domestic	118,518	-
Private equity - international	11,615	-
Investments in international equity fund	563,997	-
Hedge funds	10,554	-
Distressed debt funds - domestic	79,593	-
Distressed debt funds - international	94,487	-
Life Settlement fund	88,232	-
Investments short sales & written options	(7,712)	-
<b>Total investments</b>	<b>5,131,071</b>	<b>-</b>
Equity in cash and investment pool	537	5,606
Interest and dividend receivables	10,457	-
Receivable for securities sold	237,975	-
Property tax receivable - current	-	5,918
Property tax receivable - delinquent	-	3,367
Employer and employee contributions receivable	4,108	-
Other receivables	151	-
Collateral held in trust for securities on loan	99,666	-
<b>Total assets</b>	<b>5,551,961</b>	<b>14,891</b>
<b>LIABILITIES</b>		
Accounts payable and other liabilities	277,686	14,891
Payable for securities purchased	39,503	-
Collateral subject to return to borrowers	99,666	-
<b>Total liabilities</b>	<b>416,855</b>	<b>14,891</b>
<b>NET POSITION</b>		
Restricted for OPEB	-	-
Restricted for Pensions	-	-
<b>Total net position</b>	<b>\$ 5,135,106</b>	<b>\$ -</b>

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, 2021

CITY OF MEMPHIS, TENNESSEE  
Exhibit A-13

	<u>Pension and OPEB Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 132,617
Plan members	36,284
Total contributions	<u>168,901</u>
Transfer from other fund	3,542
Pharmacy rebates	596
Investment income:	
Interest and dividend income	68,457
Securities lending income	572
Other investment income	15,502
Gain on real estate investments	13,642
Net appreciation in the fair value of investments	868,568
Less investment expenses	<u>(23,246)</u>
Net investment income	<u>943,495</u>
<b>Total additions</b>	<u>1,116,534</u>
<b>DEDUCTIONS</b>	
Benefits	331,187
Administrative expenses	12,168
Refunds of contributions	<u>17,574</u>
<b>Total deductions</b>	<u>360,929</u>
<b>Net (decrease)/increase</b>	755,605
Net position - beginning of year	<u>4,379,502</u>
<b>Net position - end of year</b>	<u>\$ 5,135,107</u>

See accompanying notes to financial statements.

**COMBINING STATEMENT OF NET POSITION  
COMPONENT UNITS  
(Thousands of Dollars)  
June 30, 2021**

**CITY OF MEMPHIS, TENNESSEE  
Exhibit A-14**

	<b>Memphis Area Transit Authority</b>	<b>Memphis - Shelby County Airport Authority</b>	<b>Renasant Convention Center</b>	<b>Blight Authority of Memphis (1)</b>	<b>Memphis Zoological Society</b>	<b>Total</b>
<b>ASSETS</b>						
Current unrestricted assets:						
Cash and cash equivalents	\$ 6,352	\$ 53,495	\$ 2,059	\$ 160	\$ 10,549	\$ 72,615
Investments	-	-	-	-	9,972	9,972
Receivables:						
Federal and state grants	-	15	-	-	-	15
Accounts receivable	58	5,593	386	-	898	6,935
Due from other agencies and governments	31,292	-	-	-	351	31,643
Inventories of materials and supplies	2,986	2,213	-	-	264	5,463
Prepaid expenses	542	1,781	19	-	654	2,995
<b>Total current unrestricted assets</b>	<b>41,229</b>	<b>63,097</b>	<b>2,464</b>	<b>160</b>	<b>22,688</b>	<b>129,638</b>
Current restricted assets:						
Cash and cash equivalents	-	199,200	-	-	250	199,450
Investments	-	9,432	-	31	-	9,463
Capital contributions receivable	-	52,773	-	-	-	52,773
Accounts receivable	-	833	-	-	-	833
Accrued interest	-	709	-	-	-	709
<b>Total current restricted assets</b>	<b>-</b>	<b>262,947</b>	<b>-</b>	<b>31</b>	<b>250</b>	<b>263,228</b>
<b>Total current assets</b>	<b>41,229</b>	<b>326,044</b>	<b>2,464</b>	<b>191</b>	<b>22,938</b>	<b>392,866</b>
Non-current restricted assets:						
Investments	503	104,463	-	-	-	104,966
Other assets	13	-	-	-	-	13
Net pension asset	13,532	-	-	-	-	13,532
<b>Total non-current restricted assets</b>	<b>14,047</b>	<b>104,463</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118,510</b>
Capital assets:						
Land	2,731	159,853	643	-	-	163,227
Buildings	177,333	626,867	43,061	-	-	847,261
Avigation easements	-	46,679	-	-	-	46,679
Improvements other than buildings	-	991,318	-	-	-	991,318
Machinery, buses and equipment	101,587	135,979	7,798	-	-	245,364
Less accumulated depreciation and amortization	(197,279)	(1,235,193)	(48,868)	-	-	(1,481,340)
<b>Total capital assets, net</b>	<b>84,372</b>	<b>725,503</b>	<b>2,633</b>	<b>-</b>	<b>-</b>	<b>812,508</b>
Construction in progress	13,968	322,079	296	-	1,488	337,831
<b>Net capital assets</b>	<b>98,340</b>	<b>1,047,582</b>	<b>2,929</b>	<b>-</b>	<b>1,488</b>	<b>1,150,339</b>
Other assets	-	85	-	-	-	85
<b>Total assets</b>	<b>153,617</b>	<b>1,478,174</b>	<b>5,393</b>	<b>191</b>	<b>24,426</b>	<b>1,661,800</b>
<b>DEFERRED OUTFLOWS</b>						
Deferred charges on refundings	-	656	-	-	-	656
Deferred actuarial losses-pensions	-	4,304	-	-	-	4,304
Deferred actuarial losses-OPEB	3,123	911	-	-	-	4,034
<b>Total assets and deferred outflows</b>	<b>156,739</b>	<b>1,484,045</b>	<b>5,393</b>	<b>191</b>	<b>24,426</b>	<b>1,670,794</b>

(Continued)

COMBINING STATEMENT OF NET POSITION  
 COMPONENT UNITS  
 (Thousands of Dollars)  
 June 30, 2021

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

	Memphis Area Transit Authority	Memphis - Shelby County Airport Authority	Renasant Convention Center	Blight Authority of Memphis	Memphis Zoological Society	Total
<b>LIABILITIES</b>						
Current:						
Notes and accounts payable	\$ 7,801	\$ 19,625	\$ 537	\$ 1	\$ 375	28,340
Due to other agencies and governments	3,066	-	-	-	-	3,066
Accrued liabilities	1,120	13,080	100	-	1,333	15,633
Unearned revenue	86	7,903	80	-	2,170	10,239
Current installment of revenue bonds payable and future events	-	20,312	610	-	-	20,922
<b>Total current liabilities</b>	<b>12,073</b>	<b>60,920</b>	<b>1,327</b>	<b>1</b>	<b>3,878</b>	<b>78,199</b>
Long-term (net of current maturities):						
Lease revenue received in advance	-	57,887	-	-	-	57,887
Net OPEB liability	70,907	13,450	-	-	-	84,357
Revenue bonds payable	-	558,744	-	-	-	558,744
Other long-term obligations	-	2,184	-	31	-	2,215
<b>Total long-term liabilities</b>	<b>70,907</b>	<b>632,265</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>703,203</b>
<b>Total liabilities</b>	<b>82,980</b>	<b>693,185</b>	<b>1,327</b>	<b>32</b>	<b>3,878</b>	<b>781,402</b>
<b>DEFERRED INFLOWS</b>						
Gain on refunding	-	1,199	-	-	-	1,199
Pension	4,722	16,351	-	-	-	21,073
OPEB	28,043	2,356	-	-	-	30,399
<b>Total deferred inflows</b>	<b>32,766</b>	<b>19,906</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,672</b>
<b>Total liabilities and deferred inflows</b>	<b>115,746</b>	<b>713,091</b>	<b>1,327</b>	<b>32</b>	<b>3,878</b>	<b>834,074</b>
<b>NET POSITION</b>						
Net investment in capital assets	98,340	595,195	2,929	-	-	696,464
Restricted for:	-	-	-	-	-	-
Capital acquisition/projects	-	149,508	-	-	-	149,508
Self-insurance	503	-	-	-	-	503
Other	-	85	-	-	10,826	10,911
Unrestricted	(57,849)	26,166	1,136	159	9,722	(20,666)
<b>Total Net Position</b>	<b>40,994</b>	<b>770,954</b>	<b>4,066</b>	<b>159</b>	<b>20,548</b>	<b>836,720</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 156,739</b>	<b>\$ 1,484,045</b>	<b>\$ 5,393</b>	<b>\$ 191</b>	<b>\$ 24,426</b>	<b>\$ 1,670,794</b>

See accompanying notes to financial statements.

(1) Blight Authority of Memphis data reported as of June 30, 2020.

COMBINING STATEMENT OF ACTIVITIES  
 COMPONENT UNITS (Thousands of Dollars)  
 For the fiscal year ended June 30, 2021

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-Shelby County					Total
					Memphis Area Transit Authority	Airport Authority	Renasant Convention Center	Blight Authority of Memphis (1)	Memphis Zoological Society	
<b>Component units:</b>										
Memphis Area Transit Authority	\$ 73,373	\$ 2,428	\$ -	\$ 13,337	\$ (57,608)	\$ -	\$ -	\$ -	\$ -	\$ (57,608)
Blight Authority of Memphis (1)	98	-	7	-	-	-	-	(91)	-	(91)
Memphis Zoological Society	21,709	21,687	10,143	181	-	-	-	-	10,302	10,302
Renasant Convention Center	4,418	1,320	-	-	-	-	(3,098)	-	-	(3,098)
Memphis-Shelby County Airport Authority	134,838	90,192	16,715	82,100	-	54,169	-	-	-	54,169
<b>Total component units</b>	<b>\$ 234,436</b>	<b>\$ 115,627</b>	<b>\$ 26,865</b>	<b>\$ 95,618</b>	<b>\$ (57,608)</b>	<b>\$ 54,169</b>	<b>\$ (3,098)</b>	<b>\$ (91)</b>	<b>\$ 10,302</b>	<b>\$ 3,674</b>
<b>General revenues:</b>										
Grants and contributions not restricted to specific programs					-	-	-	-	-	-
City of Memphis subsidy					19,170	-	2,468	-	-	21,638
Investment income (loss)					(121)	1,883	-	3	1,886	3,651
Federal grants and entitlements					49,410	-	-	-	-	49,410
State grants					8,259	-	-	-	-	8,259
Other					473	9,346	-	-	19	9,838
<b>Total general revenues and special items</b>					<b>77,191</b>	<b>11,229</b>	<b>2,468</b>	<b>3</b>	<b>1,905</b>	<b>92,796</b>
<b>Change in net position</b>					<b>19,583</b>	<b>65,398</b>	<b>(630)</b>	<b>(88)</b>	<b>12,207</b>	<b>96,470</b>
Net position - beginning					21,410	705,556	4,695	247	8,341	740,249
Prior period adjustment					-	-	-	-	-	-
Net position - beginning, as restated					21,410	705,556	4,695	247	8,341	740,249
<b>Net position - ending</b>					<b>\$ 40,993</b>	<b>\$ 770,954</b>	<b>\$ 4,065</b>	<b>\$ 159</b>	<b>\$ 20,548</b>	<b>\$ 836,719</b>

See accompanying notes to financial statements.

(1) Blight Authority of Memphis data reported as of June 30, 2020.

**INDEX TO NOTES TO FINANCIAL STATEMENTS CITY OF MEMPHIS, TENNESSEE**  
**June 30, 2021**

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting entity

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

### 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, 2020. 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.

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

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

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**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: 901-722-7159

**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, 2021, 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 which may consist of nine (9) voting members, who shall be qualified residents and voters of the City of Memphis, all of whom shall be appointed by the Mayor of the City of Memphis and approved by the Memphis City Council. The Board shall also include one (1) non-voting member who shall be the Mayor of the City of Memphis, or a City official acting as the Mayor’s designee, and one (1) non-voting member who shall be a member of the City Council. The organization is established with a fiscal year ending June 30.

### 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.

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**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.

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**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.

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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**

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**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.

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.

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### New Accounting Standards Adopted

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 ending June 30, 2020. See Note IV. G for detailed debt disclosures.

In June 2018 GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods ending after December 31, 2021. The City has decided to early implement this pronouncement. Implementing this Statement had no effect on the current operations or reporting of the City's capital assets. The City has historically, and continues to report interest cost incurred before the end of a construction period as an expenditure in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance; and has excluded said interest cost from the historical cost of its capital assets.

In August 2018 GASB issued Statement No. 90, *Majority Equity Interests*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement defines a majority equity interest and specifies that the majority equity interest should be reported as an investment if a government's holding of the equity interest meets the definition of an investment and should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. All other holdings of majority equity interest in a legally separate organization should be reported as component units. The requirements of this Statement are effective for reporting periods ending after December 31, 2020.

In May 2020, GASB amended the effective date for Statement No. 84, *Fiduciary Activities*. The primary objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. The requirements of this statement are effective for reporting periods ending December 31, 2020.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This statement establishes the term Annual Comprehensive Financial Report and its acronym ACFR. The new term replaces the Comprehensive Annual Financial Report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for reporting periods ending after

December 15, 2021. The City has decided to early implement this pronouncement and has applied the change as of the issuance of this report.

**Future Accounting Pronouncements**

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 fiscal year 2022.

In May 2019 GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments, arrangements and related note disclosures. The requirements of this Statements are effective for reporting periods ending after December 31, 2022.

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**D. Assets, liabilities, and net position of equity**

**Cash and Cash Equivalents and Investments**

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

**Property Taxes Receivable**

Property taxes are recorded as receivables when levied, net of estimated uncollectible accounts. The receivables collected during the current fiscal year and those collected by August 31, 2021, related to tax levies for fiscal year 2021 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, 2021, are recorded as deferred inflows at June 30, 2021.

**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.

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**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, 2021. All other inventories are recorded as expenditures when consumed rather than when purchased (Consumption Method).

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

**Capital Assets**

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

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

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

The total interest expense incurred by the Sewer Collection and Treatment Fund during the current fiscal year was \$7,194. 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

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### **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.

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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.

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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, 2020	\$ (408,327)
Adjustment to internal service elimination as of June 30, 2020	<u>825</u>
Restated net position at June 30, 2020	<u>\$ (407,502)</u>

Net position at June 30, 2020	\$ 2,159,693
Prior period net adjustment - internal service crossover	(5,935)
Adjustment to internal service elimination as of June 30, 2020	<u>(1,259)</u>
Restated net position at June 30, 2020	<u>\$ 2,152,499</u>

Restated net positions appear on Exhibit A-2.

**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 \$1,740,774 difference are as follows:

Bonds payable	\$ 1,237,565
Settlement obligation	12,000
Unamortized loan costs	56,869
Commercial paper	150,000
Capital lease obligations	23,742
Related party loan	122,860
Related party loan premium	11,358
Related party debt obligation	18,902
Related party debt premium	160
Accrued interest	12,165
Claims and judgments liability	4,615
On the job injury	4,014
Compensated absences	<u>86,524</u>
 Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	 <u><u>\$ 1,740,774</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.”

The details of the \$75,023 difference are as follows:

Capital outlay	\$ 199,116
Retirement	(70,799)
Depreciation Expense	<u>(53,294)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at change in net position of governmental activities	<u><u>\$ 75,023</u></u>

Another element of the reconciliation states that “the issuance of long-term debt (e.g., bond, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of the (\$7,801) difference are as follows:

Debt issued or incurred:	
General obligation bonds	\$ 73,301
Commercial paper	(100,000)
Capital lease	4,442
Settlement obligations	1,331
Related party debt obligation	2,282
Related party loan	9,190
Premium on related party	<u>1,653</u>
Net adjustment to increase(decrease) net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u><u>(\$7,801)</u></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 \$110,786 difference are as follows:

Liability Changes:	
Claims and judgments liability	\$ 603
Accrued interest expense	420
Personnel cost (OJI, Vacation, Sick, Other)	2,871
	<u>3,894</u>
Net pension liability adjustment	101,169
Net OPEB liability adjustment	5,723
	<u>106,892</u>
Net adjustment to increase (decrease) net changes in fund balances-total governmental funds to arrive at change in net position of governmental activities	<u>\$ 110,786</u>

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### **III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **A. Budgetary information**

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

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

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

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

#### **B. Excess of expenditures over appropriations**

In demonstrating compliance with the City's legally prescribed budgetary requirements, expenditures at June 30, 2021, 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 2021.

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#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and investments

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

##### Cash and Investment Pool

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

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

##### Interest Rate Risk

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

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**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, 2021 all deposits were insured or collateralized as required by policy. The City’s investment policy provides that all securities purchased by the City or held as collateral on either deposits or investments shall be held in third-party safekeeping at a financial institution.

Deposits held by the C&I Pool at June 30, 2021, totaled \$129,466 and cash draws against future deposits of (\$11,035).

The investments held by the pool consist of the following at June 30, 2021:

<u>Description</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Fair Value</u>	<u>Duration</u>
U.S. Government Obligations	July 2021 – February 2026	0% - 3.375%	\$ 498,958	.00 - 4.65
Cash Equivalents	July 2021 - September 2021	0%	6,969	.01 - .18
Total Investments			<u>\$ 505,927</u>	

The C&I Pool does not issue separate financial statements. Condensed financial information as of June 30, 2021, is as follows (dollar amounts and share amounts are the same):

Condensed Statement of Net Position

Cash deposits	\$ 129,466
Cash draws against future deposits	(11,035)
Investments	<u>505,927</u>
Net position	<u>\$ 624,358</u>
Net position held in trust for pool participants:	
Internal participants	<u>624,358</u>
Total net position held in trust for pool participants	<u>\$ 624,358</u>

**Condensed Statement of Changes in Net Position**

Additions:	
Investment income	\$ 2,709
Purchase of units	2,643,221
Total additions	<u>2,645,930</u>
Deduction:	
Redemption of units	<u>(2,448,662)</u>
Net increase	197,268
Net position held in trust for pool participants:	
Beginning of year	<u>427,090</u>
End of year	<u><u>\$ 624,358</u></u>

**Investments Outside of the Pool**

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

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

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

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

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

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

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

Deposits and cash on hand held by the primary government outside of the C&I Pool at June 30, 2021, totaled \$705,751.

The investments held by the primary government outside the C&I Pool at June 30, 2021:

<u>Description</u>	<u>Fair Value</u>
Short-term investments	\$ 16,076
Money market	2,710
U.S. Government securities	83,356
Federal Agency securities	103,649
Total	<u>\$ 205,791</u>
Investments not subject to categorization:	
State of Tennessee LGIP	<u>591</u>
Total Investments	<u><u>\$ 206,382</u></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	\$	129,466
C&I Pool draws against future deposits		( 11,035)
C&I Pool investments		505,927
Derivative financial instruments- MLGW		3,293
Other deposits and cash on hand		705,751
Other investments		206,382
Total		<u>1,539,784</u>
Equity in C&I Pool – Agency funds		(5,606)
Equity in C&I Pool – Fiduciary funds		(537)
Total	\$	<u><u>1,533,641</u></u>
Cash and cash equivalents	\$	212,955
Investments		189,169
Equity in cash and investment pool		618,215
Restricted special fund-customer deposits		448,365
Restricted investments		64,937
Total	\$	<u><u>1,533,641</u></u>

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

**Memphis Area Transportation Authority (MATA) as of June 30, 2021**

Cash and Cash Equivalents	<u>\$ 6,352</u>
Restricted Investments	
Federal Home Loan Mortgage Obligation	<u>\$ 503</u>
Total Investments	<u>\$ 503</u>

**RENASANT CONVENTION CENTER as of June 30, 2021**

Cash and Cash Equivalents	<u>\$ 2,059</u>
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**Memphis Shelby County Airport Authority (MSCAA) as of June 30, 2021**

**Deposits**

Cash deposits	\$ 53,492
Cash on hand	3
Total Deposits and cash on hand	<u>\$ 53,495</u>

**Restricted Cash**

Bonds, construction and other miscellaneous	\$ 199,200
Total Restricted Cash	<u>\$ 199,200</u>

**Investments**

U.S. Government agencies	\$ 90,055
Investments not subject to categorization:	
Forward purchase agreement	23,840
Total Investments	<u>\$ 113,895</u>

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**Memphis Zoological Society (MZS) as of June 30, 2021**

<b>Cash and Cash Equivalents</b>	<u><u>\$ 10,549</u></u>
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**Restricted Cash**

Construction of new parking	<u>\$ 250</u>
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Total Restricted Cash	<u><u>\$ 250</u></u>
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**Investments**

Community Foundation of Greater Memphis funds	<u>\$ 9,972</u>
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Total Investments	<u><u>\$ 9,972</u></u>
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**Blight Authority of Memphis (BAM) as of June 30, 2020, (1)**

Cash and Cash Equivalents	<u><u>\$ 161</u></u>
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(1) The most recent audited financial statements available are as of June 30, 2020.

**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, 2021, are as follows:

Current to one year	\$ 90,018
One to two years	125,517
Two to three years	47,536
Three to four years	33,841
Four to five years	68,866
Five or more years	358,237
	<u>724,015</u>
Funds with indeterminable maturities	13,435
	<u>\$ 737,450</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, 2021, 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	\$ 48,323	AAA	6.55%
	-	A	0.00%
	69,420	AA+	9.41%
	-	NR	0.00%
Non-government-backed CMOs	6,374	AAA	0.86%
	376	AA+	0.05%
	195	BBB+	0.03%
	1,401	NR	0.19%
Asset-backed securities	3,043	AAA	0.41%
Corporate bonds and index funds	80,654	AAA	10.94%
	1,048	AA+	0.14%
	3,014	AA	0.41%
	4,682	AA-	0.63%
	1,806	A+	0.25%
	22,180	A	3.01%
	15,691	A-	2.13%
	30,474	BBB+	4.13%
	33,044	BBB	4.49%
	24,612	BBB-	3.34%
	17,272	BB+	2.34%
	25,302	BB	3.43%
	29,817	BB-	4.04%
	20,089	B+	2.72%
	14,587	B	1.98%
	8,415	B-	1.14%
	9,102	CCC+	1.23%
	2,038	CCC	0.28%
	469	CCC-	0.06%
	1,349	D	0.18%
	248,091	NR	33.65%
Government mortgage-backed securities	14,582	AA+	1.98%
<b>Total Fixed Income</b>	<b>\$ 737,450</b>		<b>100.00%</b>

**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, 2021, is as follows:

Currency	Equities	Corporate Bonds	Total
Australian dollar	\$ 6,945	\$ 10,454	\$ 17,399
Bermudian dollar	495	181	676
British pound sterling	23,539	10,192	33,731
Canadian dollar	15,667	8,274	23,941
Cayman Islands dollar	-	1,226	1,226
Chinese yuan (renminbi)	-	1,540	1,540
Danish krone	8,527	-	8,527
Euro	61,643	24,752	86,395
Hong Kong dollar	4,235	-	4,235
Indian rupee	173	203	376
Israeli shekel	1,534	-	1,534
Japanese yen	40,231	1,590	41,821
Kuwaiti Dinar	-	669	669
Mexican peso	-	21,720	21,720
Norwegian krone	817	-	817
Malaysian Ringgit	-	8,055	8,055
Polish zloty	-	2,346	2,346
Qatari riyal	-	266	266
Saudi Arabian riyal	-	221	221
Singapore dollar	3,110	-	3,110
South African rand	224	-	224
Swedish krona	7,618	1,976	9,594
Swiss franc	19,480	-	19,480
New Taiwan dollar	1,033	-	1,033
Total securities subject to foreign credit risk	\$ 196,127	\$ 93,665	\$ 289,792
International portfolio in U.S dollars	563,997	-	563,997
	\$ 760,124	\$ 93,665	\$ 853,789

**Securities Lending Program**

The City of Memphis Retirement System (the City Plan) is authorized by the Charter and Statement of Investment Objectives to lend securities to brokerage firms on a temporary basis through their custodian bank, Bank of New York Mellon (Custodian). During the fiscal year, the Custodian lent City Plan securities and received cash, U.S. Treasury, U.S. Treasury Inflation Protected Securities (TIPS), and U.S. Agency Mortgages as collateral. The Custodian did not have the ability to pledge or sell non-cash collateral delivered absent a borrower default. Borrowers were required to deliver collateral for each loan in amounts equal to or not less than 102% of the market value of loaned domestic securities and 113% of the market value of loan foreign securities. The City

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retains the interest income on the securities being transferred and earned \$303 during the year ended June 30, 2021.

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, 2021 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, 2021, the collateral held and the market value of the securities on loan was \$50,579 and \$48,838 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, 2021 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 2021 included specifically assigned derivative instruments used to manage risk or to make investments. At year end, the City Plan held investments with a market value of \$13,589 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.

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**City OPEB Trust-Deposits and Investments**

City OPEB Trust Investments at June 30, 2021, were as follows:

<u>Description</u>	<u>Fair Value</u>
Mutual Funds	\$4,323

**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, 2021:

	Total Fair Value	Fair Value Measurements at Reporting Date Using		
		Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments</b>				
Money Market Instruments	\$ 43,195	\$ 10,230	\$ 4,554	\$ 28,411
Convertible Securities	999	-	999	-
Equities	818,855	762,711	53,382	2,762
Equity Mutual Funds	43,352	-	43,352	-
Fixed Income Securities	1,281,163	273,566	979,807	27,790
Fixed Income Mutual Funds	22,337	-	22,337	-
Futures Contracts	(60)	(60)	-	-
Real Estate Funds	161,767	550	-	161,217
Partnerships	225,650	-	-	225,650
REIT	6,570	-	6,570	-
Preferred Securities	1,194	901	293	-
	<u>\$ 2,605,022</u>	<u>\$ 1,047,898</u>	<u>\$ 1,111,294</u>	<u>\$ 445,830</u>
LGIP	-			
<b>NAV Expedient:</b>	<u>\$ 961,947</u>			
<b>Total Leveling, NAV, LGIP</b>	\$ 3,566,969			
Less Cash Equivalents	(24,959)			
<b>Net Leveling</b>	<u>\$ 3,542,010</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 estimate and assumptions that market participants would use. These investments are typically thinly traded, some are private placements and some are outside the United States

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Asset Class:

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

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

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

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

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

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

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

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

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

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

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

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

The fair value presented herein is based on pertinent information available to management as of June 30, 2021. 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, 2021**

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

**B. Receivables**

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

	General	Debt Service	Capital Projects	Sewer Collection and Treatment	Memphis Light, Gas and Water	Community Development	Nonmajor and Other Funds	Total
<b>Receivables:</b>								
Property taxes	\$ 313,060	\$ 143,254	\$ 1,335	\$ -	\$ -	\$ -	\$ 1,712	\$ 459,361
Special assessments	68	-	-	-	-	-	3,927	3,995
Sales, income, and other taxes	38,047	1,962	-	-	-	-	6,010	46,019
Federal and state grants	1,357	-	16,628	-	-	39,421	5,357	62,763
Interest and dividends on investments	-	-	-	-	-	283	-	283
Notes and accounts receivable	-	-	-	15,291	161,946	-	-	177,237
Housing and rehabilitation loans	-	-	-	-	-	53,114	-	53,114
Due from other funds	11,015	2,087	-	-	-	-	-	13,102
Other	167,774	3,079	-	-	-	96	14,999	185,948
Gross receivables	531,321	150,382	17,963	15,291	161,946	92,914	32,005	1,001,822
Less allowance for uncollectibles	(145,105)	(7,278)	(70)	(152)	(13,265)	(10,623)	(82)	(176,575)
<b>Net total receivables</b>	<b>\$ 386,216</b>	<b>\$ 143,104</b>	<b>\$ 17,893</b>	<b>\$ 15,139</b>	<b>\$ 148,681</b>	<b>\$ 82,291</b>	<b>\$ 31,923</b>	<b>\$ 825,247</b>

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, 2021, 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 2021 levy was based was approximately \$12.6 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, 2021, were 94.36% of the tax levy.

At June 30, 2021, the allowance for uncollectible property taxes by fund was as follows:

General Fund	\$ 15,797
Debt Service Fund	7,278
Capital Project Fund	70
Pre-K Fund	81
Education	3
	<u>\$ 23,229</u>

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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, 2021, as follows:

General Fund	2.177318
Capital Projects Fund	0.009768
Debt Service Fund	0.998900
Pre-K Fund	<u>0.010000</u>
	<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.

<p><i>City of Memphis Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board</i></p>	<p><b>Downtown Memphis Commission (PILOT Program administered by Center City Revenue Finance Corporation)</b></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"> <li>- The project should be located within the Central Business Improvement District (CBID), and/or within the Parkways (Appendix II).</li> <li>- 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.</li> <li>- The project must pass a "but for" test that determines that the project would not be financially feasible without a PILOT.</li> <li>- Applicant must own the property or have an option or other right to purchase the property.</li> <li>- 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.</li> <li>- 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.</li> <li>- Only multi-family projects or mixed-use developments that include a multi-family component are eligible for a PILOT outside of the CBID.</li> <li>- Apartment and mixed-use projects shall not utilize electric resistance heat systems.             <ul style="list-style-type: none"> <li>o Projects should incorporate natural gas, heat pumps, or another high-efficiency system as deemed adequate by DMC staff and Memphis Light, Gas &amp; Water (MLGW) staff. This requirement applies to both new construction and building renovation projects.</li> <li>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.</li> </ul> </li> </ul>
<p>How recipients' taxes are reduced</p>	<p>Taxes are reduced by 75% of the increase in the assessment from the date of the PILOT closing</p>
<p>How amount of abatement is determined</p>	<p>Payments shall be based on the predevelopment assessment, plus 25 percent of the increase in the assessment from the date of the PILOT closing.</p>
<p>Provisions for recapturing abated taxes</p>	<p>N/A</p>
<p>Types of commitments made by the City other than to reduce taxes</p>	<p>N/A</p>
<p>Fiscal Year 2021 Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreements</p>	<p>8,470</p>

Tax abatement (cont.)

City of Memphis Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board	Programs Administered by Economic Development Growth Engine (Industrial Development Board)		
	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.
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.	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.	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.	1) The project must result in the retention of at least one hundred (100) retained jobs.  2) A capital investment of at least \$10M is required.  3) The applicant must have been operating and directly employing workers in Shelby County for ten (10) consecutive years prior to applying.  4) The applicant must comply with the Local Business Participation Program requirements.  5) In order to be considered, the project must be one of the specified types of projects.
How recipients' taxes are reduced	Through a reduction of the property's assessed value.	Through a reduction of the property's assessed value.	Through a reduction of the property's assessed value.
How amount of abatement is determined	Payments are based on one hundred percent (100%) of the property taxes which would otherwise be collected and attributable to the unimproved property and twenty-five percent (25%) of the property taxes which would otherwise be collected and attributable to the real property improvements at the time EDGE takes title of the property.  For tangible personal property utilized for the project, such payments are to be based on twenty-five percent (25%) of the property taxes that would otherwise be collected and attributable to the tangible property being utilized for the project.	The payments are based on one-hundred percent (100%) of the property taxes which would otherwise be collected and attributable to the land and a fraction of the property taxes which would otherwise be collected and attributable to the real property improvements resulting from the project at the time EDGE takes title of the property. At the present time, the minimum allowable fraction is subject to change from time to time by action of the Memphis City Council, Shelby County Commission, and/ or EDGE Board, but no such change shall be applied retroactively to any previously approved PILOT. The minimum allowable PILOT payment for real property improvements is twenty-five percent (25%) for the City of Memphis, if located in whole or in part within the City of Memphis, and twenty-five (25%) for Shelby County.	The payments are based on one-hundred percent (100%) of the property taxes which would otherwise be collected and attributable to the land and a fraction of the property taxes which would otherwise be collected and attributable to the real property improvements resulting from the Project at the time EDGE takes title of the property. The minimum allowable fraction is subject to change from time to time by action of the Memphis City Council, Shelby County Commission and/ or EDGE Board, but no such change shall be applied retroactively to any previously approved PILOT. The minimum allowable PILOT payment for real property improvements is twenty-five percent (25%) for the City of Memphis, if located in whole or in part within the City of Memphis, and twenty-five percent (25%) for Shelby County.
Provisions for recapturing abated taxes	N/A	N/A	N/A
Types of commitments made by the City other than to reduce taxes	N/A	N/A	N/A
Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreements.	See next page.		

Tax abatement (cont.)

City of Memphis Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board	Programs Administered by Economic Development Growth Engine (Industrial Development Board)		
	Fast Track PILOT	Jobs PILOT	Residential PILOT
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.	<p>1) The project must create at least twenty-five (25) net new jobs.</p> <p>2) A Capital Investment of \$1M is required.</p> <p>3) The applicant must meet the minimum LBP Standard in the Local Business Participation Program.</p> <p>4) The project must be located in the City of Memphis or Shelby County.</p> <p>5) In order to be considered, the project must be one of the specified types of projects.</p>	<p>1) The project must create at least fifteen (15) net new jobs.</p> <p>2) A Capital Investment of \$1M is required.</p> <p>3) The applicant must meet the minimum LBP Standard in the Local Business Participation Program.</p> <p>4) In order to be considered, the project must be one of the specified types of projects.</p>	<p>1) The minimum requirements are that the project must entail 25 residential units - new construction or substantial renovation. The applicant must own or control the site and demonstrate proof of construction and post-construction financing. Additionally, sixty percent (60%) of the total project costs must be spent on hard construction and/or building renovation and site work.</p> <p>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.</p> <p>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 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.</p> <p>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 &amp; 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.</p> <p>5) The applicant must comply with the Local Business Participation Program requirements.</p>
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%) property taxes that would otherwise be collected and attributable to the tangible personal property that is new to Shelby County at the time EDGE takes title of the property. The tangible personal property must be new or Shelby County at the time it is included into the PILOT.	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 which would otherwise be collected and attributable to the real property improvements resulting from the project at the time EDGE takes title of the property. The minimum allowable PILOT payment for real property improvements is twenty-five percent (25%) for the City of Memphis, if located in whole or in part within the City of Memphis, and twenty-five (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 to the property. In unique cases, the EDGE Board reserves the right to waive this provision and provide a Community Reinvestment Credit. At the present time, the minimum allowable fraction is subject to change from time to time by action of the Memphis City Council, Shelby County Commission, and/or EDGE Board, but no such 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.	6,084		

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><b>LCH (Health, Education &amp; Housing Facility Board)</b></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 <i>et seq</i></p>
<p>Criteria to be eligible to receive abatement.</p>	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>3) Applicant must have evidence of financing commitment for total project costs.</li> <li>4) 20% of the applicant's units must be occupied by individuals whose income is 50% less of the median gross income or 40% more of the units must be occupied by individuals whose income is 60% less of the median gross income.</li> <li>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.</li> </ol>
<p>How recipients' taxes are reduced</p>	<p>The taxes being abated are fifty percent (50%) of the real property taxes of the qualified multi-family housing property at the time that the PILOT Agreement and PILOT Lease Agreement are entered into.</p>
<p>How amount of abatement is determined</p>	<p>The current assessed value of the qualified multi-family housing property is frozen at fifty percent for the full-term of the PILOT and is used to determine the amount of the annual PILOT payments due to the City of Memphis and Shelby County.</p>
<p>Provisions for recapturing abated taxes</p>	<p>N/A</p>
<p>Types of commitments made by the City other than to reduce taxes</p>	<p>N/A</p>
<p>Fiscal Year 2021  Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreements</p>	<p>4,222</p>

**D. Capital assets**

Capital asset activity for the year ended June 30, 2021, was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 74,224	\$ 3,249	(2)	\$ -	\$ 77,471
Construction in progress	957,655	126,654	(65,205)	-	1,019,104
Total capital assets not being depreciated	<u>1,031,879</u>	<u>129,903</u>	<u>(65,207)</u>	<u>-</u>	<u>1,096,575</u>
Capital assets being depreciated:					
Buildings	641,196	16,655	(5,338)	-	652,513
Improvements other than buildings	883,167	14,784	(211)	-	897,740
Machinery and equipment	235,203	35,339	(325)	1,059	271,276
Total capital assets being depreciated	<u>1,759,566</u>	<u>66,778</u>	<u>(5,874)</u>	<u>1,059</u>	<u>1,821,529</u>
Less accumulated depreciation for:					
Buildings	(342,028)	(15,004)	2,487	-	(354,545)
Improvements other than buildings	(392,844)	(16,771)	98	-	(409,517)
Machinery and equipment	(146,632)	(21,519)	152	(1,079)	(169,078)
Total accumulated depreciation	<u>(881,504)</u>	<u>(53,294)</u>	<u>2,737</u>	<u>(1,079)</u>	<u>(933,140)</u>
Total capital assets being depreciated, net	<u>878,062</u>	<u>13,484</u>	<u>(3,137)</u>	<u>(20)</u>	<u>888,389</u>
Governmental activities capital assets, net	<u>\$ 1,909,941</u>	<u>\$ 143,387</u>	<u>\$ (68,344)</u>	<u>\$ (20)</u>	<u>\$ 1,984,964</u>

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 14,145	\$ -	\$ -	-	\$ 14,145
Construction in progress	438,963	89,597	(69,012)	-	459,548
Memphis Light, Gas and Water assets	223,303	98,309	(112,672)	-	208,940
Total capital assets not being depreciated	<u>676,411</u>	<u>187,906</u>	<u>(181,684)</u>	<u>-</u>	<u>682,633</u>
Capital assets being depreciated:					
Buildings	106,103	1,666	-	-	107,769
Improvements other than buildings	688,766	67,458	(1,585)	-	754,639
Machinery and equipment	61,721	5,551	(1,805)	(1,059)	64,408
Memphis Light, Gas and Water assets	3,093,921	112,720	(17,866)	-	3,188,775
Total capital assets being depreciated	<u>3,950,511</u>	<u>187,395</u>	<u>(21,256)</u>	<u>(1,059)</u>	<u>4,115,591</u>
Less accumulated depreciation for:					
Buildings	(92,214)	(1,091)	-	-	(93,305)
Improvements other than buildings	(350,633)	(11,512)	1,062	-	(361,083)
Machinery and equipment	(46,136)	(5,181)	1,805	1,059	(48,453)
Memphis Light, Gas and Water depreciation*	(1,416,450)	(100,716)	24,333	-	(1,492,833)
Total accumulated depreciation	<u>(1,905,433)</u>	<u>(118,500)</u>	<u>27,200</u>	<u>1,059</u>	<u>(1,995,674)</u>
Total capital assets being depreciated, net	<u>2,045,078</u>	<u>68,895</u>	<u>5,944</u>	<u>-</u>	<u>2,119,917</u>
Business-type activities capital assets, net	<u>\$ 2,721,489</u>	<u>\$ 256,801</u>	<u>\$ (175,740)</u>	<u>\$ -</u>	<u>\$ 2,802,550</u>

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

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**Construction Commitments**

The government had active construction projects as of June 30, 2021. At year-end, the government's commitments with contractors were as follows:

<b><u>Function/Activity</u></b>	<b><u>Commitment</u></b>
Executive	\$ 12,368
Fire services	2,018
Police services	1,217
Park services	3,861
Public works	34,252
Public services	2,056
General services	43,424
Housing and Community Development	8,438
Engineering	9,340
Information services	868
Library	885
Storm Water	8,068
Sewer	41,110
	<u>\$ 167,905</u>

**Depreciation Expense**

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

Governmental activities:	
Engineering	\$ 538
Executive	1,493
Finance	2,942
Fire services	9,176
General services	8,311
Housing and Community Development	1,369
Human Resources	13
Information technology	1,381
Library	3,945
Solid Waste	2,867
Park services	7,842
Police services	2,468
Public services	1,071
Public works	<u>9,876</u>
Capital assets held by the government's internal service funds that are charged to the various functions based on their usage of the assets	<u>11</u>
 Total depreciation expense - Governmental activities	 \$ <u><u>53,303</u></u>
 Business-type activities:	
Sewer	\$ 14,647
Storm Water	3,137
Memphis Light, Gas and Water	<u>95,799</u>
Total depreciation expense - Business-type activities	\$ <u><u>113,583</u></u>

The reported depreciation expense for MLGW as of December 31, 2020 was as follows:

	<b>MLGW Electric Division</b>	<b>MLGW Gas Division</b>	<b>MLGW Water Division</b>	<b>Total</b>
<b>Statement of Revenues, Expense and Changes in Net Position (<i>Dollars in Thousands</i>):</b>				
Depreciation expense	55,661	17,559	10,984	84,204
Transportation costs	1,724	1,686	352	3,762
Salvage returns	2,971	2,651	1,757	7,379
Retirements	2,336	5,129	368	7,833
Amortization	(2,971)	(2,651)	(1,757)	(7,379)
SCBPU amortization	-	-	-	-
<b>Statement of Cash Flows, Depreciation Expense</b>	<b>59,721</b>	<b>24,374</b>	<b>11,704</b>	<b>95,799</b>
<b>Per MLGW Annual Report F-6 Statement of Cash Flows (<i>Dollars in Thousands</i>):</b>				
Depreciation of utility plant	59,721	24,374	11,704	95,799

**Discretely Presented Component Units**

Activity for the Memphis Area Transit Authority for the year ended June 30, 2021, was as follows:

	<b>Beginning</b>				<b>Ending</b>
	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance</b>
Capital assets not being depreciated:					
Land	\$ 2,731	\$ -	\$ -	\$ -	\$ 2,731
Construction in progress	7,718	6,250	-	-	13,968
Total capital assets not being depreciated	<u>10,449</u>	<u>6,250</u>	<u>-</u>	<u>-</u>	<u>16,699</u>
Capital assets being depreciated:					
Buildings and improvements	177,241	92	-	-	177,333
Buses and other revenue vehicles	71,234	4,011	(3,327)	-	71,918
Machinery and equipment	28,834	2,776	(480)	(1,461)	29,669
Total capital assets being depreciated	<u>277,309</u>	<u>6,879</u>	<u>(3,807)</u>	<u>(1,461)</u>	<u>278,920</u>
Less accumulated depreciation for:					
Buildings and improvements	(115,283)	(6,359)	-	-	(121,642)
Buses and other revenue vehicles	(49,074)	(5,524)	3,658	75	(50,865)
Machinery and equipment	(24,549)	(178)	-	(45)	(24,772)
Total accumulated depreciation	<u>(188,906)</u>	<u>(12,061)</u>	<u>3,658</u>	<u>30</u>	<u>(197,279)</u>
Total capital assets being depreciated, net	<u>88,403</u>	<u>(5,182)</u>	<u>(149)</u>	<u>(1,431)</u>	<u>81,641</u>
Capital assets, net	<u>\$ 98,852</u>	<u>\$ 1,068</u>	<u>\$ (149)</u>	<u>\$ (1,431)</u>	<u>\$ 98,340</u>

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

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

Activity for the Memphis-Shelby County Airport for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 159,913	\$ -	\$ (60)	\$ 159,853
Avigation easements	46,679	-	-	46,679
Construction in progress	218,097	165,388	(61,406)	322,079
Total capital assets not being depreciated	<u>424,689</u>	<u>165,388</u>	<u>(61,466)</u>	<u>528,611</u>
Capital assets being depreciated:				
Runways, taxiways, aprons and airfield lighting	774,526	1,755	(1,529)	774,752
Buildings	611,311	52,130	(36,574)	626,867
Facilities constructed for tenants	104,078	219	34,911	139,208
Roads, bridges and fences	75,389	98	1,871	77,358
Equipment and utility systems	128,188	6,601	1,190	135,979
Total capital assets being depreciated	<u>1,693,492</u>	<u>60,803</u>	<u>(131)</u>	<u>1,754,164</u>
Less accumulated depreciation for:				
Runways, taxiways, aprons and airfield lighting	(570,581)	(23,637)	-	(594,218)
Buildings	(384,635)	(15,649)	-	(400,284)
Facilities constructed for tenants	(59,042)	(5,826)	-	(64,868)
Roads, bridges and fences	(56,275)	(9,181)	-	(65,456)
Equipment and utility systems	(106,864)	(3,685)	182	(110,367)
Total accumulated depreciation	<u>(1,177,397)</u>	<u>(57,978)</u>	<u>182</u>	<u>(1,235,193)</u>
Total capital assets being depreciated, net	<u>516,095</u>	<u>2,825</u>	<u>51</u>	<u>518,971</u>
Capital assets, net	<u>\$ 940,784</u>	<u>\$ 168,213</u>	<u>\$ (61,415)</u>	<u>\$ 1,047,582</u>

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

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

Activity for the Renasant Convention Center for the year ended June 30, 2021, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
Capital assets not being depreciated:					
Land	\$ 643	\$ -	\$ -	\$ -	\$ 643
Construction in progress	-	296	-	-	296
Total capital assets not being depreciated	<u>643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>939</u>
Capital assets being depreciated:					
Buildings and improvements	43,084	93	(116)	-	43,061
Furniture and Equipment	8,175	47	(424)	-	7,798
Total capital assets being depreciated	<u>51,259</u>	<u>140</u>	<u>(540)</u>	<u>-</u>	<u>50,859</u>
Less accumulated depreciation for:					
Buildings and improvements	(41,733)	(175)	57	-	(41,851)
Furniture and Equipment	(6,987)	(133)	102	-	(7,018)
Total accumulated depreciation	<u>(48,720)</u>	<u>(308)</u>	<u>159</u>	<u>-</u>	<u>(48,869)</u>
Total capital assets being depreciated, net	<u>2,539</u>	<u>(168)</u>	<u>(381)</u>	<u>-</u>	<u>1,990</u>
Capital assets, net	<u>\$ 3,182</u>	<u>\$ (168)</u>	<u>\$ (381)</u>	<u>\$ -</u>	<u>\$ 2,929</u>

NOTES TO FINANCIAL STATEMENTS  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021

CITY OF MEMPHIS, TENNESSEE  
(Continued)

E. Interfund receivables, payable, and transfers

The composition of the interfund transfers for the year ended June 30, 2021, is as follows:

	Transfers In										
	General Fund	Debt Service	Capital Projects	Nonmajor Special Revenue			Enterprise Sewer Treatment	Internal Service Healthcare Fund	Fiduciary		Total Transfers Out
				HUB Community Impact Fund	Pre-K Fund	New Memphis Arena			Library Retirement Trust Fund	OPEB Trust Fund	
<b>GOVERNMENTAL FUND TYPES</b>											
General Fund	\$ -	\$ -	\$ -	\$ 551	\$ -	\$ 2,863	\$ -	\$ -	\$ 1,534	\$ -	\$ 4,948
Debt Service Fund	-	-	3,191	-	-	-	2,794	-	-	-	5,985
<b>Special Revenue:</b>											
State Street Aid	-	1,768	-	-	-	-	-	-	-	-	1,768
Miscellaneous Grants	-	192	-	-	-	-	-	-	-	-	192
Solid Waste Management	750	3,059	-	-	-	-	-	-	-	-	3,809
Hotel/Motel Tax	44	6,633	-	-	-	-	-	-	-	-	6,677
Metro Alarm	1,600	-	-	-	-	-	-	-	-	-	1,600
2019 Sales Tax Ref	12,000	-	-	-	4,000	-	-	1,310	-	2,006	19,316
<b>Total Governmental Fund Types</b>	<b>14,394</b>	<b>11,652</b>	<b>3,191</b>	<b>551</b>	<b>4,000</b>	<b>2,863</b>	<b>2,794</b>	<b>1,310</b>	<b>1,534</b>	<b>2,006</b>	<b>44,295</b>
<b>PROPRIETARY FUND TYPES</b>											
<b>Enterprise:</b>											
Sewer Collection and Treatment	12,055	-	-	-	-	-	-	-	-	-	12,055
Memphis Light, Gas and Water	58,977	-	-	-	-	3,250	-	-	-	-	62,227
Storm Water	106	-	-	-	-	-	-	-	-	-	106
<b>Total Proprietary Fund Types</b>	<b>71,138</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,388</b>
<b>Total Transfers In</b>	<b>\$ 85,532</b>	<b>\$ 11,652</b>	<b>\$ 3,191</b>	<b>\$ 551</b>	<b>\$ 4,000</b>	<b>\$ 6,113</b>	<b>\$ 2,794</b>	<b>\$ 1,310</b>	<b>\$ 1,534</b>	<b>\$ 2,006</b>	<b>\$ 118,683</b>

(a) The transfers between City of Memphis and MLGW differ due to the change in PILOT agreements and timing of fiscal year end reporting.

The composition of interfund balances as of June 30, 2021 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>GOVERNMENTAL FUND TYPES</b>		
<b>General</b>		
	Community Development	\$ 20
	State Street Aid	4,245
	Solid Waste Management	6,750
		<u>11,015</u>
<b>Debt Service</b>		
	State Street Aid	295
	Storm Water	1,792
		<u>2,087</u>
<b>Total</b>		<u>\$ 13,102</u>

**Interfund Balances:**

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

**Transfers:**

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

**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 and Community Development Funds and the City Court Clerk and City Engineering 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	\$ 13,584
Facility	23,645
Accumulated Depreciation	<u>(13,487)</u>
Total	<u>\$ 23,742</u>

The remaining debt service requirement for capital lease obligations for the City at June 30, 2021, is as follows:

Capital Lease Obligation

Fiscal Year	
2022	\$ 5,035
2023	5,083
2024	4,186
2025	3,245
2026	2,313
2027 - 2030	7,579
Interest	<u>(3,699)</u>
Present Value of Payments	<u>\$ 23,742</u>

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**G. Long-term debt**

**General Obligation Bonds**

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

As of June 30, 2021, the City's bond ratings were as follows: Aa2 by Moody's Investors Service, Inc. and AA by S&P Global Ratings as it relates to the Series 2020A Bonds.

In November 2020, the City issued \$24,470 of General Improvement Bonds, Series 2020A to finance the cost of public works projects of the CITY, and provide payment of the cost of issuance of the Series 2020A Bonds. The issue resulted in net proceeds of \$30,010 (after the payment of \$146 in underwriter's discount and \$258 cost of issuance).

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

**Commercial Paper Program**

In October 2018, the City entered agreements to sell tax-exempt bond anticipation notes in the form of General Obligation Commercial Paper. The Commercial Paper is issued under the State of Tennessee Commercial Paper Program in an amount not to exceed \$150,000. The purpose of the Commercial Paper is to provide interim financing of various capital projects. The Commercial Paper notes have varying maturities of not more than 270 days from their respective dates of issuance. The City entered into a line of credit agreement to provide liquidity support for this Commercial Paper Program. Unless earlier terminated or substituted, the agreement will expire on October 04, 2023. The debt is classified as long-term debt and is reflected in the City's Statement of Net Position and the City's Capital Projects Fund based on the City's ability to refinance the debt under the line of credit agreement. As of June 30, 2021, the outstanding balance is \$150,000.

**Revenue Bonds**

In September 2020, the City issued \$5,336 of Sanitary Sewerage System Revenue and Revenue Refunding Bonds, Series 2020A. Proceeds from the bonds are to be used by the City for the purpose of the T.E. Maxson Wastewater Treatment Facility Process and Biosolids Upgrade Programs. Interest on the Series 2020 Bonds is payable semiannually on each October 1 and April 1, commencing October 1, 2020. The interest rate is 1.39%.

As of June 30, 2021, the City's bond ratings were as follows: AA+ by S&P Global Ratings and Aa2+ by Moody's Investors Service, Inc as it relates to the Series 2020 Bonds.

In October 2020, the City issued \$123,535 of Sanitary Sewerage System Revenue and Revenue Refunding Bonds, Series 2020B. Proceeds from the bonds are to be used by the City for the purpose of financing improvements, additions and extensions to the City's sanitary sewerage water system and refunding of all or a

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portion of the City's outstanding Sanitary Sewerage System Revenue Bond, Series 2010 Bonds and Sanitary Sewerage System Revenue Bonds, Series 2013. The issue resulted in net proceeds of \$157,923 (after the underwriter's discount of \$352 and issuance costs of \$578). The proceeds and issuance costs of this debt instrument were recorded in the City's Sewer Collection and Treatment Fund. Interest on the Series 2020 Bonds is payable semiannually on each October 1 and April 1, commencing October 1, 2020. The interest rate is 5.000%. The aggregate difference in debt service between the refunding debt and the refunded debt was \$4,478. The economic gain on this transaction was \$4,230.

### **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 \$9,598 with an interest rate of 0.81% payable over a 20-year period, a December 13, 2019 obligation of \$6,340 with an interest rate of 0.47% payable over a 20-year period, a March 12, 2020 obligation of \$6,500 with an interest rate of 1.20% payable over a 20-year period, and a June 24, 2020 obligation of \$24,406 with an interest rate of 0.75% payable over a 20-year period.

### **Defeased Debt**

In prior years, the City defeased other general obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on old bonds. Accordingly, the trust account assets and the liability of the defeased bonds are not included in the City's financial statements. On June 30, 2021, a total of approximately \$140,640 bonds outstanding were considered defeased.

### **Center City Revenue Finance Corporation**

Qualified Energy Conservation Bonds (QECCB) 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 QECCB, 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, 2021**

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

City of Memphis has paid \$4,989 in principal and \$1,355 in interest on the guarantee through June 30, 2021. 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.

<b>June 30, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2021</b>
<b>\$4,158</b>	<b>\$0</b>	<b>\$832</b>	<b>\$3,326</b>

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 QECCB, 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 \$1,411 in principal and \$337 in interest on the guarantee through June 30, 2021. 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.

<b>June 30, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2021</b>
<b>\$806</b>	<b>\$0</b>	<b>\$202</b>	<b>\$604</b>

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 QECCB, 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 \$238 in principal and \$57 in interest on the guarantee through June 30, 2021. 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.

<b>June 30, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2021</b>
<b>\$136</b>	<b>\$0</b>	<b>\$34</b>	<b>\$102</b>

**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 \$35,380 in principal and \$22,205 in interest on the guarantee obligation through June 30, 2021. 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.

<b>June 30, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2021</b>
<b>\$ 132,050</b>	<b>\$ 0</b>	<b>\$ 9,190</b>	<b>\$ 122,860</b>

The City entered into a financing lease agreement with Economic Development Growth Engine on September 01, 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 \$2,143 in principal and \$94 in interest on the guarantee through June 30, 2021. 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.

<b>June 30, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2021</b>
<b>\$536</b>	<b>\$0</b>	<b>\$536</b>	<b>\$0</b>

**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 \$5,526 in principal and \$7,871 in interest on the guarantee obligation through June 30, 2021. 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.

<b>June 30, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2021</b>
<b>\$15,548</b>	<b>\$0</b>	<b>\$678</b>	<b>\$14,870</b>

**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, 2021:

	<b>General Obligation Bonds (1)</b>	<b>Bond Anticipation Notes / Commercial Paper</b>	<b>Capital Lease Obligations</b>	<b>Settlement Obligation</b>	<b>Guarantee Obligations</b>	<b>Revenue Bonds</b>	<b>State Loans</b>	<b>Total</b>
Governmental Funds	\$ 1,294,434	150,000	23,742	12,000	153,280	-	-	1,633,456
Enterprise Funds	-	-	-	-	-	953,638	153,009	1,106,647
<b>Total long-term debt</b>	<b>\$ 1,294,434</b>	<b>150,000</b>	<b>23,742</b>	<b>12,000</b>	<b>153,280</b>	<b>953,638</b>	<b>153,009</b>	<b>2,740,103</b>

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

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

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

Long-term liability activity for the year ended June 30, 2021, was as follows:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
<i><b>Bonds and Other Obligations:</b></i>					
General obligation bonds payable	\$ 1,300,115	24,470	(87,020)	1,237,565	91,090
Premium on general obligation bonds	67,620	5,936	(16,687)	56,869	15,505
Commercial Paper	50,000	100,000	-	150,000	-
Capital lease agreements	28,184	-	(4,442)	23,742	4,197
Settlement Obligation	13,331	-	(1,331)	12,000	1,334
	<u>\$ 1,459,250</u>	<u>130,406</u>	<u>(109,480)</u>	<u>1,480,176</u>	<u>112,126</u>
<i><b>Guarantee Obligations:</b></i>					
Related party loan	\$ 132,050	-	(9,190)	122,860	9,400
Related party loan premium	12,960	-	(1,602)	11,358	1,645
Related party debt obligation	21,184	-	(2,282)	18,902	2,308
Related party debt obligation premium	211	-	(51)	160	43
	<u>\$ 166,405</u>	<u>-</u>	<u>(13,125)</u>	<u>153,280</u>	<u>13,396</u>
<b>Subtotal</b>	<u>\$ 1,625,655</u>	<u>130,406</u>	<u>(122,605)</u>	<u>1,633,456</u>	<u>125,522</u>
<i><b>Other Liabilities:</b></i>					
Legal Claims and Judgments	\$ 5,035	-	(420)	4,615	1,449
Accrued Interest	12,768	-	(603)	12,165	-
Vacation, sick and other leave benefits	90,144	48,305	(51,925)	86,523	521
On the Job Injury	3,265	5,500	(4,751)	4,014	-
	<u>\$ 111,212</u>	<u>53,805</u>	<u>(57,699)</u>	<u>107,317</u>	<u>1,970</u>
<b>Total</b>	<u>\$ 1,736,867</u>	<u>184,211</u>	<u>(180,304)</u>	<u>1,740,774</u>	<u>127,492</u>
<b>Business-type activities:</b>					
Revenue bonds	\$ 141,075	128,871	(27,665)	242,281	11,940
Long term commercial paper	3,532	-	(1,740)	1,792	1,792
Net premium/discount on revenue bonds	10,218	35,542	(3,065)	42,696	-
MLGW revenue bonds	313,840	308,000	(36,675)	585,165	18,500
Premium on MLGW revenue bonds	37,514	52,438	(8,248)	81,704	-
Sewer State Loan	130,277	28,510	(5,778)	153,009	7,379
<b>Subtotal</b>	<u>\$ 636,456</u>	<u>553,361</u>	<u>(83,170)</u>	<u>1,106,647</u>	<u>39,611</u>
Vacation, sick and other leave benefits	42,695	6,464	(4,167)	44,992	486
<b>Total</b>	<u>\$ 679,151</u>	<u>559,826</u>	<u>(87,338)</u>	<u>1,151,639</u>	<u>40,097</u>

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

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

The compound interest bonds are subject to optional redemption by the City prior to their maturities at state redemption prices which are calculated based upon the compounded accreted value at the date of redemption. A summary of General Obligation, Other Debt and Revenue Bonds at June 30, 2021 follows:

Description	Interest Rates(%)	Original Issue	Balance Outstanding at Year End
General Obligation Debt:			
General City Government Serial Bonds	2.91-6.14	\$ 1,549,320	\$ 1,237,565
Bond Anticipation Notes-Commercial Paper	variable	150,000	150,000
Net Premium/(Discount) on General Obligation Debt		148,716	56,869
Total General Obligation Debt		<u>1,848,036</u>	<u>1,444,434</u>
Capital Lease Obligations	3.75-4.32	39,859	23,742
Settlement Obligation		20,000	12,000
Guarantee Obligations	variable	194,599	141,762
Net Premium/(Discount) on Guarantee Obligations		<u>18,433</u>	<u>11,518</u>
		213,032	153,280
Total Governmental Funds Debt		<u>\$ 2,120,927</u>	<u>\$ 1,633,456</u>
Business-Type Debt:			
Long term commercial paper	2.91-6.14	\$ 10,000	\$ 1,792
Sanitary & Storm Water Sewerage Systems	3.00-6.30	267,536	242,281
Electric / Gas Division, MLG&W (1)	2.00-5.00	521,000	458,055
Water Division, MLG&W (1)	2.00-5.00	138,000	127,110
Net Premium/(Discount) on revenue bonds		134,555	124,400
State Loans	.75-2.59	<u>153,009</u>	<u>153,009</u>
Total Business-Type Debt		<u>\$ 1,224,100</u>	<u>\$ 1,106,647</u>
Total		\$ 3,345,027	\$ 2,740,103

(1) All MLG&W bonds reflect amounts outstanding at December 31, 2020.

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

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

Debt service requirements to maturity for governmental long-term indebtedness at June 30, 2021 are as follows:

**Total Long-term Indebtedness**

Fiscal Year	General Obligation							Revenue										
	General Obligations		Capital Lease		Settlement Obligation (3)		Guarantee Obligations		Sewer and Storm Water		State Loan		MLG&W(2)		Total Requirements			
	Principal (4) (5)	Interest(1)	Principal	Interest	Principal	Principal (4)	Interest	Principal (4)	Interest(1)	Principal	Interest	Principal (4)	Interest	Principal	Interest	Total		
2021														18,500	23,314	18,500	23,314	41,814
2022	91,090	55,621	4,196	838	1,333	11,172	6,047	12,715	11,112	7,832	1,288	19,265	22,555	147,603	97,461	245,064		
2023	92,130	50,960	4,369	715	1,333	12,417	5,722	10,850	10,555	7,835	1,210	20,075	21,744	149,009	90,906	239,915		
2024	92,655	46,339	3,584	601	1,333	12,747	5,353	11,375	10,031	7,912	1,149	21,025	20,791	150,631	84,264	234,894		
2025	97,010	42,436	2,742	502	1,333	12,936	4,882	11,890	9,491	7,965	1,082	22,000	19,815	155,876	78,208	234,084		
2026	96,105	38,260	1,910	403	1,333	12,685	4,274	10,455	8,976	8,018	1,014	23,040	18,769	153,546	71,696	225,242		
2027	37,475	33,662	2,060	308	1,333	13,323	3,633	8,665	8,521	8,073	946	24,120	17,694	95,049	64,764	159,813		
2028	39,175	31,796	2,220	205	1,333	14,000	2,960	9,105	8,076	8,127	876	25,250	16,568	99,210	60,481	159,691		
2029	40,920	29,845	2,375	113	1,333	14,708	2,253	8,130	7,645	8,182	807	26,420	15,397	102,068	56,060	158,128		
2030	42,775	27,799	286	14	1,336	15,450	1,509	8,545	7,229	8,237	736	27,645	14,171	104,274	51,458	155,732		
2031	39,185	25,779	-	-	-	16,230	728	7,495	6,828	8,293	665	28,825	12,990	100,028	46,990	147,018		
2032	37,640	24,107	-	-	-	1,102	296	6,885	6,477	8,350	593	29,920	11,900	83,897	43,374	127,271		
2033	39,225	22,406	-	-	-	1,158	241	7,220	6,145	8,407	521	31,070	10,753	87,080	40,066	127,146		
2034	40,520	20,671	-	-	-	1,218	183	7,570	5,795	8,330	457	32,235	9,582	89,873	36,688	126,561		
2035	42,200	18,849	-	-	-	1,278	123	9,495	5,923	8,157	377	27,120	8,360	88,250	33,632	121,882		
2036	38,025	17,165	-	-	-	1,339	58	8,395	5,005	8,310	315	28,065	7,418	84,134	29,961	114,095		
2037	34,840	15,583	-	-	-	-	-	8,805	4,600	8,363	247	20,880	6,457	72,888	26,887	99,775		
2038	36,255	14,170	-	-	-	-	-	9,235	4,176	8,204	179	10,025	5,769	63,719	24,294	88,013		
2039	37,725	12,690	-	-	-	-	-	9,685	3,730	7,459	113	10,320	5,467	65,189	22,000	87,189		
2040	39,265	11,140	-	-	-	-	-	8,145	2,985	6,038	52	10,635	5,157	64,083	19,334	83,417		
2041	40,910	9,510	-	-	-	-	-	10,840	2,822	917	4	10,955	4,840	63,622	17,176	80,798		
2042	38,420	7,763	-	-	-	-	-	11,354	2,307	-	-	11,275	4,510	61,049	14,580	75,629		
2043	39,300	6,094	-	-	-	-	-	11,898	1,764	-	-	11,620	4,171	62,818	12,029	74,847		
2044	37,550	4,384	-	-	-	-	-	12,463	1,198	-	-	12,060	3,735	62,073	9,317	71,390		
2045	26,075	2,737	-	-	-	-	-	9,837	667	-	-	12,510	3,282	48,422	6,686	55,108		
2046	13,165	2,761	-	-	-	-	-	7,757	239	-	-	12,980	2,812	33,902	5,812	39,714		
2047	13,690	285	-	-	-	-	-	326	48	-	-	13,500	2,292	27,516	2,625	30,141		
2048	14,240	285	-	-	-	-	-	331	44	-	-	14,040	1,754	28,611	2,083	30,694		
2049	-	-	-	-	-	-	-	335	39	-	-	14,605	1,191	14,940	1,230	16,170		
2050	-	-	-	-	-	-	-	340	34	-	-	15,185	607	15,525	641	16,166		
2051	-	-	-	-	-	-	-	345	30	-	-	-	-	345	30	375		
2052	-	-	-	-	-	-	-	349	25	-	-	-	-	349	25	374		
2053	-	-	-	-	-	-	-	354	20	-	-	-	-	354	20	374		
2054	-	-	-	-	-	-	-	359	15	-	-	-	-	359	15	374		
2055	-	-	-	-	-	-	-	364	10	-	-	-	-	364	10	374		
2056	-	-	-	-	-	-	-	369	5	-	-	-	-	369	5	374		
<b>TOTAL</b>	<b>\$ 1,237,565</b>	<b>573,097</b>	<b>23,742</b>	<b>3,699</b>	<b>12,000</b>	<b>141,763</b>	<b>38,261</b>	<b>242,281</b>	<b>142,567</b>	<b>153,009</b>	<b>12,631</b>	<b>585,165</b>	<b>303,865</b>	<b>2,395,525</b>	<b>1,074,120</b>	<b>3,469,645</b>		

(1) Interest on variable general obligation bonds is estimated.  
(2) At 12-31-20  
(3) No interest associated with the Settlement Obligation  
(4) Excludes premiums and/or discounts  
(5) Per City of Memphis resolution, \$10 million of Series 2016 was allocated to the Storm Water Fund

**H. Restricted assets**

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

Insurance reserves - injuries and damages	\$	8,224
Insurance reserves - casualties and general		39,225
Medical benefits		32,265
Customer deposits		41,382
Sewer bond escrow		99,979
Storm Water bond escrow		30,203
Bond reserve and debt service		<u>247,986</u>
Total	\$	<u>499,264</u>

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

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

**I. Fund balance by purpose**

Following is more detailed information on the governmental fund balances.

	General	Debt Service	Capital Projects	Community Development	Nonmajor	Total Governmental Funds
Equity - Fund Balances:						
Restricted						
Parks Special Services	\$ 2,182	-	-	-	-	\$ 2,182
Vacant Property Registry	-	-	-	-	-	-
Photo Enforcement	8,833	-	-	-	-	8,833
Bass Pro	2,821	-	-	-	-	2,821
Sex Offender Registry	116	-	-	-	-	116
Miscellaneous Activities	418	-	-	-	-	418
E-Traffic Citation Fee	-	-	-	-	808	808
Debt Service - Related Party Loan	-	14,038	-	-	-	14,038
Debt Service - Capital Lease	-	3,000	-	-	-	3,000
Debt Service-Pledged TDZ Revenue	-	247	-	-	-	247
Solid Waste Management	-	-	-	-	15,378	15,378
Miscellaneous Grants	-	-	-	-	-	-
Drug Enforcement	-	-	-	-	8,772	8,772
Community Development	-	-	-	4,770	-	4,770
Beale Street	-	-	-	-	1,475	1,475
Fire EMS	-	-	-	-	2	2
Pre-K	-	-	-	-	6,236	6,236
Community Catalyst	-	-	-	-	498	498
Affordable Housing	-	-	-	-	427	427
HUB Community Impact	-	-	-	-	5	5
2019 Sales Tax Referendum	-	-	-	-	59,491	59,491
Local Occupancy Tax	27	-	-	-	-	27
Sports Betting	239	-	-	-	-	239
Accelerate Memphis	-	-	-	-	-	-
Committed						
Debt Service Requirements	-	48,101	-	-	-	48,101
Metro Alarms	-	-	-	-	2,084	2,084
New Memphis Arena	-	-	-	-	111	111
Hotel/Motel Tax	-	-	-	-	4,688	4,688
Capital Projects	-	-	34,580	-	-	34,580
Assigned						
Encumbrances for General Fund	16,568	-	-	-	-	16,568
Intergovernmental	20,000	-	-	-	-	20,000
Intergovernmental- MATA	20,000	-	-	-	-	20,000
HCD Contingency	12,000	-	-	-	-	12,000
Sports Authority	5,000	-	-	-	-	5,000
County Assessor-Reassessment	3,000	-	-	-	-	3,000
Unassigned						
	106,350	-	-	-	-	106,350
<b>Total Fund Balances</b>	<b>\$ 197,553</b>	<b>65,386</b>	<b>34,580</b>	<b>4,770</b>	<b>99,975</b>	<b>\$ 402,264</b>

**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	\$ 120,335
Deferred outflows - OPEB	10,303
Total Governmental Activities Deferred Outflows	<u>\$ 130,638</u>

**Business-Type Activities**

Deferred outflows - pensions	\$ 41,062
Deferred outflows - OPEB	50,458
Deferred outflows - other	1,366
Total Business-Type Activities Deferred Outflows	<u>\$ 92,886</u>

<b>Total Deferred Outflows of Resources</b>	<u><u>\$ 223,524</u></u>
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**Deferred Inflows of Resources**

**Governmental Activities**

Deferred inflows - pensions	\$ 432,553
Deferred inflows - OPEB	75,374
Prepaid taxes	1,432
Uncollected property taxes	411,586
Uncollected intergovernmental revenues	66,316
Uncollected project loans receivable	42,492
Other	8,152
Total Governmental Activities Deferred Inflows	<u>\$ 1,037,905</u>

**Business-Type Activities**

Deferred inflows - pensions	\$ 95,499
Deferred inflows - OPEB	167,579
Revenue collected in advance	3,293
Total Business-Type Activities Deferred Inflows	<u>\$ 266,371</u>

<b>Total Deferred Inflows of Resources</b>	<u><u>\$ 1,304,276</u></u>
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V. OTHER INFORMATION

A. Risk management

The City is self-insured for health and medical benefits as well as on-the-job injury (OJI) claims. The Health Insurance Internal Service Fund charges premiums to other funds (primarily to the General Fund) that are used to pay claims and to fund the accrual for “incurred but not reported” (IBNR) claims and administrative costs of its health and medical benefits program. Additionally, OJI claims payable of \$4,014 were recorded in the Governmental Funds.

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

The changes in the insurance claims payable for the years ended June 30, 2020 and 2021 are as follows:

	<b>On the Job Injury</b>					
	<b>Health</b>	<b>OPEB</b>	<b>Sewer Collection and Treatment Fund</b>	<b>Fleet Management Fund</b>	<b>Storm Water Fund</b>	<b>Governmental Funds</b>
Balance - June 30, 2019	\$ 8,734	349	156	-	59	3,617
Current year provision	(76,081)	(7,808)	(169)	(3)	(38)	(4,955)
Payments	74,356	7,789	170	3	38	4,603
Balance - June 30, 2020	\$ 7,009	330	157	-	59	3,265
Current year provision	(71,637)	(9,358)	(150)	-	(106)	(4,326)
Payments	74,010	9,482	212	-	106	5,075
Balance - June 30, 2021	\$ 9,382	454	219	-	59	4,014

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**B. Subsequent events**

The City has evaluated subsequent events for potential recognition and disclosure through December 30, 2021.

In July 2021, the City issued \$163,772 of Series Capital Appreciation Bonds. The proceeds of the Series 2021 Bonds will be used for the purposes of financing the cost of public works projects of the City and providing for the payment of the costs of issuance of the Series 2021 Bonds.

In July 2021, the City issued \$69,635 of Series Capital Improvement Bonds. The proceeds of the Series 2021 Bonds will be used to pay the costs of the project (Liberty Park), of the City and provide for the payment of the costs of issuance of the Series 2021 Bonds, fund the temporary Series 2021 Bond Debt Service Reserve Account, and pay or provide for the payment of the Series 2021 Bonds.

In July 2021, the City issued \$165,680 of Series General Improvement Bonds. The proceeds of the Series 2021 Bonds will be used to provide the payment of \$150,000 principal amount of outstanding General Obligation Commercial Paper, provide for refunding of all City's outstanding General Improvement and Refunding Bonds Series 2011, and providing for the payment of the costs of issuance of the Series 2021 Bonds.

In July 2021, the City issued \$24,255 of Capital Improvement Bonds. The Proceeds of the Series 2021 Bonds will be used to pay the costs of the project (City of Memphis Project) and pay certain expenses incurred with the issuance of the Series 2021 Bonds.

In December 2021, The City will redeem with no recourse \$526,807 of delinquent property taxes for tax year 2020.

**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 \$4,615 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

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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, 2021, the Senior Lien Bonds were outstanding in an aggregate principal amount of \$240,260. 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, 2021, for outstanding purchase orders and outstanding contracts reported as assigned fund balance for encumbrances in the General Fund of \$16,568.

The City had additional commitments totaling \$167,905 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 \$216,512; expensed components of the remediation outlays to date are approximately \$56,260. The City will re-evaluate expenses annually for GASB 49 disclosure requirements.

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**D. Joint ventures**

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

The Memphis and Shelby County Port Commission (the Port Commission), is a joint operation between the City and the County. The Port commission is governed by five commissioners selected from members of the Board of Directors of EDGE. In addition, the Directors of Public Works for the City and for the County serve as ex officio members of the board with the right to vote. Capital expenditures over \$5 must be approved by both the City and the County. Net operating revenues of the Port Commission are distributed to EDGE based on the January 2011 joint resolution between the City of Memphis and Shelby County.

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

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

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

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

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

**Sports Authority of Memphis and Shelby County Incorporated**

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

Board members (eleven) are appointed by the City and the County Mayors, with approval by the City Council and County Commission, for six-year terms. The Sports Authority has issued bonds in connection with the financing of a multi-purpose sports and entertainment facility (FedEx Forum). Pursuant to the Interlocal Agreement, the City and the County have agreed to replenish the Debt Service Reserve Fund in the event that a draw is required to make a debt service payment on the Senior Bonds. The bonds are to be repaid by the following revenue sources: seat rental fees – pledge until bonds are paid in full; sales tax rebates related to certain taxes generated by the Memphis Grizzlies – effective 2001–2031; car rental fees – pledged by the County until bonds are paid in full; hotel/motel taxes – pledged by City and County; MLGW in-lieu-of-tax payments received from the City’s Water Division of MLGW - pledged annually until the end of 2028.

Financial statements for the Sports Authority may be obtained from the Sports Authority of Memphis and Shelby County, 2491 Winchester Road Ste. 113, Memphis, TN 38116-3856.

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**E. Other postemployment benefits**

**City of Memphis Other Postemployment Benefits Trust Fund**

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

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

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

As a result of the initial adoption of GASB Statement No. 45, the City established an OPEB trust fund for the exclusive benefit of the City's eligible retired employees and their dependents to fund the postemployment benefits provided through the health and welfare benefit plan. Amounts contributed to the OPEB Trust by the City are held in trust, are irrevocable, and are for the sole and exclusive purpose of funding for health and welfare benefits of the eligible participants, and the cost of operating and administering the Trust.

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

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

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

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

As of and for its year ended June 30, 2021, the City OPEB Fund reported the following net position:

	<u>City OPEB Fund</u>
<b>ASSETS</b>	
Investments, at fair value:	
Mutual funds and money market funds	\$ 4,323
Total investments	<u>4,323</u>
Equity in cash and investment pool	97
Interest and dividend receivables	<u>2</u>
<b>Total assets</b>	<u>4,423</u>
<b>LIABILITIES</b>	
Accounts payable and other	569
<b>Total liabilities</b>	<u>569</u>
<b>NET POSITION</b>	
Held in trust for pension benefits, pool participants and OPEB	<u>\$ 3,854</u>

As of and for its year ended June 30, 2021, the City OPEB Fund reported the following changes in net position:

	<u>City OPEB Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 11,076
Medicare Part D	-
Plan members	2,573
Total contributions	<u>13,649</u>
Transfer from other fund	2,006
Pharmacy rebate	596
Investment income:	
Interest and dividend income	69
Net appreciation in the fair value of investments	835
Total investment income	<u>904</u>
<b>Total additions</b>	<u>17,155</u>
<b>DEDUCTIONS</b>	
Benefits	9,482
Administrative expenses	7,609
<b>Total deductions</b>	<u>17,091</u>
<b>Net increase / decrease</b>	64
Net position - beginning of year	<u>3,790</u>
<b>Net position - end of year</b>	<u>\$ 3,854</u>

See accompanying notes to financial statements.

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**City of Memphis Other Postemployment Benefits (OPEB) Plan**

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

At June 30, 2021, the number of active participants in the OPEB Defined Benefit Plan was 7,172. There were 4,995 inactive participants eligible, of which 2,904 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.

Due to the change in the valuation date for fiscal year ending June 30, 2021, the June 30, 2020 census data was used for both the June 30, 2020 and June 30, 2021 year-end results.

**Summary of Plan Provisions**

*Medical Benefits*

During fiscal year 2021, the Pre-65 Line-of-Duty Disableds/Commissioned Police and Fire/Paramedics/Dispatchers and Grandfathered Post-65 Retirees without Medicare received postretirement medical and drug coverage through the City’s self-insured Select or Choice Plans. The City pays for costs in excess of required retiree premiums.

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

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

*Life Benefits*

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

**Summary of Accounting Policies** – The financial statements of the OPEB Plan are prepared using the accrual basis of accounting. In fiscal year 2017, the City adopted the new statement of financial accounting standards issued by the Governmental Accounting Standards Board (GASB) Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and also adopted the early implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Financial statement reporting information for the City’s fiscal year ended June 30, 2021 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.

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**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, 2021, the value of the Trust assets within the OPEB Fund was \$4,423. The current fiscal year includes interest at 2.18% on the beginning of year total OPEB liability and service cost offset by a half-year of interest on benefit payments. For the 2021 fiscal year, the net investment return for the year was \$905 compared to the expected return on assets of \$0.

### **Schedule of Contributions**

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

The Schedule of Contributions under GASB 74 and GASB 75, presented in the Required Supplementary Information section following the Notes to the Financial Statements Exhibit RSI-4, is presented for those years for which it is available and was prepared prospectively from the Plan’s fiscal year ending June 30, 2021 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 \$378,824 represents the total covered payroll for the prior calendar year, increased by the salary scale. For calendar year 2021 the average salary was \$55,103. The net OPEB liability as a percentage of covered payroll was 162.1% for the year ending June 30, 2021.

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	\$ 670,188
Total Service Cost	20,348
Interest Cost	18,184
Experience (Gains)/Losses	(2,215)
Assumption Changes	(74,550)
Changes of Benefit Terms	-
Net Benefit Payments	<u>(13,799)</u>
Total OPEB Liability - ending balance	<u>618,156</u>
OPEB Fiduciary Net Position - beginning balance	\$ 3,790
Employer Contribution	13,084 (1)
Employee Contribution	2,573
Investment Return	905
Benefit Payments	(8,763) (2)
Administrative Expenses	<u>(7,609)</u>
Fiduciary Net Position - ending balance	<u>3,980</u>
Total OPEB Liability	\$ 618,156
Net Fiduciary Position	<u>3,980</u>
Net OPEB Liability	<u>614,176</u>
Fiduciary Net Position as a % of Total OPEB Liability	0.6%
Actual Covered Employee Payroll	\$ 378,824
Net OPEB Liability as a % of Covered Payroll	162.1%

(1) Includes 2M Transfer In.

(2) Actual benefit payments reduced by Pharmacy Rebate of 596.

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### 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, 2020 and the City's fiscal year ending June 30, 2021 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, 2020 – June 30, 2021. The date of the census data was July 1, 2021.

For the July 1, 2021 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. This method determines a normal cost rate as a fixed percentage of compensation for each active participant. The current year's normal cost is the participant's compensation multiplied by the normal cost rate. Annual contributions in this amount, from the date the participant entered the plan (or would have entered, if the plan had always been in effect and the participant had entered at the earliest possible date) until retirement, would be sufficient to provide for the actuarial present value of the participant's plan benefits. The total normal cost is the sum of the normal costs for all active participants.

Other actuarial assumptions are as follows:

#### *Mortality*

- General – Fully Generational PubG-2010 Public Sector Mortality table for general employees adjusted by a one year set forward with MP-2019 projection scale from 2010.
- Police and Fire – Fully Generational PubS-2010 Public Sector Mortality table for safety employees adjusted by a one year set forward with MP-019 projection scale from 2010.
- Disabled - Fully Generational PubNS-2010 Public Sector Disabled Mortality table for non-safety employees adjusted by a three-year set back with MP-2019 projection scale from 2010.

#### *Disability*

Disability rates are set based on the Plan's historical experience and future expectations with periodic monitoring of observed gains and losses caused by disability patterns different than assumed. The assumption for 2021 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 2021 used Select and Ultimate rates based on age and years of service for (1978 and 2016 Plans) Police and Fire males, Police and Fire females, General Males and General Females.

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*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 2021 for both General employees and Police and Fire employees, the rates vary by age, gender, and pension plan (1978/2012 or 2016 Plan).

*Participation Rates*

Participation rates are set based on the Plan's historical experience under the current plan design and future expectations with periodic monitoring of observed gains and losses caused by participation patterns different than assumed. The assumptions used for 2021 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*

Rates vary by age and service and do not include inflation (assumed to be 2%).

*Per Capita Costs*

The per capita claims costs for the self-insured Select and Choice plans were developed by PwC based on historical 2019-July 2020 claims experience for City of Memphis retired participants adjusted for enrollment and plan design provisions. The 2022 calendar year annual per capita costs used to develop per capita costs (before rebates) for the fiscal year beginning July 1, 2021 are:

- Pre-65 – Select Plan \$9,360, Choice Plan \$10,992
- Post-65 No Medicare – Select Plan \$16,488, Choice Plan \$19,368

*Self-Insured Premiums*

2022 calendar year monthly Retiree Premiums that were used to develop per capita cost for the fiscal year beginning July 1, 2020 are provided below:

- Single – Select Plan \$216.00, Choice Plan \$269.00
- Family – Select Plan \$427.00, Choice Plan \$534.00

*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 2021 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 2021 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 2021, the assumption is that all inactive participants are assumed to continue to receive retiree medical coverage for their lifetime.

*Spouse Age Difference*

Material rates are set based on the Plan's historical experience and future expectations with periodic monitoring of observed gains and losses caused by marital patterns different than assumed. The assumption for 2021 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 2.18% as of June 30, 2021 which is equal to the single rate of return developed pursuant to GASB 75. GASB 75 requires that projected benefit payments expected to be satisfied by the plan's fiduciary net position (i.e. assets) be discounted using the long-term rate of return on OPEB plan investments and that projected benefit payments not expected to be satisfied by the plan's fiduciary net position be discounted using a yield or index rate of a 20-year tax-exempt general obligation municipal bond rated AA/Aa or higher. Based on the City's current funding policy effective June 30, 2021 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, 2021.

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

	<u>1% Decrease (1.18%)</u>	<u>Current Rate (2.18%)</u>	<u>1% Increase (3.18%)</u>
Net OPEB Liability	\$702,702	\$614,176	\$542,221

*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 2022 will be 6.50% with declining rates for years 2022 - 2029+ ranging from 6.06% 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	\$547,937	\$614,176	\$695,220

**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, 2020. 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 MP-2020 projection scale which were released by the Society of Actuaries.
- In the prior year, the Valuation Date used was the same as the Measurement Date. In the current year, a Valuation Date that is 12 months earlier than the Measurement Date was used.
- The participation assumptions for commissioned police and fire, paramedics, and dispatchers (“restored”) changed based on emerging experience and the City’s best estimate of long-term enrollment rates under the new plan effective January 1, 2021:
  - 50% of current “restored” pre-65 retirees that have opted out of Retiree Exchange coverage as of July 1, 2020 will elect coverage for next year (down from 84%)
- The discount rate assumption changed from 2.66% as of June 30, 2020 to 2.18% as of June 30, 2021 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 from Prior Year**

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

**Change in Plan Experience**

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

<u>City of Memphis OPEB Plan</u>	<u>Census Data<sup>1</sup></u>	
	<u>June 30, 2019</u>	<u>June 30, 2020</u>
<b>Active</b>		
Number of Participants	7,015	7,172
Average Age of Participants	45.02	45.18
Average Years of Service	12.9	12.7
Actual Covered Payroll (000's)	\$ 400,195	\$ 410,167
<b>Inactive *</b>		
Number Eligible (Retiree/Disabled)	5,115	4,995
Number Enrolled (Retiree/Disabled)	2,114	1,993
Number Enrolled (Dependent Spouse)	704	911
Number Enrolled (Total)	2,818	2,904

\*Retirees, Disabled, and Dependent Spouses

<sup>1</sup> Due to the change in the valuation date for fiscal year ending June 30, 2021, the June 30, 2020 census data was used for both the June 30, 2020 and June 30, 2021 year-end results.

**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.

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

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

Determination of resources of deferred outflows and resources of deferred inflows for the fiscal year ended June 30, 2021 is provided below.

**City of Memphis OPEB Plan**

<b>Determination of Resources of Deferred Outflows and Deferred Inflows</b>					<b>Balances at June 30, 2021</b>	
	Established in Fiscal Year Ending June 30	Loss	(Gain)	Cumulative Amounts Recognized in Expense through June 20, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
a. Experience (Gains) and Losses	2017	\$ 18,838	\$ -	\$ 18,690	\$ 148	-
	2018		\$ (11,621)	\$ (10,172)	-	\$ (1,449)
	2019		\$ (13,201)	\$ (8,574)	-	\$ (4,627)
	2020		\$ (2,264)	\$ (1,030)	-	\$ (1,234)
	2021		\$ (2,215)	\$ (525)	-	\$ (1,690)
					\$ 148	\$ (9,000)
b. Changes in Assumptions	2017	\$ 25,586	\$ -	\$ 25,385	\$ 201	-
	2018		\$ (76,034)	\$ (66,552)	-	\$ (9,482)
	2019		\$ (21,941)	\$ (14,250)	-	\$ (7,691)
	2020	\$ 21,629	\$ -	\$ 9,831	\$ 11,798	-
	2021		\$ (74,550)	\$ (17,667)	-	\$ (56,883)
					\$ 11,999	\$ (74,056)
c. Investment (Gains) and losses	2017	\$ -	\$ (289)	\$ (289)	\$ -	-
	2018		\$ (257)	\$ (204)	-	\$ (53)
	2019		\$ (221)	\$ (132)	-	\$ (89)
	2021		\$ (190)	\$ (76)	-	\$ (114)
	2021		\$ (905)	\$ (181)	-	\$ (724)
					\$ -	\$ (980)
d. Collective deferred outflows/(inflows) of resources: a + b + c					<b>\$ 12,147</b>	<b>\$ (84,036)</b>

**Allocated Deferred Outflows and Deferred Inflows**

**Allocated Balances at June 30, 2021**

	Deferred Outflows	Deferred Inflows
Governmental Activities	\$ 10,249	\$ (75,291)
Business Type - Sewer	562	(4,153)
Business Type - Storm Water	371	(2,153)
Internal Service Fund - Health Care	54	(83)
Component Unit - MSCAA	911	(2,356)
<b>Total</b>	<b>\$ 12,147</b>	<b>\$ (84,036)</b>

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

**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
2022	\$ (32,296)	\$ (29,126)	\$ (1,613)	\$ (801)	\$ (15)	\$ (741)
2023	(18,764)	(16,942)	(937)	(465)	(8)	(412)
2024	(16,649)	(15,161)	(832)	(413)	(6)	(237)
2025	(4,180)	(3,811)	(209)	(104)	(2)	(55)
2026	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-
	<u>\$ (71,889)</u>	<u>\$ (65,040)</u>	<u>\$ (3,591)</u>	<u>\$ (1,783)</u>	<u>\$ (30)</u>	<u>\$ (1,445)</u>

The schedule of OPEB expense under GASB 74 and GASB 75 For the fiscal year ended June 30, 2021 is provided below.

City of Memphis OPEB Expense Fiscal Year 2021	Total	Governmental Activities	Business Type Sewer	Business Type Storm Water	Internal Service Health Care	Component Unit MSCAA
Service Cost	\$ 20,348	\$ 18,211	\$ 1,119	\$ 570	\$ 2	\$ 446
Interest Cost						
Interest on Total OPEB Liability at beginning of year	\$ 17,827	-	-	-	-	-
Interest on Service Cost	541	-	-	-	-	-
Half-year Interest on Benefit Payments	<u>(184)</u>	-	-	-	-	-
Total	18,184	16,275	1,000	509	2	398
Change of Benefit Terms	-	-	-	-	-	-
Recognition of deferred (inflows) and outflows of resources related to						
Liability Experience (Gains)/Losses	\$ (2,703)	-	-	-	-	(59)
Assumption Changes (Gains)/Losses	(29,061)	-	-	-	-	(636)
Investment (Gains)/Losses	<u>(371)</u>	-	-	-	-	(8)
Changes in proportion of net OPEB liability and deferred (inflows) / outflows						(225)
Changes in actual contributions and proportionate share of contributions						(6)
Total	(32,135)	(28,531)	(1,767)	(900)	(3)	(934)
Total OPEB Expense (Income)	<u>\$ 6,397</u>	<u>5,955</u>	<u>352</u>	<u>179</u>	<u>1</u>	<u>(90)</u>

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

*The information presented below is taken directly from the MLGW audited financial statements dated December 31, 2020.*

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

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

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

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

Members of the Plan consisted of the following at December 31, 2019 (valuation date):

	Medical	Life
Retired members currently receiving benefits	2,006	2,006
Beneficiaries currently receiving benefits	1,726	-
Vested terminated members entitled to, but not yet receiving benefits	-	-
Active members	<u>2,543</u>	<u>2,543</u>
Total	<u><u>6,275</u></u>	<u><u>4,549</u></u>

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

The Board of Commissioners has set the employer contribution rate based on the Actuarially Determined Contribution (“ADC”). The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The ADC is based on the prior year’s valuation, then adjusted forward at an assumed payroll growth rate. MLGW contributed \$34,895 and \$33,949 for the years ended December 31, 2020 and 2019, respectively to the OPEB Trust.

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

<u>Year Ended December 31</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions in Relation to the Actuarially Determined Contributions*</u>	<u>Contribution Deficiency / (Excess)</u>	<u>Covered- Employee Payroll</u>	<u>Contributions as a Percentage of covered Employee Payroll</u>
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%
2019	\$ 31,701	\$ 33,949	\$ (2,248)	\$ 170,946	19.86%
2020	\$ 32,111	\$ 34,895	\$ (2,784)	\$ 174,270	20.02%

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

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

**Actuarial Methods and Assumptions** – The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2014 to December 31, 2018.

Inflation Rate	2.50%
Salary Increases	Inflation plus merit increases based on age and service.
Discount Rate	7.25%
Healthcare costs trend rates	
Medical	7.00% graded to 4.50% over 10 years
Prescription drug	8.00% graded to 4.50% over 10 years
Administrative costs	3.00%
Mortality Rates	PRI-2012 Healthy Annuitant Mortality Table, Headcount-Weighted, for males and females, as appropriate, with adjustments for mortality improvement using Scale SSA-2019.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	39%	6.40%
International Equity	12%	7.54%
Fixed Income	29%	1.63%
Alternatives	8%	3.32%
Real Estate	10%	4.50%
Short Term Investments	2%	0.65%
<b>Total</b>	<b>100%</b>	

**Discount Rate** – The discount rate used to measure the total OPEB liability is 7.25% and 7.50% for December 31, 2019 and December 31, 2018, 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 net position was projected to be available to make all projected future benefit payments of current plan members hired on or before December 31, 2019 and 2018.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Cost Trend** - The following presents the net OPEB liability (NOL) of MLGW as of December 31, 2019, calculated using the discount rate of 7.25%, as well as what the Division’s NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate. Also, shown is the NOL as if it were calculated using healthcare cost trend rates that were 1-percentage point lower or 1-percentage point higher than the current healthcare trend rates:

	1% Decrease (6.50%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net OPEB	\$305,052	\$208,558	\$129,283
	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase in Health Care Cost Trend Rates
Net OPEB	\$131,411	\$208,558	\$303,385

**OPEB Plan’s Fiduciary Net Position** - Detailed information about the MLGW OPEB Trust’s fiduciary net position is available in the separately issued plan financial statements. For purposes of measuring the 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.

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 OPEB Trust were exceeded by the actuarially calculated contributions.

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**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

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

<b>MLGW CHANGES IN NET OPEB LIABILITY</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 15,804	\$ 15,381	\$ 19,520
Interest	53,030	50,559	64,666
Change of benefit terms	-	-	(61,896)
Differences between expected and actual experience	15,351	(3,134)	3,674
Changes of assumptions	(46,584)	-	(200,370)
Benefit payments, including refunds of member contributions	(31,916)	(28,676)	(29,457)
Net change in Total OPEB Liability	\$ 5,685	\$ 34,130	\$ (203,863)
Total OPEB Liability - beginning	707,218	673,088	876,951
(a) Total OPEB Liability - ending	\$ 712,903	\$ 707,218	\$ 673,088
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	33,949	48,972	45,184
Net investment income	76,564	(14,273)	57,671
Benefit payments, including refunds of member contributions	(31,146)	(27,876)	(28,765)
Administrative expense	(770)	(801)	(692)
Net change in Plan Fiduciary Net Position	\$ 78,597	\$ 6,022	\$ 73,398
Plan Fiduciary Net Position - beginning	425,748	419,726	346,328
(b) Plan Fiduciary Net Position - ending	\$ 504,345	\$ 425,748	\$ 419,726
(c) Net OPEB Liability - ending (a) - (b)	\$ 208,558	\$ 281,470	\$ 253,362
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	70.75%	60.20%	62.36%
Covered Employee Payroll	\$ 170,946	\$ 169,605	\$ 167,221
Plan Net OPEB Liability as a percentage of covered employee payroll	122.00%	165.96%	151.51%

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

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

**OPEB Expense for the year-ended December 31, 2020 and 2019.**

	<u>2020</u>	<u>2019</u>
Service cost	\$ 15,804	\$ 15,381
Interest on total OPEB liability	53,030	50,560
Expensed portion of current-period difference between expected and actual experience in the total OPEB liability	2,558	(522)
Expensed portion of current-period changes of assumptions or other inputs	(7,764)	-
Projected earnings on plan investments	(32,007)	(32,241)
Expensed portion of current-period difference between actual and projected earnings on plan investments	(8,911)	9,303
Recognition of beginning of year deferred outflows of resources as OPEB expense	9,915	612
Recognition of beginning of year deferred inflows of resources as OPEB expense	(40,139)	(39,616)
Total OPEB expense	<u>\$ (7,514)</u>	<u>\$ 3,477</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. GASB 75 requires the deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual OPEB plan investment earnings in different measurement periods to be aggregated and reported as a net deferred outflow of resources related to OPEB or a net deferred inflow of resources related to OPEB.

NOTES TO FINANCIAL STATEMENTS  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021

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	\$ 34,895	\$ -
Changes of assumptions or other inputs	-	(139,005)
Net difference between projected and actual earnings on OPEB plan investments	-	(20,180)
Difference between expected and actual experience in the Total OPEB Liability	14,630	(2,088)
<b>Total</b>	<b>\$ 49,525</b>	<b>\$ (161,273)</b>

Note: The \$34,895 contribution made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. Memphis Light, Gas and Water (MLGW), a division of the primary government, has a fiscal year-end of December 31. Thus, the amounts and disclosures for the MLGW Other Post Employment Benefits Trust Fund are as of December 31, 2020.

**Projected Recognition of Deferred Outflows/(Inflows)**

Fiscal year	Year	Original Balance	Original Amortization Period (Years)	Amount			Deferred Outflows/(Inflows) Recognized in Future Years							
				Outstanding Balance at December 31, 2019	Recognized During FYE December 31, 2020	Outstanding Balance at December 31, 2020	2021	2022	2023	2024	2025			
<b>Fiscal year Outflows</b>														
Demographic	2018	\$ 3,674	6.00	\$ 2,451	\$ 612	\$ 1,839	\$ 612	\$ 612	\$ 615	-	-			
Investment	2020	15,351	6.00	-	2,560	12,791	2,559	2,559	2,559	2,559	2,559	2,555		
<b>Total Outflows</b>				\$ 2,451	3,172	\$ 14,630	\$ 3,171	\$ 3,171	\$ 3,174	\$ 2,559	\$ 2,555			
<b>Fiscal year Inflows</b>														
Investment	2018	\$ (31,107)	5.00	\$ (18,664)	\$ (6,221)	\$ (12,443)	\$ (6,221)	\$ (6,222)	\$ -	-	-			
Assumption	2018	(200,370)	6.00	(133,580)	(33,395)	(100,185)	(33,395)	(33,395)	(33,395)	-	-			
Demographic	2019	(3,133)	6.00	(2,612)	(524)	(2,088)	(522)	(522)	(522)	(522)	-			
Investment	2019	46,514	5.00	37,211	9,303	27,908	9,303	9,303	9,302	-	-			
Investment	2020	(44,557)	5.00	-	(8,912)	(35,645)	(8,911)	(8,911)	(8,911)	(8,912)	-			
Assumption	2020	(46,584)	6.00	-	(7,764)	(38,820)	(7,764)	(7,764)	(7,764)	(7,764)	(7,764)			
<b>Total Inflows</b>				\$ (117,645)	\$ (47,513)	\$ (161,273)	\$ (47,510)	\$ (47,511)	\$ (41,290)	\$ (17,198)	\$ (7,764)			
<b>Total</b>				\$ (115,194)	\$ (44,341)	\$ (146,643)	\$ (44,339)	\$ (44,340)	\$ (38,116)	\$ (14,639)	\$ (5,209)			

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 provide with OPEB though the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

**Total aggregate amount of OPEB expense is as follows**

City of Memphis	\$ 6,397
MLGW	(7,514)
<b>Total OPEB expense</b>	<b>\$ (1,117)</b>

**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 Chief of Finance, City Treasurer, City Comptroller, Investment Manager, Senior Investment Analyst, and a Citizen member. Guidance is established in the *City of Memphis Retirement System Statement of Investment Objectives*.

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

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

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

As of June 30, 2021, the City Retirement System Fiduciary Trust Fund reported the following net position:

	<u>City Retirement System</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 34,486
Investments, at fair value:	
U.S. government securities - long-term	117,742
Common stock - domestic	903,684
Common stock - foreign	196,128
Corporate bonds - domestic	388,426
Corporate bonds - foreign	93,665
Mutual funds and money market funds	17,377
Collateralized mortgage obligations	8,345
Asset-backed pooled securities	3,043
Mortgage-backed pooled securities	14,582
Investments in index funds	111,647
Investments in limited partnerships	225,650
Investments in real estate	177,774
Investments in international equity fund	563,997
Investments in short sales & written options	(7,712)
Total investments	<u>2,814,348</u>
Equity in cash and investment pool	440
Interest and dividend receivables	6,507
Receivable for securities sold	214,928
Employer and employee contributions receivable	2,879
Other Receivables	150
Collateral held in trust for securities on loan	<u>50,579</u>
<b>Total assets</b>	<u>3,124,317</u>
<b>LIABILITIES</b>	
Accounts payable and other	274,697
Collateral subject to return to borrowers	<u>50,579</u>
<b>Total liabilities</b>	<u>325,276</u>
<b>NET POSITION</b>	
Held in trust for pension benefits, pool participants and OPEB	<u>\$ 2,799,041</u>

As of and for its year ended June 30, 2021, the City Retirement System Fiduciary Trust Fund reported the following changes in net position:

	<b>City Retirement System</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 61,534
1978 Plan Restoration - Current Plan members	499
	<u>19,773</u>
Total contributions	81,806
Investment income:	
Interest and dividend income	43,330
Securities lending income	303
Other investment income	15,489
Gain on real estate investments	8,559
Net appreciation in the fair value of investments	602,906
Less investment expenses	<u>(18,813)</u>
Total investment income	651,774
<b>Total additions</b>	<u>733,580</u>
<b>DEDUCTIONS</b>	
Benefits	178,861
Administrative expenses	2,890
Refunds of contributions	<u>14,570</u>
<b>Total deductions</b>	<u>196,321</u>
<b>Net increase / decrease</b>	537,259
Net position - beginning of year	<u>2,261,782</u>
<b>Net position - end of year</b>	<u><u>\$ 2,799,041</u></u>

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

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

The FY21 year-end GASB results are based on a 7/1/2020 *valuation date*, which is rolled forward to the June 30, 2021 *measurement date*. This roll-forward approach is permissible under GASB 67/68 and GASB 74/75. And, a change in the valuation date from the prior year or a deviation from prior practice is also permissible as long as the valuation date falls within the time frame allowable under GASB. The prior year data is the same data used for the FY21 year-end GASB information.

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

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

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

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

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

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

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

At June 30, 2021, the Retirement System membership consisted of:

Retired members, beneficiaries and DROP enrollees receiving benefits	4,696
Disabled members receiving benefits	718
Terminated (vested and nonvested) plan members entitled to but not yet receiving benefits	1,126
Active employees:	
Fully vested	3,105
Non-vested	<u>3,017</u>
Total	<u>12,662</u>

\*Includes 205 employees currently participating in the Deferred Retirement Option Plan (DROP) and 48 employees who temporarily froze participation in the DROP Program effective November 1, 2015 or November 1, 2016.

Due to the change in the valuation date for fiscal year ending June 30, 2021, the June 30, 2020 census data was used for both the June 30, 2020 and June 30, 2021 year-end results.

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.

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Elected and appointed participants hired before November 1, 2004 may retire the first day of month coincident with or next following completion of 12 years of service. Otherwise, normal retirement eligibility follows their respective plan.

*Disability Retirement*

For both General Employees and Fire and Police Employees there is a five year service eligibility requirement for non line-of-duty, and no service eligibility requirement for line-of-duty disability.

For 1948 Plan participants, disabled employees while actively employed for reasons other than line-of-duty are entitled to receive the greater of 25% of average monthly compensation as of the date of disability, or the accrued benefit as of the date of disability.

For 1978 Plan participants an employee who becomes disabled while actively employed for reasons other than line-of-duty is entitled to receive the accrued benefit as of the date of disability.

For 2016 Plan participants, an employee who becomes disabled while actively employed for reasons other than line-of-duty is entitled to receive the accrued benefit as of the date of disability.

A Plan participant who becomes disabled while performing City duties is entitled to receive the greater of 60% of average monthly compensation as of the date of disability, or the accrued benefit as of the date of disability.

Average monthly compensation for General Employees for the 1948 Plan and 1978 employees hired before July 1, 2012, is calculated as the highest average monthly compensation received for any five consecutive years of service, or the most recent year's earnings if greater. For 1978 Plan employees hired after June 30, 2012, it calculated as the highest average monthly compensation received for any three consecutive years of service.

Average monthly compensation for Fire and Police Employees under the 1948 Plan is calculated as the highest average monthly compensation received for any five consecutive years of service, or the most recent year's earnings, if greater. For Fire and Police employees under the 1978 Plan and the 2012 Plan, average monthly compensation is calculated as the highest average monthly compensation received for any three consecutive years of service preceding the participant's date of termination. Police officers hired prior to January 31, 1979, who retire with 30 years of service, have their accrued benefit determined based on Captain's compensation if greater than their actual compensation, regardless of their rank.

*Pre-Retirement Death Benefit*

For both General Employees and Fire and Police Employees there is a five year service eligibility requirement for non line-of-duty, and no service eligibility requirement for line-of-duty pre-retirement death benefit.

The non line-of-duty pre-retirement death benefit for the 1948 Plan is paid to the surviving spouse (or children) of a participant who dies while actively employed. The beneficiary will receive 100% of the participant's accrued benefit as of the date of the participant's death.

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For the 1978 Plan, the surviving spouse (or children) of a participant who dies while actively employed will receive 75% of the participant's accrued benefit as of the date of the participant's death.

For the 2016 Plan, the surviving spouse (or children) of a participant who dies while actively employed will receive 75% of the normal form of annuity as of the date of the participant's death.

Under a normal form of annuity, the following conditions are applicable: If single, an annuity for the life of the participant. A married participant will receive this annuity during his/her lifetime with a 75% continuation to his/her spouse upon the participant's death. For the 1948 plan participants, 100% of the annuity is payable to the spouse upon the death of the participant.

#### *Employee Contributions*

General Employees in the 1948 Plan must contribute 5% of compensation. General Employees in the 1978 Plan must contribute 8% of compensation. General Employees in the 2016 Plan must contribute 2% of compensation to the cash balance account and 6% of compensation to the IRC section 401(a) defined contribution account.

The Fire and Police Employee contributions in the 1948 Plan range from 5% to 5.5%, depending on years of service. The contributions under the 1978 Plan range from 6.2% to 8% depending on 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, 2021, is in accordance with Government Accounting Standards Board Statement No. 68 (GASB 68), as amended by GASB Statement No. 82.

**Method Used to Value Investments** - All investments of the City of Memphis Retirement System are reported at fair value. Short-term investments are reported at cost, which approximates fair value. All other investments are valued based upon quoted market prices except for real estate investments, which are appraised by independent appraisals. Ordinance Section 25-31 grants the Board the authority to make investments including but not limited to stocks, bonds, mutual funds, notes and units of any commingled, collective, common pooled or mutual trust fund. The City of Memphis Retirement System had no individual investments in excess of 5% of plan net position.

**Rate of Return** - For the year ended June 30, 2021, the annual money-weighted rate of return on the City's pension plan investments, net of pension plan investment expense, was 30.11% 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 2021 was \$61,532 of which the City contributed 100%.

The employer contribution is 6% of compensation, as determined by the Pension Ordinance. Employer contributions as a percentage of actual covered payroll for the year ended June 30, 2021, were 16.2%. For its year ended June 30, 2021, the City of Memphis Retirement System reported total employer and plan member contributions of \$61,534 and \$17,780 respectively.

Actual covered payroll is defined under GASB 82 to be payroll on which contributions to a pension plan are based.

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

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

**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, 2021 are as follows:

<b>Total Pension Liability - Beginning of year</b>	\$ 2,742,485
Service Cost <sup>1</sup>	35,847
Interest Cost <sup>2</sup>	201,121
Experience (gains)/losses	1,214
Assumption Changes	(8,859)
Changes of Benefit Terms	9,610
Benefit Payments	(193,431)
Transfer In / (Out)	17,772
Total Pension Liability - End of year	<u>\$ 2,805,759</u>

**Plan Fiduciary Net Position**

Plan Fiduciary Net Position - Beginning of year	\$ 2,262,361
Employer Contributions	61,534
Employee Contributions	17,780
Investment return	
Expected Investment Return <sup>3</sup>	\$ 166,064
Investment Gain/(Loss)	<u>480,270</u>
Net Investment Return	\$ 646,334
Benefit Payments	(193,431)
Transfer In / (Out)	17,772
Administrative Expenses	<u>(4,669)</u>
Plan Fiduciary Net Position - End of year	<u>\$ 2,807,681</u>

**Net Pension Liability**

Net Pension Liability	(1,922)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.1%

<sup>1</sup> Determined as of the beginning of the year.

Includes interest of 7.5% on the beginning of year service

<sup>2</sup> cost less half year of interest on benefit payments

<sup>3</sup> 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 Asset (NPA) represents the funded status of the City Plan as of the measurement date. The NPA for fiscal year ended June 30, 2021 is (1,922) in comparison from prior year when there was a Net Pension Liability of 480,124. The results reflect the impact of favorable asset experience in gains (net investment return). Assets returned 30.11% 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 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 calculating the necessary information for accounting and reporting requirements in accordance with Governmental Accounting Standards. The actuarial asset valuation method is the Entry Age Normal Actuarial Cost Method. This method determines a normal cost rate as a fixed percentage of compensation for each active participant. The current year’s normal cost is the participant’s compensation multiplied by the normal cost rate. Annual contributions in this amount, from the date the participant entered the plan (or would have entered, if the plan had always been in effect and the participant had entered at the earliest possible date) until retirement, would be sufficient to provide for the actuarial present value of the participant’s plan benefits. The total normal cost is the sum of the normal costs for all active participants.

Significant actuarial assumptions include: (a) a rate of return on the investment of present and future assets of 7.5% per year for GASB 67 and GASB 68 purposes; (b) projected future salary increases on a scale that varies by age and service with a weighted average of 4.25% per year; (c) no COLA increases; (d) measurement date as of June 30, 2021 and valuation date as of June 30, 2020.

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-2020 projection scale from 2010 and adjusted by a one year set forward.
- Healthy Police and Fire- Fully Generational PubG-2010 Public Sector Mortality table for safety employees with MP-2020 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-2020 projection scale from 2010 and adjusted by a three-year set back.
- Disabled Police and Fire - Fully Generational PubNS-2010 Public Sector Disabled Mortality table for safety employees with MP-2020 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-2020 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-2020 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 improvement scale was updated from MP2019 to MP-2020.

*Discount Rate* – The discount rate used to measure the total pension liability was 7.5% as of July 1, 2021, 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	\$300,244	\$(1,922)	\$256,018

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

**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 \$(366,972) and \$29,666 respectively. The determination of resources of deferred inflows and resources of deferred outflows for the fiscal year ending June 30, 2021, is as follows:

<b>Determination of Resources of Deferred Outflows and Resources of Deferred Inflows</b>					<b>Balances at June 30, 2021</b>	
	Established in Fiscal Year ending June 30	Loss	(Gain)	Cumulative Amounts Recognized in Expense through June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
		(a)	(b)	(c)	(d) = (a - c)	e = (b - c)
a. Experience (Gains) and Losses	2017	\$ 44,176	\$ -	\$ 44,176	\$ -	\$ -
	2018	-	(64,966)	(56,004)	-	(8,962)
	2019	-	(20,127)	(13,098)	-	(7,029)
	2020	6,622	-	2,800	3,822	-
	2021	1,214	-	287	927	-
					\$ 4,749	\$ (15,991)
b. Changes in Assumptions	2018	\$ -	\$ (13,322)	\$ (11,484)	\$ -	\$ (1,838)
	2019	71,345	-	46,428	24,917	-
	2020	-	(91,982)	(38,894)	-	(53,088)
	2021	-	(8,859)	(2,094)	-	(6,765)
					\$ 24,917	\$ (61,691)
c. Investment (Gains) and losses	2017	\$ -	\$ (120,775)	\$ (120,775)	\$ -	\$ -
	2018	-	(26,613)	(21,292)	-	(5,321)
	2019	69,439	-	41,664	-	27,775
	2020	120,788	-	48,316	-	72,472
	2021	-	(480,270)	(96,054)	-	(384,216)
					\$ -	\$ (289,290)
d. Collective Deferred Outflows/(Inflows) of Resources: (a) + (b) + (c)					\$ 29,666	\$ (366,972)

<sup>1</sup> Deferred outflows of resources are presented as positive amounts. Deferred inflows of resources are presented as negative amounts.

<b>Allocated Deferred Outflows and Deferred Inflows</b>	<b>Allocated Balances at June 30, 2021</b>	
	Deferred Outflows	Deferred Inflows
Governmental Activities	16,826	(332,986)
Business Type - Sewer	5,396	(11,531)
Business Type - Storm Water	3,140	(6,104)
Component Unit - MSCAA	4,304	(16,351)
Total	29,666	(366,972)

**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	Type Storm Water	Component Unit MSCAA
2022	\$ (82,873)	\$ (78,184)	\$ (1,507)	\$ (728)	\$ (2,454)
2023	(71,085)	(66,928)	(1,293)	(625)	(2,239)
2024	(86,877)	(81,363)	(1,580)	(763)	(3,170)
2025	(96,471)	(89,685)	(1,755)	(848)	(4,184)
2026	-	-	-	-	-
Thereafter	-	-	-	-	-
	<u>\$ (337,306)</u>	<u>\$ (316,160)</u>	<u>\$ (6,135)</u>	<u>\$ (2,964)</u>	<u>\$ (12,047)</u>

**Pension Expense** – The pension expense under GASB 68 for the fiscal year ending June 30, 2021 is as follows:

Fiscal Year 2021	Total	Governmental	Business Type	Business Type	Component Unit
		Activities	Sewer Fund	Storm Water	MSCAA
Net employer service cost	\$ 22,736	\$ 20,725	\$ 667	\$ 337	\$ 1,007
Interest cost	201,121	183,331	5,901	2,979	8,910
Expected return on assets	(166,064)	(151,375)	(4,872)	(2,460)	(7,357)
Changes of benefit terms	9,610	8,760	282	142	426
Recognition of deferred (inflows)/ outflows	(112,772)	(104,275)	(3,353)	(1,595)	(3,549)
Total collective pension expense	<u>\$ (45,369)</u>	<u>\$ (42,834)</u>	<u>\$ (1,375)</u>	<u>\$ (597)</u>	<u>\$ (563)</u>

**Deferred Retirement Option Program (DROP)** – According to the terms of the Deferred Retirement Option Program (DROP) specified in City of Memphis Ordinance 4548, an eligible participant is an employee who has attained his or her normal retirement date and has at least twenty-five years of service.

An eligible employee can make an irrevocable election to participate in the DROP for a maximum one-year, two-year, or three-year period, thereby agreeing to retire no later than the end of his or her one-year, two-year, or three-year period of participation. During the one-year, two-year, or three-year period elected, the employee’s contributions and the City’s contributions to the appropriate Plan shall cease as of the effective date. The employee’s benefit under the Plan is frozen (fixed) as of the date his or her election is effective. A DROP account shall be established for the employee that will be credited with an amount equal to the monthly pension benefit the electing participant would receive had he or she retired and begun receiving payments on the effective date. Interest will be credited each calendar quarter on the average monthly balance in the DROP account based on twenty-five percent (25%) of the 90-day Treasury Bill yield published in the last Wall Street Journal of such quarter.

After participation in the DROP ceases, the City will begin to pay the employee his or her monthly benefit and also pay the employee in a lump sum the balance in his or her DROP account as of the end of the last quarter. The lump sum payment of the DROP account may be rolled over at the participant's direction. The DROP Program account balance as of June 30, 2021, is \$16,341.

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, 2021, the Retirement System for the Library reported the following net position:

	<b>Library Retirement System</b>
<b>ASSETS</b>	
Investments, at fair value:	
Mutual funds and money market funds	\$ 63,091
Total investments	<u>63,091</u>
Interest and dividend	<u>39</u>
<b>Total assets</b>	<u>63,130</u>
<b>LIABILITIES</b>	
Account payable and other	<u>-</u>
<b>NET POSITION</b>	
Held in trust for pension benefits	<u><u>\$ 63,130</u></u>

As of and for its year ended June 30, 2021, the Retirement System for the Library reported the following changes in net position:

	<b>Library Retirement System</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 110
Plan members	110
Total contributions	<u>220</u>
Transfer from other fund	1,534
Investment income:	
Interest and dividend income	1,204
Net appreciation in the fair value of investments	<u>12,284</u>
Total investment income	<u>13,488</u>
<b>Total additions</b>	<u>15,242</u>
<b>DEDUCTIONS</b>	
Benefits	4,247
Administrative expenses	<u>77</u>
<b>Total deductions</b>	<u>4,324</u>
<b>Net increase</b>	10,918
Net position - beginning of year	<u>52,212</u>
<b>Net position - end of year</b>	<u><u>\$ 63,130</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, 2021, the Retirement System for the Library membership consisted of:

Retired members, beneficiaries and disabled members receiving benefits	176
Terminated vested plan members entitled to but not yet receiving benefits	13
Active employees:	
Fully vested	<u>80</u>
Total	<u><u>269</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.

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## 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

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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

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employee requests to use unused sick leave to become eligible for a full and normal retirement, credit time will be given for all unused leave.

Upon full and normal retirement eligibility, full-time employees with 35 years or less of creditable service will have the following options:

- Employees may be paid up to 520 hours of accumulated sick leave
- Employees may elect to add accumulated sick leave days to their creditable service for pension calculations
- Percentage will not exceed 72.5% of average annual compensation.

For purposes of converting accumulated sick leave hours to service time, 173.33 hours of accumulated sick leave will equal one month of creditable service.

#### Contributions

Effective January 1, 1993, employees contribute 5.0% of compensation to Plan I of the retirement plan. Effective January 1, 2000, this percentage decreased to 3.0% of compensation. The Library contributes no less than the amount employees contribute.

#### Cost of Living Adjustment (COLA)

Cost of living adjustment to retirees is granted on an ad-hoc basis as determined annually by the Board.

#### Changes Since Prior Valuation

There have been no changes to Plan II since the prior valuation.

**Summary of Accounting Policies** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and the additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Financial statement reporting information for the City of Memphis fiscal year ended June 30, 2021, 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, 2021 was utilized for the Retirement System of the Public Library and Information Center. The valuation was performed using census data and assets as of December 31, 2020 and reflects the plan provision effective December 31, 2020.

**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, 2021, the annual money-weighted rate of return on Library pension plan investments, net of pension plan investment expense, was 4.95% 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 Library contributes no less than what employees contribute. For the year ended June 30, 2021, the Library contributions of \$1,651 represented 43.3% of actual covered payroll of \$3,817 under GASB 67 and contributions of \$1,646 represented 45.0% of actual covered payroll of \$3,658 under GASB 68. The actual covered payroll is defined under GASB 82 to be payroll on which contributions to a pension plan are based.

*The contribution information for the Library Retirement System is presented in the Required Supplementary Information section of this report as Exhibit RSI-12 and RSI-13.*

**Total Pension Liability** – The Retirement System of the Library Total Pension Liability (TPL) for the year ended June 30, 2021 is \$67,309. The components of the TPL are as follows:

TPL - beginning balance	\$	70,090
Service cost		269
Interest cost		5,117
Experience (gains)/losses		(3,446)
Assumption changes		(460)
Benefit payments		(4,261)
TPL – ending balance	\$	<u>67,309</u>

**Plan Fiduciary Net Position** – The Retirement System of the Library Plan Fiduciary Net Position (FNP) for the year ended June 30, 2021 is \$60,793. The components of the FNP are as follows:

FNP - beginning balance	\$	60,433
Employer contributions		1,651
Employee contributions		114
Investment return		
Expected return	\$	4,439
Investment gain/(loss)		<u>(1,513)</u>
Net investment return		2,926
Benefit payments		(4,261)
Administrative expenses		<u>(70)</u>
FNP – ending balance	\$	<u>60,793</u>

**Net Pension Liability** – The Net Pension Liability (NPL) for the Retirement System of the Library for the year ended June 30, 2021 is \$6,516. The components of the Net Pension Liability (NPL) are as follows:

Total Pension Liability	\$ 67,309
Plan Fiduciary Net Position	<u>(60,793)</u>
Net Pension liability	<u>\$ 6,516</u>
FNP as a percentage of the TPL	90.3%
Actual Covered Employee Payroll	3,817
Net Pension Liability as a percentage of the covered payroll	170.7%

The Net Pension Liability represents the funded status of the Library Plan as of the measurement date. The NPL for fiscal year ended June 30, 2021 decreased \$3,141 from prior year due to favorable asset experience gains from assumption changes that resulted in an actuarial gain of 460,273.

***The Schedule of Changes in the Net Pension Liability and Related Ratios which depicts Total Pension Liability (TPL), Plan Fiduciary Net Position (FNP), and Net Pension Liability (NPL) for the Library Retirement System is presented in the Required Supplementary Information section of this report as Exhibit RSI-9, RSI-10, and RSI-11 respectively.***

**Actuarial Methods and Assumptions** - The actuarial asset valuation method is the Entry Age Normal Actuarial Cost Method. This method determines a normal cost rate as a fixed percentage of compensation for each active participant. The current year's normal cost is the participant's compensation multiplied by the normal cost rate. The total normal cost is the sum of the normal costs for all active participants. Significant actuarial assumptions include: (a) a rate of return on the investment of present and future assets of 7.5% 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.

The healthy mortality assumption utilized the Fully Generational PubG-2010 Public Sector Mortality table for general employees with MP-2020 projection scale from 2010 and adjusted by a one year set forward. The disabled mortality assumption utilized the Fully Generational PubNS-2010 Public Sector Disabled Mortality table for non-safety employees with MP-2020 projection scale from 2010 and adjusted by a three-year set back.

Other actuarial assumptions are as follows:

- Sick Leave – for every year of creditable service an additional 0.05 years of creditable service time is assumed to be added for sick leave accrual.
- Marriage (Actives only) – 65% of male active employees and 50% of female active employees are assumed to be married. Wives are assumed to be three years younger than their husbands.
- Death/Disability – Deaths and disabilities for active employees are assumed to be other than line-of-duty.
- Form of Payment – It is assumed that benefits will be paid in the normal annuity form upon retirement. Current terminated vested participants are assumed to elect payment in the form of a single life annuity at age 65.
- Data Assumptions – Retiree and disabled members that do not have a retirement option listed are assumed to be receiving a 75% joint and survivor annuity.

*Discount Rate* – The discount rate used to measure the total pension liability was 7.5% as of December 31, 2020, 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 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, 2021 of 1.93%.

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

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

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

over a 5-year period commencing July 1, 2015. As of January 1, 2020 the City is fully phased-in to paying 100% of the ADC.

Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. As such, the discount rate assumption for determining the total pension liability is the long-term rate of return on pension plan investments.

*Discount Rate Sensitivity* – The following presents the net pension liability of the Library calculated using the discount rate of 7.5%, 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	\$13,851	\$6,516	\$311

**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 (\$6,465) and \$5,043 respectively. The net of the deferred inflows and outflows for the fiscal year is \$(1,422). The determination of resources of deferred inflows and resources of deferred outflows for the fiscal year ending June 30, 2021, is as follows:

	Established in Fiscal Year ending June 30	<u>Balances at June 30, 2021</u>				
		Loss (a)	(Gain) (b)	Cumulative Amounts Recognized in Expense through June 30, 2021 (c)	Deferred Outflows of Resources (d) = (a - c)	Deferred Inflows of Resources e = (b - c)
a. Experience (Gains) and Losses						
	2019	\$ -	\$ (524)	\$ (524)	\$ -	\$ -
	2020	538	-	443	95	-
	2021	-	(3,446)	(1,518)	-	(1,928)
					\$ 95	\$ (1,928)
b. Changes in Assumptions						
	2019	\$ 1,683	\$ -	\$ 1,683	\$ -	\$ -
	2020	-	(251)	(207)	-	(44)
	2021	-	(461)	(203)	-	(258)
					\$ -	\$ (302)
c. Investment (Gains) and losses						
	2017	\$ -	\$ (1,480)	\$ (1,480)	\$ -	\$ -
	2018	-	(3,877)	(3,102)	(775)	-
	2019	9,213	-	5,528	3,685	-
	2020	-	(5,767)	(2,307)	(3,460)	-
	2021	1,513	-	303	1,210	-
					\$ 660	\$ -
d. Contributions subsequent to the measurement date	2021	N/A	N/A	N/A	\$ 53	\$ -
e. Collective Deferred Outflows/(Inflows) of Resources: a + b + c					<u>\$ 808</u>	<u>\$ (2,230)</u>

\$52,736 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense.

**Future Amortization of Net Deferred Outflows and Deferred Inflows** – The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions recognized in pension expense is as follows:

Year Ending June 30	
2022	\$ (1,454)
2023	527
2024	(851)
2025	303
2026	-
Thereafter	-
	<u>\$ (1,475)</u>

**Pension Expense** – The pension expense under GASB 68 for the fiscal year ending June 30, 2021 is (\$512) It was developed using a measurement date of January 1, 2021, as permitted under paragraph 20 of GASB 68, not adjusted to the fiscal year-end for passage of time.

Employer Service Cost	\$ 225
Interest Cost	5,117
Expected Return on Assets	(4,439)
Changes in Benefit Terms	-
Recognition of deferred (inflows)/outflows	<u>(1,415)</u>
Total collective pension expense	<u>\$ (512)</u>

**MLGW Retirement System**

*The information presented below is taken directly from the MLGW audited financial statements dated December 31, 2020.*

**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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Retirees and beneficiaries receiving benefits	2,680	2,677
Participants inactive during year ended December 31 with vested rights	37	38
Active plan members	1,058	1,055
Active members not vested	1,485	1,566
Total	<u>5,260</u>	<u>5,336</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 2020 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:

<u>Age</u>	<u>Percentage of CPI Increase</u>
56 - 58	30%
59 - 61	60%
62 and older, and all Disabled Participants	75%

The cost of living adjustment for any retired participant or surviving spouse in any plan year shall not exceed five percent (5%) of the retired participant's or surviving spouse's, or handicapped child's benefit under the MLGW Pension Plan for the immediately preceding plan year. Under no circumstances shall the cost of living adjustment result in a decrease in the benefit of a retired participant or surviving spouse, or handicapped child.

**Contributions** – The contribution requirements of pension plan members and MLGW are established and may be amended and approved by the MLGW Pension Board, the MLGW Board of Commissioners and the Memphis City Council. Pension plan members are required to contribute 8% of their annual covered salary. Under Article III, Section 3.2 of the pension plan, MLGW shall contribute to the pension fund such amounts as from time to time are estimated by the actuary. MLGW also funds the 8% pension plan member's contributions on behalf of the president and vice presidents. For 2019, MLGW contributed 12.76% of the annual covered payroll. Employer contributions recognized by the MLGW Pension Plan during 2020 totaled \$24,504.

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

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

Year Ended December 31	Actuarially Determined Contribution (ADC)	Actual Contribution in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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	\$ -	\$ 169,605	13.07%
2019	\$ 21,813	\$ 21,813	\$ -	\$ 170,946	12.76%
2020	\$ 24,504	\$ 24,504	\$ -	\$ 174,270	14.06%

As MLGW is a separately audited and reported division of the primary government, the supplementary information presented above is not captured in Exhibit RSI-12.

**Net Pension Liability** – The net pension liability (asset) 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. MLGW’s net pension liability (asset) was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2020.

**Actuarial Methods and Assumptions** – The actuarial assumptions used in the valuation as of January 1, 2020 are based on the results of an experience study for the period January 1, 2014 to December 31, 2018.

Inflation	2.50%
Salary increases	Inflation plus merit increases that vary by age and service, ranging from 0.00% to 8.50%
Investment rate of return	7.25%, including inflation, net of investment expenses
Cost of living adjustments	0.75% for ages 56-58 1.50% for ages 59-61 1.875% for ages 62 and older, and all disabled participants

Pre-retirement mortality rates are based on the PRI-2012 Employee Mortality Table with. Healthy annuitant mortality rates are based on 120% of PRI-2012 Health Annuitant Mortality Table. Disabled annuitant mortality rates are based on 120% of PRI-2012 Disabled Retiree Mortality Table. All mortality tables above are projected generationally with Scale SSA-2019.

**Rate of Return** – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	39%	6.40%
International Equity	12%	7.54%
Fixed Income	29%	1.62%
Alternatives	8%	3.32%
Real Estate	10%	4.50%
Short Term Investments	2%	0.65%
<b>Total</b>	<b>100%</b>	

**Discount Rate** – The discount rate used to measure the total pension liability is 7.50% as of December 31, 2019. The projection of cash flows used to determine the discount rate assumes employee contributions will be made at the current 8.00% of pay contribution rate and that MLGW contributions will equal to the actuarially determined contribution. For this purpose, only employee and employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, the MLGW Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2019.

**Discount Rate Sensitivity** – The following presents the net pension liability of MLGW as of December 31, 2019, calculated using the discount rate of 7.5%, as well as what MLGW’s net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) 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	\$140,146	\$(26,497)	\$(166,270)

**Pension Plan’s Fiduciary Net Position** – Detailed information about the MLGW Pension Plan’s fiduciary net position is available in the separately issued Plan financial statement. For purposes of measuring the net pension liability, all information about the pension plan’s assets, deferred outflows of resources, liabilities,

deferred inflows of resources, and fiduciary net position have been determined on the same basis as they are reported by the MLGW Pension Plan.

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

**Summary of Accounting Policies** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Memphis Light, Gas and Water Retirement and Pension System (the “MLGW Pension Plan”) and additions to and deductions from the MLGW Pension Plan’s fiduciary net position have been determined on the same basis as they are reported by the MLGW Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Pension Liability** – The net pension liability reported under GASB 68 is the difference between the actuarial present value of projected pension benefit payments attributable to employees’ past service and the Plan’s fiduciary net position. Previous to this new guidance, a liability was recognized only to the extent that contributions made to the plan were exceeded by the actuarially calculated contributions.

	(a)	(b)	(a) - (b)
	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2018	\$ 1,501,257	\$ 1,393,445	\$ 107,812
Service cost	31,636	-	31,636
Interest cost	110,927	-	110,927
Difference between expected and actual experience	(5,040)	-	(5,040)
Changes of assumptions	(174)	-	(174)
Employer contributions	-	21,813	(21,813)
Employee contributions	-	13,462	(13,462)
Net investment income	-	237,314	(237,314)
Benefit payments including refunds of employee contributions	(107,731)	(107,731)	-
Administrative expenses	-	(931)	931
Net change in plan fiduciary net position	<u>\$ 29,618</u>	<u>\$ 163,927</u>	<u>\$ (134,309)</u>
Balance at December 31, 2019	<u>\$ 1,530,875</u>	<u>\$ 1,557,372</u>	<u>\$ (26,497)</u>

**NOTES TO FINANCIAL STATEMENTS**  
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**For the fiscal year ended June 30, 2021**

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

**Required Schedule of Changes in Net Pension Liability**

	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability							
Service Cost	\$ 31,636	\$ 31,185	\$ 31,977	\$ 32,591	\$ 30,139	\$ 31,786	\$ 33,122
Interest Cost	110,927	108,432	103,731	102,248	99,940	100,436	98,818
Changes of Benefit Terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(5,040)	3,726	4,908	(11,298)	2,275	(16,338)	(14,280)
Changes in assumptions	(174)	-	-	-	-	(22,112)	-
Benefit Payments, including refunds of employee contributions	(107,731)	(113,316)	(104,919)	(102,628)	(100,528)	(100,249)	(91,931)
Net change in total pension liability	29,618	30,027	35,697	20,913	31,825	(6,477)	25,730
Total pension liability - beginning	1,501,257	1,471,230	1,435,533	1,414,620	1,382,794	1,389,271	1,363,542
<b>Total pension liability - ending</b>	<b>\$ 1,530,875</b>	<b>\$ 1,501,257</b>	<b>\$ 1,471,230</b>	<b>\$ 1,435,533</b>	<b>\$ 1,414,619</b>	<b>\$ 1,382,794</b>	<b>\$ 1,389,271</b>
Plan Fiduciary Net Position							
Employer Contributions	\$ 21,813	\$ 22,174	\$ 22,390	\$ 21,390	\$ 21,390	\$ 26,804	\$ 30,706
Employee Contributions	13,462	13,217	12,959	12,513	12,310	11,729	12,000
Net investment income	237,314	(39,996)	216,498	108,008	15,231	98,931	185,707
Benefit Payments including refunds of employee contributions	(107,731)	(113,315)	(104,919)	(102,628)	(100,528)	(100,249)	(91,931)
Administrative Expenses	(931)	(871)	(860)	(730)	(759)	(714)	(657)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	\$ 163,927	\$ (118,791)	\$ 146,068	\$ 38,553	\$ (52,356)	\$ 36,501	\$ 135,825
Other Adjustments	-	-	-	-	788	-	-
Plan fiduciary net position - beginning	1,393,445	1,512,237	1,366,169	1,327,616	1,379,184	1,342,683	1,206,858
<b>Plan fiduciary net position - ending</b>	<b>\$ 1,557,372</b>	<b>\$ 1,393,446</b>	<b>\$ 1,512,237</b>	<b>\$ 1,366,169</b>	<b>\$ 1,327,616</b>	<b>\$ 1,379,184</b>	<b>\$ 1,342,683</b>
<b>System's net pension liability - ending</b>	<b>\$ (26,497)</b>	<b>\$ 107,811</b>	<b>\$ (41,007)</b>	<b>\$ 69,364</b>	<b>\$ 87,003</b>	<b>\$ 3,610</b>	<b>\$ 46,588</b>
Plan fiduciary net position as a percentage of the total pension liability	101.73%	92.82%	102.79%	95.17%	93.85%	99.74%	96.65%
Covered employee payroll	\$ 170,946	\$ 169,605	\$ 167,221	\$ 161,926	\$ 160,641	\$ 152,368	\$ 154,759
System's net pension liability as a percentage of covered employee payroll	-15.50%	63.57%	-24.52%	42.84%	54.16%	2.37%	30.10%

As MLGW is a separately audited and reported division of the primary government, the supplementary information presented above is not captured in Exhibit RSI-11. This schedule will be expanded in future years to include up to ten years of historical data as the required information becomes available.

**Notes to schedule:**

*Changes of Benefit Terms*: There have been no changes in benefit provision since GASB 68 implementation.

*Change in assumptions*: The assumptions were updated between December 31, 2013 and December 31, 2014 based on a five year experience study for the period ending December 31, 2013.

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**Pension Expense** – Pension expense for the year ended December 31, 2020 is as follows:

Service cost	\$	31,636
Interest on total pension liability		110,927
Employee contributions		(13,462)
Administrative expenses		931
Expected return on assets		(101,756)
Expensed portion of current year period differences between expected and actual experience in total pension liability		(840)
Expensed portion of current year period assumption changes		(29)
Current year plan changes		-
Expensed portion of current year period differences between projected and actual investment earnings		(27,111)
Current year recognition of deferred inflows and outflows established in prior years		15,209
Total expense	\$	<u>15,505</u>

**Deferred outflows of resources and deferred inflows of resources** – GASB 68 requires recognition of deferred outflows and inflows of resources associated with the difference between projected and actual earnings on Plan investments, to be amortized to pension expense over a closed five-year period. Also, to be recognized as deferred outflows and inflows of resources are differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension liability, to be amortized to pension expense over a closed period equal to the average of the expected remaining service lives of all employees receiving pension benefits. Employer contributions to the pension trust made between the net pension liability measurement date and the employer’s fiscal year end are recognized as deferred outflows of resources related to pensions. GASB 68 also requires the deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods to be aggregated and reported as a net deferred outflow of resources related to pensions or a net deferred inflow of resources related to pensions.

**Deferred outflows/inflows of resources related to pension**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contributions subsequent to measurement date	\$ 24,504	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(67,050)
Net difference between projected and actual experience in total Pension Liability	5,318	(7,965)
Assumption changes	-	(145)
<b>Total</b>	<b>\$ 29,822</b>	<b>\$ (75,160)</b>

Note: The \$24,504 contribution made subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2021

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

**Projected Recognition of Deferred Outflows/(Inflows)**

**Deferred Outflows/(Inflows) Recognized in Future Years**

Fiscal year Outflows	Year Established	Original Balance	Original Amortization Period (Years)	Amount			Deferred Outflows/(Inflows) Recognized in Future Years					
				Outstanding Balance December 31, 2019	Recognized During FYE December 31, 2020	Outstanding Balance at December 31, 2020	2021	2022	2023	2024	2025 and Thereafter	
Demographic	2016	\$ 2,275	6.0	\$ 761	\$ 381	\$ 380	\$ 380	\$ -	\$ -	\$ -	\$ -	\$ -
Demographic	2018	4,908	6.0	3,272	818	2,454	818	818	818	-	-	-
Demographic	2019	3,726	6.0	3,105	621	2,484	621	621	621	621	621	-
<b>Total Outflows</b>				<b>\$ 7,138</b>	<b>\$ 1,820</b>	<b>\$ 5,318</b>	<b>\$ 1,819</b>	<b>\$ 1,439</b>	<b>\$ 1,439</b>	<b>\$ 621</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fiscal year Inflows</b>												
Demographic	2015	\$ (16,338)	6.0	\$ (2,723.00)	\$ (2,723)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assumption	2015	(21,112)	6.0	(3,686.00)	(3,686)	-	-	-	-	-	-	-
Investment	2016	85,673	5.0	17,135	17,135	-	-	-	-	-	-	-
Investment	2017	(11,042)	5.0	(4,417)	(2,208)	(2,209)	(2,209)	-	-	-	-	-
Demographic	2017	(11,298)	6.0	(5,649)	(1,884)	(3,765)	(1,883)	(1,882)	-	-	-	-
Investment	2018	(116,677)	5.0	(70,006)	(23,335)	(46,671)	(23,335)	(23,336)	-	-	-	-
Investment	2019	150,459	5.0	120,366	30,091	90,275	30,092	30,092	30,091	-	-	-
Assumption	2020	(174)	6.0	-	(29)	(145)	(29)	(29)	(29)	(29)	(29)	(29)
Demographic	2020	(5,040)	6.0	-	(840)	(4,200)	(840)	(840)	(840)	(840)	(840)	(840)
Investment	2020	(135,557)	5.0	-	(27,112)	(108,445)	(27,111)	(27,111)	(27,111)	(27,111)	(27,111)	-
<b>Total Inflows</b>				<b>\$ 51,020</b>	<b>\$ (14,591)</b>	<b>\$ (75,160)</b>	<b>\$ (25,315)</b>	<b>\$ (23,106)</b>	<b>\$ 2,111</b>	<b>\$ (27,981)</b>	<b>\$ (869)</b>	<b>\$ (869)</b>
<b>Total</b>				<b>\$ 58,158</b>	<b>\$ (12,771)</b>	<b>\$ (69,842)</b>	<b>\$ (23,496)</b>	<b>\$ (21,667)</b>	<b>\$ 3,550</b>	<b>\$ (27,360)</b>	<b>\$ (869)</b>	<b>\$ (869)</b>

**Total aggregate amount of Pension expense is as follows**

City of Memphis	\$ (45,369)
Library	(512)
MLGW	15,505
<b>Total Pension expense</b>	<b>\$ (30,376)</b>

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**G. Component units**

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

**Renasant Convention Center (RCC)** - Renasant Convention Center, formerly known as Memphis Cook Convention Center, was formed in 1917 under the Tennessee Private Act (TPA) of 1917, Chapter 420, as subsequently amended. On August 25, 2011, the City became the sole owner of the Center and the deficit is now solely funded by the City. Memphis Management Group, LLC, a wholly owned subsidiary of Memphis Convention and Visitors Bureau, manages the facility.

In fiscal year 2016, the City opted to disclose the Convention Center as a blended component unit under the guidelines of Governmental Accounting Standards Board Statement No. 61 (GASB 61); however upon further analysis, the City has determined that the Renasant Convention Center meets the requirements of a discretely presented component unit under GASB 14. Complete financial statements for the Center may be obtained at The City of Memphis, 125 North Main Street - Third Floor, Room 368, Memphis, TN 38102 Phone: 901-636-6657.

**Memphis Area Transit Authority (MATA)** – MATA was created by City ordinance on May 13, 1975, replacing the Memphis Transit Authority. MATA has the authority to supervise the operations of the City’s transit system. MATA is funded by a combination of user fees, federal and state grants, and a subsidy from the City.

**Memphis Shelby County Airport Authority (MSCAA)** – MSCAA was established by City resolution on September 30, 1969. MSCAA’s Board selects management staff, sets user charges, establishes budgets and controls all aspects of general aviation, airport management and development.

**Memphis Zoological Society (MZS)** – MZS was created as a nonprofit in April 1951 by Charter to manage and support the Memphis Zoo and Aquarium in its efforts to preserve wildlife through education, conservation and research. All land, buildings, exhibits and other physical assets used by MZS are the property of the City of Memphis.

**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.

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

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.

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

	<u>MATA</u>	<u>MSCAA</u>	<u>RCC</u>	<u>BAM (1)</u>	<u>TOTAL</u>	<u>ZOO</u>	<u>TOTAL</u>
Current Assets	\$ 41,229	\$ 326,044	\$ 2,464	\$ 191	\$ 369,928	\$ 22,938	\$ 392,866
Property, plant and equipment (net of accumulated depreciation)	98,340	1,047,582	2,929	-	1,148,851	1,488	1,150,339
Other assets	515	104,463	-	-	104,978	-	104,978
Net pension asset	13,532	85	-	-	13,617	-	13,617
Total assets	<u>153,617</u>	<u>1,478,174</u>	<u>5,393</u>	<u>191</u>	<u>1,637,374</u>	<u>24,426</u>	<u>1,661,800</u>
Deferred outflows - charges on refunding	-	656	-	-	656	-	656
Deferred actuarial losses - pension	-	4,304	-	-	4,304	-	4,304
Deferred actuarial losses - OPEB	3,123	911	-	-	4,034	-	4,034
Total assets and deferred outflows	<u>\$ 156,739</u>	<u>\$ 1,484,045</u>	<u>\$ 5,393</u>	<u>\$ 191</u>	<u>\$ 1,646,368</u>	<u>\$ 24,426</u>	<u>\$ 1,670,794</u>
Current liabilities	\$ 12,073	\$ 60,920	\$ 1,327	\$ 1	\$ 74,321	\$ 3,878	\$ 78,199
Long-term liabilities	70,907	632,265	-	31	703,203	-	703,203
Total liabilities	<u>82,980</u>	<u>693,185</u>	<u>1,327</u>	<u>32</u>	<u>777,524</u>	<u>3,878</u>	<u>781,402</u>
Deferred inflows- revenue received in advance of expense	32,766	19,906	-	-	52,672	-	52,672
Net position	40,994	770,954	4,066	159	816,172	20,548	836,720
Total liabilities, deferred inflows, and net position	<u>\$ 156,739</u>	<u>\$ 1,484,045</u>	<u>\$ 5,393</u>	<u>\$ 191</u>	<u>\$ 1,646,368</u>	<u>\$ 24,426</u>	<u>\$ 1,670,794</u>
Operating revenues	\$ 2,428	\$ 90,192	\$ 1,320	\$ 7	\$ 93,947	\$ 21,687	\$ 115,634
Operating expenses	73,373	76,860	4,418	98	154,749	21,709	176,458
Operating income (loss) before depreciation and amortization	<u>(70,945)</u>	<u>13,332</u>	<u>(3,098)</u>	<u>(91)</u>	<u>(60,802)</u>	<u>(22)</u>	<u>(60,824)</u>
City of Memphis subsidy	19,170	(57,978)	-	-	(38,808)	-	(38,808)
Federal and State grant revenues	57,669	16,715	2,469	-	76,853	-	76,853
Interest and investment income (loss)	(121)	1,883	-	3	1,765	1,886	3,651
Other revenue (expense)	13,810	91,446	-	-	105,256	10,343	115,599
Change in net position	19,583	65,398	(629)	(88)	84,264	12,207	96,471
Net position - beginning of year, as restated	21,410	705,556	4,695	247	731,908	8,341	740,249
Net position - end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 40,993</u>	<u>\$ 770,954</u>	<u>\$ 4,066</u>	<u>\$ 159</u>	<u>\$ 816,172</u>	<u>\$ 20,548</u>	<u>\$ 836,720</u>

(1) Blight Authority of Memphis data reported as of June 30, 2020.

#### **H. Covid-19 Financial Impacts**

With the passing of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the City of Memphis received \$113,607,217 in funding from the US Department of Treasury to assist in navigating the impact of the COVID-19 outbreak. The federal allocation was received in April 2020, and approximately \$23.5m was spent in fiscal year 2020. Approximately \$85m was executed during fiscal year 2021, and the remaining \$5.1m allocation has a planned use in fiscal year 2022.

In conjunction with the CARES Act, the Housing and Community Development Division of the City received \$8m in Emergency Solutions Grant through the US Department of Housing and Urban Development.

On March 1, 2021, the American Rescue Plan Act (ARPA) was signed into law by the President. Section 9901 of ARPA amended Title VI of the Social Security Act to add section 602, which established the Coronavirus State Fiscal Recovery Fund, and section 603, which established the Coronavirus Local Fiscal Recovery Fund (together, the Fiscal Recovery Funds). None of the ARPA funds were expended or recognized as revenue in fiscal year 2021. The funding is expected to be spent in future fiscal years in accordance with the Treasury guidelines.

Also in conjunction with the Fiscal Recovery Funds, the Housing and Community Development Division of the City also received \$23m in funding allocation through the Tennessee Housing Development Agency to provide Emergency Rental Assistance.



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, 2021

CITY OF MEMPHIS, TENNESSEE  
Exhibit RSI-1

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	Ending Total OPEB Liability
2017	\$ 691,738	\$ 14,943	\$ 18,877	\$ 18,838	\$ 25,586	\$ (331,901)	\$ (20,190)	\$ 417,891
2018	\$ 417,891	\$ 8,035	\$ 13,113	\$ (11,621)	\$ (76,034)	\$ -	\$ (13,928)	\$ 337,456
2019	\$ 337,456	\$ 5,042	\$ 10,015	\$ (13,201)	\$ (21,941)	\$ -	\$ (12,817)	\$ 304,554
2020	\$ 304,554	\$ 4,176	\$ 8,437	\$ (2,264)	\$ 21,629	\$ 346,334	\$ (12,678)	\$ 670,188
2021	\$ 670,188	\$ 20,348	\$ 18,184	\$ (2,215)	\$ (74,550)	\$ -	\$ (13,799)	\$ 618,156

- (1) This schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years. At the City's request, the information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.
- (2) For the current fiscal year, includes interest at 2.66% 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 mortality, turnover, retirement, salary scale, per capita costs, and discount rate assumptions.
- (4) 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, 2021

Plan Fiduciary Net Position

Fiscal Year Ending June 30 (1)	Beginning Fiduciary Net Position (2)	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
2020	\$ 4,015	\$ 12,263	\$ 1,807	\$ 190	\$ (7,222)	\$ (7,263)	\$ -	\$ 3,790
2021	\$ 3,790	\$ 13,084	\$ 2,573	\$ 905	\$ (8,763)	\$ (7,609)	\$ -	\$ 3,980

- (1) This schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years. At the City's request, the information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.
- (2) Asset information, including all cash flows, was provided by the City of Memphis.
- (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 CITY OF MEMPHIS, TENNESSEE  
 OTHER POSTEMPLOYMENT BENEFITS (OPEB) Exhibit RSI-3  
 (Thousands of Dollars)  
 For the fiscal year ended June 30, 2021

Net OPEB Liability

Fiscal Year Ending June 30 (1)	Total OPEB Liability	Net Fiduciary Position	Net OPEB Liability	Net Fiduciary Position as % of Total OPEB Liability	Actual Covered Payroll (2)	Net OPEB Liability as a Percentage of Covered Payroll
2017	\$ 417,891	\$ 3,203	\$ 414,688	0.8%	\$ 379,324	109.3%
2018	\$ 337,456	\$ 3,952	\$ 333,504	1.2%	\$ 368,922	90.4%
2019	\$ 304,554	\$ 4,015	\$ 300,539	1.3%	\$ 400,195	75.1%
2020	\$ 670,188	\$ 3,790	\$ 666,398	0.6%	\$ 410,167	162.5%
2021	\$ 618,156	\$ 3,980	\$ 614,176	0.6%	\$ 378,824	162.1%

- (1) This schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years. At the City's request, the information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.
- (2) The actual covered payroll represents the total covered payroll for the prior calendar year, increased by the salary scale. Where a salary amount was not provided, an average salary of the other participants for that year was assumed. For calendar year 2021, the average salary was \$55,103.

**SCHEDULE OF CONTRIBUTIONS UNDER GASB 74 AND GASB 75  
OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021**

**Schedule of Contributions**

<b>Fiscal Year Ending June 30 (1)</b>	<b>Contractual Contribution (2)</b>	<b>Actual Employer Contributions</b>	<b>Contribution Excess / (Deficiency)</b>	<b>Actual Covered Payroll (3)</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2017	\$ 16,654	\$ 16,654	\$ -	\$ 379,324	4.4%
2018	\$ 14,420	\$ 14,420	\$ -	\$ 368,922	3.9%
2019	\$ 12,659	\$ 12,659	\$ -	\$ 400,195	3.2%
2020	\$ 12,263	\$ 12,263	\$ -	\$ 410,167	3.0%
2021	\$ 13,084	\$ 13,084	\$ -	\$ 378,824	3.5%

- (1) At the City's request, the information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.
- (2) The City is contractually required to pay benefits as they come due and make HRA contributions to participants enrolled in the retiree exchange or an allowable plan. Any difference between actual benefits paid and employer contributions is due to a timing difference plus retiree contributions.
- (3) The actual covered payroll represents the total covered payroll for the prior calendar year, increased by the salary scale. Where a salary amount was not provided, an average salary of the other participants for that year was assumed. For calendar year 2021, the average salary was \$55,103.

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, 2021

CITY OF MEMPHIS, TENNESSEE  
 Exhibit RSI-5

Total Pension Liability

Year Ending June 30 (1)	Beginning Total Pension Liability	Service Cost (2)	Interest (3)	Experience (Gains)/ Losses	Assumption Changes (4)	Changes of Benefit Terms	Benefit Payments	Transfer In/(Out) (5)	Ending Total Pension Liability
2014	\$ 2,592,987	\$ 55,409	\$ 192,223	\$ 58,245	\$ (128,961)	\$ -	\$ (170,833)	\$ -	\$ 2,599,070
2015	\$ 2,599,070	\$ 48,189	\$ 190,459	\$ (60,057)	\$ -	\$ (20,805)	\$ (173,991)	\$ -	\$ 2,582,865
2016	\$ 2,582,865	\$ 44,343	\$ 190,419	\$ (12,367)	\$ (9,882)	\$ -	\$ (176,566)	\$ -	\$ 2,618,812
2017	\$ 2,618,812	\$ 42,678	\$ 193,004	\$ 44,176	\$ (41,610)	\$ -	\$ (176,205)	\$ -	\$ 2,680,855
2018	\$ 2,680,855	\$ 44,158	\$ 197,627	\$ (64,966)	\$ (13,322)	\$ -	\$ (179,985)	\$ -	\$ 2,664,367
2019	\$ 2,664,367	\$ 41,840	\$ 196,197	\$ (20,127)	\$ 71,345	\$ -	\$ (180,484)	\$ -	\$ 2,773,138
2020	\$ 2,773,138	\$ 41,858	\$ 203,958	\$ 6,622	\$ (91,982)	\$ -	\$ (191,109)	\$ -	\$ 2,742,485
2021	\$ 2,742,485	\$ 35,847	\$ 201,121	\$ 1,214	\$ (8,859)	\$ 9,610	\$ (193,431)	\$ 17,772	\$ 2,805,759

- (1) This schedule is prepared to satisfy the requirement to show information regarding the Net Pension Liability and Related Ratios for 10 years. At the City's request, the information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2014 for GASB 67 purposes and prospectively from fiscal year ending June 30, 2015 for GASB 68 purposes.
- (2) The service cost includes the employee contributory portion of the benefit earned during the measurement period and excludes expenses.
- (3) For the current fiscal year, includes interest at 7.5% 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 improvent scale.
- (5) The Transfer In for 2021 reflects the transfer of the 401(a) account balances for participants who elected to restore benefits from the 2016 Plan to the 1978 Plan.

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, 2021

CITY OF MEMPHIS, TENNESSEE  
 Exhibit RSI-6

Plan Fiduciary Net Position

Year Ending June 30 (1)	Beginning Fiduciary Net Position (2)	Employer Contribution	Employee Contribution	Investment Return	Benefit Payment	Administrative Expenses	Investment Expenses	Transfer In/(Out) (3)	Ending Fiduciary Net Position
2014	\$ 2,040,069	\$ 19,440	\$ 24,173	\$ 342,614	\$ (170,833)	\$ (1,478)	\$ (8,827)	\$ -	\$ 2,245,158
2015	\$ 2,245,158	\$ 46,215	\$ 23,319	\$ 70,687	\$ (173,991)	\$ (1,975)	\$ (8,864)	\$ -	\$ 2,200,549
2016	\$ 2,200,549	\$ 51,875	\$ 23,912	\$ 6,890	\$ (176,566)	\$ (2,228)	\$ (12,846)	\$ -	\$ 2,091,586
2017	\$ 2,091,586	\$ 55,441	\$ 20,016	\$ 286,536	\$ (176,205)	\$ (3,119)	\$ (12,670)	\$ -	\$ 2,261,585
2018	\$ 2,261,585	\$ 55,059	\$ 18,578	\$ 205,516	\$ (179,985)	\$ (3,700)	\$ (13,272)	\$ -	\$ 2,343,781
2019	\$ 2,343,781	\$ 58,896	\$ 18,027	\$ 115,989	\$ (180,484)	\$ (5,282)	\$ (13,528)	\$ -	\$ 2,337,399
2020	\$ 2,337,399	\$ 54,194	\$ 17,884	\$ 64,036	\$ (191,109)	\$ (6,060)	\$ (13,983)	\$ -	\$ 2,262,361
2021	\$ 2,262,361	\$ 61,534	\$ 17,780	\$ 663,368	\$ (193,431)	\$ (4,669)	\$ (17,034)	\$ 17,772	\$ 2,807,681

(1) This schedule is prepared to satisfy the requirement to show information regarding the Net Pension Liability and Related Ratios for 10 years. At the City's request, 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) Asset information, including all cash flows, is provided by the City of Memphis.

(3) The Transfer In for 2021 reflects the transfer of the 401(a) account balances for participants who elected to restore benefits from the 2016 Plan to the 1978 Plan.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS UNDER GASB 67 AND 68 CITY OF MEMPHIS, TENNESSEE  
CITY RETIREMENT SYSTEM

Exhibit RSI-7

(Thousands of Dollars)

For the fiscal year ended June 30, 2021

Net Pension Liability

Year Ending June 30 (1)	Total Pension Liability	Net Fiduciary Position	Net Pension Liability	Net Fiduciary Position as % of Total Pension Liability	Actual Covered Payroll (2)	Net Pension Liability as a Percentage of Covered Payroll
2014	\$ 2,599,070	\$ 2,245,158	\$ 353,912	86.4%	\$ 324,000	109.2%
2015	\$ 2,582,865	\$ 2,200,549	\$ 382,316	85.2%	\$ 327,627	116.7%
2016	\$ 2,618,812	\$ 2,091,586	\$ 527,226	79.9%	\$ 300,123	175.7%
2017	\$ 2,680,855	\$ 2,261,585	\$ 419,270	84.4%	\$ 336,505	124.6%
2018 (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%
2020	\$ 2,742,485	\$ 2,262,361	\$ 480,124	82.5%	\$ 372,817	128.8%
2021	\$ 2,805,759	\$ 2,807,681	\$ (1,922)	100.1%	\$ 379,346	-0.5%

- (1) This schedule is prepared to satisfy the requirement to show information regarding the Net Pension Liability and Related Ratios for 10 years. At the City's request, 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 *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 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 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 CONTRIBUTIONS**  
**CITY RETIREMENT SYSTEM**  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021

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

**Schedule of Contributions**

<b>Year Ending June 30 (1)</b>	<b>Actuarially Determined Contribution (2)</b>	<b>Actual Employer Contributions</b>	<b>Contribution Excess/(Deficiency)</b>	<b>Covered Payroll (3)</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2014	\$ 96,024	\$ 19,440	\$ (76,584)	\$ 324,000	6.0%
2015	\$ 79,742	\$ 46,215	\$ (33,527)	\$ 327,627	14.1%
2016	\$ 73,913	\$ 51,875	\$ (22,038)	\$ 300,123	17.3%
2017	\$ 58,185	\$ 55,441	\$ (2,744)	\$ 336,505	16.5%
2018	\$ 62,433	\$ 55,059	\$ (7,374)	\$ 333,171	16.5%
2019	\$ 62,499	\$ 58,896	\$ (3,603)	\$ 338,373	17.4%
2020	\$ 53,719	\$ 54,194	\$ 475	\$ 372,817	14.5%
2021	\$ 61,532	\$ 61,534	\$ 2	\$ 379,346	16.2%

- (1) At the City's request, 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 7.5%. It is developed in a separate funding report for the corresponding fiscal year.
- (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 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 payroll is for the year immediately preceding the valuation date.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS UNDER GASB 67 AND 68**  
**LIBRARY RETIREMENT SYSTEM**  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021

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

**Total Pension Liability**

Year Ending June 30 (1)	Beginning Total Pension Liability	Service Cost (2)	Interest Cost	Experience (Gains)/ Losses	Assumption Changes (3)	Changes of Benefit Terms	Benefit Payments	Ending Total Pension Liability
2015	\$ 70,097	\$ 585	\$ 4,647	\$ (1,692)	\$ (2,142)	\$ -	\$ (3,675)	\$ 67,820
2016	\$ 67,820	\$ 440	\$ 4,976	\$ (164)	\$ (475)	\$ -	\$ (3,816)	\$ 68,781
2017	\$ 68,781	\$ 334	\$ 5,039	\$ (671)	\$ (3,549)	\$ -	\$ (3,844)	\$ 66,090
2018	\$ 66,090	\$ 338	\$ 4,834	\$ (503)	\$ (481)	\$ -	\$ (3,955)	\$ 66,323
2019	\$ 66,323	\$ 296	\$ 4,855	\$ (523)	\$ 1,683	\$ -	\$ (3,775)	\$ 68,859
2020	\$ 68,859	\$ 278	\$ 5,022	\$ 538	\$ (251)	\$ -	\$ (4,356)	\$ 70,090
2021	\$ 70,090	\$ 269	\$ 5,117	\$ (3,446)	\$ (460)	\$ -	\$ (4,261)	\$ 67,309

- (1) This schedule is prepared to satisfy the requirement to show information regarding the Net Pension Liability and Related Ratios for 10 years. At the City's request, the information presented above is for those years for which it is available.
- (2) The service cost includes the employee contributory portion of the benefit earned during the measurement period and excludes administrative expenses.
- (3) Assumption changes include the following:
- a. For 2021, the update in the mortality assumption resulted in an actuarial gain of (\$460).
  - b. For 2020, the update in the mortality assumption resulted in an actuarial gain of (\$251).
  - c. For 2019, the update in the mortality assumption resulted in an actuarial loss of \$1,683.
  - d. For 2018, the update in the mortality assumption resulted in an actuarial gain of \$(481).
  - e. For 2017, the updates in the mortality assumption and retirement assumption resulted in actuarial gains of (\$1,710) and (\$1,839), respectively.
  - f. For 2016, the update in the mortality assumption resulted in an actuarial gain of (\$475).
  - g. 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.

## LIBRARY RETIREMENT SYSTEM

Exhibit RSI-10

(Thousands of Dollars)

For the fiscal year ended June 30, 2021

## Plan Fiduciary Net Position

Year Ending June 30 (1)	Beginning Fiduciary Net Position (2)	Employer Contribution	Employee Contribution	Investment Return	Benefit Payments	Administrative Expenses	Investment Expenses	Ending Fiduciary Net Position
2015	\$ 62,110	\$ 160	\$ 160	\$ 1,687	\$ (3,675)	\$ (80)	\$ (31)	\$ 60,331
2016	\$ 60,331	\$ 150	\$ 150	\$ (2,939)	\$ (3,817)	\$ (108)	\$ (29)	\$ 53,738
2017	\$ 53,738	\$ 132	\$ 132	\$ 5,404	\$ (3,844)	\$ (64)	\$ (28)	\$ 55,470
2018	\$ 55,470	\$ 818	\$ 118	\$ 7,954	\$ (3,954)	\$ (66)	\$ (29)	\$ 60,311
2019	\$ 60,311	\$ 2,012	\$ 123	\$ (4,716)	\$ (3,775)	\$ (47)	\$ (35)	\$ 53,873
2020	\$ 53,873	\$ 1,213	\$ 123	\$ 9,694	\$ (4,356)	\$ (114)	\$ -	\$ 60,433
2021	\$ 60,433	\$ 1,651	\$ 114	\$ 2,926	\$ (4,261)	\$ (70)	\$ -	\$ 60,793

- (1) This schedule is prepared to satisfy the requirement to show information regarding the Net Pension Liability and Related Ratios for 10 years. At the City's request, the information presented above is for those years for which it is available.
- (2) Asset information, including all cash flows, is provided by the Library.

## LIBRARY RETIREMENT SYSTEM

Exhibit RSI-11

(Thousands of Dollars)

For the fiscal year ended June 30, 2021

## Net Pension Liability

Year Ending June 30 (1)	Total Pension Liability	Net Fiduciary Position	Net Pension Liability	Net Fiduciary Position as % of Total Pension Liability	Actual Covered Payroll (2)	Net Pension Liability as a Percentage of Covered Payroll
2015	\$ 67,820	\$ 60,331	\$ 7,489	89.0%	\$ 5,349	140.0%
2016	\$ 68,781	\$ 53,738	\$ 15,043	78.1%	\$ 5,014	300.0%
2017	\$ 66,090	\$ 55,470	\$ 10,620	83.9%	\$ 4,400	241.4%
2018	\$ 66,323	\$ 60,311	\$ 6,012	90.9%	\$ 3,943	152.5%
2019	\$ 68,859	\$ 53,873	\$ 14,986	78.2%	\$ 4,089	366.5%
2020	\$ 70,089	\$ 60,432	\$ 9,657	86.2%	\$ 4,097	235.7%
2021	\$ 67,309	\$ 60,793	\$ 6,516	90.3%	\$ 3,817	170.7%

(1) This schedule is prepared to satisfy the requirement to show information regarding the Net Pension Liability and Related Ratios for 10 years. At the City's request, the information presented above is for those years for which it is available.

(2) The *actual covered payroll* is defined under GASB 82 to be payroll on which contributions to a pension plan are based. As pensionable pay is used for determining contributions under the plan, pensionable pay is shown above starting January 1, 2016. Prior to January 1, 2016 the gross payroll is shown, consistent with the requirements prior to the release of GASB 82. Note, these amounts are for the period from January 1 through December 31 immediately preceding the fiscal year end shown in column (1). The actual covered payroll is based on the calendar year.

**SCHEDULE OF CONTRIBUTIONS**  
**LIBRARY RETIREMENT SYSTEM**  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021

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

**Schedule of Contributions under GASB 67**

<b>Fiscal Year Ending June 30 (1)</b>	<b>Actuarially Determined Contribution (2)</b>	<b>Actual Employer Contributions</b>	<b>Contribution Excess/(Deficiency)</b>	<b>Actual Covered Payroll (3)</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2015	\$ 517	\$ 155	\$ (362)	\$ 5,182	3.0%
2016	\$ 517	\$ 141	\$ (376)	\$ 4,707	3.0%
2017	\$ 958	\$ 821	\$ (137)	\$ 4,048	20.3%
2018	\$ 1,502	\$ 918	\$ (584)	\$ 3,917	23.4%
2019	\$ 1,185	\$ 1,213	\$ 28	\$ 4,097	29.6%
2020	\$ 757	\$ 1,207	\$ 450	\$ 3,901	30.9%
2021	\$ 1,147	\$ 1,651	\$ 504	\$ 3,817	43.3%

- (1) This schedule is presented to satisfy the requirement to show information regarding the Schedule of Contributions for 10 years. At the City's request, the information presented above is for those years for which it is available. Per GASB 67, Paragraph 32, the information presented is based on the plan's most recent fiscal year-end (December 31).
- (2) The actuarially determined contribution is calculated as of the City's fiscal year end (June 30). The schedule above is presented based on the Plan's fiscal year end (December 31). The actuarially determined contribution shown above is the aggregate of the actuarially determined contribution for the portions of the City's fiscal years that overlap the Plan's fiscal year. For example, the actuarially determined contribution for the Plan fiscal year ending December 31, 2020 is based on 6-month portions applicable to the City fiscal years ending on June 30, 2020 and June 30, 2021.
- (3) The actual covered payroll is defined under GASB 82 to be payroll on which contributions to a pension plan are based. As pensionable pay is used for determining contributions under the plan, pensionable pay is shown above starting January 1, 2016. Prior to January 1, 2016 the gross payroll is shown, consistent with the requirements prior to the release of GASB 82.

**SCHEDULE OF CONTRIBUTIONS**

**LIBRARY RETIREMENT SYSTEM**

(Thousands of Dollars)

For the fiscal year ended June 30, 2021

**CITY OF MEMPHIS, TENNESSEE**

**Exhibit RSI-13**

**Schedule of Contributions under GASB 68**

<b>Year Ending June 30 (1)</b>	<b>Actuarially Determined Contribution (2)</b>	<b>Actual Employer Contributions</b>	<b>Contribution Excess/(Deficiency)</b>	<b>Actual Covered Payroll (3)</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2015	\$ 517	\$ 155	\$ (362)	\$ 5,182	3.0%
2016	\$ 517	\$ 141	\$ (376)	\$ 4,707	3.0%
2017	\$ 958	\$ 821	\$ (137)	\$ 4,048	20.3%
2018	\$ 1,502	\$ 918	\$ (584)	\$ 3,917	23.4%
2019	\$ 1,185	\$ 1,213	\$ 28	\$ 4,097	29.6%
2020	\$ 757	\$ 1,207	\$ 450	\$ 3,901	30.9%
2021	\$ 1,536	\$ 1,646	\$ 110	\$ 3,658	45.0%

- (1) This schedule is presented to satisfy the requirement to show information regarding the Schedule of Contributions for 10 years. At the City's request, the information presented above is for those years for which it is available. Per GASB 68, Paragraph 46, the information presented is based on the employers's most recent fiscal year-end (June 30).
- (2) The actuarially determined contribution is calculated as of the City's fiscal year end and is based on a discount rate assumption of 7.5%. It is developed in a separate funding report for the corresponding fiscal year. The actuarially determined contribution applicable to the employer fiscal year (July 1 to June 30) is determined based on the preceding plan fiscal year (January 1 to December 31).
- (3) The actual covered payroll is defined under GASB 82 to be payroll on which contributions to a pension plan are based. As pensionable pay is used for determining contributions under the plan, pensionable pay is shown above starting January 1, 2016. Prior to January 1, 2016 the gross payroll is shown, consistent with the requirements prior to the release of GASB 82. Note, these amounts are for the period from July 1 through June 30 ending on the employer fiscal year-end shown in column (1).





**NONMAJOR FUNDS  
COMBINING BALANCE SHEET  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021**

**CITY OF MEMPHIS, TENNESSEE  
Exhibit B-1**

	Accelerate Memphis Capital Program	Memphis Housing	Affordable Housing	American Rescue Plan Act (ARPA)	Beale Street District	Central Business Improvement District	Community Catalyst	Drug Enforcement	Education	Electronic Traffic Citation Fees	Fire EMS	Hotel/ Motel Tax
<b>ASSETS</b>												
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168	\$ -	\$ -	\$ -	\$ -
Equity in cash and investment pool	-	425	80,531	1,476	231	498	9,637	70	809	468	4,801	
Receivables (net of allowance for uncollectibles):	-	-	-	-	-	-	-	-	-	-	-	-
Property taxes:	-	-	-	-	-	-	-	-	-	-	-	-
Current property taxes	-	-	-	-	-	-	-	-	-	-	-	-
Delinquent property taxes	-	15	-	-	-	15	-	65	-	-	-	-
Special assessments:	-	-	-	-	-	-	-	-	-	-	-	-
Current special assessments	-	-	-	-	3,688	-	-	-	-	-	-	-
Delinquent special assessments	-	-	-	-	239	-	-	-	-	-	-	-
Sales, income, and other taxes	-	-	-	-	-	-	-	-	-	-	-	-
Federal grants and entitlements	-	-	-	-	-	-	-	-	-	-	-	-
State grants and entitlements	-	-	-	-	-	-	-	-	-	-	-	-
Interest on investments	-	-	-	-	-	-	-	-	-	-	-	-
Other	87	-	-	-	-	-	-	-	-	-	-	-
Due from other agencies and governments	-	1	-	-	-	-	1	-	-	-	-	1,326
<b>Total assets</b>	<b>\$ 87</b>	<b>\$ 441</b>	<b>\$ 80,531</b>	<b>\$ 1,476</b>	<b>\$ 4,158</b>	<b>\$ 514</b>	<b>\$ 9,805</b>	<b>\$ 135</b>	<b>\$ 809</b>	<b>\$ 468</b>	<b>\$ 6,127</b>	
<b>LIABILITIES AND FUND BALANCES</b>												
<b>Liabilities:</b>												
Accounts payable	\$ 87	\$ -	\$ -	\$ -	\$ 84	\$ 3	\$ 125	\$ 14	\$ -	\$ 466	\$ 1,439	
Accrued liabilities	-	-	-	-	143	-	-	-	-	-	-	-
Contract retainage	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Due to other agencies and governments	-	-	80,531	-	-	-	-	56	-	-	-	-
Unearned revenue	-	-	-	-	-	-	907	-	-	-	-	-
<b>Total liabilities</b>	<b>87</b>	<b>-</b>	<b>80,531</b>	<b>-</b>	<b>227</b>	<b>3</b>	<b>1,032</b>	<b>70</b>	<b>-</b>	<b>466</b>	<b>1,439</b>	
<b>Deferred Inflows:</b>												
Uncollected property taxes	-	15	-	-	-	15	-	65	-	-	-	-
Uncollected special assessments	-	-	-	-	3,931	-	-	-	-	-	-	-
Uncollected grant reimbursements	-	-	-	-	-	-	-	-	-	-	-	-
Uncollected intergovernmental receivables	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total deferred inflows</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>3,931</b>	<b>15</b>	<b>-</b>	<b>65</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>												
Restricted	-	426	-	1,475	-	496	8,772	-	809	3	-	-
Committed	-	-	-	-	-	-	-	-	-	-	-	4,688
<b>Total fund balances</b>	<b>-</b>	<b>426</b>	<b>-</b>	<b>1,475</b>	<b>-</b>	<b>496</b>	<b>8,772</b>	<b>-</b>	<b>809</b>	<b>3</b>	<b>4,688</b>	
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 87</b>	<b>\$ 441</b>	<b>\$ 80,531</b>	<b>\$ 1,475</b>	<b>\$ 4,158</b>	<b>\$ 514</b>	<b>\$ 9,804</b>	<b>\$ 135</b>	<b>\$ 809</b>	<b>\$ 469</b>	<b>\$ 6,127</b>	

**NONMAJOR FUNDS  
COMBINING BALANCE SHEET  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021**

**CITY OF MEMPHIS, TENNESSEE  
Exhibit B-1**

HUB Community Impact	Metro Alarms	Miscellaneous Grants	New Memphis Arena	Pre-K	Solid Waste Management	State Street Aid	2019 Sales Tax Referendum	Total
<b>ASSETS</b>								
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168
555	2,125	722	111	6,228	19,419	-	53,481	181,587
-	-	-	-	-	-	-	-	-
-	-	-	-	1,479	-	-	-	1,479
-	-	-	-	57	-	-	-	152
-	-	-	-	-	-	-	-	3,688
-	-	-	-	-	-	-	-	239
-	-	-	-	-	-	-	6,010	6,010
-	-	803	-	-	-	-	-	803
-	-	14	-	-	-	4,540	-	4,554
-	-	-	-	-	-	-	-	-
-	-	7,134	-	-	68	-	-	7,289
-	-	-	-	8	6,373	-	-	7,709
<u>\$ 555</u>	<u>\$ 2,125</u>	<u>\$ 8,673</u>	<u>\$ 111</u>	<u>\$ 7,772</u>	<u>\$ 25,860</u>	<u>\$ 4,540</u>	<u>\$ 59,491</u>	<u>\$ 213,678</u>
<b>Total assets</b>								
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
\$ 551	\$ 41	\$ 2,095	\$ -	\$ -	\$ 3,663	\$ -	\$ -	\$ 8,568
-	-	-	-	-	-	-	-	143
-	-	1	-	-	-	-	-	1
-	-	-	-	-	6,750	4,540	-	11,290
-	-	-	-	-	-	-	-	80,587
-	-	6,578	-	-	-	-	-	7,485
<u>551</u>	<u>41</u>	<u>8,674</u>	<u>-</u>	<u>-</u>	<u>10,413</u>	<u>4,540</u>	<u>-</u>	<u>108,074</u>
<b>Total liabilities</b>								
<b>Deferred Inflows:</b>								
-	-	-	-	1,536	-	-	-	1,631
-	-	-	-	-	68	-	-	3,999
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	1,536	68	-	-	5,630
<b>Total deferred inflows</b>								
<b>Fund balances:</b>								
5	-	-	-	6,236	15,379	-	59,491	93,092
-	2,084	-	111	-	-	-	-	6,883
<u>5</u>	<u>2,084</u>	<u>-</u>	<u>111</u>	<u>6,236</u>	<u>15,379</u>	<u>-</u>	<u>59,491</u>	<u>99,975</u>
<b>Total fund balances</b>								
<u>\$ 556</u>	<u>\$ 2,125</u>	<u>\$ 8,674</u>	<u>\$ 111</u>	<u>\$ 7,772</u>	<u>\$ 25,860</u>	<u>\$ 4,540</u>	<u>\$ 59,491</u>	<u>\$ 213,679</u>
<b>Total liabilities, deferred inflows, and fund balances</b>								

(Continued)

**NONMAJOR FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021**

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

	Accelerate Memphis Capital Program	Memphis Housing	Affordable Housing	American Rescue Plan Act (ARPA)	Community Services	Central Business Improvement District	Community Catalyst	Drug Enforcement	Education	Electronic Traffic Citation Fees	Fire EMS	Hotel/ Motel Tax
<b>REVENUES</b>												
<b>Local taxes:</b>												
Property taxes	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ -	\$ 56	\$ -	\$ -	\$ -
Special assessments - current	-	-	-	-	-	3,688	-	-	-	-	-	-
Special assessments - prior	-	-	-	-	-	122	-	-	-	-	-	-
Sales tax general	\$ -	-	\$ -	-	-	-	-	-	\$ -	-	-	-
Other local taxes	-	-	-	-	-	79	-	-	-	-	-	-
<b>Total local taxes</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,889</b>	<b>5</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>State taxes (local share):</b>												
Gas and motor fuel tax	-	-	-	-	-	-	-	-	-	-	-	-
Gas 3 cent	-	-	-	-	-	-	-	-	-	-	-	-
Gas 1989	-	-	-	-	-	-	-	-	-	-	-	-
Gas 2017	-	-	-	-	-	-	-	-	-	-	-	-
Hotel/motel tax	-	-	-	-	-	-	-	-	-	-	-	11,369
Licenses and Permits	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	1,848	-	24	-	-
Charges for services	-	-	-	-	54	-	-	-	-	-	-	-
Investment income	-	1	-	-	-	-	1	10	-	1	-	-
Federal grants and entitlements	-	-	-	-	-	-	-	175	-	-	2,764	-
State grants	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	6	-	-	-	-	-	14	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>54</b>	<b>3,889</b>	<b>6</b>	<b>2,047</b>	<b>56</b>	<b>25</b>	<b>2,764</b>	<b>11,369</b>
<b>EXPENDITURES</b>												
General government	-	-	-	-	-	3,889	-	-	-	-	-	7,788
Public safety	-	-	-	-	-	-	-	2,164	-	45	3,019	-
Community service	-	-	-	-	-	-	233	-	-	-	-	-
Transportation & environment	-	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	56	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,889</b>	<b>233</b>	<b>2,164</b>	<b>56</b>	<b>45</b>	<b>3,019</b>	<b>7,788</b>
<b>Revenues over (under) expenditures</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>54</b>	<b>-</b>	<b>(227)</b>	<b>(117)</b>	<b>-</b>	<b>(20)</b>	<b>(255)</b>	<b>3,581</b>
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	(6,677)
Capital leases	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,677)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>54</b>	<b>-</b>	<b>(227)</b>	<b>(117)</b>	<b>-</b>	<b>(20)</b>	<b>(255)</b>	<b>(3,096)</b>
Fund balances - beginning of year	-	414	-	-	1,421	-	723	8,889	-	829	258	7,784
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ 426</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,475</b>	<b>\$ -</b>	<b>\$ 496</b>	<b>\$ 8,772</b>	<b>\$ -</b>	<b>\$ 809</b>	<b>\$ 3</b>	<b>\$ 4,688</b>

**NONMAJOR FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021**

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

HUB Community Impact	Metro Alarm	Miscellaneous Grants	New Memphis Arena	Pre-K	Solid Waste Management	State Street Aid	Sales Tax Referendum	Total
<b>REVENUES</b>								
<b>Local taxes:</b>								
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66
-	-	-	-	4,191	-	-	-	7,879
-	-	-	-	24	-	-	-	146
\$ -	-	-	-	-	-	-	\$ 61,588	61,588
-	-	-	2,500	-	82	-	-	2,661
-	-	-	2,500	4,215	82	-	61,588	72,340
<b>Total local taxes</b>								
<b>State taxes (local share):</b>								
-	-	-	-	-	-	12,108	-	12,108
-	-	-	-	-	-	3,504	-	3,504
-	-	-	-	-	-	1,894	-	1,894
-	-	-	-	-	-	6,083	-	6,083
-	-	-	-	-	-	-	-	11,369
-	2,273	-	-	-	-	-	-	2,273
-	-	-	-	-	-	-	-	1,872
-	-	-	-	-	76,893	-	-	76,947
-	3	-	-	3	8	-	-	27
-	-	11,993	-	-	4,023	-	-	18,955
-	-	3,265	-	-	-	-	-	3,265
-	1	6,316	-	2	97	-	-	6,436
-	2,277	21,574	2,500	4,220	81,103	23,589	61,588	217,073
<b>Total revenues</b>								
<b>EXPENDITURES</b>								
-	437	20,317	5,363	-	-	21,821	-	59,615
-	-	-	-	-	-	-	-	5,228
550	-	-	-	-	-	-	-	783
-	-	-	-	-	65,563	-	-	65,563
-	-	-	-	4,500	-	-	-	4,556
550	437	20,317	5,363	4,500	65,563	21,821	-	135,745
<b>Total expenditures</b>								
(550)	1,840	1,257	(2,863)	(280)	15,540	1,768	61,588	81,328
<b>Revenues over (under) expenditures</b>								
<b>OTHER FINANCING SOURCES (USES)</b>								
551	-	-	2,863	4,000	-	-	-	7,414
-	(1,600)	(192)	-	-	(3,809)	(1,768)	(19,316)	(33,362)
-	-	-	-	-	-	-	-	-
551	(1,600)	(192)	2,863	4,000	(3,809)	(1,768)	(19,316)	(25,948)
<b>Total other financing sources and uses</b>								
1	240	1,065	-	3,720	11,731	-	42,272	55,380
4	1,844	(1,065)	111	2,516	3,648	-	17,219	44,595
<b>Fund balances - beginning of year</b>								
\$ 5	\$ 2,084	\$ -	\$ 111	\$ 6,236	\$ 15,379	\$ -	\$ 59,491	\$ 99,975
<b>Fund balances - end of year</b>								

**NONMAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (WITH ANNUAL BUDGETS)  
 (Thousands of Dollars)  
 For the fiscal year ended June 30, 2021**

**CITY OF MEMPHIS, TENNESSEE  
 Exhibit B-3**

	<u>Budget Amounts</u>			<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>ACCELERATE MEMPHIS CAPITAL PROGRAM</b>				
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal grants and entitlements	-	-	-	-
Other	-	-	-	-
Total revenues	-	-	-	-
<b>Expenditures:</b>				
General government	-	-	-	-
Total expenditures	-	-	-	-
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>AFFORDABLE HOUSING</b>				
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ 5	\$ 5
Investment income	-	-	1	1
Other	-	160	6	\$ (154)
Total revenues	-	160	12	(148)
<b>Expenditures:</b>				
Community service	-	-	-	-
Total expenditures	-	-	-	-
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	(160)	-	160
Total other financing sources (uses)	-	(160)	-	160
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 12</u>
<b>AMERICAN RESCUE PLAN ACT (ARPA)</b>				
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal grants and entitlements	-	-	-	-
Other	-	-	-	-
Total revenues	-	-	-	-
<b>Expenditures:</b>				
General government	-	-	-	-
Total expenditures	-	-	-	-
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**NONMAJOR FUNDS**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (WITH ANNUAL BUDGETS)**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

**CITY OF MEMPHIS, TENNESSEE**  
**Exhibit B-3**

	Budget Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>BEALE STREET DISTRICT</b>				
<b>Revenues:</b>				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Charges for services	492	492	54	(438)
Total revenues	492	492	54	(438)
<b>Expenditures:</b>				
Community Service	492	492	-	492
Total expenditures	492	492	-	492
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues over (under) expenditures	\$ -	\$ -	\$ 54	\$ 54
<b>CENTRAL BUSINESS IMPROVEMENT DISTRICT</b>				
<b>Revenues:</b>				
Other local taxes	\$ -	\$ -	\$ 3,889	\$ 3,889
Investment income	-	-	-	-
Other local taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	3,889	3,889
<b>Expenditures:</b>				
General government	-	-	3,889	(3,889)
Total expenditures	-	-	3,889	(3,889)
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
<b>COMMUNITY CATALYST</b>				
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ 5	\$ 5
Investment income	-	-	1	1
Other	-	721	-	(721)
Total revenues	-	721	6	(715)
<b>Expenditures:</b>				
Community Service	-	723	233	490
Total expenditures	-	723	233	490
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues over (under) expenditures	\$ -	\$ (2)	\$ (227)	\$ (225)

(Continued)

**NONMAJOR FUNDS  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (WITH ANNUAL BUDGETS)  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021**

**CITY OF MEMPHIS, TENNESSEE  
Exhibit B-3**

	<u>Budget Amounts</u>			<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>DRUG ENFORCEMENT</b>				
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 10	\$ 10
Fines and forfeitures	1,065	1,066	1,848	782
Federal grants and entitlements	60	60	175	115
Other	2,315	2,315	14	(2,301)
Total revenues	<u>3,440</u>	<u>3,441</u>	<u>2,047</u>	<u>(1,394)</u>
<b>Expenditures:</b>				
Public safety	<u>3,440</u>	<u>4,135</u>	<u>2,164</u>	<u>1,971</u>
Total expenditures	<u>3,440</u>	<u>4,135</u>	<u>2,164</u>	<u>1,971</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (694)</u>	<u>\$ (117)</u>	<u>\$ 577</u>
<b>EDUCATION</b>				
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ 56	\$ 56
Investment income	-	-	-	-
Fines and forfeitures	-	-	-	-
Federal grants and entitlements	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>56</u>	<u>-</u>
<b>Expenditures:</b>				
Education	<u>-</u>	<u>-</u>	<u>56</u>	<u>(56)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>56</u>	<u>(56)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (56)</u>
<b>ELECTRONIC TRAFFIC CITATION FEES</b>				
<b>Revenues:</b>				
Fines and forfeitures	\$ -	\$ -	\$ 24	\$ 24
Investment income	-	-	1	1
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>25</u>	<u>25</u>
<b>Expenditures:</b>				
Total expenditures	<u>-</u>	<u>38</u>	<u>45</u>	<u>(7)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ (38)</u>	<u>\$ (20)</u>	<u>\$ -</u>

(Continued)

**NONMAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (WITH ANNUAL BUDGETS)  
 (Thousands of Dollars)  
 For the fiscal year ended June 30, 2021**

**CITY OF MEMPHIS, TENNESSEE  
 Exhibit B-3**

	Budget Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
<b>Fire EMS</b>				
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal grants and entitlements	3,437	3,438	2,764	(674)
Other	-	-	-	-
Total revenues	<u>3,437</u>	<u>3,438</u>	<u>2,764</u>	<u>(674)</u>
<b>Expenditures:</b>				
Public Safety	<u>3,437</u>	<u>3,738</u>	<u>3,019</u>	<u>719</u>
Total expenditures	<u>3,437</u>	<u>3,738</u>	<u>3,019</u>	<u>719</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ (300)</u>	<u>\$ (255)</u>	<u>\$ 45</u>
<b>HOTEL/MOTEL TAX</b>				
<b>Revenues:</b>				
Hotel/motel tax	\$ 11,947	\$ 11,947	\$ 11,369	\$ (578)
Total revenues	<u>11,947</u>	<u>11,947</u>	<u>11,369</u>	<u>(578)</u>
<b>Expenditures:</b>				
General government	<u>5,314</u>	<u>5,314</u>	<u>7,788</u>	<u>(2,474)</u>
Total expenditures	<u>5,314</u>	<u>5,314</u>	<u>7,788</u>	<u>(2,474)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	(6,633)	(6,633)	(6,677)	44
Total other financing sources (uses)	<u>(6,633)</u>	<u>(6,633)</u>	<u>(6,677)</u>	<u>44</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,096)</u>	<u>\$ (3,008)</u>
<b>HUB COMMUNITY IMPACT</b>				
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Investment income	1	1	-	(1)
Other	-	-	-	-
Total revenues	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
<b>Expenditures:</b>				
Community Service	<u>551</u>	<u>551</u>	<u>550</u>	<u>1</u>
Total expenditures	<u>551</u>	<u>551</u>	<u>550</u>	<u>1</u>
<b>Other financing sources (uses):</b>				
Transfers in	550	550	551	1
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>550</u>	<u>550</u>	<u>551</u>	<u>1</u>

(Continued)

**NONMAJOR FUNDS  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (WITH ANNUAL BUDGETS)  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021**

**CITY OF MEMPHIS, TENNESSEE  
Exhibit B-3**

	<u>Budget Amounts</u>			<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>METRO ALARM</b>				
<b>Revenues:</b>				
Licenses and permits	\$ 1,891	\$ 1,891	\$ 2,273	\$ 382
Investment income	32,000	32	3	(29)
Other	236	236	1	(235)
Total revenues	<u>34,127</u>	<u>2,159</u>	<u>2,277</u>	<u>118</u>
<b>Expenditures:</b>				
General government	<u>559</u>	<u>559</u>	<u>437</u>	<u>122</u>
Total expenditures	<u>559</u>	<u>559</u>	<u>437</u>	<u>122</u>
<b>Other financing uses:</b>				
Transfers out	<u>(1,600)</u>	<u>(1,600)</u>	<u>(1,600)</u>	<u>-</u>
Total other financing uses	<u>(1,600)</u>	<u>(1,600)</u>	<u>(1,600)</u>	<u>-</u>
Revenues over (under) expenditures and other financing uses	<u>\$ 31,968</u>	<u>\$ -</u>	<u>\$ 240</u>	<u>\$ 240</u>
<b>MISCELLANEOUS GRANTS</b>				
<b>Revenues:</b>				
Federal grants and entitlements	\$ -	\$ 500	\$ 11,993	\$ 11,493
State grants	-	-	3,265	3,265
Other	-	-	6,316	6,316
Total revenues	<u>-</u>	<u>500</u>	<u>21,574</u>	<u>21,074</u>
<b>Expenditures:</b>				
General government	<u>-</u>	<u>7,482</u>	<u>20,317</u>	<u>(12,835)</u>
Total expenditures	<u>-</u>	<u>7,482</u>	<u>20,317</u>	<u>(12,835)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(192)	(192)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(192)</u>	<u>(192)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ (6,982)</u>	<u>\$ 1,065</u>	<u>\$ 8,047</u>
<b>NEW MEMPHIS ARENA</b>				
<b>Revenues:</b>				
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
<b>Expenditures:</b>				
General government	<u>2,500</u>	<u>5,363</u>	<u>5,363</u>	<u>-</u>
Total expenditures	<u>2,500</u>	<u>5,363</u>	<u>5,363</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	2,863	2,863	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>2,863</u>	<u>2,863</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**NONMAJOR FUNDS  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (WITH ANNUAL BUDGETS)  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021**

**CITY OF MEMPHIS, TENNESSEE  
Exhibit B-3**

	<u>Budget Amounts</u>			<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>PRE-K</b>				
<b>Revenues:</b>				
Other local taxes	\$ 1,222	\$ 1,222	\$ 4,215	\$ 2,993
Federal grants and entitlements	-	-	-	-
Investment income	-	-	3	3
Other	-	-	2	2
Total revenues	<u>1,222</u>	<u>1,222</u>	<u>4,220</u>	<u>2,998</u>
<b>Expenditures:</b>				
Education	4,722	7,722	4,500	3,222
Total expenditures	<u>4,722</u>	<u>7,722</u>	<u>4,500</u>	<u>3,222</u>
<b>Other financing sources (uses):</b>				
Transfers in	3,500	3,500	4,000	500
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>3,500</u>	<u>3,500</u>	<u>4,000</u>	<u>500</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ (3,000)</u>	<u>\$ 3,720</u>	<u>\$ 6,720</u>
<b>SOLID WASTE MANAGEMENT</b>				
<b>Revenues:</b>				
Other local taxes	\$ 100	\$ 100	\$ 82	\$ (18)
Charges for services	75,101	75,101	76,893	1,792
Investment income	53	53	8	(45)
Federal grants and entitlements	-	4,000	4,023	23
Other	25	25	97	72
Total revenues	<u>75,279</u>	<u>79,279</u>	<u>81,103</u>	<u>1,824</u>
<b>Expenditures:</b>				
Transportation and environment	71,470	65,563	65,563	-
Total expenditures	<u>71,470</u>	<u>65,563</u>	<u>65,563</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	(3,809)	(3,809)	(3,809)	-
Capital leases	-	-	-	-
Total other financing sources (uses)	<u>(3,809)</u>	<u>(3,809)</u>	<u>(3,809)</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 9,907</u>	<u>\$ 11,731</u>	<u>\$ 1,824</u>

(Continued)

**NONMAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (WITH ANNUAL BUDGETS)  
 (Thousands of Dollars)  
 For the fiscal year ended June 30, 2021**

**CITY OF MEMPHIS, TENNESSEE  
 Exhibit B-3**

	<u>Budget Amounts</u>			<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>STATE STREET AID</b>				
<b>Revenues:</b>				
State gasoline tax (local share):				
Gas and motor fuel tax	\$ 8,785	\$ 8,785	\$ 12,108	\$ 3,323
Gas 3 cent	2,617	2,617	3,504	887
Gas 1989	1,401	1,402	1,894	492
Gas 2017	5,000	5,000	6,083	1,083
Total revenues	<u>17,803</u>	<u>17,804</u>	<u>23,589</u>	<u>5,785</u>
<b>Expenditures:</b>				
General government	<u>16,035</u>	<u>16,036</u>	<u>21,821</u>	<u>(5,785)</u>
Total expenditures	<u>16,035</u>	<u>16,036</u>	<u>21,821</u>	<u>(5,785)</u>
<b>Other financing uses:</b>				
Transfers out	<u>(1,768)</u>	<u>(1,768)</u>	<u>(1,768)</u>	<u>-</u>
Total other financing uses	<u>(1,768)</u>	<u>(1,768)</u>	<u>(1,768)</u>	<u>-</u>
Revenues over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>2019 SALES TAX REFERENDUM</b>				
<b>Revenues:</b>				
Sales tax general	\$ 40,000	\$ 40,000	\$ 61,588	\$ 21,588
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>61,588</u>	<u>21,588</u>
<b>Expenditures:</b>				
General government	<u>19,437</u>	<u>19,437</u>		
Total expenditures	<u>19,437</u>	<u>19,437</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(20,563)</u>	<u>(20,563)</u>	<u>(19,316)</u>	<u>1,247</u>
Total other financing sources (uses)	<u>(20,563)</u>	<u>(20,563)</u>	<u>(19,316)</u>	<u>1,247</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,272</u>	<u>\$ 22,835</u>

(Continued)

**NONMAJOR FUNDS  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (WITH ANNUAL BUDGETS)  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021**

**CITY OF MEMPHIS, TENNESSEE  
Exhibit B-3**

	<u>Budget Amounts</u>			<u>Variance with Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Local taxes:				
Property taxes	\$ -	\$ -	\$ 66.00	\$ 66.00
Sales tax general	40,000	40,000	61,588	21,588
Other local taxes	3,822	3,822	10,686	6,864
State taxes (local share):				
Gas and motor fuel tax	8,785	8,785	12,108	3,323
Gas 3 cent	2,617	2,617	3,504	887
Gas 1989	1,401	1,402	1,894	492
Gas 2017	5,000	5,000	6,083	1,083
Hotel/motel tax	11,947	11,947	11,369	(578)
Licenses and permits	1,891	1,891	2,273	382
Fines and forfeitures	1,065	1,066	1,872	806
Charges for services	75,593	75,593	76,947	1,354
Investment income	32,054	86	27	(59)
Federal grants and entitlements	3,497	7,998	18,955	10,957
State grants	-	-	3,265	3,265
Other	2,576	3,457	6,436	2,979
<b>Total revenues</b>	<u>190,248</u>	<u>163,664</u>	<u>217,073</u>	<u>53,409</u>
<b>Expenditures:</b>				
General government	43,845	54,191	59,615	(5,424)
Public safety	6,877	7,911	5,228	2,683
Community service	1,043	1,766	783	983
Transportation and environment	71,470	65,563	65,563	-
Education	4,722	7,722	4,556	3,166
<b>Total expenditures</b>	<u>127,957</u>	<u>137,153</u>	<u>135,745</u>	<u>1,408</u>
<b>Other financing sources (uses)</b>				
Transfers in	4,050	6,913	7,414	501
Transfers out	(34,373)	(34,533)	(33,362)	1,171
Capital leases	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(30,323)</u>	<u>(27,620)</u>	<u>(25,948)</u>	<u>1,672</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ 31,968</u>	<u>\$ (1,109)</u>	<u>\$ 55,380</u>	<u>\$ 56,489</u>



**ENTERPRISE FUND  
STATEMENT OF NET POSITION  
(Thousands of Dollars)  
June 30, 2021**

**CITY OF MEMPHIS, TENNESSEE  
Exhibit C-1**

	<u>Storm Water</u>
<b>ASSETS</b>	
Current assets:	
Investments	\$ 2,527
Equity in cash and investment pool	21,702
Restricted funds - current	30,203
Accounts receivable	2,720
Total current assets	<u>57,152</u>
Capital assets:	
Land	37
Buildings	2,573
Improvements other than buildings	96,444
Machinery and equipment	20,065
Less accumulated depreciation and amortization	<u>(36,236)</u>
Total capital assets	82,883
Construction in progress	<u>60,574</u>
Net capital assets	<u>143,457</u>
Net pension asset	<u>30</u>
<b>Total assets</b>	<u>200,639</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension	4,021
OPEB	371
<b>Total assets and deferred outflows of resources</b>	<u>205,031</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued expenses	3,480
Contract retainage	562
Unearned revenue	-
Current revenue bond payable	775
Vacation, sick and other leave benefits	1,667
Total current liabilities	<u>6,484</u>
Long Term liabilities:	
Revenue bond payable	40,160
Net pension Liability	-
Net OPEB liability	16,918
Long term commercial paper	1,792
Total long term liabilities	<u>58,870</u>
Total liabilities	65,354
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension	6,985
OPEB	2,153
<b>Total liabilities and deferred inflows of resources</b>	<u>74,492</u>
<b>NET POSITION</b>	
Net investment in capital assets	101,855
Restricted for debt service	827
Unrestricted	<u>27,857</u>
<b>Total net position</b>	<u>\$ 130,539</u>

**ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

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

	<u>Storm Water</u>
Operating revenues-charges for services	\$ 32,058
Operating expenses other than depreciation and amortization:	
Personnel services	10,164
Materials, supplies, services, and other	<u>4,887</u>
Total operating expenses other than depreciation and amortization	<u>15,051</u>
Operating income before depreciation and amortization	<u>17,007</u>
Depreciation and amortization	<u>3,137</u>
<b>Operating income (loss)</b>	<u>13,870</u>
Non-operating revenues:	
Investment income	40
Federal Grants	-
State Grants	-
Other revenue	<u>4,349</u>
Total non-operating revenues	<u>4,389</u>
Income (loss) before non-operating expenses, transfers, and capital contributions	<u>18,259</u>
Non-operating expense:	
Pension expense	-
Interest on bond indebtedness	924
Other	<u>838</u>
Total non-operating expenses	<u>1,762</u>
Transfers out	<u>(106)</u>
Change in net position	16,391
Total net position (deficit) - beginning of year	<u>114,148</u>
<b>Total net position (deficit) - end of year</b>	<u>\$ 130,539</u>

ENTERPRISE FUNDS  
STATEMENT OF CASH FLOWS  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021

CITY OF MEMPHIS, TENNESSEE  
Exhibit C-3

	<u>Storm Water</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers and users	\$ 31,987
Payments to suppliers	(7,806)
Payments to employees	(10,577)
Net cash provided by operating activities	<u>13,604</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
Transfers to other funds	(106)
Net cash used in non-capital financing activities	<u>(106)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition and construction of capital assets	(16,497)
Principal payment on long term commercial paper loan	(1,740)
Principal payment on debt	(740)
Interest payments	(1,879)
Net cash provided by capital and related financing activities	<u>(20,856)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Income earned on investments	40
Net cash used in investing activities	<u>40</u>
<b>Net change in cash and cash equivalents</b>	(7,318)
Cash and cash equivalents, beginning of year	59,224
Cash and cash equivalents, end of year	<u>\$ 51,906</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 13,869
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	3,137
(Increase) decrease in assets:	
Accounts receivable	(76)
Deferred outflows Pension	(899)
Deferred outflows OPEB	385
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	1,137
Deferred inflows Pension	4,648
Deferred inflows OPEB	868
Net pension liability	(8,040)
Net OPEB liability	(1,425)
Total adjustments	<u>(265)</u>
Net cash provided by operating activities	<u>\$ 13,604</u>



INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 (Thousands of Dollars)  
 June 30, 2021

CITY OF MEMPHIS, TENNESSEE  
 Exhibit D-1

	Fleet Management	Health Insurance	Unemployment Compensation	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 1	\$ -	\$ 1
Equity in cash and investment pool	4,747	25,077	752	30,576
Receivables	33	-	-	33
Inventories	2,020	-	-	2,020
Total current assets	6,800	25,078	752	32,630
<b>Total assets</b>	<b>6,800</b>	<b>25,078</b>	<b>752</b>	<b>32,630</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows - OPEB	-	54	-	54
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>54</b>	<b>-</b>	<b>54</b>
<b>Total assets and deferred outflows of resources</b>	<b>6,800</b>	<b>25,132</b>	<b>752</b>	<b>32,684</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued expenses	1,415	1,642	22	3,079
Insurance claims payable	-	9,382	-	9,382
Vacation, sick and other leave benefits	-	111	-	111
Total current liabilities	1,415	11,135	22	12,572
Long term liabilities:				
Net OPEB liability	-	862	-	862
Total long term liabilities	-	862	-	862
<b>Total liabilities</b>	<b>1,415</b>	<b>11,997</b>	<b>22</b>	<b>13,434</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows - OPEB	-	83	-	83
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>83</b>	<b>-</b>	<b>83</b>
<b>NET POSITION</b>				
Unrestricted (deficit)	5,385	13,052	730	19,167
<b>Total net position</b>	<b>\$ 5,385</b>	<b>\$ 13,052</b>	<b>\$ 730</b>	<b>\$ 19,167</b>

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 (Thousands of Dollars)  
 For the fiscal year ended June 30, 2021

CITY OF MEMPHIS, TENNESSEE  
 Exhibit D-2

	Fleet Management	Health Insurance	Unemployment Compensation	Total
<b>Operating revenues:</b>				
Charges for services	\$ 27,611	\$ -	\$ -	\$ 27,611
Vendor rebates	-	-	-	-
Pharmacy Rx rebates	-	4,111	-	4,111
Employee contributions	-	16,673	-	16,673
Employer contributions	-	65,304	543	65,847
<b>Total operating revenues</b>	<b>27,611</b>	<b>86,088</b>	<b>543</b>	<b>114,242</b>
<b>Operating expenses other than depreciation:</b>				
Personnel services	-	4,924	-	4,924
Materials and supplies	14,535	5,023	-	19,558
Capital outlay	365	-	-	365
Death benefits	-	127	-	127
Inventories	12,300	-	-	12,300
Claims incurred	-	74,010	273	74,283
<b>Total operating expenses other than depreciation</b>	<b>27,200</b>	<b>84,084</b>	<b>273</b>	<b>111,557</b>
Operating income (loss) before depreciation	411	2,004	270	2,685
Depreciation	11	-	-	11
<b>Operating income (loss)</b>	<b>400</b>	<b>2,004</b>	<b>270</b>	<b>2,674</b>
Non-operating revenues:				
Investment income	4	17	(1)	20
<b>Total non-operating revenues</b>	<b>4</b>	<b>17</b>	<b>(1)</b>	<b>20</b>
Income (loss) before transfers	404	2,021	269	2,694
Transfers in/(out), net	-	1,310	-	1,310
<b>Change in net position</b>	<b>404</b>	<b>3,331</b>	<b>269</b>	<b>4,004</b>
Total net position (deficit) - beginning of year, PY	4,981	9,721	461	15,163
<b>Total net position (deficit) - end of year</b>	<b>\$ 5,385</b>	<b>\$ 13,052</b>	<b>\$ 730</b>	<b>\$ 19,167</b>

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021

CITY OF MEMPHIS, TENNESSEE  
Exhibit D-3

	<u>Fleet Management</u>	<u>Health Insurance</u>	<u>Unemployment Compensation</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 140	\$ -	\$ -	\$ 140
Receipts from other division funds	27,416	-	-	27,416
Miscellaneous income	-	-	-	-
Employee contributions	-	16,672	-	16,672
Employer contributions	-	65,304	545	65,849
Vendor rebates	-	-	-	-
Pharmacy rx rebates	-	4,111	-	4,111
Payments to suppliers	(14,113)	(3,711)	-	(17,824)
Payments to employees	-	(5,035)	-	(5,035)
Payments for inventory	(12,640)	-	-	(12,640)
Payments for death benefits	-	(127)	-	(127)
Payments for claims incurred	-	(71,637)	(568)	(72,205)
Net cash (used in) provided by operating activities	<u>803</u>	<u>5,577</u>	<u>(23)</u>	<u>6,357</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Transfers from other funds	-	1,310	-	1,310
Net cash provided by non-capital financing activities	<u>-</u>	<u>1,310</u>	<u>-</u>	<u>1,310</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Income earned on investments	4	17	1	22
Net cash provided by investing activities	<u>4</u>	<u>17</u>	<u>1</u>	<u>22</u>
Net increase (decrease) in cash and cash equivalents	807	6,904	(22)	7,689
Cash and cash equivalents, beginning of year, PY	3,940	18,174	774	22,888
Cash and cash equivalents, end of year	<u>\$ 4,747</u>	<u>\$ 25,078</u>	<u>\$ 752</u>	<u>\$ 30,577</u>
<b>Reconciliation of operating income (loss) to net cash (used in) provided by operating activities:</b>				
Operating income (loss)	\$ 378	\$ 2,004	\$ 270	\$ 2,652
Depreciation expense	11	-	-	11
(Increase) decrease in assets:				
Accounts receivable	(33)	12	-	(21)
Deferred outflows - OPEB	-	8	-	8
Inventories	(340)	-	-	(340)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	787	3,534	(293)	4,028
Deferred inflows - OPEB	-	19	-	19
Net OPEB liability	-	-	-	-
Total adjustments	<u>425</u>	<u>3,573</u>	<u>(293)</u>	<u>3,705</u>
Net cash (used in) provided by operating activities	<u>\$ 803</u>	<u>\$ 5,577</u>	<u>\$ (23)</u>	<u>\$ 6,357</u>



STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY TRUST FUNDS (Thousands of Dollars)  
 June 30, 2021

CITY OF MEMPHIS, TENNESSEE  
 Exhibit E-1

	Pension Trust			City OPEB Fund	Memphis Light, Gas and Water OPEB Trust	Total Pension and OPEB Trust Funds
	City Retirement System	Library Retirement System	Memphis Light, Gas and Water Retirement System			
<b>ASSETS</b>						
Cash and cash equivalents	\$ 34,486	\$ -	\$ 28,735	\$ 1	\$ 4,774	\$ 67,996
Investments, at fair value:						
U.S. government securities - long-term	117,742	-	10,829	-	-	128,571
Common stock - domestic	903,684	-	747,498	-	161,709	1,812,891
Common stock - foreign	196,128	-	100,222	-	93,826	390,176
Preferred stock - foreign	-	-	1,944	-	-	1,944
Corporate bonds - domestic	388,426	-	46,375	-	-	434,801
Corporate bonds - foreign	93,665	-	40,634	-	-	134,299
Mutual funds and money market funds	17,377	63,091	5,080	4,323	72,137	162,008
Equity ETF	-	-	-	-	-	-
Government bonds - domestic	-	-	4,483	-	-	4,483
Government bonds - international	-	-	50,864	-	-	50,864
Global bond - international	-	-	62,347	-	28,234	90,581
Emerging market bonds ETF	-	-	6,696	-	-	6,696
Corporate bond mutual funds - domestic	-	-	-	-	34,977	34,977
Convertible bond mutual fund - domestic	-	-	314	-	16,047	16,361
Collateralized mortgage obligations	8,345	-	-	-	-	8,345
Asset-backed pooled securities	3,043	-	13,960	-	-	17,003
Mortgage-backed pooled securities	14,582	-	20,603	-	-	35,185
Securitized asset fund	-	-	57,574	-	-	57,574
Investments in index funds	111,647	-	-	-	-	111,647
Investments in limited partnerships	225,650	-	-	-	-	225,650
Investments in real estate	177,774	-	200,776	-	52,750	431,300
Multi-asset - domestic	-	-	14,373	-	-	14,373
Private debt funds - domestic	-	-	-	-	2,058	2,058
Private equity - domestic	-	-	65,508	-	53,010	118,518
Private equity - international	-	-	5,156	-	6,459	11,615
Investments in international equity fund	563,997	-	-	-	-	563,997
Investments in international bond fund	-	-	-	-	-	-
Hedge funds	-	-	-	-	10,554	10,554
Distressed debt funds - domestic	-	-	59,177	-	20,416	79,593
Distressed debt funds - international	-	-	67,151	-	27,336	94,487
Life Settlement fund	-	-	73,203	-	15,029	88,232
Investments in short sales & written options	(7,712)	-	-	-	-	(7,712)
<b>Total investments</b>	<b>2,814,348</b>	<b>63,091</b>	<b>1,654,767</b>	<b>4,323</b>	<b>594,542</b>	<b>5,131,071</b>
Equity in cash and investment pool	440	-	-	97	-	537
Interest and dividend receivables	6,507	37	3,306	2	603	10,455
Receivable for securities sold	214,928	-	22,883	-	164	237,975
Employer and employee contributions receivable	2,879	-	519	-	710	4,108
Other Receivables	150	-	1	-	-	151
Collateral held in trust for securities on loan	50,579	-	48,872	-	215	99,666
<b>Total assets</b>	<b>3,124,317</b>	<b>63,128</b>	<b>1,759,083</b>	<b>4,423</b>	<b>601,008</b>	<b>5,551,959</b>
<b>LIABILITIES</b>						
Accounts payable and other	274,697	-	1,710	569	710	277,686
Payable for securities purchased	-	-	32,964	-	6,539	39,503
Collateral subject to return to borrowers	50,579	-	48,872	-	215	99,666
<b>Total liabilities</b>	<b>325,276</b>	<b>-</b>	<b>83,546</b>	<b>569</b>	<b>7,464</b>	<b>416,855</b>
<b>NET POSITION</b>						
Restricted for pension benefits, pool participants and OPEB	\$ 2,799,041	\$ 63,128	\$ 1,675,537	\$ 3,854	\$ 593,544	\$ 5,135,104

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, 2021

CITY OF MEMPHIS, TENNESSEE  
 Exhibit E-2

	Pension Trust			City OPEB Fund	Memphis Light, Gas and Water OPEB Trust	Total Pension and OPEB Trust Funds
	City Retirement System	Library Retirement System	Memphis Light, Gas and Water Retirement System			
<b>ADDITIONS</b>						
Contributions:						
Employer	\$ 61,534	\$ 110	\$ 24,505	\$ 11,076	\$ 34,894	\$ 132,119
1978 Plan Restoration - Current	499					
Plan members	19,773	110	13,828	2,573	-	36,284
Total contributions	81,806	220	38,333	13,649	34,894	168,902
Transfer from other fund	-	1,534	-	2,006	-	3,540
Pharmacy rebate	-	-	-	596	-	596
Investment income:						
Interest and dividend income	43,330	1,204	18,025	69	5,829	68,457
Securities lending income	303	-	253	-	16	572
Other investment income	15,489	-	10	-	3	15,502
Gain on real estate investments	8,559	-	4,076	-	1,007	13,642
Net appreciation in the fair value of investments	602,906	12,284	174,506	835	78,036	868,567
Less investment expenses	(18,813)		(4,433)			(23,246)
Net investment income	651,774	13,488	192,437	904	84,891	943,494
<b>Total additions</b>	<b>733,580</b>	<b>15,242</b>	<b>230,770</b>	<b>17,155</b>	<b>119,785</b>	<b>1,116,532</b>
<b>DEDUCTIONS</b>						
Benefits	178,861	4,247	108,822	9,482	29,776	331,188
Administrative expenses	2,889	77	779	7,609	812	12,166
Refunds of contributions	14,570	-	3,004	-	-	17,574
<b>Total deductions</b>	<b>196,320</b>	<b>4,324</b>	<b>112,605</b>	<b>17,091</b>	<b>30,588</b>	<b>360,928</b>
<b>Net increase / decrease</b>	<b>537,260</b>	<b>10,918</b>	<b>118,165</b>	<b>64</b>	<b>89,197</b>	<b>755,604</b>
Net position - beginning of year	2,261,782	52,212	1,557,371	3,790	504,347	4,379,502
Net position - beginning of year as restated	2,261,782	52,212	1,557,371	3,790	504,347	4,379,502
<b>Net position - end of year</b>	<b>\$ 2,799,042</b>	<b>\$ 63,130</b>	<b>\$ 1,675,536</b>	<b>\$ 3,854</b>	<b>\$ 593,544</b>	<b>\$ 5,135,106</b>

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, 2021

CITY OF MEMPHIS, TENNESSEE  
 EXHIBIT E-3

	<u>Sold Property Tax Receivable Agency Fund</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>ASSETS</b>				
Equity in cash and investment pool	\$ 1,136	\$ 19,083	\$ 14,613	\$ 5,606
Property tax receivable - current	6,484	8,381	8,947	5,918
Property tax receivable - delinquent	4,297	12,541	13,471	3,367
<b>Total Assets</b>	<u>\$ 11,917</u>	<u>\$ 40,005</u>	<u>\$ 37,031</u>	<u>\$ 14,891</u>
<b>LIABILITIES</b>				
Accounts payable & other liabilities	<u>\$ 11,917</u>	<u>\$ 29,355</u>	<u>\$ 26,381</u>	<u>\$ 14,891</u>
<b>Total Liabilities</b>	<u>\$ 11,917</u>	<u>\$ 29,355</u>	<u>\$ 26,381</u>	<u>\$ 14,891</u>
<b>NET POSITION</b>	<u>\$ -</u>	<u>\$ 10,650</u>	<u>\$ 10,650</u>	<u>\$ -</u>



ALL FUNDS  
 COMBINED SCHEDULE OF DELINQUENT  
 PROPERTY TAXES RECEIVABLE  
 (Thousands of Dollars)  
 June 30, 2021

CITY OF MEMPHIS, TENNESSEE  
 Exhibit F-1

Tax Year	General	Debt Service	Capital Projects	Education	Pre-K	Community Catalyst	Affordable Housing	Total
2011	907	283	2	-	-	-	-	1,192
2012	1,429	447	2	68	-	-	-	1,946
2013	1,630	596	2	-	-	-	-	2,228
2014	1,644	753	2	-	-	-	-	2,399
2015	2,004	916	3	-	-	-	-	2,923
2016	2,386	1,093	3	-	-	-	-	3,482
2017	2,850	1,313	4	-	-	-	-	4,167
2018	3,493	1,622	5	-	15	-	-	5,135
2019	5,284	2,417	24	-	23	16	16	7,780
2020	3,773	1,842	47	-	20	-	-	5,682
Total delinquent property taxes receivable	25,400	11,282	94	68	59	16	16	36,935
Allowance for uncollectibles	1,117	451	5	3	2	1	1	1,580
Net delinquent property taxes receivable	\$ 24,283	10,831	89	65	57	15	15	35,355
Special assessment tax, net of allowance								307
Total tax, net of allowance								\$ 35,662

SCHEDULE OF REVENUE DEBT BY ISSUE  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021

CITY OF MEMPHIS, TENNESSEE  
Exhibit F-2

Description	Interest Rates	Date of Issue	Date of Final Maturity	Original Issue	Redemptions	Principal Amount Outstanding June 30, 2021	Interest to Maturity as of June 30, 2021
<b>REVENUE BONDS PAYABLE (Business-Type Activities)</b>							
Sanitary Sewerage System Revenue Bonds, Series 2020A	1.39	Sep. 16, 2020	Apr. 01, 2056	\$ 5,336	-	5,336	2,048
Sanitary Sewerage System Revenue Refunding Bonds, Series 2020B	5.00	Sep. 01, 2020	Oct. 01, 2045	123,535	-	123,535	84,554
Sanitary Sewerage System Revenue Refunding Bonds, Series 2018	4.00-5.00	Oct. 16, 2018	Oct. 01, 2043	69,480	3,895	65,585	29,905
Sanitary Sewerage System Revenue Refunding Bonds, Series 2014	3.00-4.00	Jul. 01, 2014	Jul. 01, 2025	18,930	8,565	10,365	838
Sanitary Sewerage System Revenue Refunding Bonds, Series 2011	3.00-5.00	Jun. 29, 2011	Oct. 01, 2021	15,165	12,795	2,370	59
Storm Water Revenue Bond, Series 2019	3.2987	Jun. 30, 2021	Jun. 30, 2045	35,090	-	35,090	25,163
<b>Total Revenue Bonds Payable (Business-Type Activities)</b>				<b>267,536</b>	<b>25,255</b>	<b>242,281</b>	<b>142,567</b>
<b>SEWER STATE LOANS (Business-Type Activities)</b>							
TN Sewer State Loan SRF 13-309	0.75	Feb. 04, 2013	Feb. 03, 2033	11,602	1,688	9,914	703
TN Sewer State Loan SRF 06-195	.75-2.59	Jul. 19, 2013	Jul. 20, 2033	3,989	1,338	2,651	439
TN Sewer State Loan SRF 13-311	0.75	Mar. 21, 2016	Mar. 21, 2035	100,000	5,669	94,331	7,511
TN Sewer State Loan SRF 15-355	0.75	Jul. 01, 2017	Jul. 01, 2037	24,406	290	24,116	2,085
TN Sewer State Loan SRF 18-409	0.81	Mar. 01, 2018	Mar. 01, 2038	9,598	258	9,340	831
TN Sewer State Loan SRF 19-421	1.2	Feb. 01, 2019	Feb. 01, 2039	6,500	183	6,317	733
TN Sewer State Loan SRF 19-434	0.47	Dec. 13, 2019	Jun. 01, 2038	6,340	-	6,340	329
<b>Total Sewer State Loans (Business-Type Activities)</b>				<b>162,435</b>	<b>9,426</b>	<b>153,009</b>	<b>12,631</b>
<b>REVENUE BONDS PAYABLE (Memphis Light Gas &amp; Water) (1)</b>							
Electric System Revenue Bonds, Series 2014	2.00-5.00	Jun. 03, 2014	Dec. 01, 2029	47,135	15,570	31,565	7,314
Electric System Revenue Bonds, Series 2016	3.00-5.00	Sep. 01, 2016	Dec. 01, 2036	40,000	5,385	34,615	14,204
Electric System Revenue Bonds, Series 2017	3.00-5.00	Sep. 01, 2017	Dec. 01, 2037	90,000	8,860	81,140	32,073
Electric System Revenue Bonds, Series 2020A	3.00-5.00	Sep. 22, 2020	Dec. 01, 2050	148,000	-	148,000	104,560
Electric System Revenue Bonds, Series 2020B	0.43-1.97	Sep. 22, 2020	Sep. 01, 2034	29,000	-	29,000	5,711
Gas System Revenue Bonds, Series 2016	3.00-5.00	Sep. 01, 2016	Dec. 01, 2036	40,000	5,385	34,615	14,204
Gas System Revenue Bonds, Series 2017	3.00-5.00	Sep. 28, 2017	Dec. 01, 2037	40,000	3,880	36,120	16,197
Gas System Revenue Bonds, Series 2020	3.00-5.00	Sep. 22, 2020	Sep. 01, 2050	63,000	-	63,000	44,509
Water System Revenue Bonds, Series 2014	2.00-5.00	May 20, 2014	Dec. 01, 2034	15,000	3,530	11,470	3,575
Water System Revenue Bonds, Series 2016	2.00-4.00	Sep. 01, 2016	Dec. 01, 2036	30,000	4,670	25,330	7,409
Water System Revenue Bonds, Series 2017	2.00-5.00	Sep. 01, 2017	Dec. 01, 2037	25,000	2,690	22,310	8,416
Water System Revenue Bonds, Series 2020	3.00-5.00	Sep. 22, 2020	Dec. 01, 2050	68,000	-	68,000	45,693
<b>Total Revenue Bonds Payable (Memphis Light Gas &amp; Water)</b>				<b>635,135</b>	<b>49,970</b>	<b>585,165</b>	<b>303,865</b>
<b>Total Revenue Debt Payable</b>				<b>\$ 1,065,106</b>	<b>84,651</b>	<b>980,455</b>	<b>459,063</b>

(1) All Memphis Light Gas Water bonds reflect amounts outstanding at December 31, 2020.

SCHEDULE OF GENERAL OBLIGATION DEBT PAYABLE BY ISSUE  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021

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, 2021	Interest to Maturity as of June 30, 2021
General Improvement Bonds, Series 2020A	5.00	Nov. 18, 2020	Dec. 01, 2030	\$ 24,470	-	24,470	6,621
General Improvement Refunding Bonds, Series 2020	4.00-5.00	Apr. 08, 2020	May 1, 2045	214,675	3,390	211,285	85,652
General Improvement Bonds, Series 2018	3.45-5.00	Apr. 17, 2018	Jul. 01, 2048	309,255	16,065	293,190	182,617
General Improvement Refunding Bonds, Series 2016	2.50-5.00	Jun. 14, 2016	May 01, 2041	69,885	9,410	60,475	24,183
General Improvement Refunding Bonds, Series 2015C	4.00-5.00	May 19, 2015	Apr. 01, 2045	67,845	-	67,845	52,420
General Improvement Refunding Bonds, Series 2015B ( Taxable)	2.69-2.94	May 19, 2015	Apr. 01, 2025	54,390	-	54,390	5,383
General Improvement Refunding Bonds, Series 2015A	5.00	May 19, 2015	Apr. 01, 2026	76,820	-	76,820	18,009
General Improvement Refunding Bonds, Series 2014B	4.00- 5.00	Mar. 25, 2014	Apr. 01, 2044	208,230	26,955	181,275	120,537
General Improvement Refunding Bonds, Series 2014A	5.00	Mar. 25, 2014	Nov. 01, 2025	103,955	43,065	60,890	7,119
General Improvement and Refunding Bonds, Series 2012B	1.65 - 3.70	Mar. 29, 2012	Apr. 01, 2024	5,145	4,030	1,115	79
General Improvement and Refunding Bonds, Series 2012A	3.25 - 4.13	Mar. 29, 2012	Apr. 01, 2042	93,595	50,315	43,280	7,412
General Improvement and Refunding Bonds, Series 2011	4.25 - 5.00	Jun. 14, 2011	May 01, 2036	86,190	30,050	56,140	21,632
General Improvement Bonds, Series 2010F (RZEDB)	6.04	Jun. 29, 2010	Jul. 01, 2034	11,160	-	11,160	8,771
General Improvement and Refunding Bonds, Series 2010D	5.00	Jun. 29, 2010	Jul. 01, 2023	121,205	121,205	-	-
General Improvement Bonds, Series 2010C (BABs)	4.16 - 5.94	Jun. 29, 2010	Jul. 01, 2032	62,550	7,270	55,280	20,168
General Improvement Bonds, Series 2010B (BABs)	5.32 - 6.14	May 04, 2010	May 01, 2030	39,950	-	39,950	12,494
<b>Total General Obligation Bonds Payable</b>				<b>1,549,320</b>	<b>311,755</b>	<b>1,237,565</b>	<b>573,097</b>
<b>COMMERCIAL PAPER</b>							
Commercial Paper	variable	Oct. 01, 2018	Oct. 04, 2023	150,000	-	150,000	-
<b>Total Commercial Paper</b>				<b>150,000</b>	<b>-</b>	<b>150,000</b>	<b>-</b>
<b>SETTLEMENT OBLIGATION</b>							
Settlement Obligation	-	Jan. 30, 2015	Feb. 15, 2031	20,000	8,000	12,000	-
<b>Total Settlement Obligation</b>				<b>20,000</b>	<b>8,000</b>	<b>12,000</b>	<b>-</b>
<b>Total General Obligation Debt Payable</b>				<b>\$ 1,719,320</b>	<b>319,755</b>	<b>1,399,565</b>	<b>573,097</b>

**SCHEDULE OF GENERAL OBLIGATION DEBT - BY USE**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

**CITY OF MEMPHIS, TENNESSEE**  
**Exhibit F-4**

<b>Use</b>	<b>Balance Outstanding At Year End</b>
<hr/>	
<b>GENERAL OBLIGATION BONDS</b>	
General Improvement	\$ 1,237,565
Bond Premiums	<u>56,869</u>
Total general obligation bonds	1,294,434
<b>TOTAL GENERAL OBLIGATION DEBT</b>	<u>\$ 1,294,434</u>

**SCHEDULE OF CAPITAL LEASES PAYABLE BY ISSUE**  
 (Thousands of Dollars)  
 For the fiscal year ended June 30, 2021

**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, 2021	Interest to Maturity as of June 30, 2021
<b>CAPITAL LEASES</b>							
Sports Facility Revenue Bonds, Series 2014A	2.000% - 5.000%	Mar. 28, 2014	Feb. 01, 2029	17,925	5,725	12,200	2,606
Sports Facility Revenue Bonds, Series 2014B	1.900% - 4.970%	Mar. 28, 2014	Feb. 01, 2030	5,720	2,630	3,090	728
Solid Waste 2019	2.173%	Aug. 23, 2019	Aug. 23, 2024	8,000	2,310	5,690	250
Solid Waste 2018	2.8240%-3.5979%	Jun. 07, 2018	May 1, 2023	4,400	2,571	1,829	65
Fire Lease 2020	2.650%	Apr. 18, 2020	Oct. 18, 2024	1,184	251	933	50
<b>Total Capital Leases Payable</b>				<b>37,229</b>	<b>13,487</b>	<b>23,742</b>	<b>3,699</b>

SCHEDULE OF GUARANTEE OBLIGATIONS PAYABLE BY ISSUE

CITY OF MEMPHIS, TENNESSEE

(Thousands of Dollars)

Exhibit F-6

For the fiscal year ended June 30, 2021

Description	Interest Rates	Date of Issue	Date of Final Maturity	Original Issue	Redemptions	Principal Amount	
						Outstanding June 30, 2021	Interest to Maturity as of June 30, 2021
<b>GUARANTEE OBLIGATIONS</b>							
For General Purposes:							
Development Revenue Bonds, Series 2011	2.500% - 5.250%	Sep. 07, 2011	Apr. 01, 2036	20,398	5,528	14,870	6,124
Qualified Energy Conservation Bonds, Series 2015A	3.720%	Feb. 28, 2015	Jan. 05, 2025	8,316	4,990	3,326	309
Qualified Energy Conservation Bonds, Series 2015B	3.910%	Apr. 29, 2015	Jan. 05, 2025	2,015	1,411	604	47
Qualified Energy Conservation Bonds, Series 2015C	3.910%	Apr. 29, 2015	Jan. 05, 2025	340	238	102	8
Economic Development Growth Engine Bonds, Series 2017A	1.670%-2.500%	Jun. 01, 2017	Nov. 01, 2021	36,215	35,380	835	10
Economic Development Growth Engine Bonds, Series 2017B	5.000%	Jun. 01, 2017	Nov. 01, 2030	87,725	-	87,725	30,056
Economic Development Growth Engine Bonds, Series 2017C	2.358%-2.931	Jun. 01, 2017	Nov. 01, 2024	34,300	-	34,300	1,707
				<b>189,309</b>	<b>47,546</b>	<b>141,762</b>	<b>38,261</b>

LONG TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS

CITY OF MEMPHIS, TENNESSEE

REVENUE DEBT PAYABLE

Exhibit F-7

(Thousands of Dollars)

For the fiscal year ended June 30, 2021

Year Ending June 30	Revenue Bonds		Revenue Bonds		Revenue Bonds		Sewer State Loans		Total
	Sewer Collection and Treatment Fund		Storm Water Fund		Memphis Light Gas Water (1)		Sewer Collection and Treatment Fund		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2021	-	-	-	-	18,500	23,314	-	-	41,814
2022	11,940	9,377	775	1,735	19,265	22,555	7,832	1,288	74,767
2023	10,035	8,860	815	1,695	20,075	21,744	7,835	1,210	72,269
2024	10,515	8,377	860	1,654	21,025	20,791	7,912	1,149	72,283
2025	10,990	7,882	900	1,609	22,000	19,815	7,965	1,082	72,243
2026	9,510	7,413	945	1,563	23,040	18,769	8,018	1,014	70,272
2027	7,670	7,006	995	1,515	24,120	17,694	8,073	946	68,019
2028	8,060	6,612	1,045	1,464	25,250	16,568	8,127	876	68,002
2029	7,030	6,235	1,100	1,410	26,420	15,397	8,182	807	66,581
2030	7,390	5,875	1,155	1,354	27,645	14,171	8,237	736	66,563
2031	6,280	5,533	1,215	1,295	28,825	12,990	8,293	665	65,096
2032	5,605	5,245	1,280	1,232	29,920	11,900	8,350	593	64,125
2033	5,875	4,978	1,345	1,167	31,070	10,753	8,407	521	64,116
2034	6,155	4,697	1,415	1,098	32,235	9,582	8,330	457	63,969
2035	6,450	4,404	3,045	1,519	27,120	8,360	8,157	377	59,432
2036	6,755	4,095	1,640	910	28,065	7,418	8,310	315	57,508
2037	7,080	3,772	1,725	828	20,880	6,457	8,363	247	49,352
2038	7,420	3,434	1,815	742	10,025	5,769	8,204	179	37,588
2039	7,775	3,079	1,910	651	10,320	5,467	7,459	113	36,774
2040	8,145	2,707	-	278	10,635	5,157	6,038	52	33,012
2041	8,835	2,317	2,005	505	10,955	4,840	917	4	30,378
2042	9,244	1,904	2,110	403	11,275	4,510	-	-	29,446
2043	9,683	1,470	2,215	294	11,620	4,171	-	-	29,453
2044	10,133	1,017	2,330	181	12,060	3,735	-	-	29,456
2045	7,387	606	2,450	61	12,510	3,282	-	-	26,296
2046	7,757	239	-	-	12,980	2,812	-	-	23,788
2047	326	48	-	-	13,500	2,292	-	-	16,166
2048	331	44	-	-	14,040	1,754	-	-	16,169
2049	335	39	-	-	14,605	1,191	-	-	16,170
2050	340	34	-	-	15,185	607	-	-	16,166
2051	345	30	-	-	-	-	-	-	375
2052	349	25	-	-	-	-	-	-	374
2053	354	20	-	-	-	-	-	-	374
2054	359	15	-	-	-	-	-	-	374
2055	364	10	-	-	-	-	-	-	374
2056	369	5	-	-	-	-	-	-	374
	<u>\$ 207,191</u>	<u>\$ 117,404</u>	<u>\$ 35,090</u>	<u>\$ 25,163</u>	<u>\$ 585,165</u>	<u>\$ 303,865</u>	<u>\$ 153,009</u>	<u>\$ 12,631</u>	<u>\$ 1,439,518</u>

(1) All Memphis Light Gas Water bonds reflect amounts outstanding at December 31, 2020.

**LONG TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS**  
**GOVERNMENTAL DEBT PAYABLE**  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021

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

Year Ending June 30	General Obligation Bonds		Settlement Obligation		Total
	Principal	Interest	Principal	Interest	
2022	91,090	55,621	1,333	-	148,044
2023	92,130	50,960	1,333	-	144,423
2024	92,655	46,339	1,333	-	140,327
2025	97,010	42,436	1,333	-	140,779
2026	96,105	38,260	1,333	-	135,698
2027	37,475	33,662	1,333	-	72,470
2028	39,175	31,796	1,333	-	72,304
2029	40,920	29,845	1,333	-	72,098
2030	42,775	27,799	1,336	-	71,910
2031	39,185	25,779	-	-	64,964
2032	37,640	24,107	-	-	61,747
2033	39,225	22,406	-	-	61,631
2034	40,520	20,671	-	-	61,191
2035	42,200	18,849	-	-	61,049
2036	38,025	17,165	-	-	55,190
2037	34,840	15,583	-	-	50,423
2038	36,255	14,170	-	-	50,425
2039	37,725	12,690	-	-	50,415
2040	39,265	11,140	-	-	50,405
2041	40,910	9,510	-	-	50,420
2042	38,420	7,763	-	-	46,183
2043	39,300	6,094	-	-	45,394
2044	37,550	4,384	-	-	41,934
2045	26,075	2,737	-	-	28,812
2046	13,165	2,761	-	-	15,926
2047	13,690	285	-	-	13,975
2048	14,240	285	-	-	14,525
	<b>\$ 1,237,565</b>	<b>\$ 573,097</b>	<b>\$ 12,000</b>	<b>\$ -</b>	<b>\$ 1,822,662</b>

**SCHEDULE OF INTERFUND BALANCES**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2021**

**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>
<b>GOVERNMENTAL FUND TYPES</b>			
Community Development	\$ 20	\$ -	\$ 20
<b>Special Revenue:</b>			
State Street Aid	4,245	295	4,540
Solid Waste Management	6,750	-	6,750
	<u>10,995</u>	<u>295</u>	<u>11,290</u>
<b>PROPRIETARY FUND TYPES</b>			
<b>Enterprise:</b>			
Storm Water	-	1,792	1,792
<b>Total receivables - primary government</b>	<u>11,015</u>	<u>2,087</u>	<u>13,102</u>
<b>Total receivables - reporting entity</b>	<u>\$ 11,015</u>	<u>\$ 2,087</u>	<u>\$ 13,102</u>

Interfund transfers are attributable to the budgeted allocation of resources from one fund to another, primarily for debt service requirements, operating subsidies and the funding of capital items.

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 \$1,792. The presentation is consistent with Generally Accepted Accounting Principles.

SCHEDULE OF INTERFUND TRANSFERS  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021

CITY OF MEMPHIS, TENNESSEE  
Exhibit F-10

	Primary Government											
	Governmental Fund Types						Fiduciary					
	General Fund	Debt Service	Capital Projects	Nonmajor Special Revenue			Enterprise	Internal Service		Library Retirement Trust Fund	OPEB Trust Fund	Total Transfers Out
				HUB Community Impact Fund	Pre-K Fund	New Memphis Arena	Sewer Treatment	Healthcare Fund				
<b>GOVERNMENTAL FUND TYPES</b>												
General Fund	\$ -	\$ -	\$ -	\$ 551	\$ -	\$ 2,863	\$ -	\$ -	\$ 1,534	\$ -	\$ 4,948	
Debt Service Fund	-	-	3,191	-	-	-	2,794	-	-	-	5,985	
<b>Special Revenue:</b>												
State Street Aid	-	1,768	-	-	-	-	-	-	-	-	1,768	
Miscellaneous Grants	-	192	-	-	-	-	-	-	-	-	192	
Solid Waste Management	750	3,059	-	-	-	-	-	-	-	-	3,809	
Hotel/Motel Tax	44	6,633	-	-	-	-	-	-	-	-	6,677	
Metro Alarm	1,600	-	-	-	-	-	-	-	-	-	1,600	
2019 Sales Tax Ref	12,000	-	-	-	4,000	-	-	1,310	-	2,006	19,316	
<b>Total Governmental Fund Types</b>	<b>14,394</b>	<b>11,652</b>	<b>3,191</b>	<b>551</b>	<b>4,000</b>	<b>2,863</b>	<b>2,794</b>	<b>1,310</b>	<b>1,534</b>	<b>2,006</b>	<b>44,295</b>	
<b>PROPRIETARY FUND TYPES</b>												
<b>Enterprise:</b>												
Sewer Collection and Treatment	12,055	-	-	-	-	-	-	-	-	-	12,055	
Memphis Light, Gas and Water	58,977	-	-	-	-	3,250	-	-	-	-	62,227	
Storm Water	106	-	-	-	-	-	-	-	-	-	106	
<b>Total Proprietary Fund Types</b>	<b>71,138</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,388</b>	
<b>Total Transfers In</b>	<b>\$ 85,532</b>	<b>\$ 11,652</b>	<b>\$ 3,191</b>	<b>\$ 551</b>	<b>\$ 4,000</b>	<b>\$ 6,113</b>	<b>\$ 2,794</b>	<b>\$ 1,310</b>	<b>\$ 1,534</b>	<b>\$ 2,006</b>	<b>\$ 118,683</b>	

(a) The transfers between City of Memphis and MLGW differ due to the change in PILOT agreements and timing of fiscal year end reporting.

COMBINED SCHEDULE OF DEPOSITS AND INVESTMENTS  
HELD OUTSIDE OF THE CASH AND INVESTMENT POOL - CARRYING AMOUNT  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2021

CITY OF MEMPHIS, TENNESSEE  
Exhibit F-11

	Governmental Fund Types					Proprietary Funds			Internal Service Funds	Fiduciary Fund Types					Total		
	General	Debt Service	Special Revenue	Community Development	Capital Projects	Sewer	Storm Water	MLGW	Internal Service Funds	Trust and Agency							
										City Retirement System	Library Retirement System	MLGW Retirement System	City OPEB Trust	Memphis Light, Gas and Water OPEB Trust			
<b>Deposits:</b>																	
Cash and cash equivalents <sup>(1)</sup>	\$ 41	\$ 14,038	\$ 168	\$ 7,855	\$ -	\$ 99,979	\$ 30,203	\$ 553,466	\$ 1	\$ 705,751	\$ 34,486	\$ -	\$ 28,735	\$ 1	\$ 4,774	\$ -	\$ 67,996
<b>Total deposits</b>	<b>41</b>	<b>14,038</b>	<b>168</b>	<b>7,855</b>	<b>-</b>	<b>99,979</b>	<b>30,203</b>	<b>553,466</b>	<b>1</b>	<b>705,751</b>	<b>34,486</b>	<b>-</b>	<b>28,735</b>	<b>1</b>	<b>4,774</b>	<b>-</b>	<b>67,996</b>
<b>Investments:</b>																	
U.S. government securities - long-term	-	-	-	-	-	20,728	-	-	-	20,728	117,742	-	10,829	-	-	-	128,571
Common stock - domestic	-	-	-	-	-	-	-	-	-	-	903,684	-	747,498	-	161,709	-	1,812,891
Common stock - foreign	-	-	-	-	-	-	-	-	-	-	196,128	-	100,222	-	93,826	-	390,176
Preferred stock - foreign	-	-	-	-	-	-	-	-	-	-	-	-	1,944	-	-	-	1,944
Corporate bonds - domestic	-	-	-	-	-	-	-	-	-	-	388,426	-	46,375	-	-	-	434,801
Corporate bonds - foreign	-	-	-	-	-	-	-	-	-	-	93,665	-	40,634	-	-	-	134,299
Mutual funds and money market funds	-	-	-	-	-	183	2,527	-	-	2,710	17,377	63,091	5,080	4,323	72,137	-	162,008
Government bonds - domestic	-	-	-	-	-	-	-	-	-	-	-	-	4,483	-	-	-	4,483
Government bonds - international	-	-	-	-	-	-	-	-	-	-	-	-	50,864	-	-	-	50,864
Global bond - international	-	-	-	-	-	-	-	-	-	-	-	-	62,347	-	28,234	-	90,581
Global government agencies	-	-	-	-	-	-	-	-	-	-	-	-	6,696	-	-	-	6,696
Corporate bond mutual funds - domestic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,977	-	34,977
Convertible - international	-	-	-	-	-	-	-	-	-	-	-	-	314	-	16,047	-	16,361
Collateralized mortgage obligations	-	-	-	-	-	-	-	-	-	-	8,345	-	-	-	-	-	8,345
Asset-backed pooled securities	-	-	-	-	-	-	-	-	-	-	3,043	-	13,960	-	-	-	17,003
Mortgage-backed pooled securities	-	-	-	-	-	-	-	-	-	-	14,582	-	20,603	-	-	-	35,185
Securitized asset fund	-	-	-	-	-	-	-	-	-	-	-	-	57,574	-	-	-	57,574
Investments in index funds	-	-	-	-	-	-	-	-	-	-	111,647	-	-	-	-	-	111,647
Investments in limited partnerships	-	-	-	-	-	-	-	-	-	-	225,650	-	-	-	-	-	225,650
Investments in real estate	-	-	-	-	-	-	-	-	-	-	177,774	-	200,776	-	52,750	-	431,300
Multi-asset - domestic	-	-	-	-	-	-	-	-	-	-	-	-	14,373	-	-	-	14,373
Private debt funds - domestic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,058	-	2,058
Private equity - domestic	-	-	-	-	-	-	-	-	-	-	-	-	65,508	-	53,010	-	118,518
Private equity - international	-	-	-	-	-	-	-	-	-	-	-	-	5,156	-	6,459	-	11,615
Investments in international equity fund	-	-	-	-	-	-	-	-	-	-	563,997	-	-	-	-	-	563,997
Hedge funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,554	-	10,554
Distressed debt funds - domestic	-	-	-	-	-	-	-	-	-	-	-	-	59,177	-	20,416	-	79,593
Distressed debt funds - international	-	-	-	-	-	-	-	-	-	-	-	-	67,151	-	27,336	-	94,487
State of TN Local Gov't Investment Pool	-	-	-	-	591	-	-	-	-	591	-	-	-	-	-	-	-
Commercial paper	-	76	-	-	15,000	-	-	-	-	15,076	-	-	-	-	-	-	-
U.S. Treasuries	-	-	-	-	-	-	-	62,628	-	62,628	-	-	-	-	-	-	-
Federal agency (Fixed Rate)	-	-	-	-	-	-	-	103,649	-	103,649	-	-	-	-	-	-	-
Certificates of Deposit	-	-	-	-	-	1,000	-	-	-	1,000	-	-	-	-	-	-	-
Life Settlement fund	-	-	-	-	-	-	-	-	-	-	-	-	73,203	-	15,029	-	88,232
Investment short sales & written options	-	-	-	-	-	-	-	-	-	-	(7,712)	-	-	-	-	-	(7,712)
<b>Total investments</b>	<b>-</b>	<b>76</b>	<b>-</b>	<b>-</b>	<b>15,591</b>	<b>21,911</b>	<b>2,527</b>	<b>166,277</b>	<b>-</b>	<b>206,382</b>	<b>2,814,348</b>	<b>63,091</b>	<b>1,654,767</b>	<b>4,323</b>	<b>594,542</b>	<b>-</b>	<b>5,131,071</b>
<b>Total deposits and investments</b>	<b>\$ 41</b>	<b>\$ 14,114</b>	<b>\$ 168</b>	<b>\$ 7,855</b>	<b>\$ 15,591</b>	<b>\$ 121,890</b>	<b>\$ 32,730</b>	<b>\$ 719,743</b>	<b>\$ 1</b>	<b>\$ 912,133</b>	<b>\$ 2,848,834</b>	<b>\$ 63,091</b>	<b>\$ 1,683,502</b>	<b>\$ 4,324</b>	<b>\$ 599,316</b>	<b>\$ -</b>	<b>\$ 5,199,067</b>

<sup>(1)</sup> 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, 2021**

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

**MEMPHIS LIGHT, GAS AND WATER DIVISION <sup>1</sup>**

	<u>Balance January 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance December 31, 2020</u>
Electric Division	\$ 1,882,804	\$ 68,799	\$ (11,624)	\$ (268)	\$ 1,939,711
Gas Division	736,387	27,590	(4,511)	37	759,503
Water Division	522,752	16,283	(1,255)	(208)	537,572
Total	<u>\$ 3,141,943</u>	<u>\$ 112,672</u>	<u>\$ (17,390)</u>	<u>\$ (439)</u>	<u>\$ 3,236,786</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 <sup>2</sup>**

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2021</u>
Land and buildings	\$ 119,304	\$ -	\$ -	\$ -	\$ 119,304
Improvements other than buildings	631,457	28,323	(1,585)	-	658,195
Machinery and equipment	40,380	4,464	(80)	(421)	44,343
Construction work in progress	352,997	73,518	(27,541)	-	398,974
	<u>\$ 1,144,138</u>	<u>\$ 106,305</u>	<u>\$ (29,206)</u>	<u>\$ (421)</u>	<u>\$ 1,220,816</u>

<sup>2</sup> 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, 2021

CITY OF MEMPHIS, TENNESSEE  
EXHIBIT F-13

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>				
Local taxes	\$ 136,077	\$ 136,733	\$ 136,789	\$ 56
State taxes (local share)	14,800	14,800	14,268	(532)
Investment income	1,776	1,776	209	(1,567)
Federal grants	2,321	2,321	1,557	(764)
Other	1,656	1,656	701	(955)
<b>Total revenues</b>	<u>156,630</u>	<u>157,286</u>	<u>153,524</u>	<u>(3,762)</u>
<b>EXPENDITURES</b>				
Redemption of serial bonds and notes	102,681	102,681	102,679	2
Interest	66,572	67,228	66,252	976
Other	1,234	1,399	1,212	187
<b>Total expenditures</b>	<u>170,487</u>	<u>171,308</u>	<u>170,142</u>	<u>1,166</u>
<b>Revenues over expenditures</b>	<u>(13,857)</u>	<u>(14,022)</u>	<u>(16,618)</u>	<u>(2,596)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	11,652	11,652	11,652	-
Transfers out	-	-	(5,985)	(5,985)
Issuance of refunding debt	-	-	-	-
Retirement of general obligation bonds	-	(97,605)	(97,605)	-
Premium on debt issue	-	-	-	-
Contribution to Fund Balance	(3,238)	(3,238)	-	3,238
<b>Total other financing sources and uses</b>	<u>13,857</u>	<u>13,858</u>	<u>(91,938)</u>	<u>(105,796)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (164)</u>	<u>\$ (108,556)</u>	<u>\$ (108,392)</u>
Fund balance - beginning of year			<u>173,942</u>	
<b>Fund balance - end of year</b>			<u>\$ 65,386</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, 2021**

**CITY OF MEMPHIS, TENNESSEE**  
**Exhibit F-14**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local taxes	\$ 425,627	\$ 427,327	\$ 483,995	\$ 56,668
State taxes (local share)	50,835	50,835	74,322	23,487
Licenses and permits	13,796	13,796	14,807	1,011
Fines and forfeitures	11,763	11,763	10,338	(1,425)
Charges for services	33,950	34,464	35,594	1,129
Investment income	1,997	1,997	331	(1,667)
Federal grants	5,250	65,909	82,538	16,629
State grants	14,000	14,000	10,000	(4,000)
Intergovernmental revenues	10,966	10,966	10,610	(356)
Other	6,126	6,942	14,056	7,114
Total revenues	<u>574,311</u>	<u>637,999</u>	<u>736,591</u>	<u>98,592</u>
<b>EXPENDITURES</b>				
General government	154,335	219,442	204,565	14,877
Public safety	473,097	478,127	475,896	2,231
Community services	62,084	68,337	60,466	7,871
Transportation and environment	17,090	20,281	10,979	9,302
Total expenditures	<u>706,606</u>	<u>786,187</u>	<u>751,906</u>	<u>34,281</u>
Revenues over expenditures	<u>(132,295)</u>	<u>(148,188)</u>	<u>(15,315)</u>	<u>132,873</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	34	34
Transfers in	81,738	82,998	85,532	2,534
Transfers out	(2,086)	(4,949)	(4,948)	1
Refunding bonds/issuance of debt	-	-	-	-
Total other financing sources and uses	<u>79,652</u>	<u>78,049</u>	<u>80,618</u>	<u>2,569</u>
Net change in fund balances (budgetary basis)	<u>\$ (52,643)</u>	<u>\$ (70,138)</u>	<u>\$ 65,302</u>	<u>\$ 135,441</u>
Adjustment for encumbrances - prior year			(14,142)	
Adjustment for encumbrances - current year			16,568	
Revenues over expenditures (GAAP basis)			<u>\$ 67,728</u>	
Fund balance - beginning			<u>129,825</u>	
Fund balance - ending			<u>\$ 197,553</u>	

See accompanying notes to financial statements.

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

**CITY OF MEMPHIS, TENNESSEE**  
**EXHIBIT X-1**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental activities:</b>										
Net investments in capital assets	\$ 131,384	\$ 203,581	\$ 121,045	\$ 2,611,833	\$ 293,259	\$ 304,799	\$ 340,474	\$ 225,370	\$ 343,085	\$ 244,190
Restricted for:										
Debt service	-	36,268	50,603	52,823	61,255	48,798	76,888	77,929	109,086	17,285
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	3,648	15,379
Drug enforcement	-	9,530	9,676	9,630	10,077	9,980	9,426	9,411	8,889	8,772
Donor/Statutory restrictions	-	2,343	15,503	35,085	59,814	67,242	-	-	-	-
Other	181,192	-	-	10,000	-	-	70,168	72,760	185,665	254,478
Unrestricted:										
Unrestricted, other	(724,294)	(814,583)	(724,643)	(3,216,914)	(851,833)	(918,811)	(1,031,458)	(809,885)	(1,058,700)	(758,019)
Total governmental activities net position	(411,718)	(545,686)	(512,594)	(455,329)	(407,176)	(451,330)	(332,248)	(270,000)	(408,327)	(217,915)
<b>Business-type activities:</b>										
Net investment in capital assets	1,755,661	1,818,916	1,902,835	1,896,485	2,017,891	2,020,550	1,958,252	2,043,389	2,135,366	1,226,768
Restricted for debt service	68,846	69,689	41,902	99,797	64,173	108,387	103,345	53,193	65,865	552,470
Restricted for construction	-	-	29,119	7,268	8,456	8,775	9,007	10,845	10,845	11,380
Unrestricted	355,220	350,750	340,416	377,219	320,158	259,192	341,409	(36,333)	(52,383)	507,558
Total business-type activities net position	2,179,727	2,239,355	2,314,272	2,380,769	2,410,678	2,396,904	2,412,013	2,071,094	2,159,693	2,298,176
<b>Primary government:</b>										
Net investment in capital assets	1,887,045	2,022,497	2,023,880	4,508,318	2,311,150	2,325,349	2,298,726	2,268,759	2,478,451	1,470,958
Restricted for:										
Debt service	68,846	105,957	92,505	152,620	125,428	157,185	180,233	131,122	174,951	569,755
Construction	-	-	29,119	33,344	8,456	8,775	9,007	10,845	10,845	11,380
Capital acquisitions/ projects	-	-	-	-	4,381	23,661	191,471	148,359	-	-
Solid waste management	-	17,175	15,222	16,138	15,871	13,001	10,783	6,056	3,648	15,379
Drug enforcement	-	9,530	9,676	9,630	10,077	9,980	9,426	9,411	8,889	8,772
Donor/Statutory restrictions	-	2,343	15,503	35,085	59,814	67,242	-	-	-	-
Other	181,192	-	-	10,000	-	-	70,168	72,760	185,665	254,478
Unrestricted	(369,074)	(463,833)	(384,227)	(2,839,695)	(531,675)	(659,619)	(690,049)	(846,218)	(1,111,083)	(250,461)
Total primary government net position	\$ 1,768,009	\$ 1,693,669	\$ 1,801,678	\$ 1,925,440	\$ 2,003,502	\$ 1,945,574	\$ 2,079,765	\$ 1,801,094	\$ 1,751,366	\$ 2,080,261

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

**CITY OF MEMPHIS, TENNESSEE**  
**EXHIBIT X-2**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 77,154	\$ 76,664	\$ 22,420	\$ 89,038	\$ 72,499	\$ 65,436	\$ 65,970	\$ 90,946	\$ 96,413	98,976
Public Safety	7,768	7,456	3,928	3,383	22,329	22,069	21,388	22,976	21,913	24,030
Community services	136	139	103	-	-	-	-	-	-	-
Transportation and environment	59,745	60,180	122,078	55,832	56,318	56,819	57,425	57,688	67,339	76,893
Operating grants and contributions	63,854	81,913	63,416	57,732	38,719	41,666	50,416	57,072	60,663	138,249
Capital grants and contributions	23,639	11,123	9,811	12,627	23,610	8,934	1,668	8,537	12,501	12,291
Total governmental activities program revenues	232,296	237,475	221,756	218,612	213,475	194,924	196,867	237,219	258,829	350,439
Business-type activities:										
Charges for services:										
Sewer collection and treatment	104,031	106,007	103,900	103,299	96,845	98,726	110,304	123,449	132,315	149,116
Memphis Light, Gas and Water	1,692,246	1,581,272	1,615,477	1,700,897	1,602,957	1,555,258	1,559,990	1,667,234	1,652,282	1,517,664
Storm water	23,723	24,108	24,332	24,309	24,289	24,418	21,391	28,202	31,903	32,058
Operating grants and contributions	30,909	29,792	31,330	562	555	547	537	420	258	127
Capital grants and contributions	728	663	2,950	3,022	3,009	1,133	946	-	1,333	789
Total business-type activities program revenues	1,851,637	1,741,842	1,777,989	1,832,089	1,727,655	1,680,082	1,693,168	1,819,305	1,818,091	1,699,794
Total primary government program revenues	2,083,933	1,979,317	1,999,745	2,050,701	1,941,130	1,875,006	1,890,035	2,056,524	2,076,920	2,050,193
<b>Expenses</b>										
Governmental Activities:										
General government	253,138	217,086	203,055	134,182	212,054	91,718	197,380	428,057	434,376	361,003
Public safety	500,082	503,011	472,154	425,128	437,430	133,750	310,961	342,077	540,696	452,271
Community services	118,406	96,442	90,463	93,383	92,365	46,935	78,865	82,572	93,817	82,061
Transportation and environment	87,665	82,834	79,747	85,675	71,286	28,469	50,649	65,627	84,624	70,668
Education	71,452	62,507	(475)	(151)	154	112	82	59	3,060	4,556
Refunding bond/ escrow agent	-	-	-	-	-	-	150,000	-	-	-
Miscellaneous	-	-	-	-	-	-	3,436	-	-	-
Interest on long term debt	75,075	58,403	45,634	83,005	64,151	64,586	59,933	67,971	63,470	66,252
Total governmental activities expenses	1,105,818	1,020,283	890,578	821,222	877,440	365,570	851,306	986,363	1,220,043	1,036,811
Business-type activities:										
Sewer collection and treatment	62,915	65,921	62,556	63,049	70,163	62,347	75,739	93,766	110,461	102,730
Memphis Light, Gas and Water	1,669,887	1,593,211	1,596,092	1,630,708	1,554,006	1,561,282	1,561,085	1,548,223	1,564,178	1,422,151
Storm water	15,623	15,464	15,048	17,027	19,289	8,502	16,556	18,777	30,375	19,950
Total business-type activities expenses	1,748,425	1,674,596	1,673,696	1,710,784	1,643,458	1,632,131	1,653,380	1,660,766	1,705,014	1,544,831
Total primary government expenses	2,854,243	2,694,879	2,564,274	2,532,006	2,520,898	1,997,701	2,504,686	2,647,129	2,925,057	2,581,642
<b>Net (expense)/revenue</b>										
Governmental activities	(873,522)	(782,808)	(668,822)	(602,610)	(663,965)	(170,646)	(654,439)	(749,144)	(961,214)	(686,372)
Business-type activities	103,212	67,246	104,293	121,305	84,197	47,951	39,788	158,539	113,077	154,923
Total primary government net expense	(770,310)	(715,562)	(564,529)	(481,305)	(579,768)	(122,695)	(614,651)	(590,605)	(848,137)	(531,449)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
Taxes										
Local taxes	528,219	533,190	545,713	571,583	542,475	580,750	607,148	603,048	627,101	690,526
State taxes (local share)	85,612	71,115	71,633	77,129	103,987	82,519	105,895	102,385	107,136	112,301
Hotel/motel tax	4,524	4,189	4,223	4,612	10,726	15,513	17,176	18,964	13,614	11,369
Unrestricted investment earnings	761	671	754	813	1,654	1,574	4,960	12,197	8,460	5,73
Intergovernmental revenues	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	8,947	1,481	-	-	-	-	-	-	-	-
Other	22,405	17,250	15,290	19,563	28,662	41,881	4,274	43,544	38,270	(7,154)
Transfers	67,962	42,738	57,783	68,302	25,097	(131,119)	111,631	37,675	19,348	68,344
Total governmental activities	718,430	670,634	695,396	742,002	712,601	591,118	851,084	817,813	813,929	875,959
Business-type activities:										
Investment earnings	40,324	32,883	27,054	24,816	21,998	18,059	14,949	17,448	12,227	7,373
Other	155	437	1,350	3,991	10,003	33,910	35,216	35,559	35,936	52,225
Transfers	(67,962)	(40,938)	(57,780)	(68,302)	(66,505)	(70,897)	(74,844)	(70,248)	(69,559)	(68,844)
Total business-type activities	(27,483)	(7,618)	(29,376)	(39,495)	(34,504)	(18,928)	(24,679)	(17,241)	(21,396)	(9,246)
Total primary government	690,947	663,016	666,020	702,507	678,097	572,190	826,405	800,572	792,533	866,713
<b>Change in Net Position</b>										
Governmental activities	(155,092)	(112,174)	26,574	139,392	48,636	329,690	196,645	68,669	(147,285)	189,587
Business-type activities	75,729	59,628	74,917	81,810	49,693	30,196	15,109	141,298	91,681	145,677
Total primary government	\$ (79,363)	\$ (52,546)	\$ 101,491	\$ 221,202	\$ 98,329	\$ 359,886	\$ 211,754	\$ 209,967	\$ (55,604)	\$ 335,264

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

CITY OF MEMPHIS, TENNESSEE  
 EXHIBIT X-3

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General fund</b>										
Restricted	\$ 1,907	\$ 2,088	\$ 5,724	\$ 6,246	\$ 7,210	\$ 8,281	\$ 10,768	\$ 12,725	\$ 13,912	\$ 14,635 (1)
Committed	19,572	12,134	-	-	-	-	-	-	-	-
Assigned	12,924	-	20,384	34,030	43,489	43,759	32,150	31,726	36,866	76,568 (2)
Unassigned	61,667	56,149	82,230	91,990	94,674	95,343	98,283	91,541	79,047	106,350 (3)
Total general fund	96,070	70,371	108,338	132,266	145,373	147,383	141,201	135,992	129,825	197,553
<b>All other governmental funds</b>										
Restricted	54,308	63,228	59,035	56,130	62,616	46,688	54,815	52,711	147,551	115,147 (4)
Committed	92,481	80,109	72,943	53,346	43,083	63,954	261,003	217,353	108,959	89,564 (5)
Unassigned	(4,138)	-	-	-	794	-	-	-	-	- (6)
Total all other governmental funds	142,651	143,337	131,978	109,476	106,493	110,642	315,818	270,064	256,510	204,711
<b>Total governmental funds</b>	\$ 238,721	\$ 213,708	\$ 240,316	\$ 241,742	\$ 251,866	\$ 258,025	\$ 457,019	\$ 406,056	\$ 386,335	\$ 402,264

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during fiscal year 2012.

- (1) The \$723 year-over-year increase is primarily attributable to \$656 for local occupancy and sports betting taxes.
- (2) The \$20,298 year-over-year decrease is primarily attributable to encumbrances for purchase orders.
- (3) The \$90,097 year-over-year increase is primarily attributable to federal CARES Act grant.
- (4) The \$37,166 year-over-year decrease is primarily attributable to Series 2020 Bond refunding expensed in FY2021.
- (5) The \$18,385 year-over-year decrease is primarily attributable to decrease in debt services.
- (6) The \$4,770 year-over-year increase is primarily attributable to more revenues over expenses.

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

CITY OF MEMPHIS, TENNESSEE IS, TENNESSEE  
 EXHIBIT X-4 EXHIBIT X-4

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Local taxes	\$ 540,761	\$ 532,902	\$ 550,660	\$ 568,619	\$ 576,294	\$ 580,750	\$ 609,946	\$ 603,993	\$ 633,194	\$ 694,326
State taxes (local share)	85,612	89,798	89,767	94,058	103,987	100,397	105,895	102,385	107,136	112,179
Hotel/motel tax	4,524	4,189	4,223	4,612	10,726	15,513	17,176	18,964	13,614	11,369
Licenses and permits	10,986	11,436	12,489	12,694	13,586	14,161	15,300	15,827	14,398	17,080
Fines and forfeitures	16,866	19,119	20,596	19,546	19,863	17,731	17,226	17,835	13,312	12,210
Charges for services	91,421	91,231	87,272	87,058	91,075	90,924	91,618	93,915	101,464	112,541
Investment income	725	652	721	769	1,508	1,421	4,574	12,197	8,460	573
Federal grants and entitlements	66,172	58,563	49,898	44,287	52,758	45,596	47,474	62,496	70,567	136,717
State grants	15,421	12,422	4,328	5,839	9,571	5,004	4,610	3,113	2,597	13,823
Intergovernmental revenues	6,155	4,136	3,928	3,411	5,996	9,409	8,661	9,966	10,760	10,610
Operating revenues	-	-	-	-	4,506	-	-	-	-	-
Other	22,576	21,328	17,000	22,525	16,661	20,321	38,988	21,080	27,416	23,006
<b>Total revenues</b>	<b>861,219</b>	<b>845,776</b>	<b>840,882</b>	<b>863,418</b>	<b>906,531</b>	<b>901,227</b>	<b>961,468</b>	<b>961,771</b>	<b>1,002,918</b>	<b>1,144,434</b>
<b>Expenditures</b>										
General government	150,362	165,735	177,009	176,173	183,995	198,706	219,466	216,804	236,346	259,455
Public safety	373,590	383,181	384,594	400,632	408,809	435,763	445,196	457,908	481,206	481,921
Community services	98,619	79,562	75,407	84,247	77,099	80,562	85,180	83,494	78,915	82,039
Transportation and environment	86,410	70,675	67,310	79,189	68,281	74,196	82,055	91,410	78,248	77,503
Education	72,526	63,720	276	-	154	112	82	59	3,060	4,556
Capital outlay	225,201	123,544	124,566	85,120	97,966	71,108	91,963	138,196	259,451	147,847
Operating expenditures	-	-	-	-	6,259	-	-	-	-	-
Debt service:										
Redemption of serial bonds and notes	36,874	66,812	74,099	86,421	86,733	90,782	92,535	97,366	99,922	98,236
Lease payments	-	3,799	2,386	3,294	7,037	6,406	5,608	6,422	4,228	4,442
Interest	64,709	66,390	61,595	67,465	65,403	65,051	59,848	69,319	65,078	66,252
Bond issuance cost	5,538	7	3,303	2,773	895	1,699	2,234	242	1,450	437
Service charges	229	616	1,327	1,019	966	1,115	1,202	754	4,920	2,147
<b>Total expenditures</b>	<b>1,114,058</b>	<b>1,024,041</b>	<b>971,872</b>	<b>986,333</b>	<b>1,003,597</b>	<b>1,025,500</b>	<b>1,085,369</b>	<b>1,161,974</b>	<b>1,312,824</b>	<b>1,224,835</b>
Excess of revenues over (under) expenditures	(252,839)	(178,265)	(130,990)	(122,915)	(97,066)	(124,273)	(123,901)	(200,203)	(309,906)	(80,401)
<b>Other financing sources (uses)</b>										
Sale of capital assets	8,947	1,481	431	691	-	1,792	60	5,493	19	34
Transfers in	162,405	152,176	104,545	86,542	99,071	95,190	110,963	115,923	101,290	107,789
Transfers out	(94,443)	(115,405)	(58,371)	(30,161)	(36,987)	(23,817)	(43,865)	(47,211)	(35,421)	(44,295)
Proceeds from issuance of debt	-	-	-	-	-	-	-	-	-	-
Capital leases	8,963	-	23,600	18,716	2,003	3,250	4,400	-	-	-
Special Items	-	-	-	-	(6,250)	-	-	-	-	-
Issuance of debt	71,975	115,000	-	-	-	-	-	-	-	-
Issuance of refunding debt	98,740	-	430,652	244,055	114,885	233,240	384,254	75,035	339,977	130,407
Related party loan	20,397	-	-	1,585	1,562	-	-	-	-	-
Proceeds from related party debt	196,936	-	-	-	-	-	-	-	-	-
Retirement of refunded debt obligation	(173,496)	-	(343,259)	(222,171)	(75,000)	(195,830)	(150,000)	-	(143,436)	(97,605)
Premium on debt issue	19,876	-	-	25,084	5,805	17,401	17,764	-	27,756	-
<b>Total other financing sources</b>	<b>320,300</b>	<b>153,252</b>	<b>157,598</b>	<b>124,341</b>	<b>105,089</b>	<b>131,226</b>	<b>323,576</b>	<b>149,240</b>	<b>290,185</b>	<b>96,330</b>
<b>Net change in fund balances/(deficit)</b>	<b>67,461</b>	<b>(25,013)</b>	<b>26,608</b>	<b>1,426</b>	<b>8,023</b>	<b>6,953</b>	<b>199,675</b>	<b>(50,963)</b>	<b>(19,721)</b>	<b>15,929</b>
Debt service as a percentage of noncapital expenditures (1)	11.4%	15.2%	16.3%	17.4%	17.6%	17.0%	16.1%	21.3%	16.6%	16.5%

(1) For fiscal year 2021, the debt ratio includes the government-wide capital outlay of \$199,116. Additionally, prior year's reported activity has been revised to ensure consistent reporting across fiscal years.

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

CITY OF MEMPHIS, TENNESSEE  
 Exhibit X-5

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Government</b>										
Legislative	\$ 1,498	\$ 1,502	\$ 1,426	\$ 1,501	\$ 1,443	\$ 1,547	\$ 1,932	\$ 2,093	\$ 2,345	\$ 2,443
Judicial	586	588	619	624	643	645	631	858	797	782
Court clerk	4,551	4,508	4,454	9,160	6,250	6,354	6,098	5,718	5,899	5,500
Executive	4,785	4,835	5,272	7,101	8,413	12,970	18,605	18,220	17,802	26,948
Finance and administration	4,656	4,557	4,649	5,100	7,489	9,278	16,648	16,962	25,838	25,213
City attorney	14,126	11,158	10,793	9,131	10,140	11,892	10,385	12,861	13,280	13,639
City engineer	5,674	5,773	5,030	5,230	6,640	7,776	7,916	8,636	7,793	6,262
Information technologies	15,449	14,587	14,510	14,474	15,949	21,378	27,836	19,573	20,879	20,256
Human resources	5,055	5,554	4,638	5,731	7,343	8,090	9,351	8,427	8,070	7,235
General services	11,724	21,156	19,540	20,628	21,701	24,273	20,217	20,396	24,829	21,679
Special appropriations	53,096	42,362	64,627	55,521	53,886	49,837	50,033	54,638	61,371	69,882
<b>Total general government</b>	<b>121,200</b>	<b>116,580</b>	<b>135,558</b>	<b>134,201</b>	<b>139,897</b>	<b>154,040</b>	<b>169,652</b>	<b>168,382</b>	<b>188,903</b>	<b>199,839</b>
<b>Public safety</b>										
Police	218,643	226,569	227,401	234,108	240,431	256,476	262,684	269,578	279,713	276,726
Fire	152,013	153,423	154,070	163,014	165,273	176,102	178,816	184,589	191,008	199,967
<b>Total public safety</b>	<b>370,656</b>	<b>379,992</b>	<b>381,471</b>	<b>397,122</b>	<b>405,704</b>	<b>432,578</b>	<b>441,500</b>	<b>454,167</b>	<b>470,721</b>	<b>476,693</b>
<b>Community Services</b>										
Library	-	-	-	-	-	17,547	18,698	19,800	20,532	19,670
Parks and recreation	29,033	42,706	46,118	49,815	49,709	31,901	35,126	35,796	36,678	34,873
Public Service	22,944	-	2	-	373	(2)	1	-	-	-
Community development	5,385	4,194	3,705	4,726	3,914	4,792	4,457	5,198	5,049	6,466
Community enhancement	6,312	-	36	-	-	5	1	-	-	-
<b>Total community services</b>	<b>63,674</b>	<b>46,900</b>	<b>49,861</b>	<b>54,541</b>	<b>53,996</b>	<b>54,243</b>	<b>58,283</b>	<b>60,794</b>	<b>62,259</b>	<b>61,009</b>
<b>Transportation and Environment</b>										
Public works	10,145	19,068	12,241	11,847	14,612	14,162	19,433	17,002	13,076	11,940
<b>Total transportation and environment</b>	<b>10,145</b>	<b>19,068</b>	<b>12,241</b>	<b>11,847</b>	<b>14,612</b>	<b>14,162</b>	<b>19,433</b>	<b>17,002</b>	<b>13,076</b>	<b>11,940</b>
Transfers out	78,107	78,732	22,464	19,005	18,775	7,974	23,764	23,287	7,865	4,949
Special items	-	-	-	-	6,250	-	-	-	-	-
<b>Total</b>	<b>\$ 643,782</b>	<b>\$ 641,272</b>	<b>\$ 601,595</b>	<b>\$ 616,716</b>	<b>\$ 639,234</b>	<b>\$ 662,997</b>	<b>\$ 712,632</b>	<b>\$ 723,632</b>	<b>\$ 742,824</b>	<b>\$ 754,430</b>

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
Last Ten Fiscal Years

CITY OF MEMPHIS, TENNESSEE  
EXHIBIT X-6

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)		Privately Owned		Total			
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
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	1,953,053,762	11,374,599,672	36,080,187,262	31.53%	3.4000
2017	2018	5,158,704,825	20,634,819,300	5,130,873,210	13,104,786,500	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	31.65%	3.1960
2019	2020	5,185,372,125	20,741,488,500	5,162,651,977	13,235,580,400	1,210,052,260	4,030,360,300	1,136,132,373	2,065,695,224	12,694,208,735	40,073,124,424	31.68%	3.1960
2020	2021	5,193,552,150	20,774,208,600	5,098,591,532	13,020,387,700	1,242,307,280	4,138,429,600	1,079,260,158	1,962,291,196	12,613,711,120	39,895,317,096	31.62%	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

CITY OF MEMPHIS, TENNESSEE  
 Exhibit X-7

Tax Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fiscal Year	2012 *	2013	2014 *	2015	2016	2017	2018	2019	2020	2021
<b>City Direct Rates</b>										
General Fund	\$ 2.4717	\$ 2.2917	\$ 2.4874	\$ 2.3125	\$ 2.3125	\$ 2.3125	\$ 2.2251	\$ 2.1640	\$ 2.1640	\$ 2.1773
Debt Service	0.7141	0.7152	0.9093	1.0842	1.0842	1.0842	1.0432	1.0189	0.9989	0.9989
CIP	0.0031	0.0031	0.0033	0.0033	0.0033	0.0033	0.0032	0.0031	0.0098	0.0098
Education	0.0000	0.1000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Pre-K	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0100	0.0100	0.0100
Community Catalyst Fund	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0067	0.0000
Affordable Housing Fund	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0067	0.0000
<b>Total City Direct Rate</b>	<b>3.1889</b>	<b>3.1100</b>	<b>3.4000</b>	<b>3.4000</b>	<b>3.4000</b>	<b>3.4000</b>	<b>3.2715</b>	<b>3.1960</b>	<b>3.1960</b>	<b>3.1960</b>
<b>County Direct Rates</b>										
General Fund	1.36	1.36	1.45	1.45	1.45	1.45	1.43	1.49	1.49	1.47
Debt Service	0.75	0.75	0.79	0.78	0.78	0.78	0.69	0.62	0.62	0.62
Education	1.91	1.91	2.14	2.14	2.14	2.14	1.99	1.94	1.94	1.96
<b>Total County Direct Rate</b>	<b>4.02</b>	<b>4.02</b>	<b>4.38</b>	<b>4.37</b>	<b>4.37</b>	<b>4.37</b>	<b>4.11</b>	<b>4.05</b>	<b>4.05</b>	<b>4.05</b>
<b>Total Overlapping Rate</b>	<b>7.2089</b>	<b>7.1300</b>	<b>7.7800</b>	<b>7.7700</b>	<b>7.7700</b>	<b>7.7700</b>	<b>7.3815</b>	<b>7.2460</b>	<b>7.2460</b>	<b>7.2460</b>
<b>Tax Levies</b>										
<sup>(1)</sup> City	\$ 378,505,905	\$ 369,997,811	\$ 386,414,917	\$ 390,901,305	\$ 389,694,995	\$ 395,497,816	\$ 420,342,211	\$ 413,606,555	\$ 417,014,960	\$ 412,891,338
County	754,262,345	750,562,710	775,606,738	778,641,703	780,513,345	787,557,182	823,187,542	821,656,618	821,373,075	832,869,240
<b>Total Tax Levies</b>	<b>1,132,768,250</b>	<b>1,120,560,521</b>	<b>1,162,021,655</b>	<b>1,169,543,008</b>	<b>1,170,208,340</b>	<b>1,183,054,998</b>	<b>1,243,529,753</b>	<b>1,235,263,173</b>	<b>1,238,388,035</b>	<b>1,245,760,578</b>

<sup>(1)</sup> The City's tax levy includes payments in lieu of taxes.  
 Taxes are assessed as of January 1 and are due on June 1 for City and October 1 for Shelby County.  
 No tax rate limits exist. Tax must be assessed sufficiently to pay debt service.  
 Tax rates are per \$100 of assessed value.

\* Note: Rate presentation corrected from FY14 Annual Report. Additionally, the City's tax levy was restated to include payments in lieu of taxes to ensure consistency of presentation.

Source of County information: Shelby County Trustee  
 Source of City information: Tax Rate Ordinance and Revenue Collections Percentage Report

PRINCIPAL PROPERTY TAXPAYERS  
Current Year and Nine Years Ago

CITY OF MEMPHIS, TENNESSEE  
Exhibit X-8

Name of Taxpayer	Fiscal Year 2021		Name of Taxpayer	Fiscal Year 2012	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Percentage of Total Taxable Assessed Value
FedEx Corporation	\$ 800,211,884	6.34	Federal Express	\$ 541,192,891	4.62
Memphis Center City Revenue Finance Corporation	267,671,677	2.12	Bell South Telecommunications	91,848,406	0.78
The Premcor Refining Group	55,283,130	0.44	Wolfchase Galleria, LTD	55,867,560	0.48
Exeter	52,706,160	0.42	Premcor Refining Group	37,485,210	0.32
BNSF Railway Company	50,294,161	0.40	AMISUB (St. Francis Hospital)	34,642,640	0.30
Smith and Nephew	44,136,640	0.35	BNSF Railway Company	32,646,840	0.28
BIG BOX PROPERTY OWNER LLC	41,749,760	0.33	Archer Daniels Midland Co.	22,871,140	0.20
NIKE TN, INC	39,807,000	0.32	Kellogg USA, Inc.	20,901,085	0.18
FIELDSTONE	39,001,520	0.31	AT&T Mobility LLC	20,664,963	0.18
AT&T Mobility LLC	38,584,888	0.31	Shopping Center Associates	19,993,160	0.17
Total Assessed Valuation of Top 10 Taxpayers	1,429,446,820	11.33		878,113,895	7.49
Balance of Assessed Valuation	11,184,264,300	88.67		10,842,448,904	92.51
	\$ 12,613,711,120	100.00		\$ 11,720,562,799	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
2011	2012 (A)	* \$ 378,505,905	\$ 357,439,955	* 94.43	\$ 7,157,948	\$ 364,597,903	* 96.33	* \$ 38,518,840	* 10.18
2012	2013 (B)	369,997,811	351,568,012	95.02	4,609,428	356,177,440	96.26	37,920,407	10.25
2013	2014 (C)	* 386,414,817	* 373,811,552	* 96.74	4,475,138	* 378,286,690	* 97.90	* 40,240,356	* 10.41
2014	2015 (D)	390,901,305	* 372,601,741	* 95.32	9,154,932	* 381,756,673	* 97.66	* 37,980,066	* 9.72
2015	2016 (E)	389,694,995	371,180,561	95.25	9,372,759	380,553,320	97.65	38,934,491	9.99
2016	2017 (F)	395,497,816	376,155,872	95.11	5,759,219	381,915,091	96.57	41,089,159	10.39
2017	2018 (G)	420,342,211	400,081,997	95.18	7,091,826	407,173,822	96.87	40,252,452	9.58
2018	2019 (H)	413,606,555	394,872,256	95.47	6,753,713	401,625,969	97.10	38,342,430	9.27
2019	2020 (I)	417,014,960	393,487,960	94.36	3,148,875	396,636,836	95.11	38,212,875	9.16
2020	2021 (J)	412,891,338	399,627,077	96.79	8,364,301	407,991,378	98.81	31,319,387	7.59

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) 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.

(B) 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.

(C) 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.

(D) 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.

(E) 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."

(F) 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.

(G) 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.

(H) 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.

(I) In December 2019, the City sold a portion of the 2019 tax year (which funds fiscal year 2020) real property taxes outstanding to an outside party. The sale generated property tax revenue and reductions of the property tax receivable balance of \$8,759,170.71. In April 2020, the City sold an additional portion of the 2019 tax year (which funds fiscal year 2020) real property taxes outstanding to an outside party. The sale generated property tax revenue and reductions of the property tax receivable balance of \$ 3,382,708.69. Additionally, the City redeemed remaining outstanding 2015 receivables in the amount of \$1,196,751.06. The sale is reflected in total tax collections.

(J) In June 2021, the City sold the majority of the 2020 tax year (which funds fiscal year 2021) real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$9,938,683.67 for fiscal year 2021, which is reflected in tax collections.

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										Total Primary Government <sup>(3)</sup>	Percentage of Personal Income <sup>(2)</sup>	Per Capita <sup>(2)</sup>
	General Obligation Bonds <sup>(1)</sup>	Bond Premiums <sup>(1)</sup>	Bond Anticipation		Guarantee		Settlement Obligations <sup>(1)</sup>	Capital Leases <sup>(1)</sup>	Sewer & Storm Water Revenue Bonds <sup>(1)</sup>	Sewer & Storm Water Revenue Bond Premiums <sup>(1)</sup>	Sewer State Loans <sup>(1)</sup>	Electric Revenue			Water Revenue					
			Notes / Commercial Paper <sup>(1)</sup>	Guarantee Obligations <sup>(1)</sup>	Premiums <sup>(1)</sup>	Obligations <sup>(1)</sup>						Bond Premiums <sup>(1)</sup>	Bond	Gas Bond	Gas Bond	Water Revenue Bonds <sup>(1)</sup>	Bond Premiums <sup>(1)</sup>			
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	30,410	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	
2020	1,300,115	67,620	50,000	153,234	13,171	13,331	28,184	141,075	10,218	130,277	178,480	21,395	73,500	11,426	61,860	4,693	2,258,580	4.88%	3,469	
2021	1,237,565	56,869	150,000	141,762	11,518	12,000	23,742	242,281	42,343	153,009	324,320	42,953	133,735	22,237	127,110	16,514	2,737,958	4.24%	4,206	

<sup>(1)</sup> Sources: City of Memphis and MLG&W financial records.

<sup>(2)</sup> Source: Bureau of Economic Analysis

<sup>(3)</sup> 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Estimated population (3)	652,050	657,457	653,450	656,861	653,480	666,723	652,236	650,618	651,073	633,104
Appraised property valuation (2) (4)	\$ 38,069,899	\$ 37,757,901	\$ 36,455,804	\$ 35,448,458	\$ 35,955,987	\$ 36,080,187	\$ 39,799,719	\$ 40,029,728	\$ 40,073,124	\$ 39,895,317
Assessed valuation (2) (4)	11,816,478	11,720,563	11,483,484	11,142,251	11,345,981	11,374,600	12,597,019	12,687,864	12,694,209	12,613,711
General obligation debt (1) (2)	1,230,060	1,163,755	1,271,320	1,228,825	1,199,950	1,119,035	1,347,440	1,261,655	1,300,115	1,237,565
Bond Premiums (2) (5)	-	-	-	79,464	73,155	60,542	66,452	52,893	67,620	56,869
Less self supporting debt (1a) (2)	-	-	-	-	-	-	-	-	-	-
Net Debt (1a) (2)	1,230,060	1,163,755	1,271,320	1,308,289	1,273,105	1,179,577	1,413,892	1,314,548	1,367,735	1,294,434
Bonded debt per capita - net debt	1,886	1,770	1,946	1,992	1,948	1,769	2,168	2,020	2,101	2,045
Bonded debt to appraised valuation -net debt	3.23%	3.08%	3.49%	3.69%	3.54%	3.27%	3.55%	3.28%	3.41%	3.24%
Bonded debt to assessed valuation -net debt	10.41%	9.93%	11.07%	11.74%	11.22%	10.37%	11.22%	10.36%	10.77%	10.26%

(1) Debt includes City general obligation bonds, bond anticipation notes, and commercial paper (2012-2021).

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 2020.

(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, 2021**  
**(Thousands of Dollars)**

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

	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable <sup>(1)</sup></b>	<b>Estimated Share of Overlapping Debt <sup>(2)</sup></b>
<u>Direct Governmental Indebtedness:</u>			
City of Memphis <sup>(4)</sup>	\$ 1,237,565	100.0%	\$ 1,237,565
Bond Premiums	56,869	100.0%	56,869
Capital lease obligations	23,742	100.0%	23,742
Guarantee Obligations	141,762	100.0%	141,762
Guarantee Obligation Premiums	11,518	100.0%	11,518
Settlement Obligation	<u>12,000</u>	100.0%	<u>12,000</u>
Total direct government indebtedness <sup>(3)</sup>	1,483,456		1,483,456
<u>Overlapping bonded indebtedness:</u>			
Shelby County debt	<u>971,789</u>	62.2%	<u>604,453</u>
Total overlapping bonded indebtedness	971,789		604,453
Total direct and overlapping debt <sup>(4)</sup>	<u>\$ 2,455,245</u>		<u>\$ 2,087,909</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 \$49,660 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt capacity limit	\$ 1,406,468	\$ 1,406,468	\$ 1,378,018	\$ 1,337,070	\$ 1,361,518	\$ 1,364,952	\$ 1,511,642	\$ 1,522,544	\$ 1,523,305	\$ 1,513,645
Total net debt applicable to limit	<u>1,230,060</u>	<u>1,163,755</u>	<u>1,271,320</u>	<u>1,308,289</u>	<u>1,273,105</u>	<u>1,179,577</u>	<u>1,413,892</u>	<u>1,314,548</u>	<u>1,367,735</u>	<u>1,294,434</u>
Debt capacity margin balance	\$ <u>176,408</u>	\$ <u>242,713</u>	\$ <u>106,698</u>	\$ <u>28,781</u>	\$ <u>88,413</u>	\$ <u>185,375</u>	\$ <u>97,750</u>	\$ <u>207,996</u>	\$ <u>155,570</u>	\$ <u>219,211</u>
Total net debt applicable to the limit as a percentage of debt limit	87.46%	82.74%	92.26%	97.85%	93.51%	86.42%	93.53%	86.34%	89.79%	85.52%

**Debt Margin Calculation for Fiscal Year 2021**

Total assessed value (1)	\$ 12,613,711
Debt capacity limit (12% of total assessed value) (2)	1,513,645
Debt applicable to limit:	
Total bonded debt	\$ <u>1,294,434</u>
Total net debt applicable to limit	<u>1,294,434</u>
Debt capacity margin balance	\$ <u>219,211</u>

(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  
Last Ten Fiscal Years  
(Thousands of Dollars)**

**CITY OF MEMPHIS, TENNESSEE  
Exhibit X-14**

<u>Year</u>	<u>Total Income (3)</u>	<u>Operating and Maintenance Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Total Debt Service</u>	<u>Debt Service Coverage</u>
<b>ELECTRIC DIVISION (1)</b>					
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
2019	1,329,504	1,213,134	116,370	15,226	7.64
2020	1,235,520	1,099,957	135,563	40,021	3.39
<b>GAS DIVISION (1)</b>					
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
2019	261,963	186,445	75,518	6,130	12.32
2020	213,131	149,461	63,670	6,612	9.63
<b>WATER DIVISION (1)</b>					
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
2019	106,733	70,299	36,434	4,927	7.39
2020	111,536	68,367	43,169	5,436	7.94
<b>SEWER COLLECTION AND TREATMENT FUND (2) (3)</b>					
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
2020	133,475	72,142	61,333	14,217	4.31
2021	149,905	75,064	74,841	11,940	6.27

(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.

Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2012	652,050	49,519,474	37,569	34.5	102,798	9.9
2013	657,457	38,116,646	37,546	33.4	101,696	9.5
2014	653,450	39,896,975	42,409	33.1	149,928	9.3
2015	656,861	40,594,551	43,210	34.3	141,814	8.7
2016	653,480	41,968,752	44,705	34.1	116,059 <sup>(1)</sup>	6.5
2017	666,723	42,356,302	45,153	34.2	114,644	4.2
2018	652,236	43,210,184	46,234	33.5	112,808	4.7
2019	650,618	44,650,627	47,655	36.5	103,015	5.0
2020	651,073	46,287,828	49,465	36.5	104,770	13.0 <sup>(2)</sup>
2021	633,104	64,590,483	47,985	34.7	104,460	6.9

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

(1) In school year 2014-15, the decrease in district enrollment was due to over thirty schools joining one of six new municipal school districts and the Tennessee Achievement School District (ASD) acquiring seven district-run schools ranked in the bottom 5% of academic achievement and growth.

(2) Unemployment rates increased due to global pandemic, COVID-19.

**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**

**CITY OF MEMPHIS, TENNESSEE**  
**Exhibit X-16**

Name of Employer	2021		Name of Employer	2012	
	Employees	Percentage of Total City Employment		Employees	Percentage of Total City Employment
Federal Express Corporation	30,000	4.61%	Federal Express Corporation	30,000	5.33%
Shelby County Schools	15,500	2.38%	Memphis City Schools	16,119	2.86%
Tennessee State Government	15,500	2.38%	United States Government	15,375	2.73%
United States Government	13,600	2.09%	Methodist Le Bonheur Healthcare	8,700	1.55%
Methodist Le Bonheur Health Care	13,235	2.03%	Tennessee State Government	8,600	1.53%
City of Memphis	8,200	1.26%	Memphis City Government	7,274	1.29%
Baptist Memorial Healthcare Corp	7,436	1.14%	Wal-Mart Stores, Inc.	6,000	1.07%
Naval Support Activity Mid-South	6,500	1.00%	Shelby County Government	5,971	1.06%
Shelby County Government	5,371	0.83%	Shelby County Schools	5,200	0.92%
St. Jude Children's Research Hospita	4,552	0.70%	Naval Support Activity Mid-South	4,076	0.72%
<b>Total</b>	<b>119,894</b>	<b>18.42%</b>	<b>Total</b>	<b>107,315</b>	<b>19.06%</b>

Source - City of Memphis Comprehensive Annual Financial Report FY 2012, Greater Memphis Chamber MSA Employers 2021

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
Last Ten Fiscal Years

CITY OF MEMPHIS, TENNESSEE  
EXHIBIT X-17

Function and Activity	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General government</b>	1,147	724	669	640	652	725	983	1,049	1,119	1,131
<b>Public safety</b>										
Police										
Officers	2,550	2,554	2,521	2,299	2,042	2,290	2,283	2,397	2,462	2,674
Civilians	478	478	411	397	732	438	453	469	451	452
Fire										
Firefighters and officers	1,740	1,709	1,616	1,576	1,391	1,576	1,585	1,595	1,595	1,595
Civilians	122	122	218	213	398	208	199	178	178	178
<b>Highways and streets</b>										
Engineering	124	120	117	117	116	116	116	116	118	119
Maintenance	274	389	382	391	393	399	399	446	446	447
<b>Sanitation</b>	604	621	619	619	615	515	515	515	515	515
<b>Culture and recreation</b>	240	510	507	508	506	162	208	211	212	218
<b>Sewer</b>	289	299	299	305	341	341	341	354	356	356

Source - City of Memphis Budget Team Utilization of FY22 Budgeted Complements Adjusted for Approved Increased Service Levels

**OPERATING INDICATORS BY FUNCTION**  
**Last Ten Fiscal Years**

**CITY OF MEMPHIS, TENNESSEE**  
**EXHIBIT X-18**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Function</b>										
<b>Police</b>										
Physical arrests	48,357	46,116	89,478	58,247	53,269	65,231	62,707	58,920	49,649	41,175
Parking violations	77,398	87,536	62,595	62,916	48,623	58,181	64,622	72,770	59,908	50,994
Traffic violations	215,658	178,934	179,599	152,773	179,374	111,908	167,936	219,237	175,728	144,139
<b>Fire</b>										
Number of calls answered	24,522	126,789	131,542	118,928	124,320	142,087	144,931	144,282	142,585	150,671
Inspections	206,142	206,881	53,980	51,159	45,240	45,022	15,822	18,919	19,427	17,942
<b>Highways and streets</b>										
Street resurfacing (miles)	147.04	131.60	139.05	113.90	177.80	246.30	102	224.87	63	91
Potholes repaired	973	39,280	47,504	76,482	3,882	75,000	58,871	60,085	39,814	56,894
<b>Sanitation</b>										
Refuse collected (tons/day)	1,131	1,117	1,401	928	920	1,117	1,868	1,898	887	960
Recyclables collected (tons/day)	429	407	495	392	489	337	411	1,385	81	24
<b>Culture and recreation</b>										
Athletic field permits issued	999	982	1,445	1,129	1,154	827	702	1,127	594	712
Community center admissions	1,798,532	1,929,348	1,899,388	1,818,094	1,318,919	1,676,957	1,328,117	1,116,072	1,101,618	520,971
<b>Water</b>										
Average daily consumption (thousands of gallons)	115,295	112,216	108,564	104,620	100,055	99,957	99,137	99,657	102,215	97,885
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	175,900	150,000	150,000	146,000	146,000	146,000	149,200	187,901	170,501	149,500

Source: MLGW and/or Internal Division Operating Reports

CAPITAL ASSET STATISTICS BY FUNCTION  
Last Ten Fiscal Years

CITY OF MEMPHIS, TENNESSEE  
EXHIBIT X-19

Function and Activity	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Public Safety:</b>										
Police:										
Stations	10	9	9	9	10	10	9	9	9	9
Community policing offices	14	14	9	9	9	9	9	9	9	9
Patrol units	877	730	692	741	740	677	715	781	775	773
Fire:										
Stations	57	57	57	56	56	56	57	57	57	56
Trucks (ladder)	27	27	21	21	21	21	21	21	20	20
<b>Solid Waste Management:</b>										
Collection trucks	227	227	227	227	214	212	212	263	299	295
Solid waste disposed (tons)	405,686	396,309	364,159	343,114	366,483	378,256	485,820	493,423	444,576	248,670
<b>Streets and Highways:</b>										
Streets (miles)	6,750	6,750	6,818	6,818	6,818	6,818	6,818	6,818	6,714	6,714
Curb & gutter (miles)	3,950	3,590	6,306	6,306	6,306	6,060	6,355	6,306	6,306	6,306
Streetlights	82,774	83,750	83,000	83,437	83,800	83,800	83,800	84,499	84,648	85,065
Traffic signals	769	771	770	772	770	770	782	787	787	787
Roadside ditches	580	580	512	512	512	512	512	512	512	512
<b>Community Services:</b>										
Parks acreage	5,387	3,219	3,219	3,219	4,002	4,002	3,219	3,219	3,219	3,219
Parks	187	166	166	166	167	167	167	167	167	164
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	17	17	17	17	17	17	17	17	17	17
<b>Water:</b>										
Water mains (miles)	3,716	3,716	3,874	3,877	3,879	3,879	3,881	3,943	3,947	3,949
Fire hydrants	30,423	30,423	30,819	30,937	31,018	31,018	31,159	30,311	30,378	30,404
Daily storage capacity (millions of gallons)	437.5	437.5	437.5	437.5	438	438	438	438	438	438
<b>Sanitary Sewer and Storm:</b>										
Miles of sewer lines	3,635	2,400	2,400	2,400	2,400	2,400	3,133	3,133	3,133	3,171
Miles of storm drainage	3,995	3,900	1,997	1,997	1,936	307	1,424	1,424	2,002	1,672

**GENERAL FUND EXPENDITURES ON STATE STREET AID**  
**(Thousands of Dollars)**  
**For the Fiscal Year Ended June 30, 2021**

**CITY OF MEMPHIS, TENNESSEE**  
**Exhibit X- 20**

	<u>2021</u>
<b>Revenues</b>	
State taxes (local share)	\$ 21,821
Total revenues	<u>21,821</u>
<b>Expenditures</b>	
Traffic engineering	1,967
Street signs and markings	3,020
Mass transit	19,170
Traffic signal maintenance	3,296
Street maintenance	7,619
Grounds maintenance	<u>2,697</u>
Total expenditures	<u>37,769</u>
Excess of expenditures over revenues	<u>\$ 15,948</u>

Note: Municipal state aid revenue can only be spent on expenditures allowed under T.C.A. 54-4-204.

SUPPLEMENTAL SCHEDULE OF EXPENDITURES  
OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
For the fiscal year ended June 30, 2021

CITY OF MEMPHIS, TENNESSEE  
Exhibit Y-1

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
<b>Federal Government Awards</b>					
<b>DEPARTMENT OF HOMELAND SECURITY</b>					
	Urban Search and Rescue Task Force	97.025	EMW-2019-CA-00070	\$ -	\$ 340,850
	2017 Nat'l Urban Search & Rescue Response system	97.025	EMW-2017-CA-00082	-	75,212
	EMW-2018-CA-00013	97.025	EMW-2018-CA-00013	-	116,364
	2020 USAR National Urban	97.025	EMW-2020-CA-00055	-	343,208
Total Program 97.025				\$ -	\$ 875,634
	Port Security 2009	97.116	2009-PU-R10285	-	52
Total Program 97.116				\$ -	\$ 52
	2017 Fire Prevention and Safety Grant	97.044	EMW-2017-FP-00804	\$ -	\$ (341)
	2019 Fire Prevention and Safety Grant	97.044	EMW-2019-FP-00379	-	38,011
	2019 AFG	97.044	EMW-2019-FG-02763	-	18,682
	2020 AFT COVID	97.044	EMW-2020-FG-00459	-	183,964
Total Program 97.044				\$ -	\$ 240,316
	Port Security Grant	97.056	EMW-2018-PU-00501	\$ -	\$ 10,151
	Port Security Grant	97.056	EMW-2019-PU-00080	-	30,100
	Port Security Grant	97.056	EMW-2017-PU-00500	-	851
	Port Security Grant	97.056	EMW-2020_PU-00542	-	210,464
	Port Security Grant	97.056	EMW-2019_PU-00154	-	183,453
Total Program 97.056				\$ -	\$ 435,019
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>					
				\$ -	\$ 1,551,021
<i>Entitlement Grants Cluster:</i>					
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
	Community Development Block Grant	14.218	B15MC470006	\$ -	\$ 3,700
	Community Development Block Grant	14.218	B16MC470006	-	8,560
	Community Development Block Grant	14.218	B19MC470006	-	256,079
	Community Development Block Grant	14.218	B17MC470006	-	125,110
	Community Development Block Grant	14.218	B18MC470006	-	213,682
	Community Development Block Grant	14.218	B20MC470006	845,716	1,598,983
	CDBG Bass Pro Section 108	14.218	B20MC470006	-	697,131
	CARES Act CDBG-CV	14.218	B-20-MW-47-0006	-	1,387,569
Total Program 14.218				\$ 845,716	\$ 4,290,814
	Lead Hazard Reduction	14.905	TNLHDO281-15	-	242
Total Program 14.905				\$ -	\$ 242
	Emergency Shelter FY20	14.231	S19MC470002	\$ -	\$ 33,829
	Emergency Shelter FY18	14.231	S17MC470002	-	60,108
	Emergency Shelter FY19	14.231	S18MC470002	-	133,543
	Emergency Shelter Grant (ESG)	14.231	E20MC470002	177,121	43,795
	CARES ACT ESG-CV	14.231	E-20-MW-47-00006	-	314,980
Total Program 14.231				\$ 177,121	\$ 586,255
	Home FY17	14.239	M16MC470202	\$ -	\$ 3,858
	Home FY19	14.239	M18MC470202	3,949	7,945
	Home FY20	14.239	M19MC470202	10,000	1,072,607
	Home Entitlement and Program Income	14.239	M18MC470202	125,752	421,543
Total Program 14.239				\$ 139,701	\$ 1,505,953
	Housing Opportunities for Persons with Aids FY19	14.241	TNH18F001	\$ -	\$ 23,972
	Housing Opportunities for Persons with Aids FY20	14.241	TNH19F001	-	448,303
	Housing Opportunities for Persons with Aids FY20	14.241	TNH20F001	2,561,500	33,549
	Cares Act HOPWA-CV	14.241	TNH20-FHW001	-	274,448
Total Program 14.241				\$ 2,561,500	\$ 780,272

SUPPLEMENTAL SCHEDULE OF EXPENDITURES  
OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
For the fiscal year ended June 30, 2021

CITY OF MEMPHIS, TENNESSEE  
Exhibit Y-1

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	CFDA Number	Contract Number	Passed Through to	
				Subrecipients	Expenditures
<b>Federal Government Awards</b>					
	Weatherization Program (WAP)	81.042		\$ -	\$ 32,242
	Weatherization Assistance Program	81.042	DE-EE0007951.20	-	99,564
	Weatherization Assistance Program (LIHEAP)	93.568	G-1901TNLIEA	-	33,736
	Low Income Home Energy Assistance Program (LIHEAP) FY19	93.568	G-1801TNLIEA	-	13,736
	LIHEAP 2020	93.568	G-2001TNLIEA	-	66,322
	Lead Hazard control and Healthy Homes	14.905	TNLHD0400-19	-	495,793
	Choice Neighborhoods implementation Grant	14.889	TN4K001CNG114	-	229,155
	Neighborhood Stabilization 3	14.256	B-11-MN-47-0003	-	-
	Total Program 81.042, 14.267, 93.568, 14.889			\$ -	\$ 970,548
<b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				<b>\$ 3,724,038</b>	<b>\$ 8,134,084</b>
<b>DEPARTMENT OF JUSTICE</b>					
	Equitable Sharing Forfeitures	16.000	TNMPD0000	-	51,211
	Total Program 16.000			\$ -	\$ 51,211
<i>Coronavirus Emergency Supplemental Funding Program Cluster:</i>					
	COVID-19	16.034	2020-VD-BX-0247	\$ -	\$ 427,894
	ORP	16.034	2020-MU-BX-0001	-	164,598
	IPS Violent Crimes	16.034	2018-YX-BX-0004	-	60,136
	COPS Hiring Program	16.034	2020-UL-WX-0008	-	2,657,068
	HSUS/Mars Petcare	16.034		-	5,105
	Total Program 16.034			\$ -	\$ 3,314,801
	Project Safe Neighborhood	16.609	2013-GP-BX-0014	-	(1)
	Project Safe Neighborhoods	16.609	2018-GP-BX-0075	-	26,699
	Total Program 16.609			\$ -	\$ 26,698
	Memphis FY19 LEMHWA Peer Support	16.710	2019-MH-WX-K004	11,920	9,706
	Total Program 16.582, 16.710			\$ 27,875	\$ 13,079
<b>Pass-through Funding</b>					
<b>Passed through Shelby County State of Tennessee</b>					
<i>JAG Program Cluster:</i>					
	JAG 11	16.738	2010-DJ-BX-1563	\$ -	\$ 80,518
	JAG 16	16.738		-	92
	MPL After Schol Programs	16.738		-	102,676
	Technology Innovation for Public Safety	16.738	2018-DG-BX-K010	32,443	-
	Crime Gun Intelligence Center Integration Initiative	16.738	2018-BG-0004	45,041	135,940
	2018 Local Edward Bryne Justice Assistance Program	16.738		28,000	308,403
	2019 Local Edward Bryne	16.738		7,600	-
	2019 Strategies for Policing	16.738		5,686	175,000
	Total Program 16.738			\$ 118,770	\$ 802,629
	FY09 JAG AWARD	16.804	2009-SB-B9-2466	-	-
	Total Program 16.804			-	-
<b>Total JAG Program Cluster</b>				<b>\$ 118,770</b>	<b>\$ 802,629</b>
	2015 Sexual Assault Kit Initiative	16.833	2015-AK-BX-K004	\$ -	\$ 25,295
	FY18 National Assault Kit Initiative	16.833	2018-AK-BX-0028	65,946	717,466
	FY17 National Sexual Assault Kit Initiative (SAKI)	16.833	2017-AK-BX-0014	103,202	195,001
	Federal FY19 Sexual Assault	16.833	2019-AK-BX-0032	-	342,918
	Total Program 16.833			\$ 169,148	\$ 1,280,680
	OCS: COOR Le Initiative	16.753	2008-D-BX-0178	-	1,691
	Total Program 16.753			\$ -	\$ 1,691
<b>TOTAL DEPARTMENT OF JUSTICE</b>				<b>\$ 315,793</b>	<b>\$ 5,490,789</b>

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	CFDA Number	Contract Number	Passed Through to	
				Subrecipients	Expenditures
Federal Government Awards					
Direct Funding:					
U.S. DEPARTMENT OF TRANSPORTATION					
Pass-through Funding:					
Tennessee Department of Transportation					
	<i>Highway Planning and Construction Cluster:</i>				
	Biomedical Sidewalk	20.205	PIN 070149,HPP-9409(103), PIN 108676	\$ -	\$ 8,544
	Enhanced Traffic Signal Implementation	20.205	CM-STP-9409-50 PIN 040720.00	-	27,636
	Elvis Presley/Shelby/Winchester	20.205	STP-EN-09TN(003)-113028	-	2,253,871
	Winchester/Perkins	20.205	STP-M-9409(96,36)	-	1,917
	Holmes/Milbranch	20.205	STP-M-9409(97)	-	17,262
	Holmes Road East	20.205	PIN-108701-00,STP-M-9409(99)	-	135,240
	TDOT Multimodal Access Grant	20.205	PIN 122008	-	15,646
	Westmont Street Sidewalk Imp Project	20.205	PIN 123158	-	5,398
	TDOT Macon Road Sidewalk Project	20.205	PIN 123156	-	16,480
	50-Mile Connections - Bike/Ped On-street Connections	20.205	PIN 119545	-	59,799
	Wolf River Greenway Phase IV	20.205	STP-EN-9409(166)	-	591,107
	STP Wolf River Greenway Phase 15	20.205	STP-M-9409(204) PIN 123310	-	26,844
	STP Group 5 Resurfacing	20.205	STP-EN-9409 (111) PIN 119539	-	166,055
	STP Group 6 Resurfacing	20.205	79LPLM-FD-417-419 PIN 120588	-	2,270,924
	STP Isolated Traffic Signal Improvements-Grp 1	20.205	STP-M-NH-14(56) PIN 119540.00	-	2,661,398
	STP Isolated Traffic Signal Improvements-Grp 2	20.205	STP-EN-9409 (111) PIN 119541	-	176,688
	STP Isolated Traffic Signal	20.205	STP-EN-9409 (111) PIN 119542	-	961,954
	Repair 14 Bridges on/over Sam Cooper B20.205lvd	20.205	STP-EN-9409 (111) PIN 119544	-	848,786
	TDOT N. Parkway Sidewalk	20.205	PIN 122148	-	5,958
	TDOT/Elvis Presley Blvd.	20.205	STP-EN-9409 (111) PIN	-	552,903
	STP Sidewalk Program	20.205	STP-M-9409 (168) PIN 118412.00	-	554
	Shelby Farms Greenline Bridge	20.205	PIN 119937	-	48,305
	Transportation Alternative	20.205	PIN 123157	-	119,529
	TDOT Plough/Winchester	20.205	PIN 102619	-	192,513
	TDOT Walker Ave Streetscape-Phase 2	20.205	PIN 119920	-	(93)
	Georgia at Riverside Dr. Intersection Imprv	20.205	PIN 125430	-	2,666
	CMAQ New Traffic Signals Group 1	20.205	PIN 128215	-	40,161
	Democrat Road Signal System	20.205	PIN 128216	-	35,832
	Memphis Bicycle Facilities	20.205	STP-M-9409(167) PIN 118411.00	-	268,696
	Overton Park Trail along Poplar Avenue from Morrie Moss Drive	20.205	PIN 119936	-	3,090
Total Program 20.205	Total Highway Planning and Construction Cluster			\$ -	\$ 11,515,663
	Railroad Safety Improvements	20.301	STP-R-2883(2) PIN 112932	-	841,191
Total Program 20.301	Total Highway Planning and Construction Cluster			\$ -	\$ 841,191
	GHSO Network Coordinator FY20	20.600	PT-00085	-	8,333
Total Program 20.600				\$ -	\$ 8,333
	Community-Based traffic Safety	20.607	PT-00086(2)	-	134,293
	Enforcement of Tennessee Drivers	20.607	AL-00046 (2)	-	28,846
Total Program 20.607				\$ -	\$ 163,139
	FY18 Comprehensive Alcohol Risk Reduction (CARD)	20.616	Z18THS206	-	-
	GHSO CARD FY16	20.616	MSHVE-16-02	-	-
Total Program 20.616				-	-
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>				<b>\$ -</b>	<b>\$ 12,528,326</b>
INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
	Supplies, Books, Materials Collection Development	45.310		\$ -	\$ 1,984
	TSLA TN Tech Grant	45.310	LS-246189-OLS-20	-	8,809
Total INSTITUTE OF MUSEUM AND LIBRARY SERVICES				-	10,793
EXECUTIVE OFFICE OF THE PRESIDENT					
	HIDTA FY18	95.001	G18GC0005A	\$ -	\$ 750
	HIDTA FY19	95.001	G19GC0005A	-	21,570
	HIDTA FY21	95.001	G20GC0005A	-	7,125
Total EXECUTIVE OFFICE OF THE PRESIDENT				\$ -	\$ 29,445
DEPARTMENT OF THE INTERIOR, NATIONAL PARK SERVICE					
	Memphis Heritage Trail	15.904	P18AP00139	\$ -	\$ 4,995
	Memphis Heritage Trail Project- Under Rep Communities	15.904	P18SP00025	-	8,500
Total DEPARTMENT OF THE INTERIOR, NATIONAL PARK SERVICE				\$ -	\$ 13,495
TOTAL NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST)					
	Point Cloud City	11.609		-	42,961
Total NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST)				\$ -	\$ 42,961

SUPPLEMENTAL SCHEDULE OF EXPENDITURES  
OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
For the fiscal year ended June 30, 2021

CITY OF MEMPHIS, TENNESSEE  
Exhibit Y-1

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	CFDA		Passed Through to	
		Number	Contract Number	Subrecipients	Expenditures
<b>Federal Government Awards</b>					
<b>Pass-through Funding</b>					
Tennessee Department of Environment and Conservation					
<b>Direct Funding:</b>					
<b>ENVIRONMENTAL PROTECTION AGENCY, OFFICE OF WATER</b>					
	Capitalization Grant for Clean Water State Revolving Fund	66.458	SRF 18-409, SRF 19-421, & SRF-19-434, SRF 2015-355	\$ -	\$ 19,288,919
	Water Infrastructure Finance and Innovation Act	66.958	181577N	-	5,815,819
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY, OFFICE OF WATER</b>				<b>\$ -</b>	<b>\$ 25,104,738</b>
<b>U.S. DEPARTMENT OF THE TREASURY</b>					
	CARES Act Funding	21.019	Subrecipients	\$ 23,107,000	\$ -
	CARES Act Funding	21.019	Contracts awarded less than \$50,000	-	5,518,426
	CARES Act Funding	21.019	Contracts awarded greater than \$50,000	-	9,735,858
	CARES Act Funding	21.019	Payroll expenditures, aggregate payments to individuals	-	31,224,015
	CARES Act Funding	21.019	Materials and supplies	-	8,793,277
	Emergency Rental Assistance 2020	21.023		7,872,454	233,593
				<b>\$ 30,979,454</b>	<b>\$ 55,505,169</b>
<b>Pass-through Funding</b>					
Tennessee Department of Health					
<b>Direct Funding:</b>					
<b>EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC)</b>					
	ELC-Enhancing Detection Expansion	93.323	34349-60421	1,468,411	4,634,972
<b>TOTAL EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC)</b>				<b>\$ 1,468,411</b>	<b>\$ 4,634,972</b>
<b>TOTAL FEDERAL GRANTS</b>		<b>TOTAL FEDERAL GRANTS</b>		<b>\$ 36,487,696</b>	<b>\$ 113,045,793</b>
<b>STATE FINANCIAL ASSISTANCE</b>					
	Memphis Fire Division In-service Training Supplement			\$ -	\$ 360,480
	ICAC FY20		31701-06234	-	13,235
	General Library Services Collection Development			-	5,997
	HMGF TEMA			-	75,142
	TOP			-	14,821
	State General Library Services Collection Development	45.310		-	45,500
	Fed Gen Lib Svcs	45.310		-	6,400
	ICAC FY21		31701-06234	-	171,072
	CARES-Videoconferencing			-	13,726
	In-Service 2019			-	1,523,200
	TN Driving Under Influence			-	21,119
	Network Coordinator FY'21			-	1,870
	Traffic Safety Enforcement			-	56,356
<b>TOTAL STATE GRANTS</b>				<b>-</b>	<b>2,308,918</b>
<b>TOTAL GRANTS</b>				<b>\$ 36,487,696</b>	<b>\$ 115,354,711</b>

**SUPPLEMENTAL SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
For the fiscal year ended June 30, 2021**

**CITY OF MEMPHIS, TENNESSEE  
EXHIBIT Y-2  
(Continued)**

**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, \$94,330,924, includes proceeds during the year and the outstanding loan balance from prior years.

The City of Memphis was approved by the Environmental Protection Agency, Office of Water, to receive a loan totaling \$7,000,000 (SRF 06-195) to improve its sewer system. The amount listed for this loan, \$2,650,781, 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, \$9,914,309, 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, \$24,116,170, includes proceeds during the year.

The City of Memphis was approved by the Environmental Protection Agency, Office of Water, to receive a loan totaling \$11,000,000 (SRF 18-409) to improve its sewer system. The amount listed for this loan, \$9,339,043, includes proceeds during the year.

The City of Memphis was approved by the Environmental Protection Agency, Office of Water, to receive a loan totaling \$6,500,000 (SRF 19-421) to improve its sewer system. The amount listed for this loan, \$6,316,828, includes proceeds during the year.

**SUPPLEMENTAL SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
For the fiscal year ended June 30, 2021**

**CITY OF MEMPHIS, TENNESSEE  
EXHIBIT Y-2  
(Continued)**

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The City of Memphis was approved by the Environmental Protection Agency, Office of Water, to receive a loan totaling \$48,000,000 (SRF 19-434) to improve its sewer system. The amount listed for this loan, \$6,340,539, includes proceeds during the year.

The City of Memphis was approved by the Environmental Protection Agency, to receive a Water Infrastructure Finance and Innovation Act (WIFIA) loan totaling \$156,000,000 (18157TN) to improve its sewer system. The amount listed for this loan, \$5,335,954, 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 – Contingencies**

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

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Memphis, Tennessee (“the City”), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 31, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Banks, Finley, White & Co*

Memphis, Tennessee  
December 31, 2021

**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 (the “City”) 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, 2021. 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.

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, 2021.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned cost. Our opinion on each major federal program is not modified with respect to these matters.

City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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.

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 31, 2021

**CITY OF MEMPHIS**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2021

**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 Xno
- b. Significant deficiency(ies) identified not considered to be material weaknesses ? \_yes X none reported

Noncompliance material to financial statements noted? \_\_\_yes Xno

*Federal Awards*

Internal control over major federal programs:

- a. Material weakness(es) identified? \_\_\_yes Xno
- 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 Xno

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant/Entitlement Grants
14.241	Housing Opportunities for Persons with AIDS
16.034	Coronavirus Emergency Supplemental Funding Program
20.205	Highway Planning and Construction
21.019	Coronavirus Relief Fund
21.023	Emergency Rental Assistance Program
66.458	Capitalization Grant for Clean Water State Revolving Fund
66.958	Water Infrastructure Finance and Innovation

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? \_\_\_yes Xno

**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**  
Summary Schedule of Prior Year Findings  
For the Year Ended June 30, 2021

**Financial Statement Findings**

No prior year findings

**Federal Award Findings and Questioned Costs**

No prior year findings