

# CITY OF MEMPHIS

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2020**

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**JIM STRICKLAND  
MAYOR**



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020

**City of Memphis**

Tennessee

**Jim Strickland**

Mayor

PREPARED BY DIVISION OF FINANCE







**Jim Strickland**

December 15, 2020

Dear Fellow Memphians,

I am pleased to share with you the FY2020 Comprehensive Annual 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 to 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 fifth 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 2021 brings.

Sincerely,

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

Jim Strickland



INTRODUCTORY SECTION

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# CITY OF MEMPHIS

T E N N E S S E E

INTRODUCTORY  
SECTION





December 15, 2020

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

In the midst of an unprecedented worldwide event, we sincerely hope you and your families remain safe and healthy as the City of Memphis (the City) continues to persevere through the COVID-19 pandemic. There is not a city in the state of Tennessee or in the nation that has not been impacted by this incident, and the City has worked diligently to ensure safety precautions and uphold all compliance directives in order to provide a safe environment for the Citizens of our great city.

Despite this pandemic, core government activities and critical mission initiatives must continue, and in fact our community is more reliant on our services than ever. It is not only our responsibility, but also our privilege to present the Comprehensive Annual Financial Report (CAFR) of the City of Memphis, Tennessee for the fiscal year ended June 30, 2020. This report is hereby submitted in accordance with the Memphis City Charter requirement for an independent audit conducted by a certified public accounting firm. The financial statements are presented in conformity with the United States generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and have been audited in accordance with the United States generally accepted auditing standards. Additionally, the report is presented for compliance with the provisions of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

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

The City's financial statements have been audited by Banks, Finley, White and Co., licensed certified public accountants. Banks, Finley, White & Co. has issued an unmodified ("clean") opinion on the City's financial statements for the year ended June 30, 2020. 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 651,073. 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. As the City worked through planning for a year that was faced with many unknowns and uncertainties, we took a very cautionary and conservative approach to the fiscal year 2021 budget. It is one that is anticipated to be amended as we continue to deal with the impact of factors that are beyond our control.

Every city is in the midst of some massive changes due to the impact of COVID-19, and we are continuing to adapt and learn new lessons every day. All metrics that we track – quality, performance, productivity, innovation, service delivery – these are all human resource outcomes. Whatever the issue, the first and most essential step has been to protect the safety and well-being of our employees and our 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 information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. The COVID-19 pandemic has had devastating effects on the economy at the global, national and local levels. The Center for Business and Economic Research at the University of Tennessee provided the following economic overview in part:

#### *The National Economy*

- The U.S. economy continued to grow in 2019, rounding out the tenth consecutive year of output growth. The 2010s will go down in history as the first full-decade without a recession since records began in 1855. Until March 2020 when the COVID-19 pandemic was formally declared, this was the trending direction of change. During the second quarter of 2020, the national economy began a significant decline resulting from the shutdowns imposed by national, statewide and city officials to combat the COVID-19 outbreak.
- The unemployment rate, which had been trending at its lowest value in decades at 3.7 percent, significantly increased to 14.7% in May 2020. Prior to this increase driven by the COVID-19 pandemic, Tennessee ranked 25<sup>th</sup> in the nation, with unemployment at 3.5 percent.
- Consumption is the largest component of the economy and more than three-quarters (78.0 percent) of overall growth is attributable to growth in consumption. There are two major sub-components of consumption, goods and services, both of which grew in 2019. Goods growth contributed 0.83 percentage points to gross domestic product (GDP) growth, and services boosted it by 0.94 percentage points.
- Wages and salaries grew by 3.0 percent in 2019, matching the increase of 2018. Benefits (including health insurance) increased by 2.1 percent, resulting in total compensation increasing by 2.7 percent.



- As of December 2019, GDP had been growing, unemployment low, stock markets rising, and inflation was deemed manageable. With these factors, the overall view of the macroeconomy seemed unambiguously positive. However, the COVID-19 pandemic completely shifted this view. The gross domestic product from April 2020 to June 2020 fell by 32.9 percent, following a 5.0 percent decrease in the first quarter. This was the single biggest quarterly plunge in the history of the United States.
- Since June 2020 GDP growth has shown increase and is expected to remain positive. Prior to the pandemic, growth was forecasted to decline every year of the next five years. The Federal Reserve has responded to the increased uncertainty by loosening monetary policy, lowering the Federal Funds rate closer to the zero lower-bound. While this has eased financial markets, it restricts the ability of the Fed to counteract a recession. The imprudent repeated deficits of the federal government during strong economic climates provided little ammunition to engage in countercyclical fiscal policy cases of economic downturns, such as the one we are currently facing.

### *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 percent of the MSA’s population, and Shelby County accounts for roughly 70 percent. Memphis and the surrounding areas have been greatly impacted by the first and second orders of the pandemic. Memphis took immediate action to collectively to address some of the local issues related to the Coronavirus by the creation of a Memphis and Shelby County Joint Task Force, led by the Chief Operating Officer of the City of Memphis. The Task Force coordinates a unified community and regionwide response to the COVID-19 pandemic with the inclusion of local elected officials, agencies such as the Shelby County Health Department, schools, hospital systems, and the many nonprofit partners necessary for an effective response to the impact of the pandemic.

While a key contributor to the stability of the Memphis and Shelby County economy is its job diversity, the MSA continues to face transactional challenges caused by the many shutdowns and related impacts to the local economy. Government, trade, healthcare services, hospitality, warehousing, transportation and utilities are all mainstays of the regional economy. The City is conveniently located within 600 miles of most major cities and commercial markets in the United States. Because of its central location and access to the interstate, Mississippi River, rail and airport, the City is a major hub for distribution.

- Both Tennessee and the nation have now seen positive economic growth for more than 10 consecutive years, making this the longest economic expansion on record, dating back to the 1850s. This positive trend will be altered by the unexpected effects on the economy due to COVID-19.

- The labor markets in both the state and nation continue to tighten as the current economic expansion grows more mature and the economies hover around full employment. In Tennessee, nonfarm jobs grew by 1.7 percent in 2018, representing a gain of over 50 thousand jobs compared to the year prior. Job growth in Tennessee was on par with the nation, which also recorded a 1.7 percent growth rate. This was the second consecutive year that the state registered job growth below 2 percent, but this is still a sign of healthy gains in the labor market prior to the pandemic.
- Employment levels in most broad sectors of the state economy have fully recovered since the Great Recession. The service sectors have seen the strongest gains, with employment in professional and business services expanding by 28.8 percent and jobs in leisure and hospitality increasing by 28.7 percent since 2007.
- The importance of tourism and of local consumption cannot be ignored as the City continues to deal with future uncertainties related to the tourism industry, international airports, conventions, and sporting events. Long term priorities must be included in the immediate response measure in order to boost the resilience of regional social and economic systems.
- Nominal personal income in Tennessee was expected to grow by 4.6 percent in 2020 and 4.7 percent in 2021, outpacing national income growth in both years. Tennessee's inflation-adjusted GDP was expected to increase by 2.1 percent in 2020 followed by slightly slower pace of 1.6 percent growth in 2021. In the first quarter of 2020, nominal personal income increased by 2.0%, slightly lower than forecasted, driven primarily by the onset of the COVID-19 pandemic.
- The Tennessee economy continued to grow at a decent clip in 2019 before slowing to a more moderate pace in 2020 pre-pandemic, and more muted growth in 2021 is anticipated as the state continues to deal with the impact of the pandemic on the economies.

Source: *An Economic Report to the Governor of the State of Tennessee (January 2020)*

Memphis’ strong healthcare industry, low cost of living and position as a transportation hub leader will continue to contribute as a stabilizing factor of the City’s economy until the state and nation fully recover. Memphis is fortunate to have local strength in the healthcare industry, and hospital and care facilities have enjoined coordinated and collaborated efforts to address the healthcare emergency of the COVID-19 pandemic.

The nation’s unemployment rate increased 127 percent year over year from 3.7 to 8.4. The unemployment rate for Tennessee and the Memphis MSA increased heavily. Tennessee’s August 2020 unemployment rate reflects a 142.9 percent increase from August 2019. The Memphis MSA unemployment rate also increased to 11.8 in August 2020, up 181 percent from the same period a year ago. Rates increased due to the global pandemic.

**Unemployment Rates (Seasonally Adjusted) 2019-2020**

<u>Region</u>	<u>August 2019</u>	<u>August 2020</u>	<u>Percent Change</u>
Memphis MSA	4.2	11.8	181.0%
TN	3.5	8.5	142.9%
US	3.7	8.4	127.0%

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

When comparing September 2020 real estate statistics to the same period in 2019, the Memphis real estate market showed a mix of modest improvements and progressions. Total home sales increased by 8.6 percent. The average sales price increased by 21.7 percent while the median sales price increased by 16.5 percent. Overall, the market activity continues to be encouraging with no significant set-backs noted per the comparative.

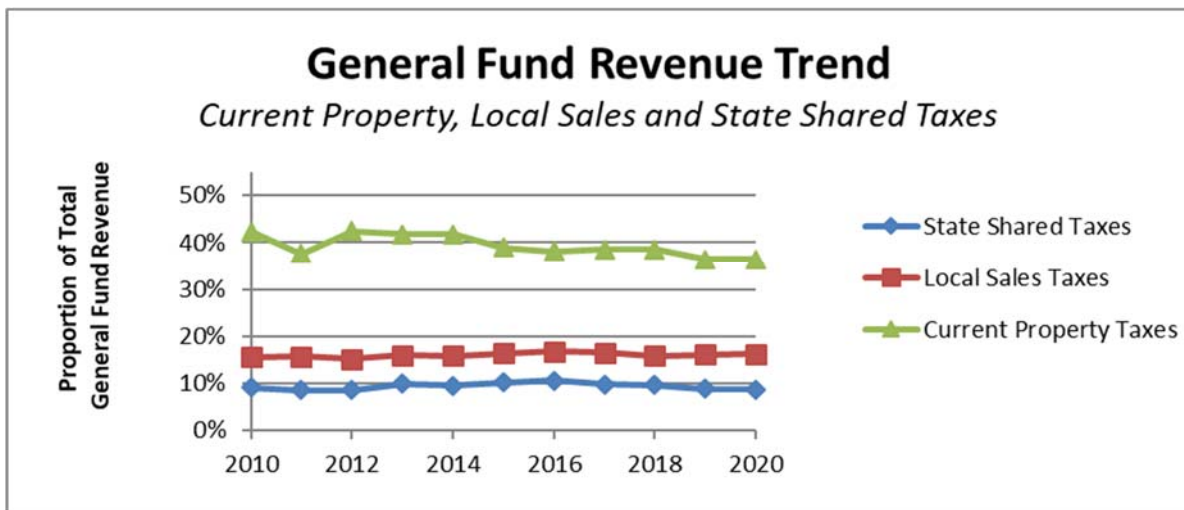
**Home Sales in Memphis, Comparative September 2019-2020**

	<u>FY2019</u>	<u>FY2020</u>	<u>Change %</u>
Home Sales	1,669	1,813	8.6%
Median Sales Price	\$ 161,000	\$ 187,500	16.5%
Average Sales Price	\$ 184,596	\$ 224,713	21.7%
Active Listings	4,213	2,863	-32.0%

Source: *Memphis Area Association of Realtors – Memphis Area Homes Sales Report September 2020*

The following chart shows the General Fund revenue trends from fiscal year 2010 through 2020. Explanations for notable trends for the last five years are as follows:

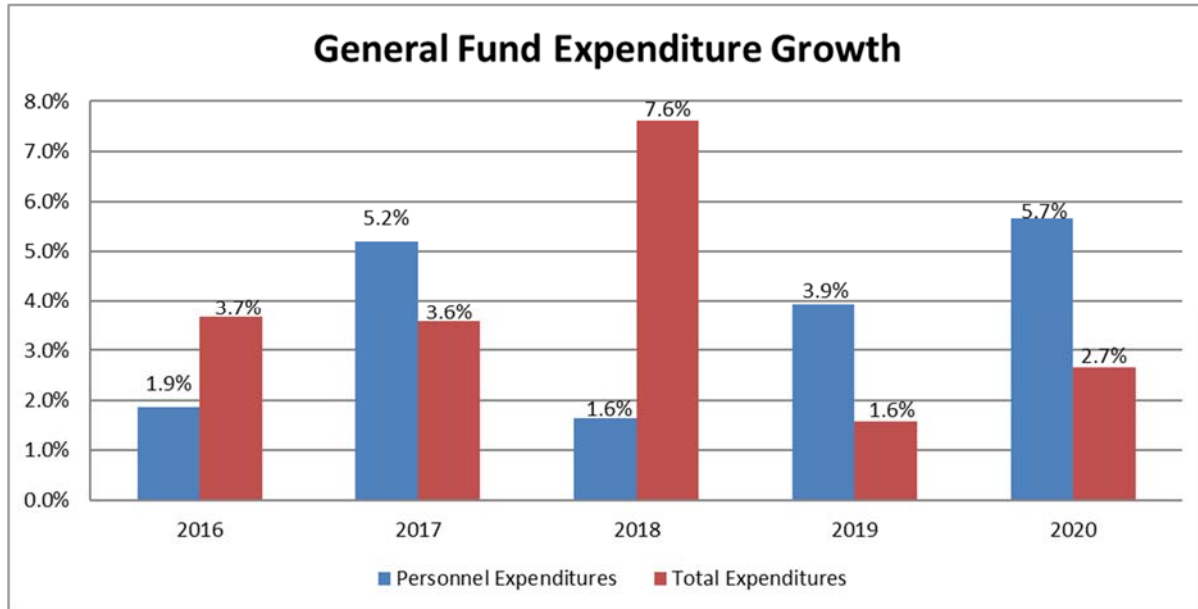
- In 2015, the City did realize a decrease in Property Taxes due to the reallocation of \$0.17 of the property tax rate to the debt service fund from the general fund.
- In 2017, general fund revenues increased over 2016, primarily because of greater than expected revenue from current property taxes. Current Property Taxes have increased year over year from 38 percent to 39 percent.
- In 2018, the percentage of total revenues generated within the City from Property Taxes, State Shared Taxes and Local Sales Taxes remained constant. Although percentages remained steady, revenue from these Property Taxes, State Shared Taxes, and Local Sales Taxes increased year over year.
- In 2019, general fund revenues increased by \$17 million, attributable to increases in FEMA and TEMA reimbursements of \$10 million and local sales taxes for \$4 million. Current property tax revenues decreased year over year from 39 percent to 36 percent.
- In 2020, current property tax revenues remained steady, year over year at 36 percent. General Fund revenues increased by \$14 million, primarily due to Federal Grants in response to the world pandemic.



The following chart shows the General Fund expenditure trends from fiscal year 2010 through 2020. Explanations for notable trends for the last five years are as follows:

With 71 percent of the City's expense budget dedicated to personnel expenditures for the provision of city services; employment, healthcare, and retirement costs are a constant source of concern. For retirement costs, Tennessee state laws required the City to significantly increase annual contributions to the pension fund, with the requirement being that the City pays the full Actuarially Determined Contribution (ADC) by the year 2020.

- In fiscal year 2016, total expenditures increased by \$16.5 million. Increases were largely attributable to increases in personnel services for Police and Fire and a related increase in the materials and supplies category. The City also increased Memphis Area Transit Authority (MATA) funding by \$4 million.
- In fiscal year 2017, total expenditures increased by 3.6 percent. This increase was partially due to a \$23,472 (5.2 percent) increase in personnel services as the City continued to meet the mandate for the ADC and began rebuilding the staffing of the Memphis Police Division. The City also experienced a \$17,797 (16.4 percent) increase in material and supplies across the City Divisions.
- In fiscal year 2018, total expenditures increased by 7.6 percent. This increase was partially due to the new Pre-K funding initiative for \$3 million. The City plan takes a significant step toward fully funding needs-based Pre-Kindergarten for Memphis children. \$2 million was transferred to Solid Waste Fund for the increased Trash Service Level Initiative.
- In fiscal year 2019, total expenditures increased by only 1.9 percent. This slight change was due to the increase in personnel services mainly for the Police Division, totaling \$5.6 million increase. Total personnel expenditures increased 3.9 percent overall among the City's general fund divisions.
- In fiscal year 2020, total expenditures increased by 2.7 percent. 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 percent.



**Recent Developments:**

- When Renasant Convention Center debuts its \$200M modernization in 2020, it will create a one-of-a-kind facility in a legendary location.
- Within Downtown’s 6.5 square mile boundaries, more than \$5 billion in new development projects are planned, underway, or recently completed! Catalytic and neighborhood-changing mixed-use projects, medical institution campus expansions, office projects, residential communities, and hotel and commercial spaces are bringing new energy and creating space for more people in Memphis’ center city.
- Among the many new additions for Tom Lee 2.0 are “five new, highly efficient buildings, an open-air canopy, over 250,000 square feet of open lawn space, and a series of immersive landscape environments spanning the park’s 30 acres.” The \$60M project is made possible thanks to the manpower of the whole design team and funding from the Tourism Development Zone, Shelby County, State of Tennessee, and private funders.

- A \$70 million building permit was filed in March 2020 to continue work on the site of the new Amazon facility being built along the Frayser-Raleigh border in north Memphis. The permit accounts for a fraction of the \$200 million it is estimated the warehouse will cost to build along New Allen Road. According to building department records, the \$70 million will cover the cost of installing both the floor and a mezzanine inside the warehouse and the supported material handling equipment. They announced that the facility would not only hire about 1,000 workers but also use robots to move packages, reducing the amount of walking and lifting for employees.
- Le Bonheur’s \$37.6 million Heart Institute is underway about a year after its formal announcement. The two-story project — on the corner of Poplar Avenue and Dunlap Street — will add 31 dedicated cardiovascular beds to Le Bonheur Children’s Hospital campus. Once built, the Heart Institute will have 70,500 square feet of space. The expansion will add needed patient care areas and bed capacity. An additional 10 cardiovascular intensive care beds, an 11-bed stepdown cardiac unit, and three catheterization labs are planned.
- In July 2019, a \$5 million renovation of the David Carnes Park in Whitehaven was completed with the support of The Blue Cross Blue Shield of TN Health Foundation. Citizens of all ages can enjoy various features such as a playground, ball field, a 40-yard dash track, and an obstacle course.

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

The Fiscal Year 2020 Operating Budget brought many budgeting challenges to the City in its goal of restoring and maintaining financial stability while addressing some of its biggest financial issues. While these difficult financial times forced the City to prioritize and closely monitor operating expenditures, the City has strategically funded its budget to place emphasis on its essential priorities: to create safe and vibrant neighborhoods, grow prosperity and opportunity for its citizens, invest in the youth of the City, and advance a culture of excellence in government and providing good fiscal stewardship of the City’s assets.

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

The goal in the years ahead will be to continue to evaluate our service delivery model to ensure the most efficient and effective service possible, and direct all savings to priority obligations and the enhancement of core services.

In 2020 the City issued its first comprehensive plan in more than 30 years. *Memphis 3.0* is intended to be our road map to build up, not out – and to invest in our core and in our neighborhoods. Accompanying *Memphis 3.0*, the City Administration also created the Community Catalyst Fund by creating a dedicated, recurring source of funds solely to improve infrastructure in key anchors of neighborhoods throughout the City. Also, the newly created Affordable Housing Trust Fund was developed to provide grants and loans for new construction and rehab of multifamily homes, and minor repairs and rehabilitation of single family homes for those who qualify.

### **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 2021-2025 are as follows:

The City's planned CIP spending aligns with current priorities that are focused on projects that enhance the City's economic development strategy, leverage federal or private funding, projects that maintain existing facilities, and projects mandated by law. The Fiscal Year 2021 CIP Budget for G.O. Bond spending is \$85.7 million.

In the Public Works Division, funding is provided to pave more than 400 lane miles of streets, including ADA ramp improvements and several road projects. The CIP budget includes \$5.3 million towards the telephone systems upgrade across all City of Memphis divisions. In the General Services Division, City Wide Fleet Acquisitions included \$8.5 million for City-Wide vehicle and equipment purchases. The Library Services Division includes \$3.9 million for the construction of the New Frayser Branch Library, General Services includes funding for a new fire station, as well as continued funding support for the Memphis Area Transit Authority.



## **Capital Planning Process**

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

The benefits of a successfully managed CIP strategy include preservation of capital assets, improvement of infrastructure, coordination of capital needs and operating budgets, stabilization of debt costs and improvement of the City's credit rating. With the objective of developing an effective capital improvement program, a CIP Committee was established during fiscal year 2006 for planning and oversight.

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

- Identify and determine status of previously approved projects and funding sources for each project.
- Evaluate the merits of the division/department requests for CIP projects and equipment.
- Establish a priority list of capital need projects and a timeline for completion.
- Create a CIP funding plan that designates a revenue source/method of financing for each proposed project.
- Submit a CIP funding plan to the Mayor and City Council to include in next year's capital budget and capital expenditure plan for the next four (4) years.

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

### *Capital Expenditure Analysis*

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

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

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

### **Awards and Acknowledgements**

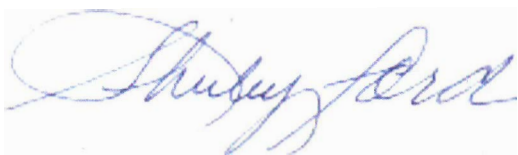
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Memphis for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the 43rd consecutive year 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 comprehensive annual financial report. This report must satisfy both the United States generally accepted accounting principles and applicable legal requirements.

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

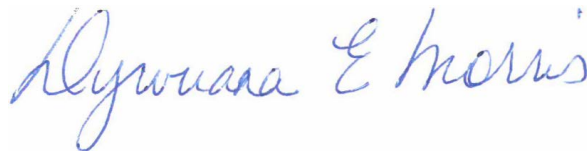
The City also received GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2019, the 22<sup>nd</sup> consecutive year for this award.

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 Accountant IVs, Sandra Brodnax-Taylor, Starr Nichols and Candice Wright for their contributions to the completion of this audit and report.

Respectfully submitted,



Shirley Ford, CPA, CMFO  
Chief Financial Officer



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, 2019

*Christopher P. Morill*

Executive Director/CEO

# CITY OF MEMPHIS, TENNESSEE

## CITY OFFICIALS

Jim Strickland, Mayor

### CITY COUNCIL

Patrice J. Robinson, Chairwoman (District 3)

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

### COURTS

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

### ADMINISTRATIVE

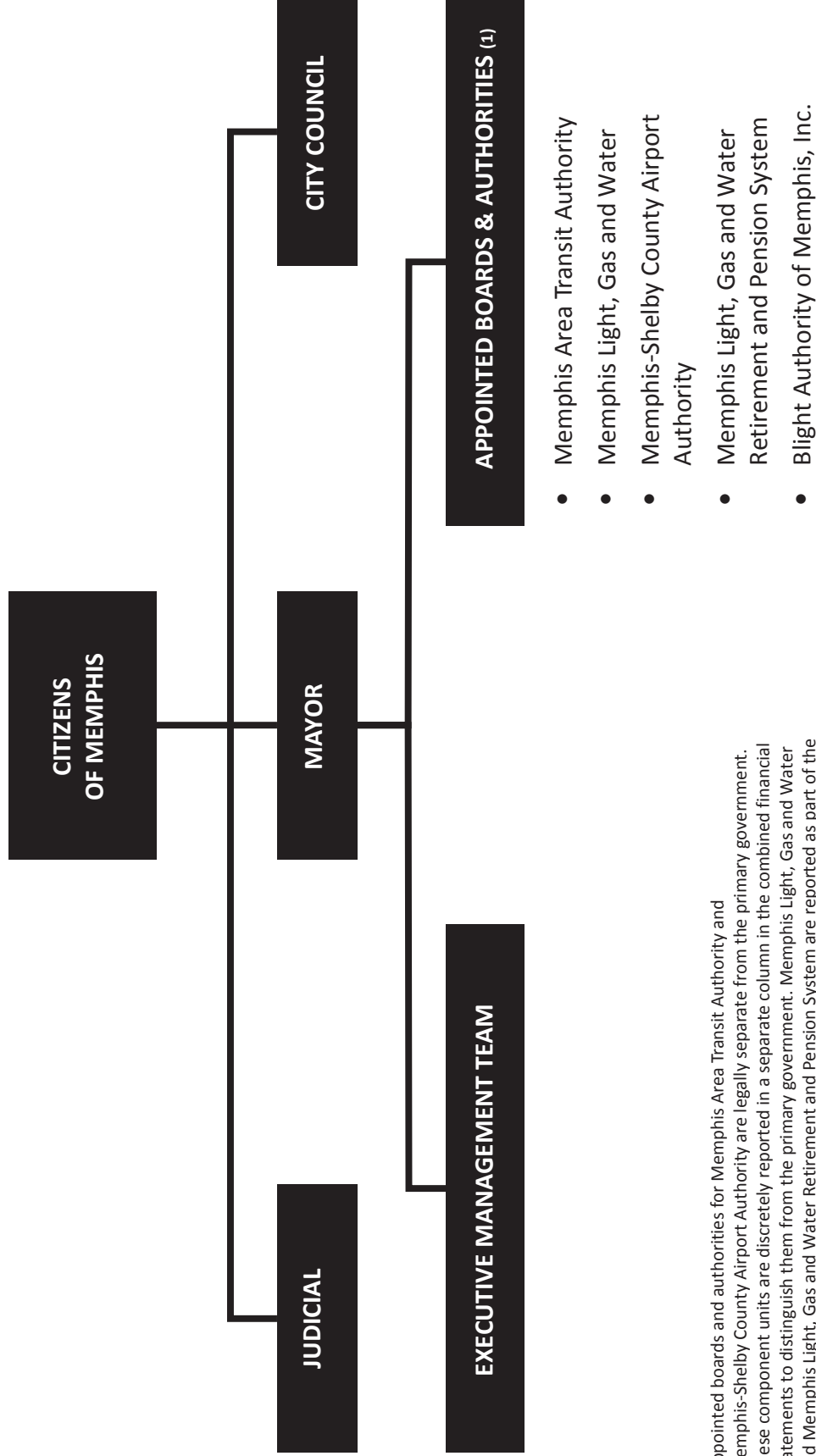
Antonio Adams	Director, General Services
Kimberly Bailey	Chief Information Officer
Debbie Banks	Director, Internal Audit
Manny Belen	Director, City Engineer
Richard Copeland	Director, Office of Planning and Development
Shirley Ford	Chief Financial Officer
Robert Knecht	Director, Public Works
Albert Lamar	Director, Solid Waste
Ursula Madden	Chief Communications Officer
Joann Massey	Director, Business Diversity & Compliance
Doug McGowen	Chief Operating Officer
Dywuana Morris	Comptroller
Michael Rallings	Director, Police Services
Jennifer Sink	Chief Legal Officer
Alexandria Smith	Chief Human Resources Officer
Gina Sweat	Director, Fire Services
Nick Walker	Director, Parks & Neighborhoods
J.T. Young	President, Memphis Light, Gas and Water Division
Paul Young	Director, Housing and Community Development



# City of Memphis, Tennessee

## ORGANIZATION CHART

Primary Government and Discretely Presented Component Units

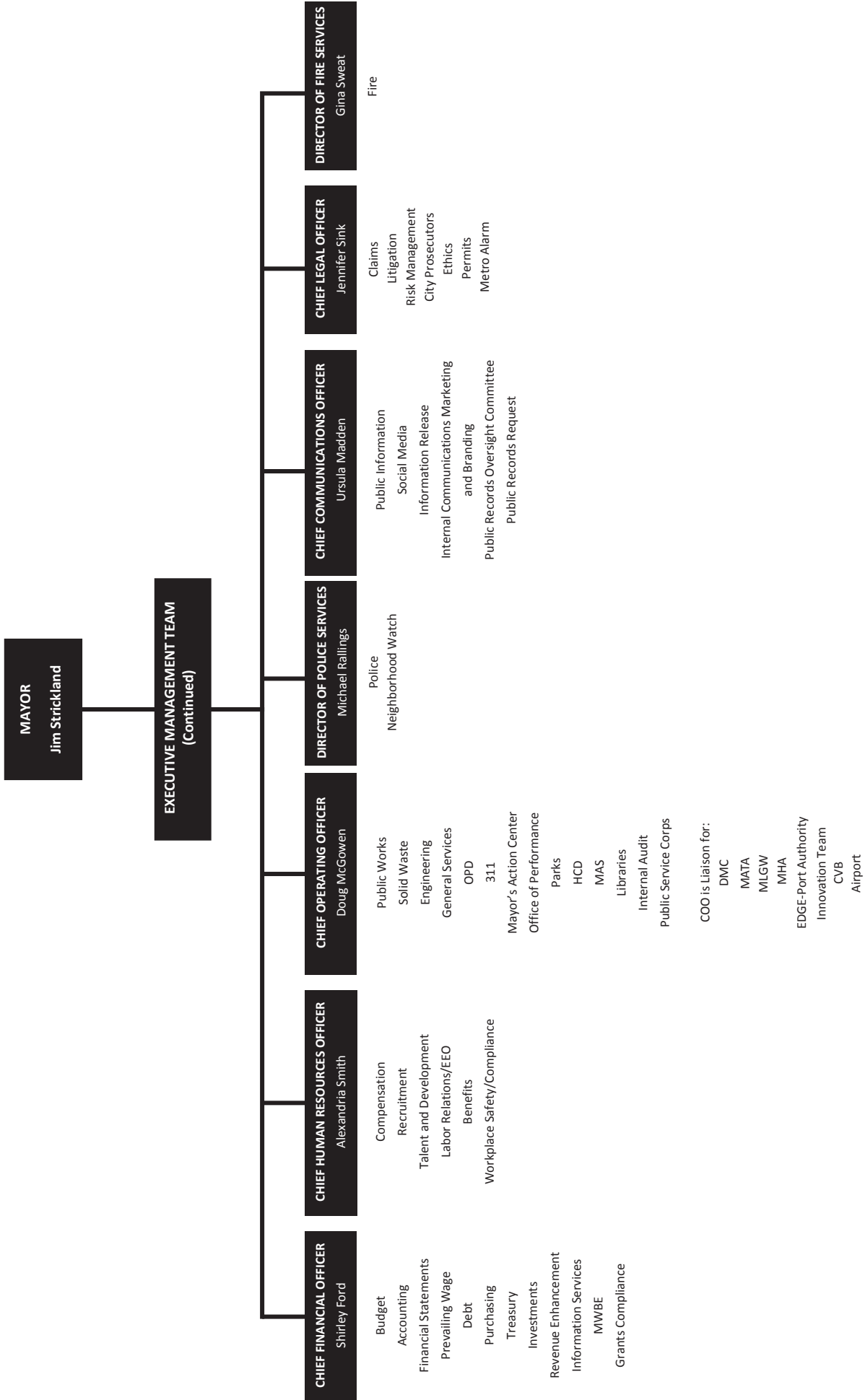


(1) Appointed boards and authorities for Memphis Area Transit Authority and Memphis-Shelby County Airport Authority are legally separate from the primary government. These component units are discretely reported in a separate column in the combined financial statements to distinguish them from the primary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

# City of Memphis, Tennessee

## ORGANIZATION CHART

Primary Government and Discretely Presented Component Units (continued)







# CITY OF MEMPHIS

T E N N E S S E E



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the statements of revenues and other sources and expenditures and other uses on the basis of budgeting for the general fund, and the aggregate remaining fund information of the City of Memphis, Tennessee (the "City") as of and for the year ended June 30, 2020, 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%, 97%, and 70%, 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 74%, 74% and 91%, respectively, of the assets, net position and revenues of the business-type activities of the primary government. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units and the business-type activities of the primary government, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



Page 2

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the statements of revenues and other sources and expenditures and other uses on basis of budgeting for the general fund, and the aggregate remaining fund information of the City of Memphis, Tennessee as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparison for the General Fund 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 on pages 21 through 35 and other required supplementary information on pages 192 through 203 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's



responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, supplementary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The other supplementary information, supplementary schedules and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020, 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



Page 4

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.

Memphis, Tennessee  
December 15, 2020

## 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, 2020. 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, 2020 by \$1,751,366 (net position). Total government-wide net position decreased by \$55,604 or 3.08% in fiscal year 2020.
- At June 30, 2020, the City's governmental activities reported ending net position of a negative \$408,327 compared to a negative \$261,042 as restated from the prior year. The governmental activities change in net position for fiscal year 2020 was a decrease of \$147,285 or 56.42% from prior year's beginning balance as restated.
- The City's business-type activities reported a June 30, 2020 ending net position of \$2,159,693 an increase of \$91,681 or 4.43% from prior year beginning balance as restated.
- At June 30, 2020, the fund balance for the general fund was \$129,825 a decrease of \$6,167 or 4.53% from prior year's balance. The unassigned portion, comprising 20.46% of the total general fund balance at fiscal year-end was \$79,047, a decrease of \$12,494 or 13.65% over the prior year.
- The City's total general obligation, other debt, and revenue bond debt increased by \$17,472 or 1.09% during the current fiscal year for governmental activities, and increased \$36,337 or 6.05% for the business-type activities.
- The City's total liabilities of \$4,403,060 which include, among other items, pension and other post-employment benefits liabilities, increased by \$606,733 or 15.98% from prior year total liabilities of \$3,796,327.
- Deferred outflows increased from \$293,401 to \$413,813 for a change of \$120,412 or 41.04%. Year over year changes are primarily attributable to changes in actuarial assumptions.
- Deferred Inflows decreased from \$1,024,950 to \$924,585 for a change of \$100,365 or 9.79%. As with deferred outflows, year over year changes are primarily attributable to changes in actuarial assumptions. For the fiscal year ended June 30, 2020, 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.

## **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, 2020. 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 2020, the City maintained 19 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, Central Business Improvement District Fund and Community Redevelopment Agency

Fund), and debt service funds. Budgetary comparison statements are provided to demonstrate compliance with this budget.

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 \$1,751,366 at June 30, 2020.

#### Condensed Statement of Net Position

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,152,714	1,077,358	881,054	946,696	2,033,768	2,024,054
Capital assets	1,909,941	1,678,645	2,721,489	2,632,147	4,631,430	4,310,792
Total assets	3,062,655	2,756,003	3,602,543	3,578,843	6,665,198	6,334,846
Deferred outflows of resources	163,112	170,866	155,700	122,535	318,812	293,401
Long-term liabilities outstanding	1,503,596	1,489,269	653,356	600,955	2,156,952	2,090,224
Other liabilities	1,459,063	999,281	787,045	706,822	2,246,108	1,706,103
Total liabilities	2,962,659	2,488,550	1,440,401	1,307,777	4,403,060	3,796,327
Deferred inflows of resources	671,435	699,361	158,149	325,589	829,584	1,024,950
Net positions:						
Net investment in capital assets	343,085	225,370	2,135,366	2,043,389	2,478,451	2,268,759
Restricted	307,288	314,515	76,710	64,038	383,998	378,553
Unrestricted	(1,058,700)	(800,927)	(52,383)	(39,415)	(1,111,083)	(840,342)
Total net position as restated	\$ (408,327)	(261,042)	2,159,693	2,068,012	1,751,366	1,806,970

The portion of the City's net position that reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related outstanding debt used to acquire those assets is \$2,478,451.

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 \$383,998 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 \$991,777. 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**

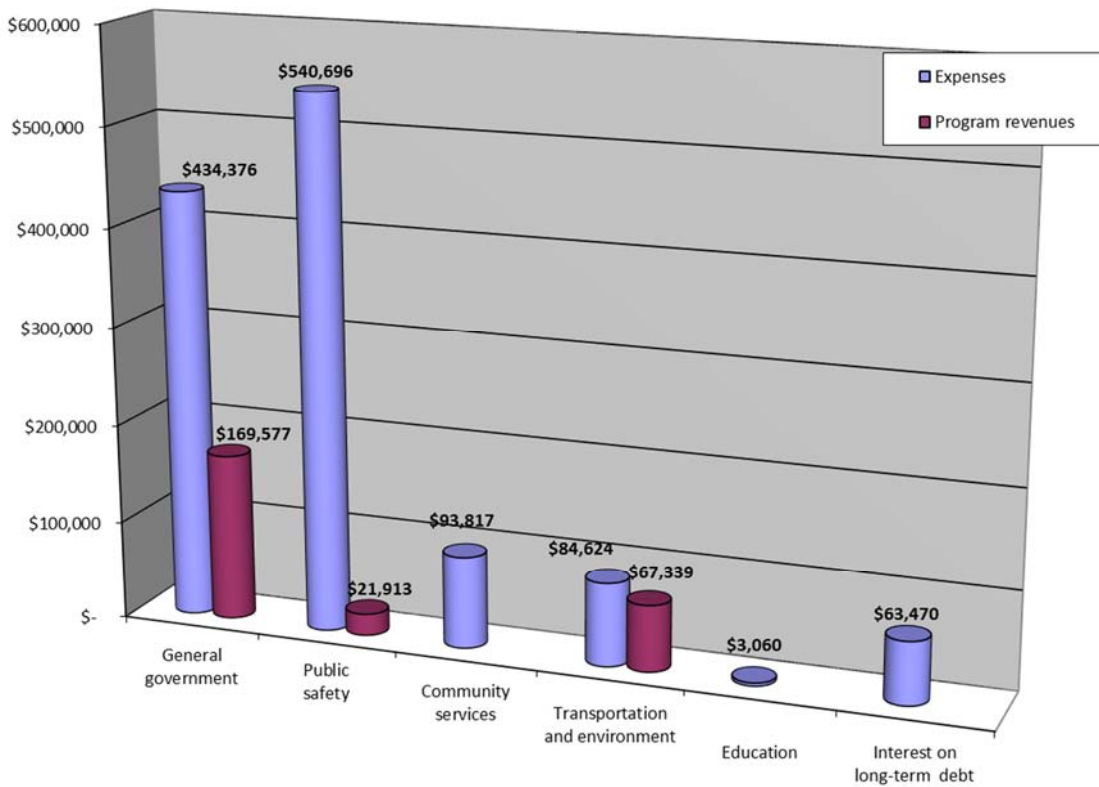
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 185,665	171,610	1,816,500	1,818,885	2,002,165	1,990,495
Operating grants and contributions	60,663	57,117	258	420	60,921	57,537
Capital grants and contributions	12,501	8,537	1,333	2,048	13,834	10,585
General revenues:						
Local taxes	627,101	603,048	-	-	627,101	603,048
State taxes (local share)	107,136	102,385	-	-	107,136	102,385
Hotel/motel tax	13,614	18,964	-	-	13,614	18,964
Sale of Capital Assets	-	-	-	-	-	-
Unrestricted investment earnings	8,460	12,197	12,227	17,448	20,687	29,645
Other	38,270	43,544	35,936	35,559	74,206	79,103
Total revenues	1,053,410	1,017,402	1,866,254	1,874,360	2,919,664	2,891,762
Expenses:						
General government	434,376	428,057	-	-	434,376	428,057
Public safety	540,696	342,077	-	-	540,696	342,077
Community services	93,817	82,572	-	-	93,817	82,572
Transportation and environment	84,624	65,627	-	-	84,624	65,627
Education	3,060	59	-	-	3,060	59
Interest on long-term debt	63,470	67,971	-	-	63,470	67,971
Refunding Bonds/Escrow Agent	-	-	-	-	-	-
Sewer collection and treatment	-	-	110,461	93,766	110,461	93,766
Memphis Light, Gas and Water	-	-	1,564,178	1,548,223	1,564,178	1,548,223
Miscellaneous	-	-	-	-	-	-
Storm Water	-	-	30,375	18,777	30,375	18,777
Total expenses	1,220,043	986,363	1,705,014	1,660,766	2,925,057	2,647,129
Increase (decrease) in net position before transfers	(166,633)	31,039	161,240	213,594	(5,393)	244,633
Transfers	19,348	37,630	(69,559)	(72,296)	(50,211)	(34,666)
Increase (decrease) in net position	(147,285)	68,669	91,681	141,298	(55,604)	209,967
Net position - July 1	(261,042)	(338,669)	2,068,012	1,929,796	1,806,970	1,591,127
Restatement of beginning net position		8,958		(3,082)	-	5,876
Net position - July 1, as restated	(261,042)	(329,711)	2,068,012	1,926,714	1,806,970	1,597,003
Net position - June 30	\$ (408,327)	(261,042)	2,159,693	2,068,012	1,751,366	1,806,970

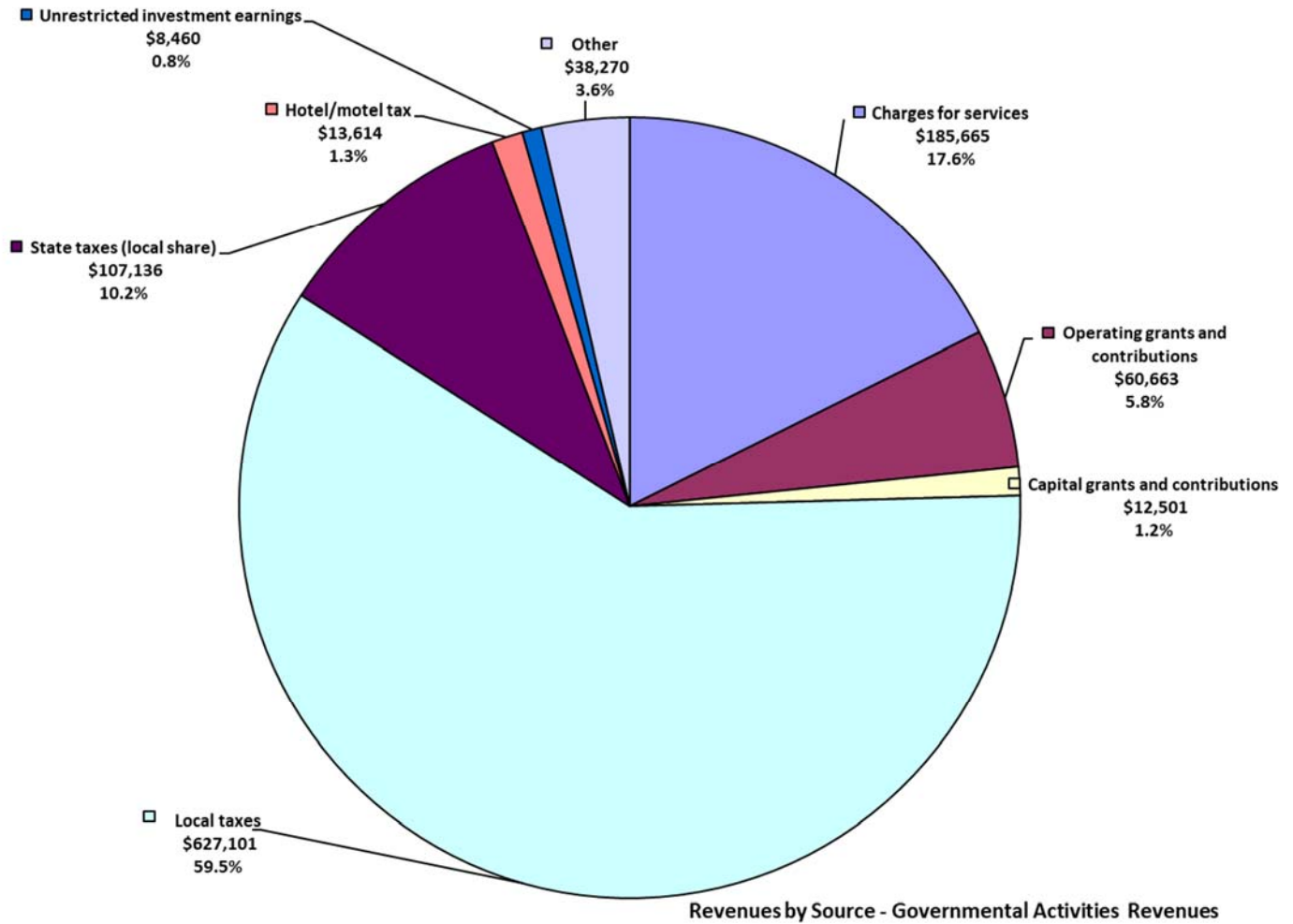
## Governmental Activities

During fiscal year 2020 governmental activities decreased the City’s net position by \$147,285. Key elements of the governmental activities are discussed below:

- During fiscal year 2020, total revenues increased by \$36,008. Relevant factors include an increase in local taxes and charges for services of \$24,053 and \$14,055, respectively. Additionally, there was an increase of \$3,546 and \$3,964 for operating grants and contributions and capital grants and contributions, respectively. These increases were offset by decreases in other revenues and hotel/motel taxes of \$5,274 and \$5,350 primarily resulting from a decline in tax payments due to the impact of the COVID-19 pandemic.
- Total governmental activities expenses increased \$233,680. Governmental activities program expenses are detailed in Exhibit A-2.

**Expenses and Program Revenues - Governmental Activities**  
(Thousands of Dollars)



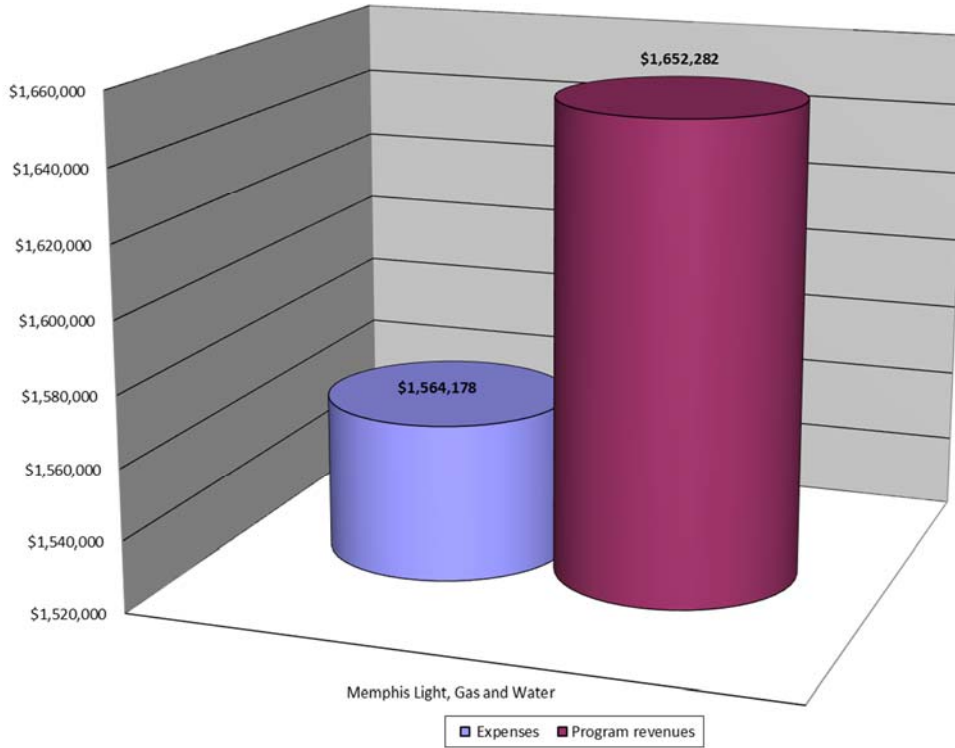


### Business-type Activities

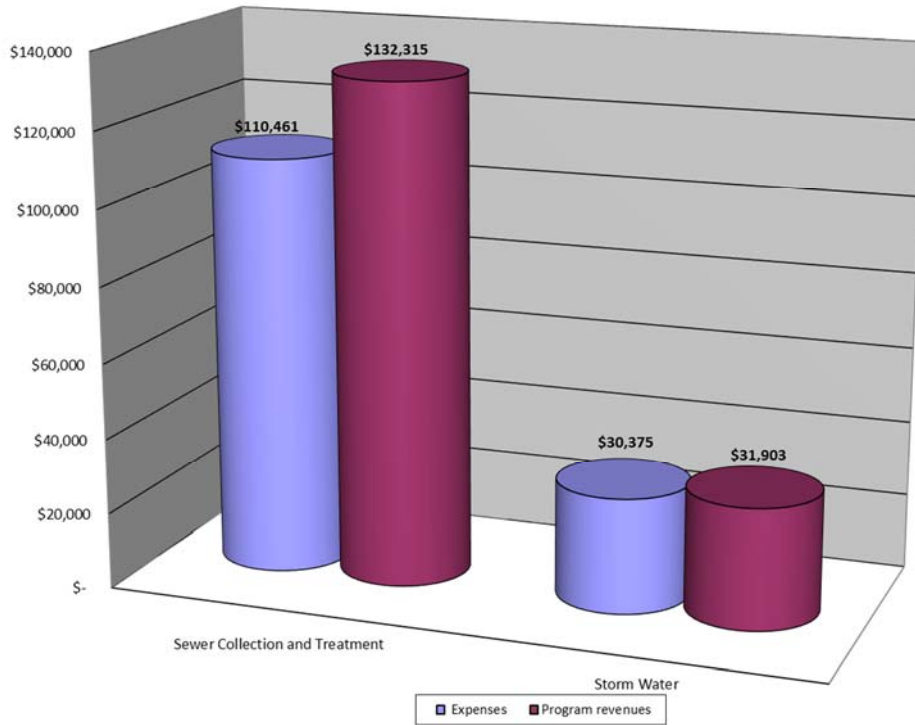
Business-type activities increased the City's net position by \$91,681. Key elements of the increase are as follows:

- Total business-type expenses increased \$44,248 or 2.66% year over year. The increase in expenses occurred in the Sewer Collection and Treatment Fund, MLGW and the Storm Water Fund \$16,695, \$15,955 and \$11,598, respectively. Business-type program expenses are detailed in Exhibit A-2.
- Total revenues for the business-type activities decreased by \$8,106 year over year. The most significant variances were a \$5,221 decrease in unrestricted investment earnings and \$2,385 decrease in charges for services largely attributable to Memphis Light Gas & Water.

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



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



## **Financial Analysis of the Government's Funds**

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

### **Governmental Funds**

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

As of June 30, 2020, the City's total governmental funds reported combined ending fund balance of \$386,335, a decrease of \$19,721 or 4.86% in comparison with the prior year. Approximately 20.46% or \$79,047 of the fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. Approximately 41.79% or \$161,463 of the fund balance is considered restricted to indicate the amount is subject to external enforceable legal restrictions. Additionally, \$108,959 or 28.20% 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 \$36,866 or 9.54% 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, 2020, unassigned fund balance of the general fund was \$79,047 or 60.89% of the total fund balance of \$129,825. The assets of the general fund exceeded the liabilities and deferred inflows of resources due to an increase in assets of 16.17% over the prior year. The increase in total assets is attributable to increases in the equity in cash and investment pool and the due from other funds for the state requested support of the Solid Waste fund. General fund liabilities and deferred inflows from resources increased by \$88,474 or 23.71% over the prior year. Funds due to other agencies and governments increased \$74,750 for undisbursed funding at June 30, 2020 which was received from the federal government 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 increased \$16,133 due to receipts of CARES Act funds that had not been fully expended at June 30, 2020.

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 10.76% of total general fund expenditures, while total general fund balance represents 17.66% of the fund expenditures.



The fund balance of the City's general fund decreased by \$6,167 or 4.53% during the fiscal year ended June 30, 2020. The year over year net change in fund balance decreased by \$958 or 18.39%. Key factors of the change in the general fund are as follows:

- Total general fund revenues resulted in an increase of \$18,548 or 2.93% over the prior year. The primary variances that comprise the increase are revenue categories federal grants and entitlements (increase of \$12,628), local taxes (increase of \$4,303) and the local share of state taxes (increase of \$4,041). The federal grants and entitlements increased due to CARES Act funding received.
- Total expenditures increased by \$34,614 or 4.94% over prior year. Increases were largely attributable to a \$21,249 increase in general government expenditures and continued increases in expenditures for public safety with an increase of \$16,554. 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 \$15,108. The increase year over year is due to a decreased transfer out of \$15,422.

The fund balance of the City's Debt Service fund increased by \$96,013 to \$173,942 during the fiscal year ended June 30, 2020. Key factors resulting in this change are as follows:

- Total revenues decreased by \$3,635 or 2.21% year over year. The decrease is primarily due to decreases in local taxes and investment income of \$3,892 and \$356 respectively. Additional year over year changes included increases of \$497 in state taxes and \$520 in federal grants and entitlements.
- Expenditures related to debt service increased \$2,378 or 1.37% for fiscal year 2020. The increase is primarily due to service charges, redemption of serial bonds and bond issuance costs which increased by \$4,165, \$2,556 and \$1,364 respectively. Interest and lease payments decreased by \$4,241 and \$1,466 respectively.
- Total other financing sources and uses increased by \$100,975. Activities included a use of sources in the amount of \$143,436 for payments to refunded bond escrow agent, which was offset by the receipt of \$214,675 from the refunding bonds/issuance of debt. Additionally, premiums on general obligation bonds increased by \$27,756.

The fund balance of the City's Capital Projects fund decreased by \$113,995 for fiscal year ended June 30, 2020. Major elements of fund balance change are:

- Expenditures exceeded revenues by \$239,433
- Revenue increased \$3,505 from prior year, largely attributable to a significant increase in federal grant and entitlements.
- Expenditures increased \$121,100 or 87.50% due to a significant increase in capital outlay.
- Other financing sources in the form of refunding of bonds / issuance of debt increased from \$75,000 to \$125,000 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 negative \$59,092 on Exhibit A-1 is comprised of negative net positions of \$20,289 and \$30,469 for Memphis Light, Gas and Water and the Sewer Collection and Treatment Fund, respectively. The remaining balance represents the Storm Water Fund deficit of \$14,269 and the consolidation of internal service funds related to enterprise funds of \$5,935. 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 2020 anticipated a decrease in fund balance of \$405. Actual use of fund balance for fiscal year 2020 was \$6,167.

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

- Revenues budget increased by \$16,718 or 2.66%.
- Expenditures budget was increased by \$44,403 or 6.25% which encompassed an increase in the general government, public safety, transportation and environment and community services budgets by \$33,521, \$6,176, \$2,364 and \$2,342, 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, 2020, totaled \$4,631,430 (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 \$320,638 or 7.44%. Both governmental and business-type activities contributed an increase of \$231,296 and \$89,342, respectively.

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

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Land and buildings	\$ 373,392	388,296	28,034	29,105	401,426	417,401
Improvements other than buildings	490,323	505,852	338,133	337,482	828,456	843,334
Equipment	88,571	37,183	15,585	15,349	104,156	52,532
Construction in progress	957,655	747,314	438,963	350,085	1,396,618	1,097,399
Memphis Light, Gas and Water	-	-	1,900,774	1,900,126	1,900,774	1,900,126
<b>Total</b>	<b>\$ 1,909,941</b>	<b>1,678,645</b>	<b>2,721,489</b>	<b>2,632,147</b>	<b>4,631,430</b>	<b>4,310,792</b>

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

- 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.
- Upgrade of the radio system for Police and other City of Memphis safety divisions
- 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, 2020, the City had total bonded debt outstanding of \$2,262,111. Of this amount, \$1,625,655 comprises debt backed by the full faith and credit of the government. The remaining balance of \$636,456 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	
	2020	2019	2020	2019	2020	2019
General obligation bonds	1,367,735	1,314,548	-	-	1,367,735	1,314,548
Commercial Paper	50,000	75,000	-	-	50,000	75,000
Capital lease obligations	28,184	23,989	-	-	28,184	23,989
Settlement obligations	13,331	14,665	-	-	13,331	14,665
Guarantee obligations	166,405	179,981	-	-	166,405	179,981
Revenue bonds	-	-	506,179	492,376	506,179	492,376
State loans	-	-	130,277	107,743	130,277	107,743
Total	\$ 1,625,655	1,608,183	636,456	600,119	2,262,111	2,208,302

During fiscal year 2020, the City issued \$214,675 in General Improvement Bonds, Series 2020 and \$35,830 in Storm Water System Revenue and Revenue Refunding Bonds, Series 2019. Total debt includes general obligation bonds, bond anticipation notes, commercial paper, capital lease obligations, revenue bonds, state loans, and other debt obligations as indicated in the table above. Governmental activities' and business-type activities' debt totals decreased by \$17,472 and \$36,337, respectively.

The City has long held a high-grade bond rating on indebtedness from the major credit rating services. As of June 30, 2020, 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 outbreak of COVID-19 has been declared a pandemic by the World Health Organization. The Governor declared a state of emergency in the State on March 12, 2020 and the Mayor declared a state of emergency in the City on March 17, 2020, each of which is still in effect. The COVID-19 pandemic and economic disruption resulting from measures taken to contain it, including the amount and timing of collections of City revenues cannot be determined at this time. No assurance can be provided that the COVID-19 pandemic and resulting economic disruption will not result in revenues in the City that are lower than projected.

The City of Memphis FY21 general fund budget embraces the expected impact of COVID-19. Factors considered in preparing the City's budget for the 2021 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 \$1,347,331 against revenues of \$1,329,274.
- The adopted operating budget for the general fund is \$655,250 in revenues and \$708,695 in expenditures.

### **Requests for Information**

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



# CITY OF MEMPHIS

T E N N E S S E E

## BASIC FINANCIAL STATEMENTS







STATEMENT OF NET POSITION  
(Thousands of Dollars)  
June 30, 2020

CITY OF MEMPHIS, TENNESSEE  
EXHIBIT A-1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,416	\$ 135,864	\$ 144,280	\$ 54,874
Investments	617	156,078	156,695	8,014
Equity in cash and investment pool	348,771	75,474	424,245	-
Restricted funds	105,813	81,660	187,473	-
Receivables (net of allowance for uncollectibles):				
Property taxes	436,712	-	436,712	-
Sales, income, and other taxes	41,442	-	41,442	-
Special assessments	4,140	-	4,140	-
Federal and state grants	60,292	-	60,292	30,015
Interest and dividends on investments	227	66	293	-
Notes and accounts receivable	-	165,345	165,345	5,137
Housing rehabilitation loans	48,676	-	48,676	-
Other	42,272	5,935	48,207	-
Due from other agencies and governments	10,785	-	10,785	113
Inventories	1,678	58,644	60,322	5,198
Unbilled revenues	-	64,841	64,841	-
Prepaid expense	-	2,049	2,049	3,059
Restricted assets:				
Cash and cash equivalents	-	-	-	206,004
Investments	-	61,366	61,366	59,218
Non-depreciable capital assets	1,031,879	453,108	1,484,987	389,143
Depreciable capital assets (net of accumulated depreciation)	878,062	2,268,381	3,146,443	653,715
Net Pension asset	-	-	-	8,592
Other assets	42,873	73,732	116,605	54,047
<b>Total Assets</b>	<b>3,062,655</b>	<b>3,602,543</b>	<b>6,665,198</b>	<b>1,477,129</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - pensions	139,975	98,673	238,648	10,603
Deferred outflows - OPEB	23,137	57,027	80,164	4,513
Deferred outflows - other	-	-	-	996
<b>Total assets and deferred outflows of resources</b>	<b>3,225,767</b>	<b>3,758,243</b>	<b>6,984,010</b>	<b>1,493,241</b>

(Continued)

STATEMENT OF NET POSITION  
(Thousands of Dollars)  
June 30, 2020

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	\$ 68,082	\$ 231,994	\$ 300,076	\$ 36,876
Accrued interest payable	12,768	-	12,768	15,041
Contract retainage	8,300	1,711	10,011	-
Insurance claims payable	7,166	-	7,166	-
Due to other agencies and governments	83,520	4,849	88,369	9,514
Refundable bonds and deposits	1,807	-	1,807	-
Unearned revenue	6,958	227	7,185	4,302
Other liabilities	96,979	81,198	178,177	-
Noncurrent liabilities:				
Due within one year	123,627	4,689	128,316	28,465
Due in more than one year	1,503,596	653,356	2,156,952	509,723
Net OPEB liability - due in more than one year	600,882	333,058	933,940	81,351
Net pension liability - due in more than one year	448,974	129,319	578,293	19,301
<b>Total Liabilities</b>	<u>2,962,659</u>	<u>1,440,401</u>	<u>4,403,060</u>	<u>704,573</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - pension	108,899	16,611	125,510	11,440
Deferred inflows - OPEB	46,443	139,908	186,351	36,979
Deferred inflows - other	516,093	1,630	517,723	-
<b>Total liabilities and deferred inflows of resources</b>	<u>3,634,094</u>	<u>1,598,550</u>	<u>5,232,644</u>	<u>752,992</u>
<b>NET POSITION</b>				
Net investment in capital assets	343,085	2,135,366	2,478,451	622,001
Restricted for:				
Debt service	109,086	65,865	174,951	-
Capital acquisitions/projects	-	-	-	164,911
Construction	-	10,845	10,845	-
Solid waste management	3,648	-	3,648	-
Drug enforcement	8,889	-	8,889	-
Operations	185,665	-	185,665	9,549
Unrestricted:	<u>(1,058,700)</u>	<u>(52,383)</u>	<u>(1,111,083)</u>	<u>(56,212)</u>
<b>Total Net Position</b>	<u>\$ (408,327)</u>	<u>\$ 2,159,693</u>	<u>\$ 1,751,366</u>	<u>\$ 740,249</u>

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total	Component Units
					Governmental Activities	Business-Type Activities			
<b>Functions/Programs</b>									
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 434,376	\$ 96,413	\$ 60,663	\$ 12,501	\$ (264,799)	\$ -	\$ (264,799)	\$ -	
Public safety	540,696	21,913	-	-	(518,783)	-	(518,783)	-	
Community services	93,817	-	-	-	(93,817)	-	(93,817)	-	
Transportation and environment	84,624	67,339	-	-	(17,285)	-	(17,285)	-	
Education	3,060	-	-	-	(3,060)	-	(3,060)	-	
Interest on long-term debt	63,470	-	-	-	(63,470)	-	(63,470)	-	
<b>Total governmental activities</b>	<b>1,220,043</b>	<b>185,665</b>	<b>60,663</b>	<b>12,501</b>	<b>(961,214)</b>	<b>-</b>	<b>(961,214)</b>	<b>-</b>	
Business-type activities:									
Sewer collection and treatment	110,461	132,315	258	1,333	-	23,445	23,445	-	
Memphis Light, Gas and Water	1,564,178	1,652,282	-	-	-	88,104	88,104	-	
Storm water	30,375	31,903	-	-	-	1,528	1,528	-	
<b>Total business-type activities</b>	<b>1,705,014</b>	<b>1,816,500</b>	<b>258</b>	<b>1,333</b>	<b>-</b>	<b>113,077</b>	<b>113,077</b>	<b>-</b>	
<b>Total primary government</b>	<b>\$ 2,925,057</b>	<b>\$ 2,002,165</b>	<b>\$ 60,921</b>	<b>\$ 13,834</b>	<b>\$ (961,214)</b>	<b>\$ 113,077</b>	<b>\$ (848,137)</b>	<b>\$ -</b>	
<b>Component units:</b>									
Memphis Area Transit Authority	72,172	5,505	-	8,551	-	-	-	(57,171)	
Memphis-Shelby County Airport Authority	149,220	105,160	-	45,065	-	-	-	1,005	
Renasant Convention Center	5,014	2,085	-	-	-	-	-	(2,929)	
Blight Authority Memphis, Inc.	15	-	-	-	-	-	-	135	
Memphis Zoological Society	19,844	14,046	363	183	-	-	-	(5,252)	
<b>Total component units</b>	<b>\$ 226,421</b>	<b>\$ 112,750</b>	<b>\$ 363</b>	<b>\$ 53,616</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (64,212)</b>	

STATEMENT OF ACTIVITIES  
(Thousands of Dollars)

For the fiscal year ended June 30, 2020

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total	
				Governmental Activities	Business-Type Activities		
General revenues:							
Local taxes:							
Property taxes - levied for education				1,282	-	1,282	-
Property taxes - levied for debt service				136,881	-	136,881	-
Property taxes - levied for capital projects				1,194	-	1,194	-
Property taxes - levied for general government				290,747	-	290,747	-
Interest, penalties and commission - property taxes				6,880	-	6,880	-
Sales tax, general				118,317	-	118,317	-
Sales tax, beer				15,011	-	15,011	-
Gross receipts tax				16,334	-	16,334	-
Franchise tax				7,758	-	7,758	-
Other local taxes				32,697	-	32,697	-
State taxes-unrestricted:							
Sales tax				59,749	-	59,749	-
Income tax				5,578	-	5,578	-
Beer tax				303	-	303	-
Alcoholic beverage tax				421	-	421	-
Professional tax				35	-	35	-
Petroleum products tax				24,260	-	24,260	-
State taxes - Debt service				16,790	-	16,790	-
Hotel/motel tax				13,614	-	13,614	-
Grants and contributions not restricted to specific programs				-	-	-	52
City of Memphis subsidy				-	-	-	34,176
Investment income				8,460	12,227	20,687	7,772
Federal grants and entitlements				-	-	-	24,814
State grants				-	-	-	8,009
Other				38,270	35,936	74,206	13,188
Transfers				19,348	(69,559)	(50,211)	-
Total general revenues and transfers				813,929	(21,396)	792,533	88,011
Changes in net position				(147,285)	91,681	(55,604)	23,799
Net position - beginning, as restated				(261,042)	2,068,012	1,806,970	716,450
Net position - ending				(408,327) \$	2,159,693 \$	1,751,366 \$	740,249

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

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
(Thousands of Dollars)  
**June 30, 2020**

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

	General	Debt Service	Capital Projects	Community Development	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 41	\$ -	\$ 5,002	\$ 2,926	\$ 446	\$ 8,415
Investments	-	-	617	-	-	617
Equity in cash and investment pool	208,287	22,425	45,671	3,420	46,081	325,884
Receivables (net of allowance for uncollectibles):						
Property taxes:						
Current property taxes	271,957	121,953	1,170	-	1,225	396,305
Delinquent property taxes	27,943	12,117	51	-	296	40,407
Special assessments:						
Current special assessments	-	-	-	-	3,740	3,740
Delinquent special assessments	161	-	-	-	239	400
Sales, income, and other taxes	31,272	1,390	-	-	8,780	41,442
Federal and state grants	1,356	-	15,587	38,832	4,517	60,292
Interest and dividends on investments	-	-	-	227	-	227
Housing rehabilitation loans	-	-	-	48,676	-	48,676
Other	39,040	3,095	-	106	31	42,272
Due from other funds	11,120	3,827	-	-	-	14,947
Due from other agencies and governments	227	-	-	-	7,003	7,230
Escrows - debt funding	-	42,873	-	-	-	42,873
Restricted assets:						
Cash restricted for debt service	-	105,813	-	-	-	105,813
<b>Total assets</b>	<b>\$ 591,404</b>	<b>\$ 313,493</b>	<b>\$ 68,098</b>	<b>\$ 94,187</b>	<b>\$ 72,358</b>	<b>\$ 1,139,540</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 37,822	\$ 81	\$ 17,984	\$ 1,848	\$ 9,007	\$ 66,742
Contract retainage	-	-	8,300	-	-	8,300
Due to other funds	-	-	-	51	11,364	11,415
Due to other agencies and governments	77,886	-	-	-	60	77,946
Refundable bonds and deposits	1,807	-	-	-	-	1,807
Unearned revenue	-	-	6,215	-	743	6,958
<b>Total liabilities</b>	<b>117,515</b>	<b>81</b>	<b>32,499</b>	<b>1,899</b>	<b>21,174</b>	<b>173,168</b>
<b>Deferred inflows:</b>						
Prepaid taxes	405	-	-	-	-	405
Uncollected property taxes	302,461	136,375	1,235	-	1,517	441,588
Uncollected anti-neglect fees	421	-	-	-	-	421
Uncollected traffic fines	19,189	-	-	-	-	19,189
Uncollected ambulance fees	5,231	-	-	-	-	5,231
Uncollected special assessments	-	-	-	-	4,066	4,066
Uncollected grant reimbursements	-	-	-	-	1,006	1,006
Uncollected intergovernmental revenue	-	-	-	40,003	-	40,003
Uncollected project loans receivable	-	-	-	48,676	-	48,676
Other deferred inflows	16,357	3,095	-	-	-	19,452
<b>Total deferred inflows</b>	<b>344,064</b>	<b>139,470</b>	<b>1,235</b>	<b>88,679</b>	<b>6,589</b>	<b>580,037</b>
<b>Total liabilities and deferred inflows</b>	<b>461,579</b>	<b>139,551</b>	<b>33,734</b>	<b>90,578</b>	<b>27,763</b>	<b>753,205</b>
<b>Fund balances:</b>						
Restricted	13,912	109,086	-	3,609	34,856	161,463
Committed	-	64,856	34,364	-	9,739	108,959
Assigned	36,866	-	-	-	-	36,866
Unassigned	79,047	-	-	-	-	79,047
<b>Total fund balances</b>	<b>129,825</b>	<b>173,942</b>	<b>34,364</b>	<b>3,609</b>	<b>44,595</b>	<b>386,335</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 591,404</b>	<b>\$ 313,493</b>	<b>\$ 68,098</b>	<b>\$ 94,187</b>	<b>\$ 72,358</b>	<b>\$ 1,139,540</b>

See accompanying notes to financial statements.

**RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
(Thousands of Dollars)  
June 30, 2020**

**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	\$ 386,335
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,909,941
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	58,370
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.	(417,898)
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.	(623,294)
Internal service funds are used by management to charge the costs of printing & mail, information systems, health insurance, unemployment compensation, and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	15,086
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,736,867)</u>
Net position of governmental activities	<u>\$ (408,327)</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, 2020

CITY OF MEMPHIS, TENNESSEE  
EXHIBIT A-5

	General	Debt Service	Capital Projects	Community Development	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>						
Local taxes	\$ 462,046	\$ 136,881	\$ 1,194	\$ -	\$ 33,073	\$ 633,194
State taxes (local share)	67,370	16,790	-	-	22,976	107,136
Hotel/motel tax	-	-	-	-	13,614	13,614
Licenses and permits	12,278	-	-	-	2,120	14,398
Fines and forfeitures	11,751	-	-	-	1,561	13,312
Charges for services	34,004	-	-	-	67,460	101,464
Investment income	4,237	2,446	1,399	-	378	8,460
Federal grants and entitlements	29,907	2,970	12,501	14,076	11,113	70,567
State grants	-	-	268	-	2,329	2,597
Intergovernmental revenues	10,760	-	-	-	-	10,760
Other	18,310	1,725	4,708	-	2,673	27,416
<b>Total revenues</b>	<b>650,663</b>	<b>160,812</b>	<b>20,070</b>	<b>14,076</b>	<b>157,297</b>	<b>1,002,918</b>
<b>EXPENDITURES</b>						
Current:						
General government	188,788	-	-	-	47,558	236,346
Public safety	470,721	-	-	-	10,485	481,206
Community services	62,259	-	-	15,475	1,181	78,915
Transportation and environment	13,076	-	-	-	65,172	78,248
Education	-	-	-	-	3,060	3,060
Capital outlay	-	-	259,451	-	-	259,451
Debt service:						
Redemption of serial bonds and notes	-	99,922	-	-	-	99,922
Lease payments	115	4,113	-	-	-	4,228
Interest	-	65,078	-	-	-	65,078
Bond issuance cost	-	1,402	48	-	-	1,450
Service charges	-	4,916	4	-	-	4,920
<b>Total expenditures</b>	<b>734,959</b>	<b>175,431</b>	<b>259,503</b>	<b>15,475</b>	<b>127,456</b>	<b>1,312,824</b>
Revenues over (under) expenditures	(84,296)	(14,619)	(239,433)	(1,399)	29,841	(309,906)
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of capital assets	19	-	-	-	-	19
Transfers in	85,673	12,404	438	-	2,775	101,290
Transfers out	(7,865)	(767)	-	-	(26,789)	(35,421)
Payment to refunded bond escrow agent	-	(143,436)	-	-	-	(143,436)
Refunding bonds/issuance of debt	302	214,675	125,000	-	-	339,977
Premium on general obligation bonds	-	27,756	-	-	-	27,756
<b>Total other financing sources (uses)</b>	<b>78,129</b>	<b>110,632</b>	<b>125,438</b>	<b>-</b>	<b>(24,014)</b>	<b>290,185</b>
Net change in fund balances	(6,167)	96,013	(113,995)	(1,399)	5,827	(19,721)
Fund balances - beginning of year	135,992	77,929	148,359	5,008	38,768	406,056
<b>Fund balances - end of year</b>	<b>\$ 129,825</b>	<b>\$ 173,942</b>	<b>\$ 34,364</b>	<b>\$ 3,609</b>	<b>\$ 44,595</b>	<b>\$ 386,335</b>

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, 2020**

**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	\$ (19,721)
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.	231,296
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(7,197)
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.	(17,472)
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.	(4,806)
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.	(323,286)
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>(6,099)</u>
Change in net position of governmental activities	<u><u>\$ (147,285)</u></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, 2020**

**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	\$ 272,398	\$ 272,398	\$ 264,631	\$ (7,767)
Interest, penalties and commission - property taxes	6,470	6,470	6,880	410
Receipts in lieu of taxes contractual	11,800	11,800	13,303	1,503
Sales tax general	115,787	115,787	118,317	2,530
Sales tax beer	16,500	16,500	15,010	(1,490)
Alcoholic beverage tax	5,500	5,500	6,705	1,205
Liquor by the drink tax	8,000	8,000	7,248	(752)
Gross receipts tax	15,100	15,100	16,334	1,234
Excise tax	1,200	1,200	2,034	834
Franchise tax	8,465	8,465	7,758	(707)
Tourism development zone tax	3,500	3,500	2,920	(580)
Other local taxes	968	968	906	(62)
Total local taxes	<u>465,688</u>	<u>465,688</u>	<u>462,046</u>	<u>(3,642)</u>
<b>State taxes (local share):</b>				
Sales tax	58,824	58,824	59,749	925
Income taxes	5,500	5,500	5,613	113
Beer taxes	315	315	303	(12)
Alcoholic beverage tax	375	375	421	46
Petroleum special tax	1,300	1,300	1,284	(16)
Total state taxes (local share)	<u>66,314</u>	<u>66,314</u>	<u>67,370</u>	<u>1,056</u>
<b>Licenses and permits:</b>				
Auto licenses	12,900	12,900	11,422	(1,478)
Dog licenses	350	350	270	(80)
Liquor by the drink licenses	215	215	241	26
Other	415	415	345	(70)
Total licenses and permits	<u>13,880</u>	<u>13,880</u>	<u>12,278</u>	<u>(1,602)</u>
<b>Fines and forfeitures:</b>				
City courts	15,940	16,990	11,541	(5,449)
Library	350	350	210	(140)
Total fines and forfeitures	<u>16,290</u>	<u>17,340</u>	<u>11,751</u>	<u>(5,589)</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, 2020

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Charges for services:</b>				
Building and other inspection fees	\$ 1,735	\$ 1,735	\$ 172	\$ (1,563)
Park commission revenues	5,290	5,290	4,932	(358)
Parking meter revenues	1,200	1,200	1,018	(182)
Ambulance service fees	22,500	22,500	21,912	(588)
Rents	3,052	3,048	2,418	(630)
Tax sale attorney fees	525	525	641	116
Wrecker and storage fees	1,250	1,250	1,312	62
Police special events	700	700	436	(264)
Other	1,418	1,418	1,163	(255)
Total charges for services	<u>37,670</u>	<u>37,666</u>	<u>34,004</u>	<u>(3,662)</u>
<b>Investment income:</b>				
Interest on investments	3,342	3,342	4,159	817
Other	120	120	78	(42)
Total investment income	<u>3,462</u>	<u>3,462</u>	<u>4,237</u>	<u>775</u>
<b>Federal grants</b>	<u>5,031</u>	<u>20,263</u>	<u>29,907</u>	<u>9,644</u>
<b>Intergovernmental revenues</b>	<u>10,760</u>	<u>10,760</u>	<u>10,760</u>	<u>-</u>
<b>Other:</b>				
Auctions	1,750	1,750	2,050	300
Property insurance recoveries	418	418	1,228	810
Local shared revenue	1,730	1,730	1,918	188
Miscellaneous	4,635	5,075	13,114	8,039
Total other	<u>8,533</u>	<u>8,973</u>	<u>18,310</u>	<u>9,337</u>
<b>Total revenues</b>	<u>\$ 627,628</u>	<u>\$ 644,346</u>	<u>\$ 650,663</u>	<u>\$ 6,317</u>
<b>Other sources and transfers in:</b>				
Sale of capital assets	\$ -	\$ -	\$ 19	\$ 19
Refunding bonds/issuance of debt	-	-	302	302
Transfers in:				
Miscellaneous Grants fund	30	30	-	(30)
Solid waste management	1,065	1,065	1,065	-
Sewer collection and treatment fund	10,870	10,870	10,871	1
MLG&W fund	63,000	63,000	56,410	(6,590)
Hotel/Motel	38	38	90	52
Storm water	107	107	107	-
Fleet management fund	3,000	3,000	3,000	-
Metro alarm	1,705	1,730	1,730	-
2019 Sales Tax Referendum	-	9,000	9,000	-
Unemployment	900	900	900	-
Municipal State Aid fund	2,500	5,000	2,500	(2,500)
Total transfers in	<u>83,215</u>	<u>94,740</u>	<u>85,673</u>	<u>(9,067)</u>
<b>Total other sources and transfers in</b>	<u>\$ 83,215</u>	<u>\$ 94,740</u>	<u>\$ 85,994</u>	<u>\$ (8,746)</u>
<b>Total Revenues, Other Sources &amp; Transfers In</b>	<u>\$ 710,843</u>	<u>\$ 739,086</u>	<u>\$ 736,657</u>	<u>\$ (2,429)</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, 2020

CITY OF MEMPHIS, TENNESSEE  
Exhibit A-8

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>General government:</b>				
Legislative:				
Personnel services	\$ 1,844	\$ 1,900	\$ 1,848	\$ 52
Materials and supplies	464	900	72	828
Total legislative	<u>2,308</u>	<u>2,800</u>	<u>1,920</u>	<u>880</u>
Judicial:				
Personnel services	755	755	761	(6)
Materials and supplies	54	52	36	16
Total judicial	<u>809</u>	<u>807</u>	<u>797</u>	<u>10</u>
Court clerk:				
Personnel services	3,023	3,023	3,316	(293)
Materials and supplies	2,696	4,577	2,631	1,946
Capital outlay	50	50	3	47
Total court clerk	<u>5,769</u>	<u>7,650</u>	<u>5,950</u>	<u>1,700</u>
Executive:				
Personnel services	10,356	10,550	10,174	376
Materials and supplies	5,067	6,151	4,951	1,200
Capital outlay	-	10	38	(28)
Grants and subsidies	4,007	4,004	2,982	1,022
Expense reimbursement	(90)	(90)	(200)	110
Total executive	<u>19,340</u>	<u>20,625</u>	<u>17,945</u>	<u>2,680</u>
Finance and administration:				
Personnel services	8,435	17,103	16,570	533
Materials and supplies	2,509	3,064	2,979	85
Capital outlay	-	-	5	(5)
Grants and subsidies	5,189	8,838	7,313	1,525
Expense reimbursement	(1,063)	(1,063)	(949)	(114)
Total finance and administration	<u>15,070</u>	<u>27,942</u>	<u>25,918</u>	<u>2,024</u>
City attorney:				
Personnel services	5,379	5,502	5,073	429
Materials and supplies	12,059	13,255	10,589	2,666
Grants and subsidies	-	-	132	(132)
Expense reimbursement	(3,410)	(3,410)	(2,996)	(414)
Total city attorney	<u>14,028</u>	<u>15,347</u>	<u>12,798</u>	<u>2,549</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, 2020

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
City engineer:				
Personnel services	\$ 9,252	\$ 9,249	\$ 9,087	\$ 162
Materials and supplies	4,706	5,658	5,016	642
Capital outlay	85	85	34	51
Expense reimbursement	(5,246)	(5,246)	(5,967)	721
<b>Total city engineer</b>	<b>8,797</b>	<b>9,746</b>	<b>8,170</b>	<b>1,576</b>
Information systems:				
Personnel services	2,881	2,880	1,866	1,014
Materials and supplies	19,897	21,826	18,459	3,367
Expense reimbursement	(1,087)	(1,087)	(765)	(322)
<b>Total information systems</b>	<b>21,691</b>	<b>23,619</b>	<b>19,560</b>	<b>4,059</b>
Human resources:				
Personnel services	5,819	5,829	5,455	374
Materials and supplies	3,911	4,083	3,892	191
Capital outlay	32	32	32	-
Expense reimbursement	(875)	(875)	(866)	(9)
<b>Total human resources</b>	<b>8,887</b>	<b>9,069</b>	<b>8,513</b>	<b>556</b>
General services:				
Personnel services	23,252	23,241	21,848	1,393
Materials and supplies	10,646	11,012	12,920	(1,908)
Capital outlay	85	86	72	14
Expense reimbursement	(9,498)	(9,498)	(9,274)	(224)
<b>Total general services</b>	<b>24,485</b>	<b>24,841</b>	<b>25,566</b>	<b>(725)</b>
Special appropriations:				
Materials and supplies	-	2,400	2,403	(3)
Grants and subsidies	55,713	65,572	65,130	442
Expense reimbursement	(5,500)	(5,500)	(6,026)	526
<b>Total special appropriations</b>	<b>50,213</b>	<b>62,472</b>	<b>61,507</b>	<b>965</b>
<b>Total general government</b>	<b>\$ 171,397</b>	<b>\$ 204,918</b>	<b>\$ 188,644</b>	<b>\$ 16,274</b>

(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, 2020

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	\$ 241,242	\$ 241,191	\$ 249,467	\$ (8,276)
Materials and supplies	32,610	34,958	32,683	2,275
Capital outlay	508	508	889	(381)
Grants and subsidies	150	150	59	91
Expense reimbursement	(1,730)	(1,730)	(2,006)	276
<b>Total police</b>	<b>272,780</b>	<b>275,077</b>	<b>281,092</b>	<b>(6,015)</b>
Fire:				
Personnel services	165,184	166,379	169,089	(2,710)
Materials and supplies	18,812	21,494	22,057	(563)
Capital outlay	81	83	1,065	(982)
Expense reimbursement	(227)	(227)	(585)	358
<b>Total fire</b>	<b>183,850</b>	<b>187,729</b>	<b>191,626</b>	<b>(3,897)</b>
<b>Total public safety</b>	<b>\$ 456,630</b>	<b>\$ 462,806</b>	<b>\$ 472,718</b>	<b>\$ (9,912)</b>
<b>Community services:</b>				
Library:				
Personnel services	\$ 15,872	\$ 15,807	\$ 15,941	\$ (134)
Materials and supplies	5,259	6,822	4,607	2,215
<b>Total library</b>	<b>21,131</b>	<b>22,629</b>	<b>20,548</b>	<b>2,081</b>
Parks and recreation:				
Personnel services	18,184	18,121	16,815	1,306
Materials and supplies	19,767	20,054	20,020	34
Capital outlay	12	12	-	12
Inventory	380	650	21	629
Expense reimbursement	(56)	(56)	-	(56)
<b>Total parks and recreation</b>	<b>38,287</b>	<b>38,781</b>	<b>36,856</b>	<b>1,925</b>
Community development:				
Personnel services	2,585	2,585	2,589	(4)
Materials and supplies	353	404	340	64
Grants and subsidies	2,248	2,544	2,245	299
<b>Total community development</b>	<b>5,186</b>	<b>5,533</b>	<b>5,174</b>	<b>359</b>
Public service				
Materials and supplies	-	-	(4)	4
<b>Total public service</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	<b>4</b>

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, 2020

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

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Community Enhancement				
Materials and supplies	-	3	(3)	6
Total community enhancement	-	3	(3)	6
Total community services	\$ 64,604	\$ 66,946	\$ 62,571	\$ 4,375
<b>Transportation and environment:</b>				
Public works:				
Personnel services	\$ 15,296	\$ 15,296	\$ 13,861	\$ 1,435
Materials and supplies	15,692	17,592	13,848	3,744
Capital outlay	270	334	75	259
Grants and subsidies	-	400	311	89
Expense reimbursement	(13,981)	(13,981)	(14,240)	259
Total public works	17,277	19,641	13,855	5,786
Total transportation and environment	\$ 17,277	\$ 19,641	\$ 13,855	\$ 5,786
<b>Total Expenditures</b>	<b>\$ 709,908</b>	<b>\$ 754,311</b>	<b>\$ 737,788</b>	<b>\$ 16,523</b>
<b>OTHER USES</b>				
<b>Transfers out</b>				
Miscellaneous grants fund	\$ -	\$ 5	\$ -	\$ 5
OPEB fund	-	3,500	3,500	-
Healthcare fund	-	3,000	3,000	-
Library retirement fund	1,090	1,090	1,090	-
HUB Community Impact fund	250	275	275	-
Total transfers out	1,340	7,870	7,865	5
<b>Total other uses</b>	<b>\$ 1,340</b>	<b>\$ 7,870</b>	<b>\$ 7,865</b>	<b>\$ 5</b>
<b>Total Expenditures and Other Uses</b>	<b>\$ 711,248</b>	<b>\$ 762,181</b>	<b>\$ 745,653</b>	<b>\$ 16,528</b>
Net Change in Fund balances (Budgetary)	\$ (405)	\$ (23,095)	\$ (8,996)	\$ (18,957)
Adjustment for encumbrances			2,829	
Revenues over expenditures GAAP basis			(6,167)	
Fund Balance - beginning			135,992	
Fund Balance - ending			\$ 129,825	

See accompanying notes to financial statements.

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 (Thousands of Dollars)  
 June 30, 2020

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	\$ 1	\$ 84,272	\$ 43,562	\$ 8,029	\$ -	\$ 135,864	\$ 1
Investments	14,754	86,964	41,902	8,301	2,527	154,448	-
Equity in cash and investment pool	46,435	-	-	-	29,039	75,474	22,887
Derivative financial instruments	-	-	1,630	-	-	1,630	-
Restricted funds	-	32,108	10,905	8,462	30,185	81,660	-
Receivables:							
Notes and accounts	14,600	88,236	40,567	18,462	3,480	165,345	-
Interest on investments	-	-	66	-	-	66	-
Due from other agencies	-	-	-	-	-	-	23
Unbilled revenues	-	47,791	13,380	3,670	-	64,841	-
Prepaid power cost	-	-	2,049	-	-	2,049	-
Unrecovered purchased power cost	-	11,021	683	-	-	11,704	-
Prepaid expenses	2,067	-	625	-	-	2,692	-
Inventories of materials and supplies	-	44,336	9,416	4,892	-	58,644	1,678
Other current assets	-	5,040	6,312	933	-	12,285	-
Total current assets	77,857	399,768	171,097	52,749	65,231	766,702	24,589
Non-current assets:							
Restricted assets:							
Investments, less current portion	-	38,475	14,114	8,777	-	61,366	-
Total restricted assets	-	38,475	14,114	8,777	-	61,366	-
Capital assets:							
Land	14,108	-	-	-	37	14,145	-
Buildings	105,196	-	-	-	907	106,103	-
Utility plant	-	1,981,610	767,472	568,142	-	3,317,224	-
Improvements other than buildings	631,457	-	-	-	57,309	688,766	-
Machinery and equipment	40,380	-	-	-	21,341	61,721	86
Less accumulated depreciation and amortization	(453,521)	(850,563)	(351,950)	(213,937)	(35,462)	(1,905,433)	(9)
Total capital assets	337,620	1,131,047	415,522	354,205	44,132	2,282,526	77
Construction in progress	352,997	-	-	-	85,966	438,963	-
Net capital assets	690,617	1,131,047	415,522	354,205	130,098	2,721,489	77
Other non-current assets:							
Prepayments in lieu of taxes	-	1,671	38	-	-	1,709	-
Unamortized debt expense	-	1,080	548	557	-	2,185	-
Other prepayments	-	14,339	19,432	3,946	-	37,717	-
Notes receivable	-	-	3,713	1,727	-	5,440	-
Total other non-current assets	-	17,090	23,731	6,230	-	47,051	-
Total non-current assets	690,617	1,186,612	453,367	369,212	130,098	2,829,906	77
<b>Total assets</b>	<b>768,474</b>	<b>1,586,380</b>	<b>624,464</b>	<b>421,961</b>	<b>195,329</b>	<b>3,596,608</b>	<b>24,666</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred outflows related to pensions	4,253	55,217	21,166	15,646	2,391	98,673	-
Deferred outflows related to OPEB	1,326	32,968	12,637	9,341	755	57,027	62
<b>Total assets and deferred outflows of resources</b>	<b>\$ 774,053</b>	<b>\$ 1,674,565</b>	<b>\$ 658,267</b>	<b>\$ 446,948</b>	<b>\$ 198,475</b>	<b>\$ 3,752,308</b>	<b>\$ 24,728</b>

(Continued)



STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 (Thousands of Dollars)  
 June 30, 2020

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	\$ 21,193	\$ 137,467	\$ 16,669	\$ -	\$ 6,875	\$ 182,204	\$ 1,497
Bonds and notes payable	-	6,680	2,532	2,518	-	11,730	-
Accrued liabilities	-	23,043	14,079	12,511	-	49,633	-
Payables due from restricted assets	-	23,958	7,255	4,761	-	35,974	-
Bonds payable - principal from restricted assets	-	615	233	231	-	1,079	-
Bonds payable - interest from restricted assets	-	665	282	183	-	1,130	-
Insurance claims payable	157	-	-	-	-	157	7,009
Contract retainage	1,639	-	-	-	72	1,711	-
Unearned revenue	103	-	-	-	124	227	-
Current installment of revenue bonds payable	9,620	-	-	-	740	10,360	-
State loans payable - current	4,849	-	-	-	-	4,849	-
Vacation, sick and other leave benefits	3,498	9,338	3,651	2,578	1,860	20,925	103
<b>Total current liabilities</b>	<b>41,059</b>	<b>201,766</b>	<b>44,701</b>	<b>22,782</b>	<b>9,671</b>	<b>319,979</b>	<b>8,609</b>
Long-term liabilities:							
Revenue bonds payable	99,053	192,580	82,161	63,803	41,880	479,477	-
State loans payable	125,428	-	-	-	-	125,428	-
Net pension liability	13,497	64,687	24,797	18,328	8,010	129,319	-
Net OPEB liability	33,245	168,882	64,738	47,850	18,343	333,058	892
Customer common deposits	-	21,874	4,598	1,366	-	27,838	-
Long term commercial paper	-	-	-	-	3,532	3,532	-
Other	-	8,863	7,802	5,105	-	21,770	-
<b>Total long-term liabilities</b>	<b>271,223</b>	<b>456,886</b>	<b>184,096</b>	<b>136,452</b>	<b>71,765</b>	<b>1,120,422</b>	<b>892</b>
<b>Total liabilities</b>	<b>312,282</b>	<b>658,652</b>	<b>228,797</b>	<b>159,234</b>	<b>81,436</b>	<b>1,440,401</b>	<b>9,501</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflows related to pensions	2,947	7,235	2,773	2,050	1,606	16,611	-
Deferred inflows related to OPEB	2,431	81,715	31,324	23,153	1,285	139,908	64
Revenue collected in advance	-	-	1,630	-	-	1,630	-
<b>Total liabilities and deferred inflows of resources</b>	<b>317,660</b>	<b>747,602</b>	<b>264,524</b>	<b>184,437</b>	<b>84,327</b>	<b>1,598,550</b>	<b>9,565</b>
<b>NET POSITION</b>							
Net investment in capital assets	461,800	931,172	330,596	287,653	124,145	2,135,366	77
Restricted for debt service	14,217	27,893	13,057	10,698	-	65,865	-
Restricted for construction	10,845	-	-	-	-	10,845	-
Unrestricted (deficit)	(30,469)	(32,102)	50,090	(35,840)	(9,997)	(58,318)	15,086
<b>Total net position (deficit)</b>	<b>\$ 456,393</b>	<b>\$ 926,963</b>	<b>\$ 393,743</b>	<b>\$ 262,511</b>	<b>\$ 114,148</b>	<b>\$ 2,153,758</b>	<b>\$ 15,163</b>
Adjustment to reflect the consolidation of internal service funds related to enterprise funds						5,935	
<b>Net position of business-type activities</b>						<b>\$ 2,159,693</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, 2020

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	\$ 132,315	\$ 1,285,976	\$ 260,627	\$ 105,679	\$ 31,903	\$ 1,816,500	\$ 113,533
<b>Operating revenues</b>	132,315	1,285,976	260,627	105,679	31,903	1,816,500	113,533
Operating expenses other than depreciation and amortization:							
Personnel services	40,352	-	-	-	20,011	60,363	5,027
Materials, supplies, services, and other	47,373	-	-	-	6,435	53,808	19,889
Capital outlay	1,900	-	-	-	-	1,900	650
Purchased power and gas for resale	-	1,036,442	110,555	-	-	1,146,997	-
Production	-	-	-	14,919	-	14,919	-
Operation	-	121,450	67,946	44,386	-	233,782	-
Maintenance	-	47,176	5,171	10,632	-	62,979	-
In lieu of taxes	-	6,496	1,061	-	-	7,557	-
Death benefits	-	-	-	-	-	-	152
Inventories	-	-	-	-	-	-	12,924
Claims incurred	-	-	-	-	-	-	74,800
Total operating expenses other than depreciation and amortization	89,625	1,211,564	184,733	69,937	26,446	1,582,305	113,442
Operating income (loss) before depreciation and amortization	42,690	74,412	75,894	35,742	5,457	234,195	91
Depreciation and amortization	14,090	58,169	24,212	10,997	2,532	110,000	9
<b>Operating income (loss)</b>	28,600	16,243	51,682	24,745	2,925	124,195	82
Non-operating revenues:							
Transmission credits	-	35,737	-	-	-	35,737	-
Investment income	1,424	7,791	1,336	1,054	622	12,227	370
Federal grants	258	-	-	-	2	260	-
State grants	-	-	-	-	161	161	-
Other	-	-	-	-	36	36	-
Total non-operating revenues	1,682	43,528	1,336	1,054	821	48,421	370
Non-operating expenses:							
Bond sale expense	-	-	-	-	470	470	-
Loss on disposal of assets	1,758	-	-	-	-	1,758	-
Interest on bonded indebtedness	3,966	5,981	2,339	1,820	927	15,033	-
Interest on state loan	1,006	-	-	-	-	1,006	-
Other	16	-	-	-	-	16	-
Total non-operating expenses	6,746	5,981	2,339	1,820	1,397	18,283	-
Income (loss) before capital contributions and transfers	23,536	53,790	50,679	23,979	2,349	154,333	452
Transfers in	329	-	-	-	-	329	3,000
Transfers out	(10,871)	(38,408)	(18,002)	(2,500)	(107)	(69,888)	(3,900)
Capital contributions	1,333	-	-	-	-	1,333	-
Change in net position (deficit)	14,327	15,382	32,677	21,479	2,242	86,107	(448)
Total net position (deficit) - beginning of year	442,066	911,581	361,066	241,032	111,906		15,611
Prior Period Adjustment	-	-	-	-	-		
<b>Total net position - end of year</b>	<b>\$ 456,393</b>	<b>\$ 926,963</b>	<b>\$ 393,743</b>	<b>\$ 262,511</b>	<b>\$ 114,148</b>		<b>\$ 15,163</b>
Adjustment to reflect the consolidation of internal service funds related to enterprise funds						5,574	
<b>Change in net position of business-type activities</b>						<b>\$ 91,681</b>	

See accompanying notes to financial statements.



STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2020

	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	\$ 129,725	\$ 1,291,625	\$ 271,619	\$ 106,746	\$ 31,397	\$ 1,831,112	\$ 330
Receipts from other division funds	-	-	-	-	-	-	28,295
Miscellaneous income	173	-	-	-	36	209	2
Employee contributions	-	-	-	-	-	-	16,005
Employer contributions	-	-	-	-	-	-	64,269
Vendor rebates	-	-	-	-	-	-	705
Pharmacy rx rebates	-	-	-	-	-	-	3,927
Payments to suppliers	(48,271)	(1,069,430)	(141,326)	(29,273)	(1,286)	(1,289,586)	(20,587)
Payments to/on behalf of employees	(22,835)	(119,731)	(59,441)	(42,700)	(10,548)	(255,255)	(4,724)
Payments from / (to) other divisions or funds	-	(7,390)	(1,588)	(4,201)	-	(13,179)	-
Payments for taxes	-	(14,422)	(2,132)	-	-	(16,554)	-
Payments for inventory	-	-	-	-	-	-	(13,364)
Payments for death benefits	-	-	-	-	-	-	(152)
Payments for claims incurred	-	-	-	-	-	-	(76,221)
Net cash provided by (used in) operating activities (1)	58,792	80,652	67,132	30,572	19,599	256,747	(1,515)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>							
Transfers to City	-	(70,348)	(32,007)	(3,750)	-	(106,105)	-
Receipt of miscellaneous income	-	-	-	-	-	-	-
Principal payments on long-term debt	(39)	-	-	-	-	(39)	-
Transfers from other funds	329	-	-	-	-	329	-
Transfers to other funds	(10,871)	-	-	-	(107)	(10,978)	(900)
Net cash (used in) provided by non-capital financing activities	(10,581)	(70,348)	(32,007)	(3,750)	(107)	(116,793)	(900)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Bond issue costs	(1,002)	-	-	-	(833)	(1,835)	-
Acquisition and construction of capital assets	(94,290)	(80,849)	(23,271)	(20,125)	(12,785)	(231,320)	-
Principal payments on long term commercial paper debt	-	-	-	-	(1,689)	(1,689)	-
Interest payments on long term commercial paper debt	-	-	-	-	(480)	(480)	-
Contributions in aid of construction	-	17,243	1,518	3,345	-	22,106	-
Proceeds from issuance of long term debt	-	-	-	-	42,984	42,984	-
Gain(loss) on sale of asset	-	-	-	-	36	36	-
Receipts from federal grants	258	-	-	-	2	260	-
Receipts from state grants	-	-	-	-	161	161	-
Principal payments on capital debt	(9,760)	(7,040)	(2,660)	(2,680)	-	(22,140)	-
Interest payments on capital debt	(5,083)	(8,186)	(3,470)	(2,247)	-	(18,986)	-
Capital contributions	1,333	-	-	-	-	1,333	-
State Revolving Fund (SRF) loans on capital debt	22,534	-	-	-	-	22,534	-
Net cash used in capital and related financing activities	(86,010)	(78,832)	(27,883)	(21,707)	27,396	(187,036)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Sales and maturities of investments	280	63,883	14,224	2,890	-	81,277	-
Purchase of investments	(320)	(52,671)	(25,089)	(7,096)	(2,527)	(87,703)	-
Payments received on notes receivable	-	-	-	20	-	20	-
Income earned on investments	1,423	5,556	2,319	500	622	10,420	369
Net cash provided by (used in) investing activities	1,383	16,768	(8,546)	(3,686)	(1,905)	4,014	369
Net increase (decrease) in cash and cash equivalents	(36,416)	(51,760)	(1,304)	1,429	44,983	(43,068)	(2,046)
Cash and cash equivalents, beginning of year	82,852	193,345	64,042	18,636	14,241	373,116	24,934
Cash and cash equivalents, end of year	46,436	141,585	62,738	20,065	59,224	330,048	22,888

(Continued)

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 (Thousands of Dollars)  
 For the fiscal year ended June 30, 2020

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

Reconciliation of operating income (loss) to net cash

provided (used) by operating activities:

Operating income (loss)	\$	28,600	\$	16,243	\$	51,682	\$	24,745	\$	2,925	\$	124,195	\$	82
Adjustments to reconcile operating income to net cash provided by operating activities:														
Pension expense - non cash	-	-	6,055	-	2,321	-	1,716	-	-	-	-	10,092	-	-
OPEB expense - non cash	-	-	(18,283)	-	(7,009)	-	(5,180)	-	-	-	-	(30,472)	-	-
Depreciation expense	14,090	-	58,169	-	24,212	-	10,997	-	2,532	-	9	110,000	-	9
Transmission credits	-	-	35,737	-	-	-	-	-	-	-	-	35,737	-	-
Other income	-	-	2,234	-	(969)	-	555	-	-	-	-	1,820	-	-
(Increase) decrease in assets:														
Accounts receivable	(2,418)	-	3,670	-	5,702	-	385	-	(307)	-	-	7,032	-	(27)
Deferred outflows - Pension	406	-	-	-	-	-	-	-	315	-	-	721	-	-
Deferred outflows - OPEB	(402)	-	-	-	-	-	-	-	(215)	-	-	(617)	-	(3)
Unbilled revenues	-	-	2,157	-	6,354	-	(44)	-	-	-	-	8,467	-	-
Prepayments - in lieu of taxes	-	-	19	-	1	-	-	-	-	-	-	20	-	-
Unrecovered purchased power and gas	-	-	(1,248)	-	(683)	-	-	-	-	-	-	(1,931)	-	-
Inventories	-	-	(9,917)	-	(887)	-	160	-	-	-	-	(10,644)	-	-
Other assets	-	-	(18)	-	71	-	-	-	-	-	-	53	-	-
Increase (decrease) in liabilities:														
Accounts payable	(53)	-	(839)	-	(12,279)	-	-	-	5,096	-	-	(8,075)	-	(1,720)
Other accrued expenses	1,125	-	(1,104)	-	870	-	(1,138)	-	-	-	-	(247)	-	-
Accrued payment in lieu of taxes	-	-	(7,884)	-	(1,070)	-	-	-	-	-	-	(8,954)	-	-
Customer deposits	-	-	635	-	1,017	-	24	-	-	-	-	1,676	-	-
Insurance reserves	-	-	(843)	-	(774)	-	(568)	-	-	-	-	(2,185)	-	-
Medical benefit accrual	-	-	(3,120)	-	(1,423)	-	(930)	-	-	-	-	(1,544)	-	-
Deferred inflows - Pension	(942)	-	-	-	-	-	-	-	(602)	-	-	(1,942)	-	-
Deferred inflows - OPEB	(1,265)	-	-	-	-	-	-	-	(677)	-	-	(1,942)	-	(11)
Net pension liability	1,181	-	-	-	-	-	-	-	632	-	-	1,813	-	-
Net OPEB liability	18,504	-	-	-	-	-	-	-	9,900	-	-	28,404	-	155
Accrued vacation/sick leave	(34)	-	-	-	-	-	-	-	-	-	-	(34)	-	-
Other	-	-	(1,011)	-	(4)	-	(150)	-	-	-	-	(1,165)	-	-
Total adjustments	30,192	-	64,409	-	15,450	-	5,827	-	16,674	-	-	132,552	-	(1,597)
Net cash provided by (used in) operating activities (1)	\$	58,792	\$	80,652	\$	67,132	\$	30,572	\$	19,599	\$	256,747	\$	(1,515)

Reconciliation of cash and cash equivalents per statements of cash flows to the balance sheets:

Restricted funds	\$	-	\$	70,583	\$	25,019	\$	17,239	\$	30,185	\$	143,026	\$	-
Less investments included in restricted funds	-	-	(13,270)	-	(5,843)	-	(5,203)	-	-	-	-	(24,316)	-	-
Cash and cash equivalents included in restricted funds	-	-	57,313	-	19,176	-	12,036	-	30,185	-	-	118,710	-	-
Current assets - cash and cash equivalents	1	-	84,272	-	43,562	-	8,029	-	-	-	-	135,864	-	1
Current assets - equity in cash and investment pool	46,435	-	-	-	-	-	-	-	29,039	-	-	75,474	-	22,887
Total cash and cash equivalents	\$	46,436	\$	141,585	\$	62,738	\$	20,065	\$	59,224	\$	330,048	\$	22,888

See accompanying notes to financial statements.

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
(Thousands of Dollars)  
June 30, 2020

CITY OF MEMPHIS, TENNESSEE  
Exhibit A-12

	Pension and OPEB Trust Funds	Sold Property Tax Receivable Agency Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 122,354	\$ -
Investments, at fair value:		
U.S. government securities - long-term	68,840	-
Common stock - domestic	1,299,865	-
Common stock - foreign	252,712	-
Preferred stock - foreign	2,033	-
Corporate bonds - domestic	384,357	-
Corporate bonds - foreign	138,238	-
Mutual funds and money market funds	142,803	-
Equity ETF	174,620	-
Government bonds - domestic	4,213	-
Global bond - international	125,051	-
Corporate bond mutual funds - domestic	30,022	-
Convertible bond mutual fund - domestic	10,782	-
Collateralized mortgage obligations	5,884	-
Asset-backed pooled securities	23,724	-
Mortgage-backed pooled securities	45,693	-
Securitized asset fund	16,723	-
Investments in index funds	95,527	-
Investments in limited partnerships	206,620	-
Investments in real estate	414,939	-
Multi-asset - domestic	13,860	-
Private debt funds - domestic	1,828	-
Private equity - domestic	113,141	-
Private equity - international	3,028	-
Investments in international equity fund	513,342	-
Investments in international bond fund	25,284	-
Distressed debt funds - domestic	43,637	-
Distressed debt funds - international	60,663	-
Life Settlement fund	79,880	-
Investments in short sales & written options	(68)	-
Total investments	<u>4,297,241</u>	<u>-</u>
Equity in cash and investment pool	1,710	1,135
Interest and dividend receivables	10,808	-
Receivable for securities sold	269,394	-
Property tax receivable - current	-	6,484
Property tax receivable - delinquent	-	4,298
Employer and employee contributions receivable	3,229	-
Other receivables	1	-
Collateral held in trust for securities on loan	<u>206,563</u>	<u>-</u>
<b>Total assets</b>	<u>4,911,300</u>	<u>11,917</u>
<b>LIABILITIES</b>		
Accounts payable and other liabilities	304,031	11,917
Payable for securities purchased	21,204	-
Collateral subject to return to borrowers	<u>206,563</u>	<u>-</u>
<b>Total liabilities</b>	<u>531,798</u>	<u>11,917</u>
<b>NET POSITION</b>		
Restricted for OPEB	508,136	-
Restricted for Pensions	<u>3,871,366</u>	<u>-</u>
Total net position	<u>\$ 4,379,502</u>	<u>\$ -</u>

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, 2020

**CITY OF MEMPHIS, TENNESSEE**  
**Exhibit A-13**

	<u>Pension and OPEB Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 118,837
Plan members	33,270
Total contributions	<u>152,107</u>
Transfer from other fund	4,590
Pharmacy rebates	567
Investment income:	
Interest and dividend income	84,623
Securities lending income	852
Other investment income	806
Gain on real estate investments	16,540
Net appreciation in the fair value of investments	290,238
Total investment income	<u>393,059</u>
<b>Total additions</b>	<u>550,323</u>
<b>DEDUCTIONS</b>	
Benefits	321,571
Administrative expenses	35,272
Refunds of contributions	20,251
<b>Total deductions</b>	<u>377,094</u>
<b>Net (decrease)/increase</b>	173,229
Net position - beginning of year	<u>4,206,273</u>
<b>Net position - end of year</b>	<u><u>\$ 4,379,502</u></u>

See accompanying notes to financial statements.

COMBINING STATEMENT OF NET POSITION  
 COMPONENT UNITS  
 (Thousands of Dollars)  
 June 30, 2020

CITY OF MEMPHIS, TENNESSEE  
 Exhibit A-14

	Memphis Area Transit Authority	Memphis - Shelby County Airport Authority	Renasant Convention Center	Blight Authority of Memphis (1)	Memphis Zoological Society	Total
<b>ASSETS</b>						
Current unrestricted assets:						
Cash and cash equivalents	\$ 3,237	\$ 46,066	\$ 2,184	\$ 247	\$ 3,140	\$ 54,874
Investments	-	-	-	-	8,014	8,014
Receivables:						
Federal and state grants	30,015	-	-	-	-	30,015
Accounts receivable	134	3,722	208	-	1,073	5,137
Due from other agencies and governments	-	-	-	-	113	113
Inventories of materials and supplies	2,880	1,914	-	-	404	5,198
Prepaid expenses	344	2,463	31	-	221	3,059
<b>Total current unrestricted assets</b>	<b>36,610</b>	<b>54,165</b>	<b>2,423</b>	<b>247</b>	<b>12,965</b>	<b>106,410</b>
Current restricted assets:						
Cash and cash equivalents	-	205,754	-	-	250	206,004
Investments	-	59,218	-	-	-	59,218
Accounts receivable	-	16,576	-	-	-	16,576
Accrued interest	-	657	-	-	-	657
<b>Total current restricted assets</b>	<b>-</b>	<b>282,205</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>282,455</b>
<b>Total current assets</b>	<b>36,610</b>	<b>336,370</b>	<b>2,423</b>	<b>247</b>	<b>13,215</b>	<b>388,865</b>
Non-current restricted assets:						
Investments	505	36,296	-	-	-	36,801
Other assets	13	-	-	-	-	13
Net pension asset	8,592	-	-	-	-	8,592
<b>Total non-current restricted assets</b>	<b>9,110</b>	<b>36,296</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,406</b>
Capital assets:						
Land	2,731	159,913	643	-	-	163,287
Buildings	177,241	611,311	43,084	-	-	831,636
Avigation easements	-	46,679	-	-	-	46,679
Improvements other than buildings	-	953,993	-	-	-	953,993
Machinery, buses and equipment	100,068	128,188	8,175	-	-	236,431
Less accumulated depreciation and amortization	(188,906)	(1,177,397)	(48,721)	-	-	(1,415,024)
<b>Total capital assets, net</b>	<b>91,134</b>	<b>722,687</b>	<b>3,181</b>	<b>-</b>	<b>-</b>	<b>817,002</b>
Construction in progress	7,718	218,097	-	-	41	225,856
<b>Net capital assets</b>	<b>98,852</b>	<b>940,784</b>	<b>3,181</b>	<b>-</b>	<b>41</b>	<b>1,042,858</b>
<b>Total assets</b>	<b>144,572</b>	<b>1,313,450</b>	<b>5,604</b>	<b>247</b>	<b>13,256</b>	<b>1,477,129</b>
<b>DEFERRED OUTFLOWS</b>						
Deferred charges on refundings	-	996	-	-	-	996
Deferred actuarial losses-pensions	1,728	8,875	-	-	-	10,603
Deferred actuarial losses-OPEB	3,854	659	-	-	-	4,513
<b>Total assets and deferred outflows</b>	<b>150,154</b>	<b>1,323,980</b>	<b>5,604</b>	<b>247</b>	<b>13,256</b>	<b>1,493,241</b>

(Continued)



COMBINING STATEMENT OF NET POSITION  
 COMPONENT UNITS  
 (Thousands of Dollars)  
 June 30, 2020

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	\$ 8,698	\$ 25,493	\$ 280	\$ -	\$ 2,405	36,876
Due to other agencies and governments	2,812	-	2	-	-	2,814
Due to City of Memphis	6,700	-	-	-	-	6,700
Accrued liabilities	1,381	12,227	64	-	1,369	15,041
Unearned revenue	86	2,983	92	-	1,141	4,302
Current installment of revenue bonds payable and future event:	-	27,994	471	-	-	28,465
<b>Total current liabilities</b>	<b>19,677</b>	<b>68,697</b>	<b>909</b>	<b>-</b>	<b>4,915</b>	<b>94,198</b>
Long-term (net of current maturities):						
Lease revenue received in advance	-	59,427	-	-	-	59,427
Net pension liability	-	19,301	-	-	-	19,301
Net OPEB liability	67,423	13,928	-	-	-	81,351
Revenue bonds payable	-	448,738	-	-	-	448,738
Other long-term obligations	-	1,558	-	-	-	1,558
<b>Total long-term liabilities</b>	<b>67,423</b>	<b>542,952</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>610,375</b>
<b>Total liabilities</b>	<b>87,100</b>	<b>611,649</b>	<b>909</b>	<b>-</b>	<b>4,915</b>	<b>704,573</b>
<b>DEFERRED INFLOWS</b>						
Pension	6,739	4,701	-	-	-	11,440
OPEB	34,905	2,074	-	-	-	36,979
<b>Total deferred inflows</b>	<b>41,644</b>	<b>6,775</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,419</b>
<b>Total liabilities and deferred inflows</b>	<b>128,744</b>	<b>618,424</b>	<b>909</b>	<b>-</b>	<b>4,915</b>	<b>752,992</b>
<b>NET POSITION</b>						
Net investment in capital assets	98,853	519,966	3,182	-	-	622,001
Restricted for:						
Capital acquisition/projects	-	164,911	-	-	-	164,911
Self-insurance	505	-	-	-	-	505
Other	-	-	-	-	9,044	9,044
Unrestricted	(77,948)	20,679	1,513	247	(703)	(56,212)
<b>Total Net Position</b>	<b>21,410</b>	<b>705,556</b>	<b>4,695</b>	<b>247</b>	<b>8,341</b>	<b>740,249</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 150,154</b>	<b>\$ 1,323,980</b>	<b>\$ 5,604</b>	<b>\$ 247</b>	<b>\$ 13,256</b>	<b>\$ 1,493,241</b>

See accompanying notes to financial statements.

(1) Blight Authority of Memphis data reported as of June 30, 2019.

COMBINING STATEMENT OF ACTIVITIES  
 COMPONENT UNITS (Thousands of Dollars)  
 For the fiscal year ended June 30, 2020

CITY OF MEMPHIS, TENNESSEE  
 Exhibit A-15

	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Memphis Area Transit Authority	Memphis-Shelby County Airport Authority	Renasant Convention Center	Blight Authority of Memphis (1)	Memphis Zoological Society	Total
Memphis Area Transit Authority	\$ 71,223	\$ 5,500	\$ -	\$ 8,552	\$ (57,171)	\$ -	\$ -	\$ -	\$ -	\$ (57,171)
Blight Authority of Memphis (1)	15	-	150	-	-	-	135	-	-	135
Memphis Zoological Society	19,844	14,046	363	183	-	-	-	(5,252)	(5,252)	(5,252)
Renasant Convention Center	5,014	2,085	-	-	-	-	-	(2,929)	-	(2,929)
Memphis-Shelby County Airport Authority	149,220	105,160	-	45,065	-	1,005	-	-	-	1,005
Total component units	\$ 245,316	\$ 126,791	\$ 513	\$ 53,800	\$ (57,171)	\$ 1,005	\$ (2,929)	\$ 135	\$ (5,252)	\$ (64,212)
General revenues:										
Grants and contributions not restricted to specific programs						52				52
City of Memphis subsidy					32,719					34,176
Investment income (loss)					-	7,522		1	249	7,772
Federal grants and entitlements					24,814					24,814
State grants					8,009					8,009
Other					541	12,634			13	13,188
Total general revenues and special items					66,083	20,208		1	262	88,011
Change in net position					8,912	21,213	(1,472)	136	(4,990)	23,799
Net position - beginning					12,442	684,343	6,167	111	13,331	716,394
Prior period adjustment					56					56
Net position - beginning, as restated					12,498	684,343	6,167	111	13,331	716,450
Net position - ending					\$ 21,410	\$ 705,556	\$ 4,695	\$ 247	\$ 8,341	\$ 740,249

See accompanying notes to financial statements.

(1) Blight Authority of Memphis data reported as of June 30, 2019.

# CITY OF MEMPHIS

T E N N E S S E E

## NOTES TO FINANCIAL STATEMENTS



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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting entity

The City of Memphis, Tennessee (the City), incorporated in 1826, operates under an elected Mayor-Council form of government and is organized into the following divisions: City Attorney, City Engineer, Executive, Fire Services, Finance and Administration, General Services, Housing and Community Development, Human Resources, Information Technology, Library, Office of Planning and Development, Parks and Neighborhoods, Police Services, Public Works, Solid Wastes, 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, 2019. 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 Memphis Cook Convention Center as a blended component unit under the guidelines of Governmental Accounting Standards Board Statement No. 61 (GASB 61); however upon further analysis, the City has determined that the Memphis Cook Convention Center meets the requirements of a discretely presented component unit under GASB 14. Complete financial statements for the Center may be obtained at The City of Memphis, 125 North Main Street - Third Floor, Room 368, Memphis, TN 38103 Phone: 901-636-6657.

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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, 2019, contained 52 weeks.

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

**Blight Authority of Memphis, Inc. (BAM)** – BAM was authorized by City of Memphis resolution and created in November 2015 as a nonprofit 501(c)(3) organization. The general nature of the business to be transacted by the corporation and the general purpose for which it is organized is to conduct business as a land bank as prescribed by the Tennessee Local Land Bank Program. The organization is declared to be performing a public function on behalf of the City of Memphis and to be a public instrumentality of the City by providing a tool to support economic revitalization through returning blighted properties, vacant properties, abandoned properties, and tax-delinquent properties to productive use.

BAM is managed by a Board of Directors 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.

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

This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019, which for the City is the current period ending June 30, 2020. We have assessed our current capital asset structure and determined that for the period ending June 30, 2020 we do not have any asset retirement obligations.

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 May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in the Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The City has implemented GASB 95.

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### 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 June 2018 GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. The primary objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. Statement No. 89 requires that interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The Statement also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods ending after December 31, 2021.

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 unites. The requirements of this Statement are effective for reporting periods ending after December 31, 2020.

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 or equity**

**Cash and Cash Equivalents and Investments**

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

**Property Taxes Receivable**

Property taxes are recorded as receivables when levied, net of estimated uncollectible accounts. The receivables collected during the current fiscal year and those collected by August 31, 2020, related to tax levies for fiscal year 2020 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, 2020, are recorded as deferred inflows at June 30, 2020.

**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, 2020. All other inventories are recorded as expenditures when consumed rather than when purchased (Consumption Method).

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

**Capital Assets**

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

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

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

The total interest expense incurred by the Sewer Collection and Treatment Fund during the current fiscal year was \$4,972. 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.

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**Reclassification of Net Position**

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

Net position at June 30, 2019	\$ (270,000)
Adjustment to internal service elimination as of June 30, 2019	<u>8,958</u>
Restated net position at June 30, 2019	<u>\$ (261,042)</u>

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

Net position at June 30, 2019	\$ 2,071,094
Prior period net adjustment - internal service crossover	361
Adjustment to internal service elimination as of June 30, 2019	<u>(3,443)</u>
Restated net position at June 30, 2019	<u>\$ 2,068,012</u>

Prior period net position of Component Units has been adjusted as stated below:

Net position at June 30, 2019	\$ 716,394
Prior period net adjustment - MATA	<u>56</u>
Restated net position at June 30, 2019	<u>\$ 716,450</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 \$1,736,867 difference are as follows:

Bonds payable	\$ 1,300,115
Settlement obligation	13,331
Unamortized loan costs	67,620
Commercial paper	50,000
Capital lease obligations	28,184
Related party loan	132,050
Related party loan premium	12,960
Related party debt obligation	21,184
Related party debt premium	211
Accrued interest	12,768
Claims and judgments liability	5,035
On the job injury	3,265
Compensated absences	<u>90,144</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	<u><u>\$ 1,736,867</u></u>

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2020**

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

The details of the \$231,296 difference are as follows:

Capital outlay	\$ 293,596
Retirement	(61,064)
Depreciation Expense	<u>(1,236)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at change in net position of governmental activities	<u>\$ 231,296</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 \$ (17,472) difference are as follows:

Debt issued or incurred:	
General obligation bonds	\$(53,187)
Commercial paper	25,000
Capital lease	(4,195)
Settlement obligations	1,334
Related party debt obligation	2,247
Related party loan	9,703
Premium on related party	<u>1,626</u>
Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net position of governmental activities	<u>\$(17,472)</u>

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Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of the \$328,092 difference are as follows:

Liability Changes:	
Claims and judgments liability	\$ 1,608
Accrued interest expense	(1,610)
Personnel cost (OJI, Vacation, Sick, Other)	(4,804)
	<u>(4,806)</u>
Net pension liability adjustment	(22,865)
Net OPEB liability adjustment	(300,421)
	<u>(323,286)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (328,092)</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 Finance Director (CFO) with the approval of the Mayor as an assignment of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. The basis of accounting applied to budgetary data presented is not consistent with generally accepted accounting principles for governmental funds, as actual expenditures are increased by current year encumbrances in order to be consistent with the basis of budgeting used.

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

In demonstrating compliance with the City's legally prescribed budgetary requirements, expenditures at June 30, 2020, 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**

The Miscellaneous Grants Fund, presented in Exhibit B-2 for the Combining Non Major Funds had a deficit net position of \$1,065 at the end of fiscal year 2020. This deficit will be funded by the future receipts of various miscellaneous grants.



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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, 2020 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, 2020, totaled \$147,711 and cash draws against future deposits of (\$8,392).

The investments held by the pool consist of the following at June 30, 2020:

<u>Description</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Fair Value</u>	<u>Duration</u>
U.S. Government Obligations	July 2020 – May 2025	0% - 3.375%	\$ 255,813	.04 - 4.91
Cash Equivalents	July 2020 - October 2020	0%	31,958	.01 - .340
			\$ 287,771	
Total Investments				

The C&I Pool does not issue separate financial statements. Condensed financial information as of June 30, 2020, is as follows (dollar amounts and share amounts are the same):

**Condensed Statement of Net Position**

Cash deposits	\$ 147,711
Cash draws against future deposits	(8,392)
Investments	287,771
Net position	\$ 427,090
Net position held in trust for pool participants:	
Internal participants	427,090
Total net position held in trust for pool participants	\$ 427,090

**Condensed Statement of Changes in Net Position**

Additions:	
Investment income	\$ 10,525
Purchase of units	<u>2,067,712</u>
Total additions	2,078,237
Deduction:	
Redemption of units	<u>(1,990,356)</u>
Net increase	87,881
Net position held in trust for pool participants:	
Beginning of year	<u>339,209</u>
End of year	<u>\$ 427,090</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, 2020, totaled \$368,803.

The investments held by the primary government outside the C&I Pool at June 30, 2020:

<u>Description</u>	<u>Fair Value</u>
Short-term investments	\$ 1,016
Money market	2,835
U.S. Government securities	136,631
Federal Agency securities	<u>38,298</u>
Total	<u>\$ 178,780</u>
Investments not subject to categorization:	
State of Tennessee LGIP	<u>601</u>
Total Investments	<u>\$ 179,381</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	\$	147,711
C&I Pool draws against future deposits		( 8,392)
C&I Pool investments		287,771
Derivative financial instruments- MLGW		1,630
Other deposits and cash on hand		368,803
Other investments		179,381
Total		<u>976,904</u>
Equity in C&I Pool – Agency funds		(1,135)
Equity in C&I Pool – Fiduciary funds		(1,710)
Total	\$	<u><u>974,059</u></u>
Cash and cash equivalents	\$	144,280
Investments		156,695
Equity in cash and investment pool		424,245
Restricted special fund-customer deposits		187,473
Restricted investments		61,366
Total	\$	<u><u>974,059</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, 2020**

Cash and Cash Equivalents	\$ 3,237
Restricted Investments	
Federal Home Loan Mortgage Obligation	\$ 505
Total Investments	\$ 505

**Renasant Convention Center (RCC) as of June 30, 2020**

Cash and Cash Equivalents	\$ 2,184
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**Memphis Shelby County Airport Authority (MSCAA) as of June 30, 2020**

**Deposits**

Cash deposits	\$ 46,061
Cash on hand	5
Total Deposits and cash on hand	\$ 46,066

**Restricted Cash**

Bonds, construction and other miscellaneous	\$ 205,754
Total Restricted Cash	\$ 205,754

**Investments**

U.S. Government agencies	\$ 71,674
Investments not subject to categorization:	
Forward purchase agreement	23,840
Total Investments	\$ 95,514

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**Memphis Zoological Society (MZS)** as of June 30, 2020

<b>Cash and Cash Equivalents</b>	<u>\$ 3,140</u>
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**Restricted Cash**

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

Community Foundation of Greater Memphis funds	<u>\$ 8,014</u>
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Total Investments	<u>\$ 8,014</u>
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**Blight Authority of Memphis (BAM)** as of June 30, 2019, (1)

Cash and Cash Equivalents	<u>\$ 247</u>
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(1) The most recent audited financial statements available are as of June 30, 2019.



**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, 2020, are as follows:

Current to one year	\$ 68,618
One to two years	100,852
Two to three years	43,250
Three to four years	26,910
Four to five years	55,888
Five or more years	309,656
	<u>605,174</u>
Funds with indeterminable maturities	10,183
	<u>\$ 615,357</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, 2020, is presented below by investment category as rated by S&P Global Rating service.

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Ratings</u>	<u>Percentage of Fixed Income</u>
Government bonds	\$ 16,015	AAA	2.60%
	36,622	AA+	5.95%
Non-government-backed CMOs	3,703	AAA	0.60%
	495	AA+	0.08%
	268	BBB+	0.04%
	1,419	NR	0.23%
Asset-backed securities	8,547	AAA	1.39%
Corporate bonds and index funds	71,049	AAA	11.55%
	2,353	AA+	0.38%
	3,107	AA	0.50%
	5,820	AA-	0.95%
	3,735	A+	0.61%
	26,140	A	4.25%
	14,224	A-	2.31%
	37,457	BBB+	6.09%
	28,691	BBB	4.66%
	15,412	BBB-	2.50%
	15,139	BB+	2.46%
	32,283	BB	5.25%
	22,510	BB-	3.66%
	18,227	B+	2.96%
	11,323	B	1.84%
	11,826	B-	1.92%
	4,432	CCC+	0.72%
2,184	CCC	0.35%	
2,079	CCC-	0.34%	
314	CC	0.05%	
118	D	0.02%	
193,417	NR	31.44%	
Government mortgage-backed securities	306	AAA	0.05%
	26,142	AA+	4.25%
<b>Total Fixed Income</b>	<b>\$ 615,357</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, 2020, is as follows:

Currency	Equities	Corporate Bonds	Total
Australian dollar	\$ 5,398	\$ 10,108	\$ 15,506
Bermudian dollar	355	-	355
Brazilian real	116	-	116
British pound sterling	17,446	7,162	24,608
Canadian dollar	12,222	8,114	20,336
Cayman Islands dollar	-	1,218	1,218
Chinese yuan (renminbi)	869	2,383	3,252
Danish krone	4,890	-	4,890
Dubai riyal	-	99	99
Euro	38,032	14,250	52,282
Hong Kong dollar	3,590	-	3,590
Indian rupee	235	198	433
Israeli shekel	806	-	806
Japanese yen	29,138	1,152	30,290
Kuwaiti Dinar	-	669	669
Mexican peso	65	21,839	21,904
New Zealand dollar	164	-	164
Norwegian krone	624	-	624
Malaysian Ringgit	-	9,901	9,901
Polish zloty	-	4,403	4,403
Qatari riyal	-	272	272
Saudi Arabian riyal	-	652	652
Singapore dollar	1,657	-	1,657
South African rand	122	6,657	6,779
Swedish krona	4,071	1,870	5,941
Swiss franc	14,239	-	14,239
New Taiwan dollar	1,266	-	1,266
Total securities subject to foreign credit risk	\$ 135,305	\$ 90,947	\$ 226,252
International portfolio in U.S dollars	508,228	-	508,228
	\$ 643,533	\$ 90,947	\$ 734,480

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### 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 105% of the market value of loan foreign securities. The City retains the interest income on the securities being transferred and earned \$302 during the year ended June 30, 2020.

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, 2020 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, 2020, the collateral held and the market value of the securities on loan was \$112,147 and \$109,293 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, 2020 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 2020 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 \$76,056 in money market futures, government futures, currency forwards, interest rate swaps and credit default swaps. The objective of the account holdings is to provide a means of managing interest rate and volatility exposure, replicate government bond positions, and to gain exposure to foreign currencies.

**City OPEB Trust-Deposits and Investments**

City OPEB Trust Investments at June 30, 2020, were as follows:

<u>Description</u>	<u>Fair Value</u>
Mutual Funds	\$3,418

**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, 2020:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	Fair Value	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	\$ 61,891	\$ 4,895	\$ 31,927	\$ 25,069
Convertible Securities	454	-	454	-
Equities	617,365	572,479	43,792	1,094
Equity Mutual Funds	41,833	-	41,833	-
Fixed Income Securities	823,588	175,646	635,595	12,347
Fixed Income Mutual Funds	12,775	-	12,775	-
Futures Contracts	829	829	-	-
Real Estate Funds	149,869	307	-	149,562
Partnerships	206,620	-	-	206,620
REIT	3,904	-	3,904	-
Preferred Securities	959	707	252	-
	<u>\$ 1,920,087</u>	<u>\$ 754,863</u>	<u>\$ 770,532</u>	<u>\$ 394,692</u>
<b>NAV Expedient:</b>	<u>\$ 759,335</u>			
<b>Total Leveling, NAV, LGIP</b>	<u>\$ 2,679,422</u>			
Less Cash Equivalents	<u>(14,335)</u>			
Net Leveling	<u>\$ 2,665,087</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 institutional investors. Although the individual funds may not be so diversified, the Fund's holding of real estate assets will in the aggregate be broadly diversified by property type, geographic location and size. In addition, such individual funds or company shall have assets of not less than \$5 million at the time the investment is made, and shall hold real property and securities that are lawful holdings for United States investors.

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

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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, 2020. 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, 2020**

**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
Property taxes	\$ 315,522	\$ 141,238	\$ 1,288	\$ -	\$ -	\$ -	\$ 1,586	\$ 459,634
Special assessments	161	-	-	-	-	-	4,298	4,459
Sales, income, and other taxes	31,272	1,390	-	-	-	-	8,780	41,442
Federal and state grants	1,356	-	15,587	-	-	38,832	4,516	60,291
Interest and dividends on investments	-	-	-	-	-	227	-	227
Notes and accounts receivable	-	-	-	14,739	159,654	-	-	174,393
Housing and rehabilitation loans	-	-	-	-	-	60,845	-	60,845
Due from other funds	11,120	3,827	-	-	-	-	-	14,947
Other	164,828	3,095	-	-	-	106	7,035	175,064
Gross receivables	524,259	149,550	16,875	14,739	159,654	100,010	26,215	991,302
Less allowance for uncollectibles	(141,183)	(7,168)	(67)	(139)	(12,389)	(12,169)	(384)	(173,499)
<b>Net total receivables</b>	<b>\$ 383,076</b>	<b>\$ 142,382</b>	<b>\$ 16,808</b>	<b>\$ 14,600</b>	<b>\$ 147,265</b>	<b>\$ 87,841</b>	<b>\$ 25,831</b>	<b>\$ 817,803</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, 2020, 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 2020 levy was based was approximately \$12.7 billion. Taxes attach as an enforceable lien on property on June 1, the day taxes are levied, and are due by September 1. Current tax collections for the year ended June 30, 2020, were 94.36% of the tax levy.

At June 30, 2020, the allowance for uncollectible property taxes by fund was as follows:

General Fund	\$ 15,622
Debt Service Fund	7,168
Capital Project Fund	67
Pre-K Fund	67
Education	12
	<u>\$ 22,936</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, 2020, as follows:

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

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2020**

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

<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 2020 Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreements</p>	<p>3,708</p>

**NOTES TO FINANCIAL STATEMENTS  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2020**

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

**Tax abatements (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)	
Purpose of Program	Community Builder PILOT	Destination Retail PILOT	Expansion PILOT
The intent of the program is to spur investment and job creation in distressed areas of the City of Memphis and unincorporated Shelby County, which areas are defined as Eligible Census Tracts eligible for the federal New Markets Tax Credit Program.	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	<p>1) Only eligible uses proposed by the applicant for locations in, contiguous to or adjacent to New Markets Tax Credit Program Eligible Census Tracts.</p> <p>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.</p> <p>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.</p> <p>4) All projects must comply with the Local Business Participation Program.</p>	<p>1) A project must create at least one hundred (100) Net New Jobs.</p> <p>2) A Capital Investment of at least \$50M is required.</p> <p>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.</p> <p>4) The project must comply with Local Business Participation Program requirements.</p>	<p>1) The project must result in the retention of at least one hundred (100) retained jobs.</p> <p>2) A capital investment of at least \$10M is required.</p> <p>3) The applicant must have been operating and directly employing workers in Shelby County for ten (10) consecutive years prior to applying.</p> <p>4) The applicant must comply with the Local Business Participation Program requirements.</p> <p>5) In order to be considered, the project must be one of the specified types of projects.</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	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.	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.	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.

**NOTES TO FINANCIAL STATEMENTS  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2020**

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

**Tax abatements (cont.)**

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

**Tax abatement (cont.)**

City of Memphis Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board	<b>LCH (Health, Education &amp; Housing Facility Board)</b>
Purpose of Program	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.
Tax being abated	Real and/or personal property taxes
Authority under which abatement agreements are entered into	Tennessee Code Annotated Section 48-101-301 et seq
Criteria to be eligible to receive abatement.	1) The value of the building renovations, site improvements or new construction must be equal to or greater fifty-percent (50%) of the property acquisition cost. 2) The applicant must have site control which shall be the equivalent of fee simple title, 99 year lease, or an option to purchase with no contingencies except financing. 3) Applicant must have evidence of financing commitment for total project costs. 4) 20% of the applicant's units must be occupied by individuals whose income is 50% less of the median gross income or 40% more of the units must be occupied by individuals whose income is 60% less of the median gross income. 5) Applicant must provide written projection of how tax abatement savings will directly benefit tenants through one or more of the following - additional property improvements, rent reduction or stabilization, and tenant services to include any special social services.
How recipients' taxes are reduced	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.
How amount of abatement is determined	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.
Provisions for recapturing abated taxes Types of commitments made by the City other than to reduce taxes	N/A N/A
Fiscal Year 2020 Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreements	3,491

**D. Capital assets**

Capital asset activity for the year ended June 30, 2020, was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 75,125	\$ 2,764	\$ (3,665)	\$ -	\$ 74,224
Construction in progress	747,314	249,110	(38,769)	-	957,655
Total capital assets not being depreciated	<u>822,439</u>	<u>251,874</u>	<u>(42,434)</u>	<u>-</u>	<u>1,031,879</u>
Capital assets being depreciated:					
Buildings	640,404	792	-	-	641,196
Improvements other than buildings	881,922	1,259	(14)	-	883,167
Machinery and equipment	155,317	80,875	(1,006)	17	235,203
Total capital assets being depreciated	<u>1,677,643</u>	<u>82,926</u>	<u>(1,020)</u>	<u>17</u>	<u>1,759,566</u>
Less accumulated depreciation for:					
Buildings	(327,233)	(14,795)	-	-	(342,028)
Improvements other than buildings	(376,070)	(16,782)	8	-	(392,844)
Machinery and equipment	(118,134)	(29,487)	1,006	(17)	(146,632)
Total accumulated depreciation	<u>(821,437)</u>	<u>(61,064)</u>	<u>1,014</u>	<u>(17)</u>	<u>(881,504)</u>
Total capital assets being depreciated, net	<u>856,206</u>	<u>21,862</u>	<u>(6)</u>	<u>-</u>	<u>878,062</u>
Governmental activities capital assets, net	<u>\$ 1,678,645</u>	<u>\$ 273,736</u>	<u>\$ (42,440)</u>	<u>\$ -</u>	<u>\$ 1,909,941</u>



**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2020**

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Business-type Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 14,145	\$ -	\$ -	\$ -	\$ 14,145
Construction in progress	350,085	100,552	(11,674)	-	438,963
Memphis Light, Gas and Water assets	218,789	91,411	(86,897)	-	223,303
Total capital assets not being depreciated	<u>583,019</u>	<u>191,963</u>	<u>(98,571)</u>	<u>-</u>	<u>676,411</u>
Capital assets being depreciated:					
Buildings	106,103	-	-	-	106,103
Improvements other than buildings	677,910	12,895	(2,039)	-	688,766
Machinery and equipment	56,953	6,433	(1,648)	(17)	61,721
Memphis Light, Gas and Water assets	3,036,962	87,425	(30,466)	-	3,093,921
Total capital assets being depreciated	<u>3,877,928</u>	<u>106,753</u>	<u>(34,153)</u>	<u>(17)</u>	<u>3,950,511</u>
Less accumulated depreciation for:					
Buildings	(91,143)	(1,071)	-	-	(92,214)
Improvements other than buildings	(340,428)	(10,796)	591	-	(350,633)
Machinery and equipment	(41,604)	(4,755)	206	17	(46,136)
Memphis Light, Gas and Water depreciation*	(1,355,625)	(94,788)	33,963	-	(1,416,450)
Total accumulated depreciation	<u>(1,828,800)</u>	<u>(111,410)</u>	<u>34,760</u>	<u>17</u>	<u>(1,905,433)</u>
Total capital assets being depreciated, net	<u>2,049,128</u>	<u>(4,657)</u>	<u>607</u>	<u>-</u>	<u>2,045,078</u>
Business-type activities capital assets, net	<u>\$ 2,632,147</u>	<u>\$ 187,306</u>	<u>\$ (97,964)</u>	<u>\$ -</u>	<u>\$ 2,721,489</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, 2020. At year-end, the government's commitments with contractors were as follows:

<u>Function/Activity</u>	<u>Commitment</u>
Executive	\$ 6,454
Fire services	11,030
Police services	2,660
Park services	5,353
Public works	19,700
Public services	2,056
General services	11,686
Housing and Community Development	16,245
Engineering	10,908
Information services	1,148
Library	526
Storm Water	16,756
Sewer	31,201
	<u>\$ 135,723</u>

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**Depreciation Expense**

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

Governmental activities:	
Engineering	\$ 628
Executive	1,468
Finance	2,942
Fire services	5,898
General services	5,771
Housing and Community Development	1,368
Human Resources	12
Information services	871
Library	4,087
Solid Waste	16,791
Park services	7,816
Police services	2,163
Public services	1,070
Public works	<u>10,161</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>9</u>
Total depreciation expense - Governmental activities	\$ <u>61,055</u>
Business-type activities:	
Sewer	\$ 14,090
Storm Water	2,532
Memphis Light, Gas and Water	<u>93,378</u>
Total depreciation expense - Business-type activities	\$ <u>110,000</u>

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2020**

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

The reported depreciation expense for MLGW as of December 31, 2019.

	<b>MLGW Electric Division</b>	<b>MLGW Gas Division</b>	<b>MLGW Water Division</b>	<b>Total</b>
Statement of Revenues, Expense and Changes in Net Position ( <i>Dollars in Thousands</i> ):				
Depreciation expense	\$ 54,584	17,594	10,861	83,039
Transportation costs	1,570	1,711	362	3,644
Salvage returns	4,775	4,046	1,401	10,222
Retirements	2,015	4,906	256	7,177
Amortization	(4,775)	(4,046)	(1,401)	(10,222)
SCBPU amortization	-	-	(482)	(482)
Statement of Cash Flows, Depreciation Expense	<u>\$ 58,169</u>	<u>24,212</u>	<u>10,997</u>	<u>93,378</u>
Per MLGW Annual Report F-6 Statement of Cash Flows ( <i>Dollars in Thousands</i> ):				
Depreciation of utility plant	<u>\$ 58,169</u>	<u>24,212</u>	<u>10,997</u>	<u>93,378</u>

**Discretely Presented Component Units**

Activity for the Memphis Area Transit Authority for the year ended June 30, 2019, 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	\$ 2,731	\$ -	\$ -	\$ -	\$ 2,731
Construction in progress	1,336	6,382	-	-	7,718
Total capital assets not being depreciated	<u>4,067</u>	<u>6,382</u>	<u>-</u>	<u>-</u>	<u>10,449</u>
Capital assets being depreciated:					
Buildings and improvements	177,217	24	-	-	177,241
Buses and other revenue vehicles	73,196	1,374	(3,336)	-	71,234
Machinery and equipment	28,673	207	(46)	-	28,834
Total capital assets being depreciated	<u>279,086</u>	<u>1,605</u>	<u>(3,382)</u>	<u>-</u>	<u>277,309</u>
Less accumulated depreciation for:					
Buildings and improvements	(108,926)	(6,357)	-	-	(115,283)
Buses and other revenue vehicles	(46,316)	(5,889)	3,131	-	(49,074)
Machinery and equipment	(24,378)	(171)	-	-	(24,549)
Total accumulated depreciation	<u>(179,620)</u>	<u>(12,417)</u>	<u>3,131</u>	<u>-</u>	<u>(188,906)</u>
Total capital assets being depreciated, net	<u>99,466</u>	<u>(10,812)</u>	<u>(251)</u>	<u>-</u>	<u>88,403</u>
Capital assets, net	<u>\$ 103,533</u>	<u>\$ (4,430)</u>	<u>\$ (251)</u>	<u>\$ -</u>	<u>\$ 98,852</u>

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2020**

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

Activity for the Memphis-Shelby County Airport for the year ended June 30, 2020, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 159,913	\$ -	\$ -	\$ 159,913
Avigation easements	46,679	-	-	46,679
Construction in progress	94,915	126,519	(3,337)	218,097
Total capital assets not being depreciated	<u>301,507</u>	<u>126,519</u>	<u>(3,337)</u>	<u>424,689</u>
Capital assets being depreciated:				
Runways, taxiways, aprons and airfield lighting	774,532	-	(6)	774,526
Buildings	609,952	1,374	(15)	611,311
Facilities constructed for tenants	104,078	-	-	104,078
Roads, bridges and fences	74,850	539	-	75,389
Equipment and utility systems	127,626	3,650	(3,088)	128,188
Total capital assets being depreciated	<u>1,691,038</u>	<u>5,563</u>	<u>(3,109)</u>	<u>1,693,492</u>
Less accumulated depreciation for:				
Runways, taxiways, aprons and airfield lighting	(543,808)	(26,779)	6	(570,581)
Buildings	(364,758)	(19,887)	10	(384,635)
Facilities constructed for tenants	(56,241)	(2,801)	-	(59,042)
Roads, bridges and fences	(52,282)	(3,993)	-	(56,275)
Equipment and utility systems	(102,986)	(6,936)	3,058	(106,864)
Total accumulated depreciation	<u>(1,120,075)</u>	<u>(60,396)</u>	<u>3,074</u>	<u>(1,177,397)</u>
Total capital assets being depreciated, net	<u>570,963</u>	<u>(54,833)</u>	<u>(35)</u>	<u>516,095</u>
Capital assets, net	<u>\$ 872,470</u>	<u>\$ 71,686</u>	<u>\$ (3,372)</u>	<u>\$ 940,784</u>

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2020**

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

Activity for the Renasant Convention Center for the year ended June 30, 2020, 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
Total capital assets not being depreciated	643	-	-	-	643
Capital assets being depreciated:					
Buildings and improvements	44,146	55	(1,117)	-	43,084
Furniture and Equipment	9,093	23	(941)	-	8,175
Total capital assets being depreciated	53,239	78	(2,058)	-	51,259
Less accumulated depreciation for:					
Buildings and improvements	(41,920)	(317)	504	-	(41,733)
Furniture and Equipment	(7,304)	(261)	578	-	(6,987)
Total accumulated depreciation	(49,224)	(578)	1,082	-	(48,720)
Total capital assets being depreciated, net	4,015	(500)	(976)	-	2,539
Capital assets, net	\$ 4,658	\$ (500)	\$ (976)	\$ -	\$ 3,182

**NOTES TO FINANCIAL STATEMENTS  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2020**

**E. Interfund receivables, payables, and transfers**

The composition of the interfund transfers for the year ended June 30, 2020, is as follows:

	Transfers In										
	General Fund	Debt Service	Capital Projects	Nonmajor Special Revenue			Enterprise		Internal Service		Fiduciary
				Community Service	New Memphis Arena	Sewer Treatment	Healthcare Fund	Library Retirement Trust Fund	OPEB Trust Fund	Total Transfers Out	
<b>Transfers Out of Funds Below:</b>											
<b>General Fund</b>	\$ -	\$ -	\$ -	\$ 275	\$ -	\$ -	\$ -	\$ 3,000	\$ 1,090	\$ 3,500	\$ 7,865
<b>Debt Service Fund</b>	-	-	438	-	-	329	-	-	-	-	767
<b>Nonmajor Special Revenue</b>											
State Street Aid	2,500	1,768	-	-	-	-	-	-	-	-	4,268
Miscellaneous Grants	-	191	-	-	-	-	-	-	-	-	191
Solid Waste Management	1,065	3,812	-	-	-	-	-	-	-	-	4,877
Hotel/Motel Tax	90	6,633	-	-	-	-	-	-	-	-	6,723
Metro Alarm	1,730	-	-	-	-	-	-	-	-	-	1,730
2019 Sales Tax Ref	9,000	-	-	-	-	-	-	-	-	-	9,000
<b>Total Nonmajor Special Revenue</b>	<b>14,385</b>	<b>12,404</b>	<b>438</b>	<b>275</b>	<b>-</b>	<b>329</b>	<b>-</b>	<b>3,000</b>	<b>1,090</b>	<b>3,500</b>	<b>35,421</b>
<b>PROPRIETARY FUND TYPES</b>											
<b>Enterprise:</b>											
Sewer Collection and Treatment	10,871	-	-	-	-	-	-	-	-	-	10,871
Memphis Light, Gas and Water	56,410	-	-	-	2,500	-	-	-	-	-	58,910
Storm Water	107	-	-	-	-	-	-	-	-	-	107
<b>Internal Service:</b>											
Fleet Mgmt	3,000	-	-	-	-	-	-	-	-	-	3,000
Unemployment	900	-	-	-	-	-	-	-	-	-	900
<b>Total Proprietary Fund Types</b>	<b>71,288</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73,788</b>
<b>Total Transfers In</b>	<b>\$ 85,673</b>	<b>\$ 12,404</b>	<b>\$ 438</b>	<b>\$ 275</b>	<b>\$ 2,500</b>	<b>\$ 329</b>	<b>\$ 3,000</b>	<b>\$ 1,090</b>	<b>\$ 3,500</b>	<b>\$ 109,209</b>	



The composition of interfund balances as of June 30, 2020 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>GOVERNMENTAL FUND TYPES</b>		
	Community Development	\$ 51
<b>General</b>	State Street Aid	3,569
	Solid Waste Management	<u>7,500</u>
		<u>11,069</u>
<b>Debt Service</b>	State Street Aid	295
	Storm Water	<u>3,532</u>
		<u>3,827</u>
<b>Total</b>		<u>\$ 14,947</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 \$3,532 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.

**F. Leases**

**Operating Leases**

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

**Capital Leases**

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

The assets acquired through capital leases are as follows:

Assets:		
Equipment	\$	34,300
Facility		23,645
Accumulated Depreciation		<u>(29,761)</u>
Total	\$	<u>28,184</u>

The remaining debt service requirement for capital lease obligations for the City at June 30, 2020, is as follows:

**Capital Lease Obligation**

Fiscal Year		
2021	\$	5,402
2022		5,035
2023		5,083
2024		4,185
2025		3,245
2026-2030		9,893
Interest		<u>(4,659)</u>
Present Value of Payments	\$	<u>28,184</u>

## **G. Long-term debt**

### **General Obligation Bonds**

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

As of June 30, 2020, 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 2020 Bonds.

In April 2020, the City issued \$214,675 of General Improvement Bonds, Series 2020 to provide payment of the outstanding General Obligation Commercial Paper at their respective maturities, provide refunding of outstanding bonds (General Improvement Bonds Series 2009, Series 2010A, and Series 2010D), and provide payment of the cost of issuance of the Series 2020 Bonds. The issue resulted in net proceeds of \$241,112 (after the payment of \$736 in underwriter's discount and \$670 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, 2020, the outstanding balance is \$50,000.

### **Revenue Bonds**

In October 2019, the City issued \$35,830 of Storm Water System Revenue and Revenue Refunding Bonds, Series 2019. Proceeds from the bonds are to be used by the City for the purpose of financing improvements, additions and extensions to the City's storm water system consisting of storm water facilities, a storm water drainage system and a flood protection system, and funding a reserve fund for the Series 2019 Bonds and paying the cost of issuance of the Series 2019 Bonds. The issue resulted in net proceeds of \$42,514 (after the underwriter's discount of \$132 and issuance costs of \$338). The proceeds and issuance costs of this debt instrument were recorded in the City's Storm Water and Treatment Fund. Interest on the Series 2019 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 \$5,116. The economic gain on this transaction was \$6,119.

As of June 30, 2020, the City's bond ratings were as follows: AA+ by S&P Global Ratings and Aa3+ by Moody's Investors Service, Inc as it relates to the Series 2019 Bonds.

### **State Loans**

The City is part of a Revolving Fund Loan Agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority. The purpose of the agreement is to provide for the financing of all or a portion of a wastewater facility by the City as a Tennessee governmental entity authorized to own, operate, and manage wastewater facilities. The current loan agreement consists of the following: a July 18, 2013 obligation of \$3,989 with an interest rate of 2.59% payable over a 20-year period, a July 19, 2013 obligation of \$88,099 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 \$8,925 with an interest rate of 0.81% payable over a 20-year period, a March 12, 2020 obligation of \$2,064 with an interest rate of 1.20% payable over a 20-year period, and a June 24, 2020 obligation of \$19,246 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, 2020, a total of approximately \$233,990 bonds outstanding was considered defeased.

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

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

Pursuant to the Indenture, the proceeds of the Series 2016 CCRFC Bonds were used to, among other things, provide funds to make a loan (the "Series 2016 Loan") to the City pursuant to that certain Loan Agreement dated as of March 29, 2016 (the "Loan Agreement") between the Corporation and the City. The City used the proceeds of the Series 2016 Loan to: (a) pay costs of capital additions and improvements to and capital equipment for Renasant Convention Center (the "Center"), formerly named the Memphis Cook Convention Center, constituting a public facility within an area designated by the City as the center city area (the "Project"); (b) pay certain expenses incurred in connection with the issuance of the Series 2016 CCRFC Bonds. The bonds mature annually through January 5, 2020 with semiannual interest payments. The City is required to pay the remaining portion of the CCRFC's debt service payments based on this guarantee. City of Memphis has paid \$1,562 in principal and \$69 in interest on the guarantee through June 30, 2020. 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, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2020</b>
<b>\$391</b>	<b>\$0</b>	<b>\$391</b>	<b>\$0</b>

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

The City used the proceeds of the Series 2015 Loan to: (a) pay costs of capital additions and improvements to and capital equipment for Renasant Convention Center (the "Center"), formerly named the Memphis Cook Convention Center, constituting a public facility within an area designated by the City as the center city area (the "Project"); and (b) pay certain expenses incurred in connection with the issuance of the Series 2015 CCRFC Bonds. The bonds mature annually through January 5, 2020 with semiannual interest payments. The City is required to pay the remaining portion of the CCRFC's debt service payments based on this guarantee. City of Memphis has paid \$1,585 in principal and \$84 in interest on the guarantee through June 30, 2020.

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, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2020</b>
<b>\$317</b>	<b>\$0</b>	<b>\$317</b>	<b>\$0</b>

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2020**

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

City of Memphis has paid \$4,156 in principal and \$1,200 in interest on the guarantee through June 30, 2020. 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, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2020</b>
<b>\$4,988</b>	<b>\$0</b>	<b>\$830</b>	<b>\$4,158</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 QECB, Series 2015B. Actual proceeds totaled \$2,015. Interest on the loan is 3.91%, and the loan matures in 2025. Under the provisions of the agreement, the proceeds of the loan must be spent on specific authorized projects within a limited time period. The proceeds are held in an escrow account. As allowable expenditures are incurred, the developer will submit expenditures to the City. Upon approval of expenditures, the City will request the release of the funds from the escrow account to reimburse the developer. The bonds mature annually through January 5, 2025 with semiannual interest payments. The City is required to pay the remaining portion of the CCRFC's debt service payments based on this guarantee. City of Memphis has paid \$1,209 in principal and \$298 in interest on the guarantee through June 30, 2020. 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, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2020</b>
<b>\$1,008</b>	<b>\$0</b>	<b>\$202</b>	<b>\$806</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 QECB, Series 2015C. Actual proceeds totaled \$340. Interest on the loan is 3.91%, and the loan matures in 2025. Under the provisions of the agreement, the proceeds of the loan must be spent on specific authorized projects within a limited time period. The proceeds are held in an escrow account. As allowable expenditures are incurred, the developer will submit expenditures to the City. Upon approval of expenditures, the City will request the release of the funds from the escrow account to reimburse the developer. The bonds mature annually through January 5, 2025 with semiannual interest payments. The City is required to pay the remaining portion of the CCRFC's debt service payments based on this guarantee. City of Memphis has paid \$204 in principal and \$50 in interest on the guarantee through June 30, 2020. 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, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2020</b>
<b>\$170</b>	<b>\$0</b>	<b>\$34</b>	<b>\$136</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 \$26,190 in principal and \$16,791 in interest on the guarantee obligation through June 30, 2020. 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, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2020</b>
<b>\$ 141,045</b>	<b>\$ 0</b>	<b>\$ 8,995</b>	<b>\$ 132,050</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 \$1,606 in principal and \$81 in interest on the guarantee through June 30, 2020. 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, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2020</b>
<b>\$1,071</b>	<b>\$ 0</b>	<b>\$535</b>	<b>\$536</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 \$4,849 in principal and \$7,147 in interest on the guarantee obligation through June 30, 2020. 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, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2020</b>
<b>\$16,192</b>	<b>\$0</b>	<b>\$644</b>	<b>\$15,548</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, 2020:**

	General Obligation Bonds (1)	Bond Anticipation Notes / Commercial Paper	Capital Lease Obligations	Settlement Obligation	Guarantee Obligations	Revenue Bonds	State Loans	Total
Governmental Funds	\$ 1,367,735	50,000	28,184	13,331	166,405	-	-	1,625,655
Enterprise Funds	-	-	-	-	-	506,179	130,277	636,456
Total long-term debt	\$ 1,367,735	50,000	28,184	13,331	166,405	506,179	130,277	2,262,111

(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, 2020**

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

Long-term liability activity for the year ended June 30, 2020, was as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</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	\$ 1,261,655	214,675	(176,215)	1,300,115	87,020
Premium on general obligation bonds	52,893	27,756	(13,029)	67,620	16,140
Commercial Paper	75,000	125,000	(150,000)	50,000	-
Capital lease agreements	23,989	9,184	(4,989)	28,184	4,442
Settlement Obligation	14,665	-	(1,334)	13,331	1,334
	<u>\$ 1,428,202</u>	<u>376,615</u>	<u>(345,567)</u>	<u>1,459,250</u>	<u>108,936</u>
<i><b>Guarantee Obligations:</b></i>					
Related party loan	\$ 141,753	-	(9,703)	132,050	9,190
Related party loan premium	14,521	-	(1,561)	12,960	1,602
Related party debt obligation	23,431	-	(2,247)	21,184	2,280
Related party debt obligation premium	276	-	(65)	211	51
	<u>\$ 179,981</u>	<u>-</u>	<u>(13,576)</u>	<u>166,405</u>	<u>13,123</u>
<b>Subtotal</b>	<u>\$ 1,608,183</u>	<u>376,615</u>	<u>(359,143)</u>	<u>1,625,655</u>	<u>122,059</u>
<i><b>Other Liabilities:</b></i>					
Legal Claims and Judgments	\$ 3,425	1,610	-	5,035	1,047
Accrued Interest	14,376	-	(1,608)	12,768	-
Vacation, sick and other leave benefits	84,988	50,477	(45,321)	90,144	521
On the Job Injury	3,617	3,476	(3,828)	3,265	-
	<u>\$ 106,406</u>	<u>55,563</u>	<u>(50,757)</u>	<u>111,212</u>	<u>1,568</u>
<b>Total</b>	<u>\$ 1,714,589</u>	<u>432,178</u>	<u>(409,900)</u>	<u>1,736,867</u>	<u>123,627</u>
<b>Business-type activities:</b>					
Revenue bonds	\$ 115,005	35,830	(9,760)	141,075	10,360
Long term commercial paper	5,221	-	(1,689)	3,532	1,740
Net premium/discount on revenue bonds	4,429	7,339	(1,550)	10,218	-
MLGW revenue bonds	326,220	-	(12,380)	313,840	12,809
Premium on MLGW revenue bonds	41,500	-	(3,986)	37,514	-
Sewer State Loan	107,743	24,568	(2,034)	130,277	4,849
<b>Subtotal</b>	<u>\$ 600,118</u>	<u>67,737</u>	<u>(31,399)</u>	<u>636,456</u>	<u>29,758</u>
Vacation, sick and other leave benefits	40,672	4,627	(2,604)	42,695	549
<b>Total</b>	<u>\$ 640,790</u>	<u>72,364</u>	<u>(34,003)</u>	<u>679,151</u>	<u>30,307</u>

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2020**

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

Description	Interest Rates(%)	Original Issue	Balance Outstanding at Year End
General Obligation Debt:			
General City Government Serial Bonds	2.91-6.14	\$ 1,524,850	\$ 1,300,115
Bond Anticipation Notes-Commercial Paper	variable	150,000	50,000
Net Premium/(Discount) on General Obligation Debt		<u>142,780</u>	<u>67,620</u>
Total General Obligation Debt		1,817,630	1,417,735
Capital Lease Obligations	3.75-4.32	39,859	28,184
Settlement Obligation		20,000	13,331
Guarantee Obligations	variable	194,599	153,234
Net Premium/(Discount) on Guarantee Obligations		<u>18,433</u>	<u>13,171</u>
		213,032	166,405
Total Governmental Funds Debt		\$ <u>2,090,521</u>	\$ <u>1,625,655</u>
Business-Type Debt:			
Long term commercial paper	2.91-6.14	\$ 10,000	3,532
Sanitary Sewerage and Storm Water Systems	3.00-6.30	177,265	141,075
Electric / Gas Division, MLG&W (1)	2.00-5.00	281,000	251,980
Water Division, MLG&W (1)	2.00-5.00	70,000	61,860
Net Premium/(Discount) on revenue bonds		55,047	47,732
State Loans	.75-2.59	<u>130,277</u>	<u>130,277</u>
Total Business-Type Debt		\$ <u>723,590</u>	<u>636,456</u>
Total		\$ <b>2,814,111</b>	<b>2,262,111</b>

(1) All MLG&W bonds reflect amounts outstanding at December 31, 2019.

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2020**

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

Debt service requirements to maturity for governmental long-term indebtedness at June 30, 2020 are as follows:

Fiscal Year	Total Long-term Indebtedness														
	General Obligation					Revenue					Total Requirements				
	General Obligations		Settlement Obligation (3)		Guarantee Obligations	Sewer and Storm Water System		State Loan		MLG&W(2)		Interest	Principal	Total	
	Principal (4) (5)	Interest (1)	Principal	Interest	Principal (4)	Interest (1)	Principal	Interest	Principal	Interest	Principal (4)	Interest	Principal	Interest	Total
2020	-	-	-	-	-	-	-	-	-	-	12,810	13,477	12,810	13,477	26,287
2021	87,020	58,048	4,442	960	6,343	6,370	6,796	1,241	10,360	1,241	13,330	12,948	134,753	85,910	220,663
2022	89,155	54,446	4,196	838	6,047	5,860	4,889	809	10,855	809	13,905	12,380	135,505	80,380	215,885
2023	90,095	49,884	4,369	715	5,722	5,380	4,930	765	8,880	765	14,515	11,767	136,539	74,234	210,773
2024	90,520	45,367	3,584	601	5,353	4,951	4,970	721	9,290	721	15,205	11,077	137,649	68,070	205,719
2025	94,765	41,574	2,742	502	4,882	4,518	5,011	677	9,680	677	15,915	10,369	142,382	62,521	204,904
2026	93,745	37,513	1,910	403	4,274	4,120	5,053	632	7,900	632	16,670	9,609	139,296	56,551	195,847
2027	34,990	33,036	2,060	308	3,633	3,787	5,095	586	5,965	586	17,445	8,832	80,211	50,182	130,393
2028	36,565	31,298	2,220	205	2,960	3,471	5,137	541	6,250	541	18,260	8,022	83,765	46,497	130,262
2029	38,175	29,480	2,375	113	2,253	3,176	5,180	494	5,115	494	19,095	7,186	85,981	42,703	128,684
2030	39,890	27,575	286	14	1,509	2,902	5,223	448	5,360	448	19,970	6,308	87,512	38,756	126,268
2031	36,150	25,703	-	-	728	2,654	4,130	5,267	4,130	400	20,930	5,349	82,707	34,834	117,541
2032	37,640	24,107	-	-	296	2,474	3,195	5,311	3,195	353	21,790	4,494	69,039	31,724	100,763
2033	39,225	22,406	-	-	241	2,331	5,356	305	3,340	305	22,690	3,595	71,769	28,877	100,646
2034	40,520	20,671	-	-	183	2,180	5,164	259	3,490	259	23,590	2,684	73,982	25,976	99,958
2035	42,200	18,849	-	-	123	2,023	5,181	216	3,645	216	17,950	1,741	70,254	22,952	93,206
2036	38,025	17,165	-	-	59	1,858	5,220	173	3,805	173	18,620	1,074	67,010	20,330	87,340
2037	34,840	15,583	-	-	-	1,687	5,259	131	3,980	131	11,150	396	55,229	17,796	73,026
2038	36,255	14,170	-	-	-	1,507	5,088	87	4,160	87	-	-	45,503	15,764	61,267
2039	37,725	12,691	-	-	-	1,319	4,702	47	4,350	47	-	-	46,777	14,058	60,835
2040	39,265	11,140	-	-	-	1,122	3,144	9	4,545	9	-	-	75,254	12,271	87,525
2041	40,910	9,510	-	-	-	917	-	-	4,750	-	-	-	45,660	10,428	56,088
2042	38,420	7,763	-	-	-	703	-	-	4,965	-	-	-	43,385	8,465	51,850
2043	39,300	6,094	-	-	-	477	-	-	5,190	-	-	-	44,490	6,571	51,061
2044	37,550	4,384	-	-	-	243	-	-	5,425	-	-	-	42,975	4,626	47,601
2045	26,075	2,737	-	-	-	61	-	-	2,450	-	-	-	28,525	2,798	31,323
2046	13,165	1,644	-	-	-	-	-	-	-	-	-	-	13,165	1,644	14,809
2047	13,690	1,117	-	-	-	-	-	-	-	-	-	-	13,690	1,117	14,807
2048	14,240	569	-	-	-	-	-	-	-	-	-	-	14,240	569	14,809
<b>TOTAL \$</b>	<b>1,300,115</b>	<b>624,524</b>	<b>28,184</b>	<b>4,659</b>	<b>153,234</b>	<b>66,091</b>	<b>130,277</b>	<b>8,894</b>	<b>141,075</b>	<b>8,894</b>	<b>313,840</b>	<b>131,308</b>	<b>2,080,058</b>	<b>880,082</b>	<b>2,960,140</b>

- (1) Interest on variable general obligation bonds is estimated.
- (2) At 12-31-19
- (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	\$	8,215
Insurance reserves - casualties and general		38,382
Medical benefits		25,593
Customer deposits		37,205
Storm Water bond escrow		30,185
Bond reserve and debt service		<u>3,446</u>
Total	\$	<u><u>143,026</u></u>

**NOTES TO FINANCIAL STATEMENTS  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2020**

**I. Fund balance by purpose**

Following is more detailed information on the governmental fund balances.

Equity - Fund Balances:	General	Debt Service	Capital Projects	Community Development	Nonmajor	Total Governmental Funds
Restricted						
Parks Special Services	\$ 2,182	-	-	-	-	2,182
Vacant Property Registry	31	-	-	-	-	31
Photo Enforcement	7,962	-	-	-	-	7,962
Bass Pro	2,932	-	-	-	-	2,932
Sex Offender Registry	115	-	-	-	-	115
Miscellaneous Activities	690	-	-	-	-	690
E-Traffic Citation Fee	-	-	-	-	829	829
Debt Service - Related Party Loan	-	105,813	-	-	-	105,813
Debt Service - Capital Lease	-	3,000	-	-	-	3,000
Debt Service - Pledged TDZ Revenue	-	273	-	-	-	273
Solid Waste Management	-	-	-	-	3,648	3,648
Miscellaneous Grants	-	-	-	-	(1,065)	(1,065)
Drug Enforcement	-	-	-	-	8,889	8,889
Community Development	-	-	-	3,609	-	3,609
Beale Street	-	-	-	-	1,421	1,421
Fire EMS	-	-	-	-	258	258
Pre-K	-	-	-	-	2,516	2,516
Community Catalyst	-	-	-	-	723	723
Affordable Housing	-	-	-	-	414	414
HUB Community Impact	-	-	-	-	4	4
2019 Sales Tax Referendum	-	-	-	-	17,219	17,219
Committed						
Debt Service Requirements	-	64,856	-	-	-	64,856
Metro Alarms	-	-	-	-	1,844	1,844
Beale Street	-	-	-	-	-	-
New Memphis Arena	-	-	-	-	111	111
Hotel/Motel Tax	-	-	-	-	7,784	7,784
Capital Projects	-	-	34,364	-	-	34,364
Assigned						
Encumbrances for Purchase Orders	13,866	-	-	-	-	13,866
Intergovernmental	20,000	-	-	-	-	20,000
Sports Authority	3,000	-	-	-	-	3,000
Unassigned	79,047	-	-	-	-	79,047
Total Fund Balances	<u>\$ 129,825</u>	<u>173,942</u>	<u>34,364</u>	<u>3,609</u>	<u>44,595</u>	<u>\$ 386,335</u>

**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	\$ 139,975
Deferred outflows - OPEB	23,137
Total Governmental Activities Deferred Outflows	<u>\$ 163,112</u>

**Business-Type Activities**

Deferred outflows - pensions	\$ 98,673
Deferred outflows - OPEB	57,027
Total Business-Type Activities Deferred Outflows	<u>\$ 155,700</u>

<b>Total Deferred Outflows of Resources</b>	<u><u>\$ 318,812</u></u>
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**Deferred Inflows of Resources**

**Governmental Activities**

Deferred inflows - pensions	\$ 108,899
Deferred inflows - OPEB	46,443
Prepaid taxes	405
Uncollected property taxes	406,551
Uncollected grant reimbursements	1,006
Uncollected intergovernmental revenues	40,003
Uncollected project loans receivable	48,676
Other	19,452
Total Governmental Activities Deferred Inflows	<u>\$ 671,435</u>

**Business-Type Activities**

Deferred inflows - pensions	\$ 16,611
Deferred inflows - OPEB	139,908
Revenue collected in advance	1,630
Total Business-Type Activities Deferred Inflows	<u>\$ 158,149</u>

<b>Total Deferred Inflows of Resources</b>	<u><u>\$ 829,584</u></u>
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V. OTHER INFORMATION

A. Risk management

The City is self-insured for health and medical benefits as well as on-the-job injury (OJI) claims. The Health Insurance Internal Service Fund charges premiums to other funds (primarily to the General Fund) that are used to pay claims and to fund the accrual for “incurred but not reported” (IBNR) claims and administrative costs of its health and medical benefits program. Additionally, OJI claims payable of \$3,265 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, 2019 and 2020 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, 2018	\$ 6,445	426	60	-	15	3,360
Current year provision	(71,784)	(8,770)	(188)	(8)	(184)	(4,231)
Payments	74,073	8,693	284	8	228	4,488
Balance - June 30, 2019	\$ 8,734	349	156	-	59	3,617
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



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**B. Subsequent events**

The City has evaluated subsequent events for potential recognition and disclosure through December 15, 2020.

In November 2020, the City issued \$24,470 of Series General Improvement Bonds. The proceeds of the Series 2020A 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 2020A Bonds.

In October 2020, the City issued \$123,535 of Series 2020 Sanitary Sewerage System Revenue and Revenue Refunding Bonds (Series 2020B Bonds). The Series 2020 Bonds were issued for financing improvements, additions and extensions to the City's sanitary sewerage system, refunding all of the City's outstanding Sanitary Sewerage System Revenue Bonds, Series 2010B (Recovery Zone Economic Development Bonds) and Sanitary Sewerage Revenue Refunding Bonds, Series 2013 and paying the costs of issuance of the Series 2020B Bonds.

In September 2020, the City entered into a \$156,000 Water Infrastructure Finance and Innovation (WIFIA) loan agreement to finance the upgrade of the T.E. Maxson Wastewater Treatment Facility.

The City entered into agreements with a vendor to sell a portion of the City's tax year delinquent property tax receivables. The City is evaluating a plan to enter a similar agreement in FY21. Total proceeds from the sale of receivables in FY21 are undetermined at this time.

**C. Contingent liabilities and commitments**

The City is a defendant in a number of various lawsuits filed in the ordinary course of its operations. The City believes that \$5,035 is a reasonable measure of the ultimate settlement of these matters.

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

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

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As of June 30, 2020, the Senior Lien Bonds were outstanding in an aggregate principal amount of \$255,495. 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, 2020, for outstanding purchase orders and outstanding contracts reported as assigned fund balance for encumbrances in the General Fund of \$13,866. The City has assigned \$20,000 for intergovernmental transactions and \$3,000 for Sports Authority.

The City had additional commitments totaling \$135,723 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 \$133,000; expensed components of the remediation outlays to date are approximately \$117,000. 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 contribution plan in accordance with GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

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

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

By agreement adopted on October 19, 2007, as amended and restated on February 12, 2008 (the Trust Agreement), the duty and responsibility for investing the Trust assets is vested in the Trustee. The Trust Agreement provides that the Trustee is a committee composed of the following members: the Director of Finance (Chief Financial Officer) who serves as Chairman, the City Comptroller, the City Treasurer, the Deputy 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, 2020, the City OPEB Fund reported the following net position:

	<b>City OPEB Fund</b>
<b>ASSETS</b>	
Investments, at fair value:	
Mutual funds and money market funds	\$ 3,418
Total investments	<u>3,418</u>
Equity in cash and investment pool	803
Interest and dividend receivables	<u>2</u>
<b>Total assets</b>	<b><u>4,223</u></b>
<b>LIABILITIES</b>	
Accounts payable and other	433
<b>Total liabilities</b>	<b><u>433</u></b>
<b>NET POSITION</b>	
Held in trust for pension benefits, pool participants and OPEB	<b><u>\$ 3,790</u></b>

As of and for its year ended June 30, 2020, the City OPEB Fund reported the following changes in net position:

	<b>City OPEB Fund</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 8,763
Plan members	1,807
Total contributions	<u>10,570</u>
Transfer from other fund	3,500
Pharmacy rebate	567
Investment income:	
Interest and dividend income	74
Net appreciation in the fair value of investments	116
Total investment income	<u>190</u>
<b>Total additions</b>	<u>14,827</u>
<b>DEDUCTIONS</b>	
Benefits	7,789
Administrative expenses	7,263
<b>Total deductions</b>	<u>15,052</u>
<b>Net increase / decrease</b>	(225)
Net position - beginning of year	<u>4,015</u>
<b>Net position - end of year</b>	<u><u>\$ 3,790</u></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 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, 2020, the number of active participants in the OPEB Plan was 7,145. 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.



**Summary of Plan Provisions**

*Medical Benefits*

During fiscal year 2020, 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, 2020 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, 2020, the value of the Trust assets within the OPEB Fund was \$4,223. 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. For the 2020 fiscal year, the net investment return for the year was \$190 compared to the expected return on assets of \$0.

### **Schedule of Contributions**

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

The Schedule of Contributions under GASB 74 and GASB 75, presented in the Required Supplementary Information section following the Notes to the Financial Statements Exhibit RSI-4, is presented for those years for which it is available and was prepared prospectively from the Plan’s fiscal year ending June 30, 2020 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 \$410,167 represents the total covered payroll for the prior calendar year, increased by the salary scale. For calendar year 2020 the average salary was \$55,144. The net OPEB liability as a percentage of covered payroll was 162.5% for the year ending June 30, 2020.

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	\$ 304,554
Total Service Cost	4,176
Interest Cost	8,437
Experience (Gains)/Losses	(2,264)
Assumption Changes	21,629
Changes of Benefit Terms	346,334
Net Benefit Payments	<u>(12,678)</u>
Total OPEB Liability - ending balance	<u>670,188</u>
OPEB Fiduciary Net Position - beginning balance	\$ 4,015
Employer Contribution	12,263
Employee Contribution	1,807
Investment Return	190
Benefit Payments	(7,222)
Administrative Expenses	<u>(7,263)</u>
Fiduciary Net Position - ending balance	<u>3,790</u>
Total OPEB Liability	\$ 670,188
Net Fiduciary Position	<u>3,790</u>
Net OPEB Liability	<u>666,398</u>
Fiduciary Net Position as a % of Total OPEB Liability	0.6%
Actual Covered Payroll	\$ 410,167
Net OPEB Liability as a % of Covered Payroll	162.5%

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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, 2019 and the City's fiscal year ending June 30, 2020 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, 2019 – June 30, 2020. The date of the census data was July 1, 2020.

For the July 1, 2020 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 with MP-2018 projection scale from 2010 and adjusted by a one year set forward.
- Police and Fire – Fully Generational PubS-2010 Public Sector Mortality table for safety employees with MP-2018 projection scale from 2010 and adjusted by a one year set forward.
- Disabled - Fully Generational PubNS-2010 Public Sector Disabled Mortality table for non-safety employees with MP-2018 projection scale from 2010 and adjusted by a three year set back.

#### *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 2020 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 2020 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 2020 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 2020 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 preferred and premier plans were developed by PwC based on historical 2018-July 2020 claims experience for City of Memphis retired participants adjusted for enrollment and plan design provisions. The 2021 calendar year annual per capita costs used to develop per capita costs (before rebates) for the fiscal year beginning July 1, 2020 are:

- Pre-65 – Select Plan \$11,880, Choice Plan \$12,600
- Post-65 No Medicare – Select Plan \$14,172, Choice Plan \$17,076

*Self-Insured Premiums*

2021 calendar year monthly Retiree Premiums that were used to develop per capita cost for the fiscal year beginning July 1, 2020 as 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 2020 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 2020 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 2020, 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 2020 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 2.66% as of June 30, 2020 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, 2020 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, 2020.

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

	<u>1% Decrease (1.66%)</u>	<u>Current Rate (2.66%)</u>	<u>1% Increase (3.66%)</u>
Net OPEB Liability	\$756,098	\$666,398	\$592,304

*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 2021 was 6.50% with declining rates for years 2021 - 2029+ ranging from 6.28% to 4.5%. 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	\$594,131	\$666,398	\$754,123

**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, 2019. 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-2019 projection scale which were released by the Society of Actuaries.
- The retirement, turnover, and salary scale assumptions were updated to reflect the recent experience study performed using data from July 1, 2015 through June 30, 2020.
- The participation assumptions for commissioned police and fire, paramedics, and dispatchers (“restored”) changed based on the City’s best estimate of long-term enrollment rates under the new plan effective January 1, 2021:
  - 100% of future “restored” retirees are assumed to elect pre-65 coverage (up from 10%)
  - 84% 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 (up from 0%)
  - 75% of current “restored” retirees will elect post-65 coverage (up from 55%)
- The discount rate assumption changed from 2.79% as of June 30, 2019 to 2.66% as of June 30, 2020 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</u>	
	<u>June 30, 2019</u>	<u>June 30, 2020</u>
<b>Active</b>		
Number of Participants	7,015	7,145
Average Age of Participants	45.02	45.19
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

**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, 2020**

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

Determination of resources of deferred outflows and resources of deferred inflows for the fiscal year ended June 30, 2020 is provided below.

**City of Memphis OPEB Plan**

<b>Determination of Resources of Deferred Outflows and Deferred Inflows</b>					<b>Balances at June 30, 2020</b>	
	Established in Fiscal Year Ending June 30	Loss	Cumulative Amounts Recognized in Expense through (Gain) June 20, 2020		Deferred Outflows of Resources	Deferred Inflows of Resources
a. Experience (Gains) and Losses	2017	\$ 18,838	\$ -	\$ 14,952	\$ 3,886	\$ -
	2018		(11,621)	(7,629)	-	(3,992)
	2019		(13,201)	(5,716)	-	(7,485)
	2020		(2,264)	(515)	-	(1,749)
					\$ 3,886	\$ (13,226)
b. Changes in Assumptions	2017	25,586	-	20,308	\$ 5,278	\$ -
	2018		(76,034)	(49,914)	-	(26,120)
	2019		(21,941)	(9,500)	-	(12,441)
	2020	21,629	-	4,916	16,713	-
					\$ 21,991	\$ (38,561)
c. Investment (Gains) and losses	2017	-	(289)	(232)	\$ -	\$ (57)
	2018		(257)	(153)	-	(104)
	2019		(221)	(88)	-	(133)
	2020	\$ -	\$ (190)	\$ (38)	-	(152)
					\$ -	\$ (446)
d. Collective deferred outflows/(inflows) of resources: a + b + c					<b>\$ 25,877</b>	<b>\$ (52,233)</b>

**Allocated Deferred Outflows and Deferred Inflows**

**Allocated Balances at June 30, 2020**

	Deferred Outflows	Deferred Inflows
Governmental Activities	\$ 23,075	\$ (46,379)
Business Type - Sewer	1,326	(2,431)
Business Type - Storm Water	755	(1,285)
Internal Service Fund - Health Care	62	(64)
Component Unit - MSCAA	659	(2,074)
<b>Total</b>	<b>\$ 25,877</b>	<b>\$ (52,233)</b>

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2020**

**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
2021	\$ (13,763)	\$ (12,209)	\$ (577)	\$ (277)	\$ -	\$ (700)
2022	(13,924)	(12,555)	(584)	(280)	-	(506)
2023	(392)	(176)	(16)	(8)	(2)	(190)
2024	1,723	1,636	72	35	-	(19)
2025	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-
	\$ (26,356)	\$ (23,304)	\$ (1,105)	\$ (530)	\$ (2)	\$ (1,415)

The schedule of OPEB expense under GASB 74 and GASB 75 for the fiscal year ended June 30, 2020 is provided below.

<b>City of Memphis OPEB Expense Fiscal Year 2020</b>	Total	Governmental Activities	Business Type Sewer	Business Type Storm Water	Internal Service Health Care	Component Unit MSCAA
Service Cost	\$ 4,176	\$ 3,755	\$ 217	\$ 117	\$ -	\$ 87
Interest Cost						
Interest on Total OPEB Liability at beginning of year	\$ 8,497					
Interest on Service Cost	117					
Half-year Interest on Benefit Payments	(177)					
Total	8,437	7,586	439	236	-	176
Change of Benefit Terms	346,334	311,389	18,009	9,697	-	7,238
Recognition of deferred (inflows) and outflows of resources related to						
Liability Experience (Gains)/Losses	\$ (2,178)					(46)
Assumption Changes (Gains)/Losses	(11,395)					(238)
Investment (Gains)/Losses	(191)					(4)
Changes in proportion of net OPEB liability and deferred (inflows) / outflows						(389)
Changes in actual contributions and proportionate share of contributions						(23)
Total	(13,763)	(11,962)	(716)	(385)	-	(700)
Total OPEB Expense (Income)	\$345,184	310,768	17,950	9,665	-	6,801

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

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

**Implementation of GASB 75**

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

**Plan Description** - Memphis Light, Gas and Water Division, by resolution of its Board of Commissioners, has established, adopted and maintains medical benefits (health and welfare) plan (the “Plan”) for its retired employees and their eligible dependents. The Plan is 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, 2017 (valuation date):

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

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

The Board of Commissioners has set the employer contribution rate based on the Actuarially Determined Contribution (“ADC”). The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs 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 \$33,949 and \$48,972 for the years ended December 31, 2019 and 2018, 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 Payroll</u>	<u>Contributions as a Percentage of covered Payroll</u>
2010	\$ 43,693	\$ 43,476	\$ 217	\$ 153,509	28.32%
2011	\$ 44,666	\$ 43,554	\$ 1,112	\$ 154,036	28.28%
2012	\$ 42,427	\$ 39,747	\$ 2,680	\$ 154,347	25.75%
2013	\$ 42,854	\$ 43,043	\$ (189)	\$ 154,759	27.81%
2014	\$ 38,386	\$ 42,100	\$ (3,713)	\$ 152,368	27.63%
2015	\$ 38,187	\$ 38,438	\$ (251)	\$ 160,641	23.93%
2016	\$ 45,289	\$ 42,496	\$ 2,793	\$ 161,926	26.24%
2017	\$ 46,978	\$ 45,184	\$ 1,794	\$ 167,221	27.02%
2018	\$ 48,270	\$ 48,972	\$ (702)	\$ 169,605	28.87%
2019	\$ 31,701	\$ 33,949	\$ (2,248)	\$ 170,946	19.86%

**Actuarial Methods and Assumptions** – The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2009 to December 31, 2013.

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

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

**Investment Rates of Return** - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future 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 or 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%	6.41%
International Equity	12%	7.69%
Fixed Income	29%	2.38%
Alternatives	8%	3.83%
Real Estate	10%	4.76%
Short Term Investments	2%	1.16%
<b>Total</b>	<b>100%</b>	

**Discount Rate** – The discount rate used to measure the total OPEB liability is 7.50% for both December 31, 2018 and December 31, 2017, 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, 2017.

**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 7.50%, as well as what the Division’s NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage point higher (8.50%) 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:

**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.

	1% Decrease in Discount (6.50%)	Current Discount Rate (7.50%)	1% Decrease in Discount (8.50%)
Net OPEB liability (asset)	\$ 379,236	\$ 281,470	\$ 201,582
	1% Decrease in Trend Rates	Current Trend Rates	1% Decrease in Trend Rates
Net OPEB liability (asset)	\$ 197,340	\$ 281,470	\$ 385,998

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.

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2020**

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

<b>MLGW CHANGES IN NET OPEB LIABILITY</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>		
Service cost	\$ 15,381	\$ 19,520
Interest	50,559	64,666
Change of benefit terms	-	(61,896)
Differences between expected and actual experience	(3,133)	3,674
Changes of assumptions	-	(200,370)
Benefit payments, including refunds of member contributions	(28,676)	(29,457)
Net change in Total OPEB Liability	<u>\$ 34,131</u>	<u>\$ (203,863)</u>
Total OPEB Liability - beginning	<u>673,088</u>	<u>876,951</u>
(a) Total OPEB Liability - ending	<u>\$ 707,219</u>	<u>\$ 673,088</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 48,972	\$ 45,184
Net investment income	(14,274)	57,671
Benefit payments, including refunds of member contributions	(27,876)	(28,765)
Administrative expense	(800)	(692)
Net change in Plan Fiduciary Net Position	<u>\$ 6,022</u>	<u>\$ 73,398</u>
Plan Fiduciary Net Position - beginning	<u>419,726</u>	<u>346,328</u>
(b) Plan Fiduciary Net Position - ending	<u>\$ 425,748</u>	<u>\$ 419,726</u>
(c) Net OPEB Liability - ending (a) - (b)	<u>\$ 281,471</u>	<u>\$ 253,362</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	<b>60.20%</b>	62.36%
Covered Payroll	\$ 169,605	\$ 167,221
Plan Net OPEB Liability as a percentage of covered payroll	<b>165.96%</b>	151.51%

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

**OPEB Expense for the year ended December 31, 2019**

Service cost	\$ 15,381
Interest on total OPEB liability	50,560
Expensed portion of current-period difference between expected and actual experience in the total OPEB liability	(522)
Projected earnings on plan investments	(32,241)
Expensed portion of current-period difference between actual and projected earnings on plan investments	9,303
Recognition of beginning of year deferred outflows of resources as OPEB expense	612
Recognition of beginning of year deferred inflows of resources as OPEB expense	(39,616)
Total OPEB expense	<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.



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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 33,949	\$ -
Changes of assumptions or other inputs	-	(133,580)
Net difference between projected and actual earnings on OPEB plan investments	18,546	-
Difference between expected and actual experience in the Total OPEB Liability	2,451	(2,612)
<b>Total</b>	<b>\$ 54,946</b>	<b>\$ (136,192)</b>

Note: The \$33,949 contribution made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. 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, 2019.

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

	Year Established	Original Balance	Original Period Amortization (Years)	Amount			Deferred Outflows/(Inflows) Recognized in Future Years							
				Outstanding Balance at December 31, 2018	Recognized During FYE December 31, 2019	Outstanding Balance at December 31, 2019	2020	2021	2022	2023	2024			
<b>Fiscal year Outflows</b>														
Demographic	2018	\$ 3,674	6.00	\$ 3,061	\$ 610	\$ 2,451	\$ 612	\$ 612	\$ 612	\$ 615	-			
Investment	2019	46,514	5.00	-	9,303	37,211	9,303	9,303	9,303	9,302	-			
<b>Total Outflows</b>				\$ 3,061	9,913	\$ 39,662	\$ 9,915	\$ 9,915	\$ 9,915	\$ 9,917	\$ -			
<b>Fiscal year Inflows</b>														
Investment	2018	\$ (31,107)	5.00	\$ (24,885)	\$ (6,221)	\$ (18,664)	\$ (6,221)	\$ (6,221)	\$ (6,222)	-	-			
Assumption	2018	(200,370)	6.00	(166,975)	(33,395)	(133,580)	(33,395)	(33,395)	(33,395)	(33,395)	-			
Demographic	2019	(3,133)	6.00	-	(521)	(2,612)	(522)	(522)	(522)	(522)	(524)			
<b>Total Inflows</b>				\$ (191,860)	\$ (40,137)	\$ (154,856)	\$ (40,138)	\$ (40,138)	\$ (40,139)	\$ (33,917)	\$ (524)			
<b>Total</b>				\$ (188,799)	\$ (30,224)	\$ (115,194)	\$ (30,223)	\$ (30,223)	\$ (30,224)	\$ (24,000)	\$ (524)			

Note: In accordance with Paragraph 43 of GASB Statement 75, the difference between projected and actual earnings on OPEB plan investments should be recognized over a closed five-year period. The difference between expected and actual total OPEB liability experience (noted as "Demographic" in the chart above) and the assumption changes (noted as "Assumption" in the chart above) are each recognized over a closed period equal to the average of the expected remaining service lives of all employees who are provided with OPEB 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	\$ 345,184
MLGW	3,477
<b>Total OPEB expense</b>	<b>\$ 348,661</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, 2020**

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

As of June 30, 2020, the City Retirement System Fiduciary Trust Fund reported the following net position:

	<b>City Retirement System</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 30,259
Investments, at fair value:	
U.S. government securities - long-term	52,637
Common stock - domestic	634,428
Common stock - foreign	135,305
Corporate bonds - domestic	335,366
Corporate bonds - foreign	90,947
Mutual funds and money market funds	12,423
Collateralized mortgage obligations	5,884
Asset-backed pooled securities	8,547
Mortgage-backed pooled securities	26,448
Investments in index funds	95,527
Investments in limited partnerships	206,620
Investments in real estate	161,881
Investments in international equity fund	508,228
Investments in short sales & written options	<u>(68)</u>
Total investments	2,274,173
Equity in cash and investment pool	907
Interest and dividend receivables	6,613
Receivable for securities sold	249,003
Employer and employee contributions receivable	2,054
Collateral held in trust for securities on loan	<u>112,147</u>
<b>Total assets</b>	<b><u>2,675,156</u></b>
<b>LIABILITIES</b>	
Accounts payable and other	301,227
Collateral subject to return to borrowers	<u>112,147</u>
<b>Total liabilities</b>	<b><u>413,374</u></b>
<b>NET POSITION</b>	
Held in trust for pension benefits, pool participants and OPEB	<b><u>\$ 2,261,782</u></b>

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2020**

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

As of and for its year ended June 30, 2020, the City Retirement System Fiduciary Trust Fund reported the following changes in net position:

	<b>City Retirement System</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 54,194
Plan members	17,884
Total contributions	<u>72,078</u>
Investment income:	
Interest and dividend income	47,652
Securities lending income	302
Other investment income	757
Gain on real estate investments	10,358
Net appreciation in the fair value of investments	16,888
Total investment income	<u>75,957</u>
<b>Total additions</b>	<u>148,035</u>
<b>DEDUCTIONS</b>	
Benefits	174,298
Administrative expenses	20,265
Refunds of contributions	16,811
<b>Total deductions</b>	<u>211,374</u>
<b>Net increase / decrease</b>	(63,339)
Net position - beginning of year	<u>2,325,121</u>
<b>Net position - end of year</b>	<u><u>\$ 2,261,782</u></u>

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

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

**Plan Description** - The City Retirement System pension trust fund accounts for the activity of the City's Retirement System and is a single employer, public employee retirement system. Substantially all permanent full-time salaried employees of the City (including component unit MSCAA, excluding component unit MATA 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 nongrandfathered employee in the 1978 Plan will participate in the 2016 Plan as of July 1, 2016. For this purpose, a nongrandfathered employee is any employee with less than 7 ½ years of service as of July 1, 2016.

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

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

The plan was amended effective July 1, 2016, to encompass a new hybrid plan design. Participants with seven and one-half (7½) years of service or more will be grandfathered into their current plan, and all other employees will participate in the new hybrid plan design. As of June 30, 2020, 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, 2020, 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	3,017
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.

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

**Summary of Plan Provisions**

*Normal Retirement*

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

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

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

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

Under the 2016 Plan, General Employees may retire after the completion of 25 years of service or at age 65 and the completion of 5 years of service.

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

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

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*Disability Retirement*

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

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

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

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

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

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

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

*Pre-Retirement Death Benefit*

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

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

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

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

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

#### *Employee Contributions*

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

The Fire and Police Employee contributions in the 1948 Plan range from 5% to 5.5%, depending on years of service. The contributions under the 1978 Plan range from 6.2% to 8% depending on 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, 2020, 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.



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**Rate of Return** - For the year ended June 30, 2020, the annual money-weighted rate of return on the City's pension plan investments, net of pension plan investment expense, was 2.82% 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 2020 was \$53,719, of which the City contributed 100%.

In accordance with Tennessee state laws, the City is required to increase annual contributions to the pension fund, and pay the full ADC by the year 2020.

The 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, 2020, were 14.5%. For its year ended June 30, 2020, the City of Memphis Retirement System reported total employer and plan member contributions of \$54,194 and \$17,884 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, 2020**

**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, 2020 are as follows:

**Net Pension Liability**

Total Pension Liability - Beginning of year	2,773,138
Service Cost <sup>1</sup>	41,858
Interest Cost <sup>2</sup>	203,958
Experience (gains)/losses	6,622
Assumption Changes	(91,982)
Benefit Payments	(191,109)
Member Reassignments	-
Total Pension Liability - End of year	<u>2,742,485</u>

**Plan Fiduciary Net Position**

Plan Fiduciary Net Position - Beginning of year	2,337,399
Employer Contributions	54,194
Employee Contributions	17,884
Investment return	
Expected Investment Return <sup>3</sup>	170,841
Investment Gain/(Loss)	<u>(120,788)</u>
Net Investment Return	50,053
Benefit Payments	(191,109)
Administrative Expenses	<u>(6,060)</u>
Plan Fiduciary Net Position - End of year	2,262,361

**Net Pension Liability**

Net Pension Liability	480,124
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.5%

<sup>1</sup> Determined as of the beginning of the year. Includes interest of 7.5% on the beginning of year service cost

<sup>2</sup> 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 Liability (NPL) represents the funded status of the City Plan as of the measurement date. The NPL for fiscal year ended June 30, 2020 increased \$44 from prior year due to unfavorable asset experience (net investment return), changes in assumptions, plan experience due to updated census, and plan experience due to difference in actual and expected salary. Assets returned 2.82% compared to the assumed 7.5% investment yield. Changes in assumptions included changes in the turnover, retirement, salary scale and marital status.

***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 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-2019 projection scale from 2010 and adjusted by a one year set forward.
- Healthy Police and Fire - Fully Generational PubS-2010 Public Sector Mortality table for safety employees with MP-2019 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-2019 projection scale from 2010 and adjusted by a three-year set back.
- Disabled Police and Fire - Fully Generational PubS-2010 Public Sector Disabled Mortality table for safety employees with MP-2019 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-2019 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-2019 projection scale from 2010 and adjusted by a one year set forward

Other actuarial assumptions are as follows:

- Marriage - 80% of male General Employees, 50% of female General Employees, and 80% of Fire and Police Employees are assumed to be married. Wives are assumed to be three years younger than their husbands.
- Death/Disability – Deaths and disabilities for active General Employees are assumed to be not line-of-duty. Deaths and disabilities for active Fire and Police Employees are assumed to be line-of-duty.
- Form of Payment – It is assumed that benefits will be paid in the normal annuity form applicable to the particular benefit.
- Account Balance Conversion - Account balances under the 2016 Plan (effective July 1, 2016) are converted at 5.0% interest and the applicable mortality table under IRC 417(e) in effect on the current valuation date.
- Changes in Assumptions – The mortality assumptions was updated to reflect the Public Sector Mortality tables and the MP-2019 projection scale which were released by the Society of Actuaries.

*Discount Rate* – The discount rate used to measure the total pension liability was 7.5% as of July 1, 2020, 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	\$778,084	\$480,124	\$229,756

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2020**

**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 \$(154,789) and \$116,952 respectively. The determination of resources of deferred inflows and resources of deferred outflows for the fiscal year ending June 30, 2020, is as follows:

<b>Determination of Resources of Deferred Outflows and Resources of Deferred Inflows</b>					<b>Balances at June 30, 2020</b>	
	Established in Fiscal Year ending June 30	Loss (a)	(Gain) (b)	Cumulative Amounts Recognized in Expense through June 30, 2019 (c)	Deferred Outflows of Resources	Deferred Inflows of Resources
					(d) = (a - c)	e = (b - c)
a. Experience (Gains) and Losses	2016	\$ -	\$ (12,367)	\$ (12,367)	\$ -	\$ -
	2017	44,176	-	38,496	5,680	-
	2018	-	(64,966)	(42,003)	-	(22,963)
	2019	-	(20,127)	(8,732)	-	(11,395)
	2020	6,622	-	1,400	5,222	-
					\$ 10,902	\$ (34,358)
b. Changes in Assumptions	2017	\$ -	\$ (41,610)	\$ (36,260)	\$ -	\$ (5,350)
	2018	-	(13,322)	(8,613)	-	(4,709)
	2019	71,345	-	30,952	40,393	-
	2020	-	(91,982)	(19,447)	-	(72,535)
					\$ 40,393	\$ (82,594)
c. Investment (Gains) and losses	2016	\$ 167,134	\$ -	\$ 167,134	\$ -	\$ -
	2017	-	(120,775)	(96,620)	(24,155)	-
	2018	-	(26,613)	(15,969)	(10,644)	-
	2019	69,439	-	27,779	41,663	-
	2020	120,788	-	24,158	96,630	-
					\$ 103,494	\$ -
d. Collective Deferred Outflows/(Inflows) of Resources: (a) + (b) + (C)					\$ 154,789	\$ (116,952)

<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>	
	Deferred Outflows	Deferred Inflows
Governmental Activities	139,270	(107,697)
Business Type - Sewer	4,253	(2,947)
Business Type - Storm Water	2,391	(1,606)
Component Unit - MSCAA	8,875	(4,701)
Total	154,789	(116,952)

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

Year Ending June 30	Total	Governmental Activities	Business Type Sewer Fund	Business Type Storm Water	Component Unit MSCAA
2021	\$ (14,911)	\$ (14,535)	\$ (514)	\$ (310)	\$ 448
2022	14,988	12,740	517	311	1,420
2023	26,776	23,711	923	556	1,586
2024	10,984	9,656	380	228	720
2025	-	-	-	-	-
Thereafter	-	-	-	-	-
	<u>\$ 37,837</u>	<u>\$ 31,572</u>	<u>\$ 1,306</u>	<u>\$ 785</u>	<u>\$ 4,174</u>

**Pension Expense** – The pension expense under GASB 68 for the fiscal year ending June 30, 2020 is as follows:

Fiscal Year 2020	Total	Governmental Activities	Business Type Sewer Fund	Business Type Storm Water	Component Unit MSCAA
Net employer service cost	\$ 30,034	\$ 27,559	\$ 836	\$ 432	\$ 1,207
Interest cost	203,958	187,146	5,677	2,936	8,199
Expected return on assets	(170,841)	(156,758)	(4,755)	(2,460)	(6,868)
Changes of benefit terms	-	-	-	-	-
Recognition of deferred (inflows)/ outflows	14,767	12,960	393	198	1,216
Total collective pension expense	<u>\$ 77,918</u>	<u>\$ 70,907</u>	<u>\$ 2,151</u>	<u>\$ 1,106</u>	<u>\$ 3,754</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, 2020, is \$16,591.

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, 2020, 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	\$ 52,227
Total investments	<u>52,227</u>
<b>Total assets</b>	<u>52,227</u>
<b>LIABILITIES</b>	
Account payable and other	<u>15</u>
<b>NET POSITION</b>	
Held in trust for pension benefits	<u><u>\$ 52,212</u></u>



As of and for its year ended June 30, 2020, the Retirement System for the Library reported the following changes in net position:

	<u>Library Retirement System</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 117
Plan members	117
Total contributions	<u>234</u>
Transfer from other fund	1,090
Investment income:	
Interest and dividend income	1,651
Net appreciation in the fair value of investments	<u>(4,548)</u>
Total investment income	<u>(2,897)</u>
<b>Total additions</b>	<u>(1,573)</u>
<b>DEDUCTIONS</b>	
Benefits	4,048
Administrative expenses	<u>112</u>
<b>Total deductions</b>	<u>4,160</u>
<b>Net increase</b>	(5,733)
Net position - beginning of year	<u>57,945</u>
<b>Net position - end of year</b>	<u>\$ 52,212</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, 2020, the Retirement System for the Library membership consisted of:

Retired members, beneficiaries and disabled members receiving benefits	178
Terminated vested plan members entitled to but not yet receiving benefits	15
Active employees:	
Fully vested	<u>87</u>
Total	<u><u>280</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 II since the prior valuation.

#### **Summary of Plan II Provisions**

##### Normal Retirement

Under Plan II, employees may retire under any of the following sets of criteria as applicable:

- Completion of 30 years of credited service and attainment of age 60;
- Completion of 25 years of credited service and attainment of age 62; or,
- Completion of 5 years of credited service and attainment of age 65.

Effective July 1, 1992, the normal retirement benefit, 1/12 of which is payable monthly for life, is determined as 2.5% of average compensation multiplied by years of credited service not in excess of 25 plus 1% of average compensation multiplied by years of service greater than 25 but less than 35, with a maximum benefit of 72.5% of average compensation. The minimum pension is \$100 per month.

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“Average Compensation” means the average monthly compensation for the three consecutive years of service during which compensation was the highest.

At the death of the retiree, 75% of the benefit continues to the surviving spouse until death or remarriage or the surviving children upon the death of the spouse.

*Early Retirement*

Under Plan II, employees may retire with reduced benefits after completion of 25 years of credited service and attainment of age 55.

*Disability Retirement*

If disability occurs not in line-of-duty prior to the completion of five years of credited service, a refund of the participant’s contributions with interest is payable to the participant. If disability occurs not in line-of-duty after completion of five years of credited service, the benefit will be determined as in normal retirement provided that the benefit will not be greater than 62.5% of average compensation. If disability occurs in line-of-duty regardless of the number of years of credited service, the benefit will be 2.5% of average compensation per year of service with a minimum of 60% and a maximum of 72.5% of average compensation.

*Pre-Retirement Death Benefit*

If death occurs not in line-of-duty prior to the completion of five years of credited service, a refund of the participant’s contributions with interest is payable at the time of his or her death. If death occurs not in line-of-duty after the completion of five years of credited service, the participant’s eligible spouse as defined in the plan will receive 75% of the participant’s accrued benefit until remarriage. If the participant’s spouse does not survive him or her or if the spouse dies or remarries, the benefit will be paid to the child or divided among the children of the participant until they reach age 18. If the child is handicapped, payments continue for the lifetime of the child. If death occurs in line-of-duty regardless of the number of years of credited service, a benefit equal to 2.5% per year of service up to 25 of the participant’s average compensation will be paid to the spouse until death or remarriage or to minor children under 18 if no spouse is living. The benefit will not be less than 50% or greater than 62.5% of average compensation.

*Optional Retirement Benefit*

For retirement from active status, optional forms of benefit are permitted by the plan if actuarially equivalent to the normal form of payment. For married participants, the normal form of payment is an unreduced 75% Joint and Survivor Annuity. For unmarried participants, the normal form of payment is the Single Life Annuity. Other available options include the 50% or 100% Joint and Survivor Annuities, as well as a Life Annuity with 60, 120, or 180 payments guaranteed.

*Conversion of Unused Sick Leave into Creditable Service*

Effective January 2, 2001, employees may elect to convert sick leave into creditable service time to become initially qualified for retirement benefits or provide enhancement of a full and normal retirement. If an employee requests to use unused sick leave to become eligible for a full and normal retirement, credit time will be given for all unused leave.

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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 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, 2020, 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, 2020 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, 2019 and reflects the plan provision effective December 31, 2019, not adjusted for passage of time to the fiscal year-end.

**Method Used to Value Investments** - All investments of the Retirement System of the Library are reported at fair market value. Short-term investments are reported at cost, which approximates fair market value. All other investments are valued based upon quoted market prices. The Retirement System of the Library has no investments in any one organization that represent more than 5% of plan net position.

**Rate of Return** – For the year ended June 30, 2020, the annual money-weighted rate of return on Library pension plan investments, net of pension plan investment expense, was 18.53% 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, 2020, the Library contributions of \$1,213 represented 29.6% of actual covered payroll of \$4,096 under GASB 67 and contributions of \$1,207 represented 30.9% of actual covered payroll of \$3,901 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, 2020 is \$70,090. The components of the TPL are as follows:

TPL - beginning balance	\$	68,859
Service cost		278
Interest cost		5,022
Experience (gains)/losses		538
Assumption changes		(251)
Benefit payments		(4,356)
TPL – ending balance	\$	<u>70,090</u>

**Plan Fiduciary Net Position** – The Retirement System of the Library Plan Fiduciary Net Position (FNP) for the year ended June 30, 2020 is \$60,433. The components of the FNP are as follows:

FNP - beginning balance	\$	53,873
Employer contributions		1,213
Employee contributions		123
Investment return		
Expected return	\$	3,927
Investment gain/(loss)		<u>5,767</u>
Net investment return		9,694
Benefit payments		(4,356)
Administrative expenses		<u>(114)</u>
FNP – ending balance	\$	<u>60,433</u>

**Net Pension Liability** – The Net Pension Liability (NPL) for the Retirement System of the Library for the year ended June 30, 2020 is \$9,657. The components of the Net Pension Liability (NPL) are as follows:

Total Pension Liability	\$ 70,090
Plan Fiduciary Net Position	<u>(60,433)</u>
Net Pension liability	<u>\$ 9,657</u>
FNP as a percentage of the TPL	86.2%
Actual Covered Payroll	4,097
Net Pension Liability as a percentage of the covered payroll	235.7%

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, 2020 decreased \$5,329 from prior year due to favorable asset experience (net investment return). Assets returned 18.53% compared to the assumed 7.5% investment yield.

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



**Actuarial Methods and Assumptions** - The actuarial asset valuation method is the Entry Age Normal Actuarial Cost Method. 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-2019 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-2019 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, 2019, 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, 2020 of 3.64%.

The projection of cash flows used to determine the discount rate assumed that Library contributions would be made at the actuarially calculated amount computed in accordance with the current funding policy adopted by the City, which complies with State of Tennessee Public Law No. 990. This law requires 100% payment of the Actuarially Determined Contribution (ADC), which consists of normal cost and amortization of the unfunded actuarially accrued liability in level dollar installments over 30 years utilizing a closed period approach. In accordance with Public Law No. 990, the City will phase-in to the 100% payment of the ADC funding requirement over a 5-year period commencing July 1, 2015.

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2020**

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

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	\$17,523	\$9,657	\$3,033

**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 (\$1,202) and \$705 respectively. The net of the deferred inflows and outflows for the fiscal year is \$(497). The determination of resources of deferred inflows and resources of deferred outflows for the fiscal year ending June 30, 2020, is as follows:

						<u>Balances at June 30, 2020</u>	
	Established in Fiscal Year ending June 30	Loss (a)	(Gain) (b)	Cumulative Amounts Recognized in Expense through June 30, 2020 (c)	Deferred Outflows of Resources (d) = (a - c)	Deferred Inflows of Resources e = (b - c)	
a. Experience (Gains) and Losses	2018	\$ -	\$ (504)	\$ (504)	\$ -	\$ -	
	2019	-	(524)	(403)	-	(121)	
	2020	538	-	221	317	-	
					\$ 317	\$ (121)	
b. Changes in Assumptions	2018	\$ -	\$ (481)	\$ (481)	\$ -	\$ -	
	2019	1,683	-	1,295	388	-	
	2020	-	(251)	(103)	-	(148)	
					\$ 388	\$ (148)	
c. Investment (Gains) and losses	2016	\$ 7,388	\$ -	\$ 7,388	\$ -	\$ -	
	2017	-	(1,480)	(1,184)	-	(296)	
	2018	-	(3,877)	(2,326)	-	(1,551)	
	2019	9,213	-	3,685	-	5,528	
	2020	-	(5,767)	(1,153)	-	(4,614)	
					\$ -	\$ (933)	
d. Collective Deferred Outflows/(Inflows) of Resources: a + b + c					\$ 705	\$ (1,202)	

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

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

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

Year Ending June 30	
2021	\$ 3,278
2022	(35,452)
2023	689,291
2024	(1,153,315)
2025	-
Thereafter	-
	<u>\$ (496,198)</u>

**Pension Expense** – The pension expense under GASB 68 for the fiscal year ending June 30, 2019 is \$2,737. It was developed using a measurement date of January 1, 2020, as permitted under paragraph 20 of GASB 68, not adjusted to the fiscal year-end for passage of time.

Employer Service Cost	\$ 269
Interest Cost	5,022
Expected Return on Assets	(3,927)
Changes in Benefit Terms	-
Recognition of deferred (inflows)/outflows	<u>1,373</u>
Total collective pension expense	<u>\$ 2,737</u>

**MLGW Retirement System**

**General** – The Memphis Light, Gas and Water Division (the Division), a division of the City of Memphis, under resolution by the Board of Commissioners, established the Memphis Light, Gas and Water Division Retirement and Pension System (the MLGW Pension Plan). The MLGW Retirement System is administered by the MLGW Pension Board under the direction of the Board of Commissioners. Separate financial statements for the MLGW Retirement System and the MLGW Retiree Medical and Life Insurance Benefits are issued as of and for its year-ended December 31, and can be obtained by writing to the MLGW Manager of Risk Management & Employee Benefits, P.O. Box 430, Memphis, Tennessee 38101.

**Plan Description** – The Memphis Light, Gas and Water Division Pension Board is the administrator of a single employer retirement system established by the Division to provide retirement benefits for its employees. Prior to 1988, the retirement system included two contributory defined benefit plans (the “1948 Plan” and the “1978 Plan”). The 1948 Plan and the 1978 Plan were amended and superseded as of July 1, 1988.

All employees who were members of the 1948 Plan and the 1978 Plan automatically became members of the amended, restated, and consolidated Memphis Light, Gas and Water Division Retirement and Pension System (the MLGW Pension Plan), a division of the City of Memphis, Tennessee. The MLGW Pension Plan was amended and restated effective January 1, 2015. Participants in the 1948 Plan (which includes those employees hired before July 1, 1978) are entitled to the greater of their retirement benefit determined under the 1948 Plan or their retirement benefit under the MLGW Pension Plan.

**Employees Covered** – The MLGW Pension Plan covers permanent full-time employees and appointed commissioners who opt to participate. Plan membership consisted of the following participants as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Retirees and beneficiaries receiving benefits	2,677	2,655
Participants inactive during year ended December 31 with vested rights	38	42
Active plan members	1,055	1,071
Active members not vested	1,566	1,568
Total	<u>5,336</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 2019 minimum monthly retirement benefit for all members is the greater of \$50 per month per year of service or \$500.

**Cost of Living Adjustments** - As of July 1 of each plan year, each retired participant who (1) has attained age fifty-six (56) on such date and (2) has been terminated from the employment of the Division for at least twelve (12) months, shall be entitled to an increase in the amount of his/her monthly benefit under The MLGW Pension Plan equal to the cost of living adjustment. A surviving spouse receiving death benefits shall be entitled to a cost of living adjustment if the surviving spouse has attained age fifty-six (56) and the deceased participant has separated from service at least twelve (12) months prior to July 1. The cost of living adjustment shall be equal to the product of the monthly benefit payable to the participant, or the surviving spouse under the MLGW Pension Plan for the immediately preceding plan year multiplied by the applicable percentage increase in the Consumer Price Index (CPI) for the immediately preceding calendar year.

The applicable percentage increase shall be determined based on the age of the participant, surviving spouse, or handicapped child as of the first day of July of the plan year in which the adjustment is made as follows:

Age	Percentage of CPI Increase
56 - 58	30%
59 - 61	60%
62 and older, and all 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 2018, MLGW contributed 13.33% of the annual covered payroll. Employer contributions recognized by the MLGW Pension Plan during 2018 totaled \$22,174.

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

Year Ended December 31	Actuarially Determined Contribution (ADC)	Actual Contribution in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2010	\$ 27,381	\$ 27,385	\$ (4)	\$ 153,509	17.84%
2011	\$ 26,208	\$ 26,213	\$ (5)	\$ 154,036	17.02%
2012	\$ 30,067	\$ 30,063	\$ 4	\$ 154,347	19.48%
2013	\$ 30,705	\$ 30,706	\$ (1)	\$ 154,759	19.84%
2014	\$ 26,812	\$ 26,804	\$ 8	\$ 152,368	17.59%
2015	\$ 21,390	\$ 21,390	\$ -	\$ 160,641	13.32%
2016	\$ 21,390	\$ 21,390	\$ -	\$ 161,926	13.21%
2017	\$ 22,390	\$ 22,390	\$ -	\$ 167,221	13.39%
2018	\$ 22,174	\$ 22,174	\$ -	\$ 169,605	13.07%
2019	\$ 21,813	\$ 21,813	\$ -	\$ 170,946	12.76%

**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, 2018 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2019.

**Actuarial Methods and Assumptions** – The actuarial assumptions used in the valuation as of January 1, 2019 are based on the results of an experience study for the period January 1, 2009 to December 31, 2013.

Inflation	2.75%
Salary increases	Inflation plus merit increases that vary by age and service, ranging from 0.00% to 6.75%
Investment rate of return	7.5%, including inflation, net of investment expenses
Cost of living adjustments	0.83% for ages 56-58 1.65% for ages 59-61 2.06% for ages 62 and older, and all disabled participants

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

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

These 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%	6.41%
International Equity	12%	7.69%
Fixed Income	29%	2.38%
Alternatives	8%	3.83%
Real Estate	10%	4.76%
Short Term Investments	2%	1.16%
<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, 2018. 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, 2018.

**Discount Rate Sensitivity** – The following presents the net pension liability of MLGW as of December 31, 2018, 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	\$274,083	\$107,812	\$(31,167)

**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, 2017	\$ 1,471,230	\$ 1,512,237	\$ (41,007)
Service cost	31,185	-	31,185
Interest cost	108,432	-	108,432
Difference between expected and actual experience	3,726	-	3,726
Changes of assumptions	-	-	-
Employer contributions	-	22,174	(22,174)
Employee contributions	-	13,217	(13,217)
Net investment income	-	(39,996)	39,996
Benefit payments including refunds of employee contributions	(113,316)	(113,316)	-
Administrative expenses	-	(871)	871
Net change in plan fiduciary net position	<u>\$ 30,027</u>	<u>\$ (118,792)</u>	<u>\$ 148,819</u>
Balance at December 31, 2018	<u>\$ 1,501,257</u>	<u>\$ 1,393,445</u>	<u>\$ 107,812</u>

**NOTES TO FINANCIAL STATEMENTS**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2020**

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

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Total Pension Liability						
Service Cost	\$ 31,185	\$ 31,977	\$ 32,591	\$ 30,139	\$ 31,786	\$ 33,122
Interest Cost	108,432	103,731	102,248	99,940	100,436	98,818
Changes of Benefit Terms	-	-	-	-	-	-
Difference between expected and actual experience	3,726	4,908	(11,298)	2,275	(16,338)	(14,280)
Changes in assumptions	-	-	-	-	(22,112)	-
Benefit Payments, including refunds of employee contributions	(113,316)	(104,919)	(102,628)	(100,528)	(100,249)	(91,931)
Net change in total pension liability	30,027	35,697	20,913	31,825	(6,477)	25,730
Total pension liability - beginning	1,471,230	1,435,533	1,414,620	1,382,794	1,389,271	1,363,542
<b>Total pension liability - ending (a)</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	\$ 22,174	\$ 22,390	\$ 21,390	\$ 21,390	\$ 26,804	\$ 30,706
Employee Contributions	13,217	12,959	12,513	12,310	11,729	12,000
Net investment income	(39,996)	216,498	108,008	15,231	98,931	185,707
Benefit Payments including refunds of employee contributions	(113,315)	(104,919)	(102,628)	(100,528)	(100,249)	(91,931)
Administrative Expenses	(871)	(860)	(730)	(759)	(714)	(657)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	\$ (118,791)	\$ 146,068	\$ 38,553	\$ (52,356)	\$ 36,501	\$ 135,825
Other Adjustments	-	-	-	788	-	-
Plan fiduciary net position - beginning	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>	<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>\$ 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	92.82%	102.79%	95.17%	93.85%	99.74%	96.65%
Covered employee payroll	\$ 169,605	\$ 167,221	\$ 161,926	\$ 160,641	\$ 152,368	\$ 154,759
System's net pension liability as a percentage of covered employee payroll	63.57%	-24.52%	42.84%	54.16%	2.37%	30.10%

\* As MLGW is a separately 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.

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**Pension Expense** – Pension expense for the year ended December 31, 2019 is as follows:

Service cost	\$ 31,185
Interest on total pension liability	108,432
Employee contributions	(13,217)
Administrative expenses	871
Expected return on assets	(110,463)
Expensed portion of current year period differences between expected and actual experience in total pension liability	621
Expensed portion of current year period assumption changes	-
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	30,092
Current year recognition of deferred inflows and outflows established in prior ye	(15,617)
Total expense	<u>\$ 31,904</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	\$ 21,813	\$ -
Net difference between projected and actual earnings on pension plan investments	63,078	-
Net difference between projected and actual experience in total Pension Liability	7,138	(8,372)
Assumption changes	-	(3,686)
<b>Total</b>	<b>\$ 92,029</b>	<b>\$ (12,058)</b>

Note: The \$21,813 contribution made subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2020. 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 Retirement System Fund are as of December 31, 2019.

NOTES TO FINANCIAL STATEMENTS  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2020

CITY OF MEMPHIS, TENNESSEE  
(Continued)

Projected Recognition of Deferred Outflows/(Inflows)

Fiscal year	Year	Original Balance	Original Amortization Period (Years)	Outstanding Balance December 31, 2018	Amount Recognized During FYE December 31, 2019	Outstanding Balance at December 31, 2019	Deferred Outflows/(Inflows) Recognized in Future Years					
							2020	2021	2022	2023	2024 and Thereafter	
Investment	2016	\$ 85,673	5.0	\$ 34,270	\$ 17,135	\$ 17,135	\$ 17,135	\$ -	\$ -	\$ -	\$ -	\$ -
Demographic	2016	2,275	6.0	1,139	378	761	380	381	-	-	-	-
Demographic	2018	4,908	6.0	4,090	818	3,272	818	818	818	818	-	-
Demographic	2019	3,726	6.0	-	621	3,105	621	621	621	621	621	621
Investment	2019	150,459	5.0	-	30,093	120,366	30,092	30,092	30,092	30,090	-	-
<b>Total Outflows</b>				\$ 39,499	\$ 49,045	\$ 144,639	\$ 49,046	\$ 31,912	\$ 31,531	\$ 31,529	\$ 621	\$ 621
<b>Fiscal year Inflows</b>												
Investment	2015	\$ (571)	5.0	\$ (114.00)	\$ (114)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demographic	2015	(16,338)	6.0	(5,446.00)	(2,723)	(2,723)	(2,723)	-	-	-	-	-
Assumption	2015	(21,112)	6.0	(7,370)	(3,684)	(3,686)	(3,686)	-	-	-	-	-
Investment	2017	(11,042)	5.0	(6,625)	(2,208)	(4,417)	(2,208)	(2,209)	-	-	-	-
Demographic	2017	(11,298)	6.0	(7,532)	(1,883)	(5,649)	(1,883)	(1,883)	(1,183)	-	-	-
Investment	2018	(116,677)	5.0	(93,341)	(23,335)	(70,006)	(23,335)	(23,335)	(23,336)	-	-	-
<b>Total Inflows</b>				\$ (120,428)	\$ (33,947)	\$ (86,481)	\$ (33,835)	\$ (27,427)	\$ (24,519)	\$ -	\$ -	\$ -
<b>Total</b>				\$ (80,929)	\$ 15,098	\$ 58,158	\$ 15,211	\$ 4,485	\$ 7,012	\$ 31,529	\$ 621	\$ 621

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

City of Memphis	\$ 77,918
Library	2,737
MLGW	31,904
<b>Total Pension expense</b>	<b>\$ 112,559</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**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2020**

**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:

	PROPRIETARY TYPE				TOTAL	ZOO	COMPONENT
	MATA	MSCAA	RCC	BAM (1)			UNITS
							TOTAL
Current Assets	\$ 36,610	\$ 336,370	\$ 2,423	\$ 247	\$ 375,650	\$ 13,215	\$ 388,865
Property, plant and equipment (net of accumulated depreciation)	98,852	940,784	3,181	-	\$ 1,042,817	41	\$ 1,042,858
Other assets	518	36,296	-	-	36,814	-	36,814
Net pension asset	8,592	-	-	-	8,592	-	8,592
Total assets	<u>144,572</u>	<u>1,313,450</u>	<u>5,604</u>	<u>247</u>	<u>1,463,873</u>	<u>13,256</u>	<u>1,477,129</u>
Deferred outflows - charges on refunding	-	996	-	-	996	-	996
Deferred actuarial losses - pension	1,728	8,875	-	-	10,603	-	10,603
Deferred actuarial losses - OPEB	3,854	659	-	-	4,513	-	4,513
Total assets and deferred outflows	<u>\$ 150,154</u>	<u>\$ 1,323,980</u>	<u>\$ 5,604</u>	<u>\$ 247</u>	<u>\$ 1,479,985</u>	<u>\$ 13,256</u>	<u>\$ 1,493,241</u>
Current liabilities	\$ 19,677	\$ 68,697	\$ 909	\$ -	\$ 89,283	\$ 4,915	\$ 94,198
Long-term liabilities	67,423	542,952	-	-	610,375	-	610,375
Total liabilities	<u>87,100</u>	<u>611,649</u>	<u>909</u>	<u>-</u>	<u>699,658</u>	<u>4,915</u>	<u>704,573</u>
Deferred inflows- revenue received in advance of expense	41,644	6,775	-	-	48,419	-	48,419
Net position	21,410	705,556	4,695	247	731,908	8,341	740,249
Total liabilities, deferred inflows, and net position	<u>\$ 150,154</u>	<u>\$ 1,323,980</u>	<u>\$ 5,604</u>	<u>\$ 247</u>	<u>\$ 1,479,985</u>	<u>\$ 13,256</u>	<u>\$ 1,493,241</u>
Operating revenues	\$ 5,500	\$ 105,160	\$ 2,085	-	\$ 112,745	\$ 14,046	\$ 126,791
Operating expenses	58,806	88,793	4,643	15	152,257	19,844	172,101
Operating income (loss) before depreciation and amortization	<u>(53,306)</u>	<u>16,367</u>	<u>(2,558)</u>	<u>(15)</u>	<u>(39,512)</u>	<u>(5,798)</u>	<u>(45,310)</u>
Depreciation and amortization	(12,417)	(60,427)	(371)	-	(73,215)	-	(73,215)
Grants and contributions not restricted	-	52	-	150	202	-	202
City of Memphis subsidy	32,719	-	1,457	-	34,176	-	34,176
Federal and State grant revenues	32,823	-	-	-	32,823	-	32,823
Interest and investment income (loss)	-	7,522	-	1	7,523	249	7,772
Other revenue (expense)	9,093	57,699	-	-	66,792	559	67,351
Change in net position	8,912	21,213	(1,472)	136	28,789	(4,990)	23,799
Net position - beginning of year, as restated	12,498	684,343	6,167	111	703,119	13,331	716,450
Net position - end of year	<u>\$ 21,410</u>	<u>\$ 705,556</u>	<u>\$ 4,695</u>	<u>\$ 247</u>	<u>\$ 731,908</u>	<u>\$ 8,341</u>	<u>\$ 740,249</u>

(1) Blight Authority of Memphis data reported as of June 30, 2019.





FINANCIAL SECTION

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**CITY OF MEMPHIS**

T E N N E S S E E

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY  
INFORMATION



SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS UNDER GASB 74 AND GASB 75  
OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(Thousands of Dollars)

For the fiscal year ended June 30, 2020

Total OPEB Liability

Fiscal Year Ending	Beginning Total OPEB Liability	Total Service Cost	Interest (2)	Experience (Gains) / Losses	Assumption Changes (3)	Changes of Benefit Terms (4)	Net Benefit Payments (5)	Ending Total OPEB Liability
2017	\$ 691,738	\$ 14,943	\$ 18,877	\$ 18,838	\$ 25,586	\$ (331,901)	\$ (20,190)	\$ 417,891
2018	\$ 417,891	\$ 8,035	\$ 13,113	\$ (11,621)	\$ (76,034)	\$ -	\$ (13,928)	\$ 337,456
2019	\$ 337,456	\$ 5,042	\$ 10,015	\$ (13,201)	\$ (21,941)	\$ -	\$ (12,817)	\$ 304,554
2020	\$ 304,554	\$ 4,176	\$ 8,437	\$ (2,264)	\$ 21,629	\$ 346,334	\$ (12,678)	\$ 670,188

(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 2.79% 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) Benefit term changes were reflected which include the plan amendments effective January 1, 2021 as well as the impact of changing the participation assumptions as the participation expectation changed due to the plan amendment.

(5) Paid claims including administrative expenses less retiree contributions.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS UNDER GASB 74 AND GASB 75  
OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2020

Plan Fiduciary Net Position

Fiscal Year Ending June 30 (1)	Beginning Fiduciary Net Position	Employer Contribution (3)	Employee Contribution	Investment Return	Benefit Payments (4)	Administrative Expenses	Investment Expenses	Ending Fiduciary Net Position
2017	\$ 6,450	\$ 16,654	\$ 5,531	\$ 289	\$ (21,476)	\$ (4,245)	\$ -	\$ 3,203
2018	\$ 3,203	\$ 14,420	\$ 1,829	\$ 257	\$ (6,468)	\$ (9,289)	\$ -	\$ 3,952
2019	\$ 3,952	\$ 12,659	\$ 1,945	\$ 221	\$ (8,112)	\$ (6,650)	\$ -	\$ 4,015
2020	\$ 4,015	\$ 12,263	\$ 1,807	\$ 190	\$ (7,222)	\$ (7,263)	\$ -	\$ 3,790

(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  
OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
(Thousands of Dollars)**

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

For the fiscal year ended June 30, 2020

**Net OPEB Liability**

<b>Fiscal Year Ending June 30 (1)</b>	<b>Total OPEB Liability</b>	<b>Net Fiduciary Position</b>	<b>Net OPEB Liability</b>	<b>Net Fiduciary Position as % of Total OPEB Liability</b>	<b>Actual Covered Payroll (2)</b>	<b>Net OPEB Liability as a Percentage of Covered Payroll</b>
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%

(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 2020, the average salary was \$55,144.

**SCHEDULE OF CONTRIBUTIONS UNDER GASB 74 AND GASB 75  
OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2020**

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

**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%

(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 2020, the average salary was \$55,144.

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, 2020

Total Pension Liability

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

(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 improvement scale, withdrawal, retirement, salary scale, and marital status.

**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, 2020

**Plan Fiduciary Net Position**

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

(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) 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.



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%

- (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 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)**

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

For the fiscal year ended June 30, 2020

**Schedule of Contributions**

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

(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 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, 2020

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

(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 2020, the update in the mortality assumption resulted in an actuarial gain of \$(251).
- b. For 2019, the update in the mortality assumption resulted in an actuarial loss of \$1,683.
- c. For 2018, the update in the mortality assumption resulted in an actuarial gain of \$(481).
- d. For 2017, the updates in the mortality assumption and retirement assumption resulted in actuarial gains of \$(1,710) and \$(1,839), respectively.
- e. For 2016, the update in the mortality assumption resulted in an actuarial gain of \$(475).
- f. For 2015, the change in the discount rate assumption from 6.75% to 7.50% resulted in an actuarial gain of \$(6,174) and an update in the mortality assumption resulted in an actuarial loss of \$4,032.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS UNDER GASB 67 AND 68  
LIBRARY RETIREMENT SYSTEM  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2020

Plan Fiduciary Net Position

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

(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.

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, 2020

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%

(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).

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

**For the fiscal year ended June 30, 2020**

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

**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%

- (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, 2019 is based on 6-month portions applicable to the City fiscal years ending on June 30, 2019 and June 30, 2020.
- (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.

# CITY OF MEMPHIS

T E N N E S S E E

## COMBINING NONMAJOR FUNDS

COMBINING NONMAJOR  
FUNDS

### SPECIAL REVENUE FUNDS

**Affordable Housing** - The Affordable Housing Fund accounts for property taxes collected by the City to support affordable housing activities.

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

**Community Catalyst** - The Community Catalyst Fund accounts for property taxes collected by the City designated to promote growth in key anchors, spur economic development and create more positive momentum in neighborhoods throughout the City.

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

**Drug Enforcement** – The Drug Enforcement Fund accounts for confiscated funds that are restricted to the provision of drug enforcement activities.

**Education** – The Education Fund accounts for property taxes collected by the City and distributed to the Shelby County Board of Education.

**Fire EMS**- The Fire Emergency Medical Services Fund accounts for revenue and expenditures to enhance services with the purchase of medical equipment and transportation.

**Hotel / Motel Tax** – The Hotel / Motel Tax Fund accounts for proceeds of the hotel/motel occupancy tax. Funds are used to repay outstanding bond indebtedness relating to the Renasant Convention Center. Excesses are provided to the Memphis Convention and Visitors Bureau.

**Metro Alarm** – The Metro Alarm Fund accounts for the financial resources enforcing an ordinance to encourage proper alarm use and to reduce false alarm calls.

**Miscellaneous Grants** – The Miscellaneous Grants Fund accounts for several unrelated federal and state grants.

**New Memphis Arena** – The New Memphis Arena Fund accounts for the revenues and expenditures related to financing construction of a sports and basketball arena, FedEx Forum.

**Pre-K**- The Pre-K Education Fund accounts for property taxes collected by the City designated to fund Pre-K needs-based enrollment.

**Solid Waste Management** – The Solid Waste Management Fund accounts for the revenues and expenditures related to the collection and disposal of solid waste.

**State Street Aid** – The State Street Aid Fund accounts for proceeds of the local share of the tax on motor fuel that are restricted to use only on street and road construction and maintenance.

**2019 Sales Tax Referendum** - The Sales Tax Referendum Fund accounts for sales tax collected to fund the healthcare costs of Police and Fire personnel.







NONMAJOR FUNDS  
 COMBINING BALANCE SHEET  
 (Thousands of Dollars)  
 June 30, 2020

CITY OF MEMPHIS, TENNESSEE  
 Exhibit B-1

	Affordable Housing	Central Business Improvement District	Community Catalyst	Community Services	Drug Enforcement	Education	Fire EMS	Hotel/ Motel Tax
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 266	\$ -	\$ -	\$ -
Equity in cash and investment pool	1,208	349	754	2,529	9,377	74	258	7,653
Receivables (net of allowance for uncollectibles):								
Property taxes:								
Current property taxes	-	-	-	-	-	-	-	-
Delinquent property taxes	12	-	14	-	-	226	-	-
Special assessments:								
Current special assessments	-	3,740	-	-	-	-	-	-
Delinquent special assessments	-	239	-	-	-	-	-	-
Federal grants and entitlements	-	-	-	-	-	-	-	-
Sales, income, and other taxes	-	-	-	-	-	-	-	-
State grants and entitlements	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other agencies and governments	1	-	-	-	-	-	-	581
<b>Total assets</b>	<b>\$ 1,221</b>	<b>\$ 4,328</b>	<b>\$ 768</b>	<b>\$ 2,529</b>	<b>\$ 9,643</b>	<b>\$ 300</b>	<b>\$ 258</b>	<b>\$ 8,234</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable	\$ -	\$ 120	\$ 34	\$ 275	\$ 11	\$ 14	\$ -	\$ 450
Accrued liabilities	796	225	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Due to other agencies and governments	-	-	-	-	-	60	-	-
Unearned revenue	-	-	-	-	743	-	-	-
<b>Total liabilities</b>	<b>796</b>	<b>345</b>	<b>34</b>	<b>275</b>	<b>754</b>	<b>74</b>	<b>-</b>	<b>450</b>
<b>Deferred Inflows:</b>								
Uncollected property taxes	11	-	11	-	-	226	-	-
Uncollected special assessments	-	3,983	-	-	-	-	-	-
Uncollected grant reimbursements	-	-	-	-	-	-	-	-
<b>Total deferred inflows</b>	<b>11</b>	<b>3,983</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>226</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>								
Restricted	414	-	723	2,254	8,889	-	258	-
Committed	-	-	-	-	-	-	-	7,784
<b>Total fund balances</b>	<b>414</b>	<b>-</b>	<b>723</b>	<b>2,254</b>	<b>8,889</b>	<b>-</b>	<b>258</b>	<b>7,784</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 1,221</b>	<b>\$ 4,328</b>	<b>\$ 768</b>	<b>\$ 2,529</b>	<b>\$ 9,643</b>	<b>\$ 300</b>	<b>\$ 258</b>	<b>\$ 8,234</b>

NONMAJOR FUNDS  
 COMBINING BALANCE SHEET  
 (Thousands of Dollars)  
 June 30, 2020

Metro Alarm	Miscellaneous Grants	New Memphis Arena	Pre-K	Solid Waste Management	State Street Aid	2019 Sales Tax Referendum	Total
<b>ASSETS</b>							
\$ -	\$ -	\$ -	\$ -	\$ 180	\$ -	\$ -	\$ 446
1,854	963	111	2,511	10,001	-	8,439	46,081
-	-	-	1,225	-	-	-	1,225
-	-	-	44	-	-	-	296
-	-	-	-	-	-	-	3,740
-	-	-	-	-	-	-	239
-	855	-	-	-	-	-	855
-	-	-	-	-	-	8,780	8,780
-	(202)	-	-	-	3,864	-	3,662
-	(57)	-	5	83	-	-	31
-	-	-	-	6,421	-	-	7,003
<u>\$ 1,854</u>	<u>\$ 1,559</u>	<u>\$ 111</u>	<u>\$ 3,785</u>	<u>\$ 16,685</u>	<u>\$ 3,864</u>	<u>\$ 17,219</u>	<u>\$ 72,358</u>
<b>Total assets</b>							
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
\$ 10	\$ 1,668	\$ -	\$ -	\$ 5,454	\$ -	\$ -	\$ 8,036
-	(50)	-	-	-	-	-	971
-	-	-	-	7,500	3,864	-	11,364
-	-	-	-	-	-	-	60
-	-	-	-	-	-	-	743
<u>10</u>	<u>1,618</u>	<u>-</u>	<u>-</u>	<u>12,954</u>	<u>3,864</u>	<u>-</u>	<u>21,174</u>
<b>Total liabilities</b>							
<b>Deferred Inflows:</b>							
-	-	-	1,269	-	-	-	1,517
-	-	-	-	83	-	-	4,066
-	1,006	-	-	-	-	-	1,006
<u>-</u>	<u>1,006</u>	<u>-</u>	<u>1,269</u>	<u>83</u>	<u>-</u>	<u>-</u>	<u>6,589</u>
<b>Total deferred inflows</b>							
<b>Fund balances:</b>							
-	(1,065)	-	2,516	3,648	-	17,219	34,856
1,844	-	111	-	-	-	-	9,739
<u>1,844</u>	<u>(1,065)</u>	<u>111</u>	<u>2,516</u>	<u>3,648</u>	<u>-</u>	<u>17,219</u>	<u>44,595</u>
<u>\$ 1,854</u>	<u>\$ 1,559</u>	<u>\$ 111</u>	<u>\$ 3,785</u>	<u>\$ 16,685</u>	<u>\$ 3,864</u>	<u>\$ 17,219</u>	<u>\$ 72,358</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, 2020

CITY OF MEMPHIS, TENNESSEE  
 Exhibit B-2

	Affordable Housing	Central Business Improvement District	Community Catalyst	Community Services	Drug Enforcement	Education	Fire EMS	Hotel/ Motel Tax
<b>REVENUES</b>								
<b>Local taxes:</b>								
Property taxes	\$ 817	\$ -	\$ 817	\$ -	\$ -	\$ 60	\$ -	\$ -
Special assessments - current	-	3,740	-	-	-	-	-	-
Special assessments - prior	-	35	-	-	-	-	-	-
Other local taxes	-	65	-	-	-	-	-	-
<b>Total local taxes</b>	<b>817</b>	<b>3,840</b>	<b>817</b>	<b>-</b>	<b>-</b>	<b>60</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	-	-	-	-	-	-	-	13,614
Licenses and Permits	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	184	1,377	-	-	-
Charges for services	-	-	-	121	-	-	-	-
Investment income	15	-	15	18	197	-	-	-
Federal grants and entitlements	-	-	-	-	38	-	4,339	-
State grants	-	-	-	-	-	-	-	-
Other	377	-	-	-	185	-	-	-
<b>Total revenues</b>	<b>1,209</b>	<b>3,840</b>	<b>832</b>	<b>323</b>	<b>1,797</b>	<b>60</b>	<b>4,339</b>	<b>13,614</b>
<b>EXPENDITURES</b>								
General government	-	3,840	-	-	-	-	-	9,887
Public safety	-	-	-	-	2,319	-	8,166	-
Community service	796	-	110	275	-	-	-	-
Transportation & environment	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	60	-	-
<b>Total expenditures</b>	<b>796</b>	<b>3,840</b>	<b>110</b>	<b>275</b>	<b>2,319</b>	<b>60</b>	<b>8,166</b>	<b>9,887</b>
<b>Revenues over (under) expenditures</b>	<b>413</b>	<b>-</b>	<b>722</b>	<b>48</b>	<b>(522)</b>	<b>-</b>	<b>(3,827)</b>	<b>3,727</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	275	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(6,723)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>275</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,723)</b>
<b>Net change in fund balances</b>	<b>413</b>	<b>-</b>	<b>722</b>	<b>323</b>	<b>(522)</b>	<b>-</b>	<b>(3,827)</b>	<b>(2,996)</b>
Fund balances - beginning of year	1	-	1	1,931	9,411	-	4,085	10,780
<b>Fund balances - end of year</b>	<b>\$ 414</b>	<b>\$ -</b>	<b>\$ 723</b>	<b>\$ 2,254</b>	<b>\$ 8,889</b>	<b>\$ -</b>	<b>\$ 258</b>	<b>\$ 7,784</b>

NONMAJOR FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 (Thousands of Dollars)  
 For the fiscal year ended June 30, 2020

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

Metro Alarm	Miscellaneous Grants	New Memphis Arena	Pre-K	Solid Waste Management	State Street Aid	2019 Sales Tax Referendum	Total	
								<b>REVENUES</b>
								<b>Local taxes:</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,694	Property taxes
-	-	-	1,222	-	-	-	4,962	Special assessments - current
-	-	-	-	-	-	-	35	Special assessments - prior
-	-	-	-	98	-	26,219	26,382	Other local taxes
-	-	-	1,222	98	-	26,219	33,073	<b>Total local taxes</b>
								<b>State taxes (local share):</b>
-	-	-	-	-	11,908	-	11,908	Gas and motor fuel tax
-	-	-	-	-	3,401	-	3,401	Gas 3 cent
-	-	-	-	-	1,838	-	1,838	Gas 1989
-	-	-	-	-	5,829	-	5,829	Gas 2017
-	-	-	-	-	-	-	13,614	Hotel/motel tax
2,120	-	-	-	-	-	-	2,120	Licenses and Permits
-	-	-	-	-	-	-	1,561	Fines and forfeitures
-	-	-	-	67,339	-	-	67,460	Charges for services
33	-	-	52	48	-	-	378	Investment income
-	6,736	-	-	-	-	-	11,113	Federal grants and entitlements
-	2,329	-	-	-	-	-	2,329	State grants
-	1,955	-	-	156	-	-	2,673	Other
2,153	11,020	-	1,274	67,641	22,976	26,219	157,297	<b>Total revenues</b>
								<b>EXPENDITURES</b>
448	12,167	2,508	-	-	18,708	-	47,558	General government
-	-	-	-	-	-	-	10,485	Public safety
-	-	-	-	-	-	-	1,181	Community service
-	-	-	-	65,172	-	-	65,172	Transportation & environment
-	-	-	3,000	-	-	-	3,060	Education
448	12,167	2,508	3,000	65,172	18,708	-	127,456	<b>Total expenditures</b>
1,705	(1,147)	(2,508)	(1,726)	2,469	4,268	26,219	29,841	<b>Revenues over (under) expenditures</b>
								<b>OTHER FINANCING SOURCES (USES)</b>
-	-	2,500	-	-	-	-	2,775	Transfers in
(1,730)	(191)	-	-	(4,877)	(4,268)	(9,000)	(26,789)	Transfers out
(1,730)	(191)	2,500	-	(4,877)	(4,268)	(9,000)	(24,014)	<b>Total other financing sources and uses</b>
(25)	(1,338)	(8)	(1,726)	(2,408)	-	17,219	5,827	<b>Net change in fund balances</b>
1,869	273	119	4,242	6,056	-	-	38,768	Fund balances - beginning of year
\$ 1,844	\$ (1,065)	\$ 111	\$ 2,516	\$ 3,648	\$ -	\$ 17,219	\$ 44,595	<b>Fund balances - end of year</b>

(Continued)

NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL ON BASIS OF BUDGETING  
 (WITH ANNUAL BUDGETS)  
 (Thousands of Dollars)  
 For the fiscal year ended June 30, 2020

	Budget Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
<b>AFFORDABLE HOUSING</b>				
<b>Revenues:</b>				
Property taxes	\$ 796	\$ 796	\$ 817	\$ 21
Investment income	-	-	15	15
Other	-	-	377	377
Total revenues	<u>796</u>	<u>796</u>	<u>1,209</u>	<u>413</u>
<b>Expenditures:</b>				
General government	796	796	796	-
Total expenditures	<u>796</u>	<u>796</u>	<u>796</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413</u>	<u>\$ 413</u>
<b>COMMUNITY CATALYST</b>				
<b>Revenues:</b>				
Property taxes	\$ 796	\$ 796	\$ 817	\$ 21
Investment income	-	-	15	15
Total revenues	<u>796</u>	<u>796</u>	<u>832</u>	<u>36</u>
<b>Expenditures:</b>				
Community service	796	796	110	686
Total expenditures	<u>796</u>	<u>796</u>	<u>110</u>	<u>686</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 722</u>	<u>\$ 722</u>
<b>DRUG ENFORCEMENT FUND</b>				
<b>Revenues:</b>				
Investment income	\$ 120	\$ 120	\$ 197	\$ 77
Fines and forfeitures	1,860	1,860	1,377	(483)
Federal grants and entitlements	85	85	38	(47)
Other	1,285	1,285	185	(1,100)
Total revenues	<u>3,350</u>	<u>3,350</u>	<u>1,797</u>	<u>(1,553)</u>
<b>Expenditures:</b>				
Public safety	3,350	3,350	2,319	1,031
Total expenditures	<u>3,350</u>	<u>3,350</u>	<u>2,319</u>	<u>1,031</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (522)</u>	<u>\$ (522)</u>
<b>FIRE EMS</b>				
<b>Revenues:</b>				
Federal grants and entitlements	\$ 3,437	\$ 3,437	\$ 4,339	\$ 902
Other	-	4,085	-	(4,085)
Total revenues	<u>3,437</u>	<u>7,522</u>	<u>4,339</u>	<u>(3,183)</u>
<b>Expenditures:</b>				
Public Safety	3,437	7,522	8,166	(644)
Total expenditures	<u>3,437</u>	<u>7,522</u>	<u>8,166</u>	<u>(644)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,827)</u>	<u>\$ (3,827)</u>

(Continued)

NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL ON BASIS OF BUDGETING  
 (WITH ANNUAL BUDGETS)  
 (Thousands of Dollars)  
 For the fiscal year ended June 30, 2020

	Budget Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual	
<b>HOTEL/MOTEL TAX</b>				
<b>Revenues:</b>				
Hotel/motel tax	\$ 15,930	\$ 15,930	\$ 13,614	\$ (2,316)
Total revenues	<u>15,930</u>	<u>15,930</u>	<u>13,614</u>	<u>(2,316)</u>
<b>Expenditures:</b>				
General government	9,259	9,259	9,887	(628)
Total expenditures	<u>9,259</u>	<u>9,259</u>	<u>9,887</u>	<u>(628)</u>
<b>Other financing sources (uses):</b>				
Transfers out	(6,671)	(6,671)	(6,723)	(52)
Total other financing sources (uses)	<u>(6,671)</u>	<u>(6,671)</u>	<u>(6,723)</u>	<u>(52)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,996)</u>	<u>\$ (2,996)</u>
<b>METRO ALARM</b>				
<b>Revenues:</b>				
Licenses and permits	\$ 1,891	\$ 1,891	\$ 2,120	\$ 229
Investment income	32	32	33	1
Other	372	397	-	(397)
Total revenues	<u>2,295</u>	<u>2,320</u>	<u>2,153</u>	<u>(167)</u>
<b>Expenditures:</b>				
General government	590	590	448	142
Total expenditures	<u>590</u>	<u>590</u>	<u>448</u>	<u>142</u>
<b>Other financing uses:</b>				
Transfers out	(1,705)	(1,730)	(1,730)	-
Total other financing uses	<u>(1,705)</u>	<u>(1,730)</u>	<u>(1,730)</u>	<u>-</u>
Revenues over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25)</u>	<u>\$ (25)</u>
<b>MISCELLANEOUS GRANTS</b>				
<b>Revenues:</b>				
Federal grants and entitlements	\$ -	\$ -	\$ 6,736	\$ 6,736
State grants	-	-	2,329	2,329
Other	-	-	1,955	1,955
Total revenues	<u>-</u>	<u>-</u>	<u>11,020</u>	<u>11,020</u>
<b>Expenditures:</b>				
General government	-	5	12,167	(12,162)
Total expenditures	<u>-</u>	<u>5</u>	<u>12,167</u>	<u>(12,162)</u>
<b>Other financing sources (uses):</b>				
Transfers out	-	-	(191)	(191)
Total other financing sources (uses)	<u>-</u>	<u>5</u>	<u>(191)</u>	<u>(196)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,338)</u>	<u>\$ (1,338)</u>

(Continued)

NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL ON BASIS OF BUDGETING  
 (WITH ANNUAL BUDGETS)  
 (Thousands of Dollars)  
 For the fiscal year ended June 30, 2020

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

	Budget Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual	
<b>NEW MEMPHIS ARENA</b>				
<b>Revenues:</b>				
Transfers in	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
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>2,500</u>	<u>2,508</u>	<u>(8)</u>
Total expenditures	<u>2,500</u>	<u>2,500</u>	<u>2,508</u>	<u>(8)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8)</u>	<u>\$ (8)</u>
<b>PRE-K</b>				
<b>Revenues:</b>				
Property taxes	\$ 1,260	\$ 1,260	\$ 1,222	\$ (38)
Investment income	-	-	52	52
Other	-	1,740	-	(1,740)
Total revenues	<u>1,260</u>	<u>3,000</u>	<u>1,274</u>	<u>(1,726)</u>
<b>Expenditures:</b>				
Education	<u>1,260</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total expenditures	<u>1,260</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,726)</u>	<u>\$ (1,726)</u>
<b>SOLID WASTE MANAGEMENT FUND</b>				
<b>Revenues:</b>				
Other local taxes	\$ 100	\$ 100	\$ 98	\$ (2)
Charges for services	57,273	57,273	67,339	10,066
Investment income	53	53	48	(5)
State grants	279	279	-	(279)
Other	<u>15,533</u>	<u>15,533</u>	<u>156</u>	<u>(15,377)</u>
Total revenues	<u>73,238</u>	<u>73,238</u>	<u>67,641</u>	<u>(5,597)</u>
<b>Expenditures:</b>				
Transportation and environment	<u>67,173</u>	<u>67,173</u>	<u>65,172</u>	<u>2,001</u>
Total expenditures	<u>67,173</u>	<u>67,173</u>	<u>65,172</u>	<u>2,001</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(6,065)</u>	<u>(6,065)</u>	<u>(4,877)</u>	<u>1,188</u>
Total other financing sources (uses)	<u>(6,065)</u>	<u>(6,065)</u>	<u>(4,877)</u>	<u>1,188</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,408)</u>	<u>\$ (2,408)</u>

(Continued)



NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL ON BASIS OF BUDGETING  
 (WITH ANNUAL BUDGETS)  
 (Thousands of Dollars)  
 For the fiscal year ended June 30, 2020

	Budget Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual	
<b>STATE STREET AID FUND</b>				
<b>Revenues:</b>				
State gasoline tax (local share):				
Gas and motor fuel tax	\$ 12,234	\$ 12,234	\$ 11,908	\$ (326)
Gas 3 cent	3,617	3,617	3,401	(216)
Gas 1989	1,952	1,952	1,838	(114)
Gas 2017	4,400	6,900	5,829	(1,071)
Total revenues	<u>22,203</u>	<u>24,703</u>	<u>22,976</u>	<u>(1,727)</u>
<b>Expenditures:</b>				
General government	17,935	17,935	18,708	(773)
Total expenditures	<u>17,935</u>	<u>17,935</u>	<u>18,708</u>	<u>(773)</u>
<b>Other financing uses:</b>				
Transfers out	(4,268)	(6,768)	(4,268)	2,500
Total other financing uses	<u>(4,268)</u>	<u>(6,768)</u>	<u>(4,268)</u>	<u>2,500</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>				
Other local taxes	-	-	26,219	26,219
Total revenues	<u>-</u>	<u>-</u>	<u>26,219</u>	<u>26,219</u>
<b>Other financing uses:</b>				
Transfers out	(9,000)	(9,000)	(9,000)	-
Total other financing uses	<u>(9,000)</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>-</u>
Revenues over (under) expenditures and other financing uses	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 17,219</u>	<u>\$ 26,219</u>

(Continued)

NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL ON BASIS OF BUDGETING  
 (WITH ANNUAL BUDGETS)  
 (Thousands of Dollars)  
 For the fiscal year ended June 30, 2020

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

	Budget Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual	
<b>TOTAL NONMAJOR SPECIAL REVENUE FUNDS</b>				
<b>Revenues:</b>				
Local taxes:				
Property taxes	\$ 2,852	\$ 2,852	\$ 2,856	\$ 4
Other local taxes	99	99	26,317	26,218
State taxes (local share):				
Gas and motor fuel tax	12,235	12,234	11,908	(326)
Gas 3 cent	3,617	3,617	3,401	(216)
Gas 1989	1,952	1,952	1,838	(114)
Gas 2017	4,400	6,900	5,829	(1,071)
Hotel/motel tax	15,930	15,930	13,614	(2,316)
Licenses and permits	1,891	1,891	2,120	229
Fines and forfeitures	1,860	1,860	1,377	(483)
Charges for services	57,273	57,273	67,339	10,066
Investment income	205	205	360	155
Federal grants and entitlements	3,522	3,522	11,113	7,591
State grants	279	279	2,329	2,050
Other	17,190	23,040	2,673	(20,367)
<b>Total revenues</b>	<b>123,305</b>	<b>131,654</b>	<b>153,074</b>	<b>21,420</b>
<b>Expenditures:</b>				
General government	31,080	31,085	43,718	(12,633)
Public safety	6,787	10,872	10,485	387
Community service	796	796	906	(110)
Transportation and environment	67,173	67,173	65,172	2,001
Pre-K	-	3,000	3,000	-
<b>Total expenditures</b>	<b>105,836</b>	<b>109,926</b>	<b>123,281</b>	<b>(10,355)</b>
<b>Other financing sources (uses)</b>				
Transfers in	2,500	280	2,500	2,220
Transfers out	(18,709)	(21,234)	(26,789)	(5,555)
<b>Total other financing sources (uses)</b>	<b>(16,209)</b>	<b>(20,954)</b>	<b>(24,289)</b>	<b>(3,335)</b>
Revenues over (under) expenditures and other financing sources (uses)	\$ 1,260	\$ 774	\$ 5,504	\$ 7,730

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

# CITY OF MEMPHIS

T E N N E S S E E

## ENTERPRISE FUNDS

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

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

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



ENTERPRISE FUND  
STATEMENT OF NET POSITION  
(Thousands of Dollars)  
June 30, 2020

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	29,039
Restricted funds - current	30,185
Accounts receivable	3,480
Total current assets	<u>65,231</u>
Capital assets:	
Land	37
Buildings	907
Improvements other than buildings	57,309
Machinery and equipment	21,341
Less accumulated depreciation and amortization	<u>(35,462)</u>
Total capital assets	44,132
Construction in progress	<u>85,966</u>
Net capital assets	<u>130,098</u>
<b>Total assets</b>	<u>195,329</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension	2,391
OPEB	755
<b>Total assets and deferred outflows of resources</b>	<u>198,475</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued expenses	6,875
Contract retainage	72
Unearned revenue	124
Current revenue bond payable	740
Vacation, sick and other leave benefits	1,860
Total current liabilities	<u>9,671</u>
Long Term liabilities:	
Revenue bond payable	41,880
Net pension Liability	8,010
Net OPEB liability	18,343
Long term commercial paper	3,532
Total long term liabilities	<u>71,765</u>
Total liabilities	81,436
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension	1,606
OPEB	1,285
<b>Total liabilities and deferred inflows of resources</b>	<u>84,327</u>
<b>NET POSITION</b>	
Net investment in capital assets	130,098
Unrestricted	<u>(15,950)</u>
<b>Total net position</b>	<u>\$ 114,148</u>

ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2020

CITY OF MEMPHIS, TENNESSEE  
Exhibit C-2

	<u>Storm Water</u>
Operating revenues-charges for services	\$ 31,903
Operating expenses other than depreciation and amortization:	
Personnel services	20,011
Materials, supplies, services, and other	<u>6,435</u>
Total operating expenses other than depreciation and amortization	<u>26,446</u>
Operating income before depreciation and amortization	<u>5,457</u>
Depreciation and amortization	<u>2,532</u>
<b>Operating income (loss)</b>	<u>2,925</u>
Non-operating revenues:	
Investment income	622
Federal Grants	2
State Grants	161
Other revenue	<u>36</u>
Total non-operating revenues	821
Income (loss) before non-operating expenses, transfers, and capital contributions	<u>3,746</u>
Non-operating expense:	
Bond sale expense	470
Interest on bond indebtedness	<u>927</u>
Total non-operating expenses	1,397
Transfers out	<u>(107)</u>
Change in net position	2,242
Total net position (deficit) - beginning of year	<u>111,906</u>
<b>Total net position (deficit) - end of year</b>	<u>\$ 114,148</u>

ENTERPRISE FUNDS  
STATEMENT OF CASH FLOWS  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2020

CITY OF MEMPHIS, TENNESSEE  
Exhibit C-3

	<u>Storm Water</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers and users	\$ 31,397
Miscellaneous income	36
Payments to suppliers	(1,286)
Payments to employees	(10,548)
Net cash provided by operating activities	<u>19,599</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
Transfers to other funds	(107)
Net cash used in non-capital financing activities	<u>(107)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition and construction of capital assets	(12,785)
Bond issue cost	(833)
Proceeds from sale of revenue bond	42,984
Principal payment on long term commercial paper loan	(1,689)
Interest payment on long term commercial paper loan	(480)
Gain(loss) on sale of asset	36
Receipts from federal grants	2
Receipts from state grants	161
Net cash provided by capital and related financing activities:	<u>27,396</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of investments	(2,527)
Income earned on investments	622
Net cash used in investing activities	<u>(1,905)</u>
Net change in cash and cash equivalents	44,983
Cash and cash equivalents, beginning of year	14,241
Cash and cash equivalents, end of year	<u>\$ 59,224</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 2,925
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	2,532
(Increase) decrease in assets:	
Accounts receivable	(307)
Deferred outflows Pension	(416)
Deferred outflows OPEB	(215)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	5,096
Deferred inflows Pension	129
Deferred inflows OPEB	(677)
Net pension liability	632
Net OPEB liability	9,900
Total adjustments	<u>16,674</u>
Net cash provided by operating activities	<u>\$ 19,599</u>





# CITY OF MEMPHIS

T E N N E S S E E

## INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis.

**Fleet Management Fund** – Fleet Management Fund accounts for the consolidated operations and maintenance of City vehicles.

**Health Insurance Fund** – Health Insurance Fund accounts for the City's self insurance for health benefits for City employees, their dependents, and retirees.

**Unemployment Compensation Fund** – Unemployment Compensation Fund accounts for the City's self insurance for unemployment benefits that may be due for employment benefits for City employees.



INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 (Thousands of Dollars)  
 June 30, 2020

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	3,940	18,173	774	22,887
Due from other agencies	-	23	-	23
Inventories	1,678	-	-	1,678
<b>Total current assets</b>	<b>5,618</b>	<b>18,197</b>	<b>774</b>	<b>24,589</b>
Capital assets:				
Machinery and equipment	86	-	-	86
Less accumulated depreciation	(9)	-	-	(9)
<b>Net capital assets</b>	<b>77</b>	<b>-</b>	<b>-</b>	<b>77</b>
<b>Total assets</b>	<b>5,695</b>	<b>18,197</b>	<b>774</b>	<b>24,666</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows - OPEB	-	62	-	62
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>62</b>	<b>-</b>	<b>62</b>
<b>Total assets and deferred outflows of resources</b>	<b>5,695</b>	<b>18,259</b>	<b>774</b>	<b>24,728</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued expenses	714	470	313	1,497
Insurance claims payable	-	7,009	-	7,009
Vacation, sick and other leave benefits	-	103	-	103
<b>Total current liabilities</b>	<b>714</b>	<b>7,582</b>	<b>313</b>	<b>8,609</b>
Long term liabilities:				
Net OPEB liability	-	892	-	892
<b>Total long term liabilities</b>	<b>-</b>	<b>892</b>	<b>-</b>	<b>892</b>
<b>Total liabilities</b>	<b>714</b>	<b>8,474</b>	<b>313</b>	<b>9,501</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows - OPEB	-	64	-	64
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>64</b>	<b>-</b>	<b>64</b>
<b>NET POSITION</b>				
Net investment in capital assets	77	-	-	77
Unrestricted (deficit)	4,904	9,721	461	15,086
<b>Total net position</b>	<b>\$ 4,981</b>	<b>\$ 9,721</b>	<b>\$ 461</b>	<b>\$ 15,163</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, 2020

CITY OF MEMPHIS, TENNESSEE  
 Exhibit D-2

	Fleet Management	Health Insurance	Unemployment Compensation	Total
<b>Operating revenues:</b>				
Charges for services	\$ 28,625	\$ -	\$ -	\$ 28,625
Vendor rebates	-	705	-	705
Pharmacy Rx rebates	-	3,927	-	3,927
Employee contributions	-	16,006	-	16,006
Employer contributions	-	63,737	533	64,270
<b>Total operating revenues</b>	<b>28,625</b>	<b>84,375</b>	<b>533</b>	<b>113,533</b>
<b>Operating expenses other than depreciation:</b>				
Personnel services	-	5,027	-	5,027
Materials and supplies	14,582	5,307	-	19,889
Capital outlay	638	12	-	650
Death benefits	-	152	-	152
Inventories	12,924	-	-	12,924
Claims incurred	3	74,356	441	74,800
<b>Total operating expenses other than depreciation</b>	<b>28,147</b>	<b>84,854</b>	<b>441</b>	<b>113,442</b>
Operating income (loss) before depreciation	478	(479)	92	91
Depreciation	9	-	-	9
<b>Operating income (loss)</b>	<b>469</b>	<b>(479)</b>	<b>92</b>	<b>82</b>
Non-operating revenues:				
Investment income	79	270	21	370
<b>Total non-operating revenues</b>	<b>79</b>	<b>270</b>	<b>21</b>	<b>370</b>
Income (loss) before transfers	548	(209)	113	452
Transfers in/(out), net	(3,000)	3,000	(900)	(900)
<b>Change in net position</b>	<b>(2,452)</b>	<b>2,791</b>	<b>(787)</b>	<b>(448)</b>
Total net position (deficit) - beginning of year	7,433	6,930	1,248	15,611
<b>Total net position (deficit) - end of year</b>	<b>\$ 4,981</b>	<b>\$ 9,721</b>	<b>\$ 461</b>	<b>\$ 15,163</b>

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2020

CITY OF MEMPHIS, TENNESSEE  
Exhibit D-3

	Fleet Management	Health Insurance	Unemployment Compensation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 330	\$ -	\$ -	\$ 330
Receipts from other division funds	28,295	-	-	28,295
Miscellaneous income	-	2	-	2
Employee contributions	-	16,005	-	16,005
Employer contributions	-	63,736	533	64,269
Vendor rebates	-	705	-	705
Pharmacy rx rebates	-	3,927	-	3,927
Payments to suppliers	(15,340)	(5,247)	-	(20,587)
Payments to employees	-	(4,724)	-	(4,724)
Payments for inventory	(13,364)	-	-	(13,364)
Payments for death benefits	-	(152)	-	(152)
Payments for claims incurred	(3)	(76,081)	(137)	(76,221)
Net cash (used in) provided by operating activities	<u>(82)</u>	<u>(1,829)</u>	<u>396</u>	<u>(1,515)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Transfers to other funds	(3,000)	3,000	(900)	(900)
Net cash provided by non-capital financing activities	<u>(3,000)</u>	<u>3,000</u>	<u>(900)</u>	<u>(900)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Income earned on investments	78	270	21	369
Net cash provided by investing activities	<u>78</u>	<u>270</u>	<u>21</u>	<u>369</u>
Net increase (decrease) in cash and cash equivalents	(3,004)	1,441	(483)	(2,046)
Cash and cash equivalents, beginning of year	6,944	16,733	1,257	24,934
Cash and cash equivalents, end of year	<u>\$ 3,940</u>	<u>\$ 18,174</u>	<u>\$ 774</u>	<u>\$ 22,888</u>
<b>Reconciliation of operating income (loss) to net cash (used in) provided by operating activities:</b>				
Operating income (loss)	\$ 470	\$ (480)	\$ 92	\$ 82
Depreciation expense	9	-	-	9
(Increase) decrease in assets:				
Accounts receivable	(441)	414	-	(27)
Deferred outflows - OPEB	-	(3)	-	(3)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(120)	(1,904)	304	(1,720)
Deferred inflows - OPEB	-	(11)	-	(11)
Net OPEB liability	-	155	-	155
Total adjustments	<u>(552)</u>	<u>(1,349)</u>	<u>304</u>	<u>(1,597)</u>
Net cash (used in) provided by operating activities	<u>\$ (82)</u>	<u>\$ (1,829)</u>	<u>\$ 396</u>	<u>\$ (1,515)</u>



# CITY OF MEMPHIS

T E N N E S S E E

## FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. This includes pension trust and investment trust funds. Included in the Fiduciary Funds are:

*Pension (and other employee benefit) Trust Funds:*

**City Retirement Systems Fund** – Included are the retirement systems for the City of Memphis, the Library, and Memphis Light, Gas and Water.

**City OPEB Fund** – Included in this fund is activity for retiree benefits for post-retirement major medical and life insurance benefits, including assets held in trust for future medical claims.

**Memphis Light, Gas and Water OPEB Trust Fund** – Included in this fund are reserves for retiree benefits for post-retirement major medical and life insurance benefits.

*Agency Funds:*

**Sold Property Tax Receivables Fund** – Accounts for the assets and liabilities held by the City for the purchaser of delinquent property tax receivables.





STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY TRUST FUNDS (Thousands of Dollars)  
 June 30, 2020

CITY OF MEMPHIS, TENNESSEE  
 Exhibit E-1

	Pension Trust					Total Pension and OPEB Trust Funds
	City Retirement System	Library Retirement System	Memphis Light, Gas and Water Retirement System	City OPEB Fund	Memphis Light, Gas and Water OPEB Trust	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 30,259	\$ -	\$ 78,498	\$ -	\$ 13,597	\$ 122,354
Investments, at fair value:						
U.S. government securities - long-term	52,637	-	16,203	-	-	68,840
Common stock - domestic	634,428	-	559,892	-	105,545	1,299,865
Common stock - foreign	135,305	-	48,478	-	68,929	252,712
Preferred stock - foreign	-	-	2,033	-	-	2,033
Corporate bonds - domestic	335,366	-	48,991	-	-	384,357
Corporate bonds - foreign	90,947	-	47,291	-	-	138,238
Mutual funds and money market funds	12,423	52,227	2,633	3,418	72,102	142,803
Equity ETF	-	-	142,021	-	32,599	174,620
Government bonds - domestic	-	-	4,213	-	-	4,213
Global bond - international	-	-	125,051	-	-	125,051
Corporate bond mutual funds - domestic	-	-	-	-	30,022	30,022
Convertible bond mutual fund - domestic	-	-	-	-	10,782	10,782
Collateralized mortgage obligations	5,884	-	-	-	-	5,884
Asset-backed pooled securities	8,547	-	15,177	-	-	23,724
Mortgage-backed pooled securities	26,448	-	19,245	-	-	45,693
Securitized asset fund	-	-	16,723	-	-	16,723
Investments in index funds	95,527	-	-	-	-	95,527
Investments in limited partnerships	206,620	-	-	-	-	206,620
Investments in real estate	161,881	-	206,164	-	46,894	414,939
Multi-asset - domestic	-	-	13,860	-	-	13,860
Private debt funds - domestic	-	-	-	-	1,828	1,828
Private equity - domestic	-	-	61,485	-	51,656	113,141
Private equity - international	-	-	3,028	-	-	3,028
Investments in international equity fund	508,228	-	-	-	5,114	513,342
Investments in international bond fund	-	-	-	-	25,284	25,284
Distressed debt funds - domestic	-	-	35,762	-	7,875	43,637
Distressed debt funds - international	-	-	40,505	-	20,158	60,663
Life Settlement fund	-	-	67,513	-	12,367	79,880
Investments in short sales & written options	(68)	-	-	-	-	(68)
<b>Total investments</b>	<b>2,274,173</b>	<b>52,227</b>	<b>1,476,268</b>	<b>3,418</b>	<b>491,155</b>	<b>4,297,241</b>
Equity in cash and investment pool	907	-	-	803	-	1,710
Interest and dividend receivables	6,613	-	4,013	2	180	10,808
Receivable for securities sold	249,003	-	20,284	-	107	269,394
Employer and employee contributions receivable	2,054	-	513	-	662	3,229
Other Receivables	-	-	1	-	-	1
Collateral held in trust for securities on loan	112,147	-	82,967	-	11,449	206,563
<b>Total assets</b>	<b>2,675,156</b>	<b>52,227</b>	<b>1,662,544</b>	<b>4,223</b>	<b>517,150</b>	<b>4,911,300</b>
<b>LIABILITIES</b>						
Accounts payable and other	301,227	15	1,694	433	662	304,031
Payable for securities purchased	-	-	20,512	-	692	21,204
Collateral subject to return to borrowers	112,147	-	82,967	-	11,449	206,563
<b>Total liabilities</b>	<b>413,374</b>	<b>15</b>	<b>105,173</b>	<b>433</b>	<b>12,803</b>	<b>531,798</b>
<b>NET POSITION</b>						
Restricted for pension benefits, pool participants and OPEB	\$ 2,261,782	\$ 52,212	\$ 1,557,371	\$ 3,790	\$ 504,347	\$ 4,379,502

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, 2020

CITY OF MEMPHIS, TENNESSEE  
 Exhibit E-2

	Pension Trust					
	City Retirement System	Library Retirement System	Memphis Light, Gas and Water Retirement System	City OPEB Fund	Memphis Light, Gas and Water OPEB Trust	Total Pension and OPEB Trust Funds
<b>ADDITIONS</b>						
Contributions:						
Employer	\$ 54,194	\$ 117	\$ 21,814	\$ 8,763	\$ 33,949	\$ 118,837
Plan members	17,884	117	13,462	1,807	-	33,270
Total contributions	<u>72,078</u>	<u>234</u>	<u>35,276</u>	<u>10,570</u>	<u>33,949</u>	<u>152,107</u>
Transfer from other fund	-	1,090	-	3,500	-	4,590
Pharmacy rebate	-	-	-	567	-	567
Investment income:						
Interest and dividend income	47,652	1,651	28,194	74	7,052	84,623
Securities lending income	302	-	515	-	35	852
Other investment income	757	-	14	-	35	806
Gain on real estate investments	10,358	-	5,652	-	530	16,540
Net appreciation in the fair value of	16,888	(4,548)	207,512	116	70,270	290,238
Total investment income	<u>75,957</u>	<u>(2,897)</u>	<u>241,887</u>	<u>190</u>	<u>77,922</u>	<u>393,059</u>
<b>Total additions</b>	<u>148,035</u>	<u>(1,573)</u>	<u>277,163</u>	<u>14,827</u>	<u>111,871</u>	<u>550,323</u>
<b>DEDUCTIONS</b>						
Benefits	174,298	4,048	104,291	7,789	31,145	321,571
Administrative expenses	20,265	112	5,505	7,263	2,127	35,272
Refunds of contributions	16,811	-	3,440	-	-	20,251
<b>Total deductions</b>	<u>211,374</u>	<u>4,160</u>	<u>113,236</u>	<u>15,052</u>	<u>33,272</u>	<u>377,094</u>
<b>Net increase / decrease</b>	<u>(63,339)</u>	<u>(5,733)</u>	<u>163,927</u>	<u>(225)</u>	<u>78,599</u>	<u>173,229</u>
Net position - beginning of year	<u>2,325,121</u>	<u>57,945</u>	<u>1,393,444</u>	<u>4,015</u>	<u>425,748</u>	<u>4,206,273</u>
<b>Net position - end of year</b>	<u>\$ 2,261,782</u>	<u>\$ 52,212</u>	<u>\$ 1,557,371</u>	<u>\$ 3,790</u>	<u>\$ 504,347</u>	<u>\$ 4,379,502</u>

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, 2020

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	\$ 935	\$ 14,556	\$ 14,356	\$ 1,135
Property tax receivable - current	5,761	14,544	13,821	6,484
Property tax receivable - delinquent	4,886	4,597	5,185	4,298
<b>Total Assets</b>	<u>\$ 11,582</u>	<u>\$ 33,697</u>	<u>\$ 33,362</u>	<u>\$ 11,917</u>
<b>LIABILITIES</b>				
Accounts payable & other liabilities	\$ 11,582	\$ 35,983	\$ 35,648	\$ 11,917
<b>Total Liabilities</b>	<u>\$ 11,582</u>	<u>\$ 35,983</u>	<u>\$ 35,648</u>	<u>\$ 11,917</u>
<b>NET POSITION</b>	<u>\$ -</u>	<u>\$ (2,286)</u>	<u>\$ (2,286)</u>	<u>\$ -</u>



FINANCIAL SECTION

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# CITY OF MEMPHIS

T E N N E S S E E

SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY  
SCHEDULES



ALL FUNDS  
 COMBINED SCHEDULE OF DELINQUENT  
 PROPERTY TAXES RECEIVABLE  
 (Thousands of Dollars)  
 June 30, 2020

CITY OF MEMPHIS, TENNESSEE  
 Exhibit F-1

Tax Year	General	Debt Service	Capital Projects	Education	Pre-K	Community Catalyst	Affordable Housing	Total
2010	1,581	491	3	129	-	-	-	2,204
2011	2,085	650	3	-	-	-	-	2,738
2012	2,358	737	3	109	-	-	-	3,207
2013	2,208	807	3	-	-	-	-	3,018
2014	2,267	1,045	3	-	-	-	-	3,315
2015	2,727	1,255	4	-	-	-	-	3,986
2016	3,214	1,481	5	-	-	-	-	4,700
2017	4,168	1,931	6	-	-	-	-	6,105
2018	6,072	2,837	8	-	27	-	-	8,944
2019	2,571	1,401	16	-	19	14	12	4,033
Total delinquent property taxes receivable	29,251	12,635	54	238	46	14	12	42,250
Allowance for uncollectibles	1,308	518	3	12	2	-	-	1,843
Net delinquent property taxes receivable	\$ 27,943	12,117	51	226	44	14	12	40,407
Special assessment tax, net of allowance								400
Total tax, net of allowance								\$ 40,807

(1) During fiscal year 2020, \$14,619 of delinquent taxes and late fees incurred were submitted to Chancery Court for further collections

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

**SCHEDULE OF REVENUE DEBT BY ISSUE**  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2020

Description	Interest Rates	Date of Issue	Date of Final Maturity	Original Issue	Redemptions	Principal Amount Outstanding June 30, 2020	Interest to Maturity as of June 30, 2020
<b>REVENUE BONDS PAYABLE (Business-Type Activities)</b>							
Sanitary Sewerage System Revenue Refunding Bonds, Series 2019	4.00-5.00	Oct. 16, 2018	Oct. 01, 2043	69,480	915	68,565	32,938
Sanitary Sewerage System Revenue Refunding Bonds, Series 2014	3.00-4.00	Jul. 01, 2014	Jul. 01, 2025	18,930	6,710	12,220	1,225
Sanitary Sewerage System Revenue Refunding Bonds, Series 2013	4.00-5.00	Oct. 03, 2013	Oct. 01, 2024	21,410	11,760	9,650	1,208
Sanitary Sewerage System Revenue Refunding Bonds, Series 2011	3.00-5.00	Jun. 29, 2011	Oct. 01, 2021	15,165	10,540	4,625	231
Sanitary Sewerage System Revenue Bonds (RZEDB), Series 2010B	3.36-6.10	Dec. 07, 2011	Oct. 01, 2030	16,450	6,265	10,185	3,552
Sanitary Sewerage System Revenue Bonds, Series 2009A	4.00	Nov. 24, 2009	Oct. 01, 2019	7,640	7,640	-	-
Sanitary Sewerage System Revenue Refunding Bonds, Series 2006	5.00	Sep. 06, 2006	May 01, 2020	20,220	-	-	-
Storm Water Revenue Bond, Series 2019	3.2987	Jun. 30, 2021	Jun 30, 2045	35,830	-	35,830	26,936
<b>Total Revenue Bonds Payable (Business-Type Activities)</b>				<b>205,125</b>	<b>64,050</b>	<b>141,075</b>	<b>66,090</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	1,131	10,471	712
TN Sewer State Loan SRF 06195	75-2.59	Jul. 19, 2013	Jul. 20, 2033	3,989	1,154	2,835	510
TN Sewer State Loan SRF 13-311	0.75	Mar. 21, 2016	Mar. 21, 2035	88,099	1,363	86,736	7,283
TN Sewer State Loan SRF 15-355	0.75	July 1, 2017	July 1, 2037	19,246	-	19,246	208
TN Sewer State Loan SRF 18-409	0.81	March 1, 2018	March 1, 2038	8,925	-	8,925	98
TN Sewer State Loan SRF 19-421	1.2	February 1, 2019	February 1, 2039	2,064	-	2,064	83
<b>Total Sewer State Loans (Business-Type Activities)</b>				<b>133,925</b>	<b>3,648</b>	<b>130,277</b>	<b>8,894</b>
<b>REVENUE BONDS PAYABLE (Memphis Light Gas &amp; Water) (1)</b>							
Electric System Revenue Bonds, Series 2014	2.00-5.00	May 20, 2014	Dec. 01, 2034	71,000	12,760	58,240	24,454
Electric System Revenue Bonds, Series 2016	3.00-5.00	Sep. 01, 2016	Dec. 01, 2036	40,000	3,960	36,040	15,833
Electric System Revenue Bonds, Series 2017	3.00-5.00	Sep. 01, 2017	Dec. 01, 2037	90,000	5,800	84,200	35,670
Gas System Revenue Bonds, Series 2016	3.00-5.00	Sep. 01, 2016	Dec. 01, 2036	40,000	3,960	36,040	15,832
Gas System Revenue Bonds, Series 2017	3.00-5.00	Sep. 01, 2017	Dec. 01, 2037	40,000	2,540	37,460	17,936
Water System Revenue Bonds, Series 2014	2.00-5.00	May 20, 2014	Dec. 01, 2034	15,000	2,910	12,090	4,032
Water System Revenue Bonds, Series 2016	2.00-4.00	Sep. 01, 2016	Dec. 01, 2036	30,000	3,455	26,545	8,241
Water System Revenue Bonds, Series 2017	2.00-5.00	Sep. 01, 2017	Dec. 01, 2037	25,000	1,775	23,225	9,310
<b>Total Revenue Bonds Payable (Memphis Light Gas &amp; Water)</b>				<b>351,000</b>	<b>37,160</b>	<b>313,840</b>	<b>131,308</b>
<b>Total Revenue Debt Payable</b>				<b>\$ 690,050</b>	<b>104,858</b>	<b>585,192</b>	<b>206,292</b>

(1) All Memphis Light Gas & Water bonds reflect amounts outstanding at December 31, 2019.



**SCHEDULE OF GENERAL OBLIGATION DEBT PAYABLE BY ISSUE**  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2020

**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, 2020	Interest to Maturity as of June 30, 2020
General Improvement Refunding Bonds, Series 2020	4.00-5.00	Apr. 08, 2020	May 1, 2045	214,675	-	214,675	95,420
General Improvement Bonds, Series 2018	3.45-5.00	Apr. 17, 2018	Jul. 01, 2048	309,255	10,090	299,165	194,906
General Improvement Refunding Bonds, Series 2016	2.50-5.00	Jun. 14, 2016	May 01, 2041	69,885	7,430	62,455	26,437
General Improvement Refunding Bonds, Series 2015C	4.00-5.00	May 19, 2015	Apr. 01, 2045	67,845	-	67,845	55,716
General Improvement Refunding Bonds, Series 2015B (Taxable)	2.69-2.94	May 19, 2015	Apr. 01, 2025	54,390	-	54,390	6,949
General Improvement Refunding Bonds, Series 2015A	5.00	May 19, 2015	Apr. 01, 2026	76,820	-	76,820	21,850
General Improvement Refunding Bonds, Series 2014B	4.00- 5.00	Mar. 25, 2014	Apr. 01, 2044	208,230	22,620	185,610	129,323
General Improvement Refunding Bonds, Series 2014A	5.00	Mar. 25, 2014	Nov. 01, 2025	103,955	35,880	68,075	10,229
General Improvement and Refunding Bonds, Series 2012B	1.65 - 3.70	Mar. 29, 2012	Apr. 01, 2024	5,145	3,680	1,465	127
General Improvement and Refunding Bonds, Series 2012A	3.25 - 4.13	Mar. 29, 2012	Apr. 01, 2042	93,595	22,545	71,050	10,752
General Improvement and Refunding Bonds, Series 2011	4.25 - 5.00	Jun. 14, 2011	May 01, 2036	86,190	19,145	67,045	24,840
General Improvement Bonds, Series 2010F (RZEDB)	6.04	Jun. 29, 2010	Jul. 01, 2034	11,160	-	11,160	9,446
General Improvement and Refunding Bonds, Series 2010D	5.00	Jun. 29, 2010	Jul. 01, 2023	121,205	99,760	21,445	468
General Improvement Bonds, Series 2010C (BABs)	4.16 - 5.94	Jun. 29, 2010	Jul. 01, 2032	62,550	3,585	58,965	23,256
General Improvement Bonds, Series 2010B (BABs)	5.32 - 6.14	May 04, 2010	May 01, 2030	39,950	-	39,950	14,805
General Improvement Bonds, Series 2010A	3.00 - 5.00	May 04, 2010	May 01, 2021	27,880	27,880	-	-
General Improvement Bonds, Series 2009	4.00 - 5.00	Jun. 02, 2009	Apr. 01, 2024	76,025	76,025	-	-
General Improvement Refunding Bonds, Series 2005	5.00 - 5.25	Mar. 16, 2005	Oct. 01, 2019	166,880	166,880	-	-
<b>Total General Obligation Bonds Payable</b>				<b>1,795,635</b>	<b>495,520</b>	<b>1,300,115</b>	<b>624,524</b>
<b>COMMERCIAL PAPER</b>							
Commercial Paper	variable	Oct. 01, 2018	Oct. 04, 2023	50,000	-	50,000	-
<b>Total Commercial Paper</b>				<b>50,000</b>	<b>-</b>	<b>50,000</b>	<b>-</b>
<b>SETTLEMENT OBLIGATION</b>							
Settlement Obligation	-	Jan. 30, 2015	Feb. 15, 2031	20,000	6,669	13,331	-
<b>Total Settlement Obligation</b>				<b>20,000</b>	<b>6,669</b>	<b>13,331</b>	<b>-</b>
<b>Total General Obligation Debt Payable</b>				<b>\$ 1,865,635</b>	<b>502,189</b>	<b>1,363,446</b>	<b>624,524</b>

SCHEDULE OF GENERAL OBLIGATION DEBT - BY USE  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2020

CITY OF MEMPHIS, TENNESSEE  
Exhibit F-4

Use	Balance Outstanding At Year End
<hr/>	
<b>GENERAL OBLIGATION BONDS</b>	
General Improvement	\$ 1,300,115
Bond Premiums	<u>67,620</u>
Total general obligation bonds	1,367,735
<b>TOTAL GENERAL OBLIGATION DEBT</b>	<u>\$ 1,367,735</u>

**SCHEDULE OF CAPITAL LEASES PAYABLE BY ISSUE**  
 (Thousands of Dollars)  
 For the fiscal year ended June 30, 2020

**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, 2020	Interest to Maturity as of June 30, 2020
<b>CAPITAL LEASES</b>							
Fire Lease 2020	2.650%	Apr. 18, 2020	Oct. 18, 2024	1,184	-	1,184	79
Solid Waste 2019	2.173%	Aug. 23, 2019	Aug. 23, 2024	8,000	762	7,238	399
Sports Facility Revenue Bonds, Series 2014A	2.000% - 5.000%	Mar. 28, 2014	Feb. 01, 2029	17,925	4,720	13,205	3,159
Sports Facility Revenue Bonds, Series 2014B	1.900% - 4.970%	Mar. 28, 2014	Feb. 01, 2030	5,720	2,280	3,440	883
Solid Waste 2018	2.8240%-3.5979%	Jun. 07, 2018	May 1, 2023	4,400	1,694	2,706	135
Solid Waste 2016	1.336%	Apr. 22, 2016	Apr. 22, 2021	2,000	1,589	411	4
Solid Waste 2014	1.384%	Dec. 11, 2014	Dec. 11, 2019	15,416	15,416	-	-
Red Light 2014	1.678%	Aug. 15, 2014	Aug. 15, 2019	3,300	3,300	-	-
<b>Total Capital Leases Payable</b>				<b>57,945</b>	<b>29,761</b>	<b>28,184</b>	<b>4,659</b>

**SCHEDULE OF GUARANTEE OBLIGATIONS PAYABLE BY ISSUE**  
(Thousands of Dollars)  
**For the fiscal year ended June 30, 2020**

**CITY OF MEMPHIS, TENNESSEE**  
**Exhibit F-6**

Description	Interest Rates	Date of Issue	Date of Final Maturity	Original Issue	Redemptions	Principal Amount	
						Outstanding June 30, 2020	Interest to Maturity as of June 30, 2020
<b>GUARANTEE OBLIGATIONS</b>							
For General Purposes:							
Development Revenue Bonds, Series 2011	2.500% - 5.250%	Sep. 07, 2011	Apr. 01, 2036	20,398	4,850	15,548	6,848
Qualified Energy Conservation Bonds, Series 2015A	3.720%	Feb. 28, 2015	Jan. 05, 2025	8,316	4,158	4,158	464
Revenue Bonds, Series 2015 (Conv. Cntr Proj.)	1.870%	Mar. 03, 2015	Jan. 05, 2020	1,585	1,585	-	-
Qualified Energy Conservation Bonds, Series 2015B	3.910%	Apr. 29, 2015	Jan. 05, 2025	2,015	1,209	806	79
Qualified Energy Conservation Bonds, Series 2015C	3.910%	Apr. 29, 2015	Jan. 05, 2025	340	204	136	13
Revenue Bonds, Series 2016 (Conv. Cntr Proj.)	1.950%	Jan. 13, 2016	Jan. 05, 2020	1,562	1,562	-	-
Economic Development Growth Engine Bonds, Series 2017A	1.670%-2.500%	Jun. 01, 2017	Nov. 01, 2021	36,215	26,190	10,025	134
Economic Development Growth Engine Bonds, Series 2017B	5.000%	Jun. 01, 2017	Nov. 01, 2030	87,725	-	87,725	34,442
Economic Development Growth Engine Bonds, Series 2017C	2.358%-2.931	Jun. 01, 2017	Nov. 01, 2024	34,300	-	34,300	2,613
Qualified Energy Conservation Bonds, Series 2017	2.400%	Sep. 01, 2017	Jan. 05, 2021	2,143	1,607	536	13
				<b>194,599</b>	<b>41,365</b>	<b>153,234</b>	<b>44,606</b>

LONG TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS  
REVENUE DEBT PAYABLE  
(Thousands of Dollars)  
For the fiscal year ended June 30, 2020

Year Ending June 30	Revenue Bonds - Sewer Collection and Treatment Fund		Revenue Bonds - Storm Water Fund		Revenue Bonds - Memphis Light Gas Water (1)		Sewer State Loans - Sewer Collection and Treatment Fund		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2020	-	-	-	-	12,810	13,477	-	-	26,287
2021	9,620	4,597	740	1,773	13,330	12,948	6,796	1,241	51,045
2022	10,080	4,125	775	1,735	13,905	12,380	4,889	809	48,698
2023	8,065	3,685	815	1,695	14,515	11,767	4,930	765	46,237
2024	8,430	3,297	860	1,654	15,205	11,077	4,970	721	46,214
2025	8,780	2,908	900	1,610	15,915	10,369	5,011	677	46,170
2026	6,955	2,557	945	1,563	16,670	9,609	5,053	632	43,984
2027	4,970	2,272	995	1,515	17,445	8,832	5,095	586	41,710
2028	5,205	2,007	1,045	1,464	18,260	8,022	5,137	541	41,681
2029	4,015	1,766	1,100	1,410	19,095	7,186	5,180	494	40,246
2030	4,205	1,548	1,155	1,354	19,970	6,308	5,223	448	40,211
2031	2,915	1,359	1,215	1,295	20,930	5,349	5,267	400	38,730
2032	1,915	1,242	1,280	1,232	21,790	4,494	5,311	353	38,730
2033	1,995	1,164	1,345	1,167	22,690	3,595	5,356	305	37,617
2034	2,075	1,082	1,415	1,098	23,590	2,684	5,164	259	37,617
2035	2,160	998	1,485	1,025	17,950	1,741	5,181	216	30,756
2036	2,245	909	1,560	949	18,620	1,074	5,220	173	30,750
2037	2,340	818	1,640	869	11,150	396	5,259	131	22,603
2038	2,435	722	1,725	785	-	-	5,088	87	10,842
2039	2,535	623	1,815	696	-	-	4,702	47	10,418
2040	2,635	519	1,910	603	-	-	31,445	9	37,121
2041	2,745	412	2,005	505	-	-	-	-	5,667
2042	2,855	300	2,110	403	-	-	-	-	5,668
2043	2,975	183	2,215	294	-	-	-	-	5,667
2044	3,095	62	2,330	181	-	-	-	-	5,668
2045	-	-	2,450	60	-	-	-	-	2,510
	\$ 105,245	\$ 39,155	\$ 35,830	\$ 26,935	\$ 313,840	\$ 131,308	\$ 130,277	\$ 8,894	\$ 791,484

(1) All Memphis Light Gas Water bonds reflect amounts outstanding at December 31, 2019.

**LONG TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS  
GOVERNMENTAL DEBT PAYABLE  
(Thousands of Dollars)**

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

For the fiscal year ended June 30, 2020

Year Ending June 30	General Obligation Bonds		Settlement Obligation		Total
	Principal	Interest	Principal	Interest	
2021	87,020	58,048	1,334	-	146,402
2022	89,155	54,446	1,333	-	144,934
2023	90,095	49,884	1,333	-	141,312
2024	90,520	45,367	1,333	-	137,220
2025	94,765	41,574	1,333	-	137,672
2026	93,745	37,513	1,333	-	132,591
2027	34,990	33,036	1,333	-	69,359
2028	36,565	31,298	1,333	-	69,196
2029	38,175	29,480	1,333	-	68,988
2030	39,890	27,575	1,333	-	68,798
2031	36,150	25,703	-	-	61,853
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	12,691	-	-	50,416
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	1,644	-	-	14,809
2047	13,690	1,117	-	-	14,807
2048	14,240	569	-	-	14,809
	<b>\$ 1,300,115</b>	<b>\$ 624,524</b>	<b>\$ 13,331</b>	<b>\$ -</b>	<b>\$ 1,937,970</b>

**SCHEDULE OF INTERFUND BALANCES**  
**(Thousands of Dollars)**  
**For the fiscal year ended June 30, 2020**

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

	<u>Primary Government</u>		<u>Total Payables - Reporting Entity</u>
	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Debt Service</u>	
<b>GOVERNMENTAL FUND TYPES</b>			
Community Development	<u>\$ 51</u>	<u>\$ -</u>	<u>\$ 51</u>
<b>Special Revenue:</b>			
State Street Aid	3,569	295	3,864
Solid Waste Management	7,500	-	7,500
	<u>11,069</u>	<u>295</u>	<u>11,364</u>
<b>PROPRIETARY FUND TYPES</b>			
<b>Enterprise:</b>			
Storm Water	<u>-</u>	<u>3,532</u>	<u>3,532</u>
<b>Total receivables - primary government</b>	<u>11,120</u>	<u>3,827</u>	<u>14,947</u>
<b>Total receivables - reporting entity</b>	<u>\$ 11,120</u>	<u>\$ 3,827</u>	<u>\$ 14,947</u>

Note: In Debt Service Fund, there is an asset recorded for allocation of Commercial Paper issuance to Storm Water issued in 2016. There is a liability in Storm Water in the amount of \$3,532. The presentation is consistent with Generally Accepted Accounting Principles.

**SCHEDULE OF INTERFUND TRANSFERS**  
 (Thousands of Dollars)  
 For the fiscal year ended June 30, 2020

**CITY OF MEMPHIS, TENNESSEE**  
**Exhibit F-10**

	Primary Government										Total Transfers Out	
	Governmental Fund Types					Fiduciary						
	General Fund	Debt Service	Capital Projects	Community Service	New Memphis Arena	Enterprise Sewer Treatment	Internal Service Healthcare Fund	Library Retirement Trust Fund	OPEB Trust Fund			
<b>GOVERNMENTAL FUND TYPES</b>												
General Fund	\$ -	\$ -	\$ -	\$ 275	\$ -	\$ -	\$ 3,000	\$ 1,090	\$ 3,500	\$ -	\$ 7,865	
Debt Service Fund	-	-	438	-	-	329	-	-	-	-	767	
<b>Special Revenue:</b>												
State Street Aid	2,500	1,768	-	-	-	-	-	-	-	-	4,268	
Miscellaneous Grants	-	191	-	-	-	-	-	-	-	-	191	
Solid Waste Management	1,065	3,812	-	-	-	-	-	-	-	-	4,877	
Hotel/Motel Tax	90	6,633	-	-	-	-	-	-	-	-	6,723	
Metro Alarm	1,730	-	-	-	-	-	-	-	-	-	1,730	
2019 Sales Tax Ref	9,000	-	-	-	-	-	-	-	-	-	9,000	
<b>Total Governmental Fund Types</b>	<b>14,385</b>	<b>12,404</b>	<b>438</b>	<b>275</b>	<b>-</b>	<b>329</b>	<b>3,000</b>	<b>1,090</b>	<b>3,500</b>	<b>-</b>	<b>35,421</b>	
<b>PROPRIETARY FUND TYPES</b>												
<b>Enterprise:</b>												
Sewer Collection and Treatment	10,871	-	-	-	-	-	-	-	-	-	10,871	
Memphis Light, Gas and Water	56,410	-	-	-	2,500	-	-	-	-	-	58,910	
Storm Water	107	-	-	-	-	-	-	-	-	-	107	
<b>Internal Service:</b>												
Fleet Management	3,000	-	-	-	-	-	-	-	-	-	3,000	
Unemployment	900	-	-	-	-	-	-	-	-	-	900	
<b>Total Proprietary Fund Types</b>	<b>71,288</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73,788</b>	
<b>Total Transfers In</b>	<b>\$ 85,673</b>	<b>\$ 12,404</b>	<b>\$ 438</b>	<b>\$ 275</b>	<b>\$ 2,500</b>	<b>\$ 329</b>	<b>\$ 3,000</b>	<b>\$ 1,090</b>	<b>\$ 3,500</b>	<b>\$ -</b>	<b>\$ 109,209</b>	



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, 2020

	Governmental Fund Types				Proprietary Funds			Internal Service Funds		Fiduciary Fund Types						
										Trust and Agency						
	General	Debt Service	Special Revenue	Community Development	Capital Projects	Sewer	Storm Water	MLGW	Internal Service Funds	Total	City Retirement System	Library Retirement System	MLGW Retirement System	City OPEB Trust	Memphis Light, Gas and Water OPEB Trust	Total
Deposits:																
Cash and cash equivalents <sup>(1)</sup>	\$ 41	\$ 105,813	\$ 446	\$ 2,926	\$ 5,002	\$ 1	\$ 30,185	\$ 224,388	1	\$ 368,803	\$ 30,259	\$ -	\$ 78,498	\$ -	\$ 13,597	\$ 122,354
<b>Total deposits</b>	<b>41</b>	<b>105,813</b>	<b>446</b>	<b>2,926</b>	<b>5,002</b>	<b>1</b>	<b>30,185</b>	<b>224,388</b>	<b>1</b>	<b>368,803</b>	<b>30,259</b>	<b>-</b>	<b>78,498</b>	<b>-</b>	<b>13,597</b>	<b>122,354</b>
Investments:																
U.S. government securities - long-term	-	-	-	-	-	13,446	-	-	-	13,446	52,637	-	16,203	-	-	66,840
Common stock - domestic	-	-	-	-	-	-	-	-	-	-	634,428	-	559,892	-	105,545	1,299,865
Common stock - foreign	-	-	-	-	-	-	-	-	-	-	135,305	-	48,478	-	68,929	252,712
Preferred stock - foreign	-	-	-	-	-	-	-	-	-	-	-	-	2,033	-	-	2,033
Corporate bonds - domestic	-	-	-	-	-	-	-	-	-	-	335,366	-	48,991	-	-	384,357
Corporate bonds - foreign	-	-	-	-	-	-	-	-	-	-	90,947	-	47,291	-	-	138,238
Mutual funds and money market funds	-	-	-	-	-	308	2,527	-	-	2,835	12,423	52,227	2,633	3,418	71,102	142,803
Equity ETF	-	-	-	-	-	-	-	-	-	-	-	-	142,021	-	32,599	174,620
Government bonds - domestic	-	-	-	-	-	-	-	-	-	-	-	-	4,213	-	4,213	-
Global bond - international	-	-	-	-	-	-	-	-	-	-	-	-	125,051	-	-	125,051
Corporate bond mutual funds - domestic	-	-	-	-	-	-	-	-	-	-	-	-	30,022	-	-	30,022
Convertible bond mutual fund - domestic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateralized mortgage obligations	-	-	-	-	-	-	-	-	-	-	5,884	-	-	-	-	5,884
Asset-backed pooled securities	-	-	-	-	-	-	-	-	-	-	8,547	-	15,177	-	-	23,724
Mortgage-backed pooled securities	-	-	-	-	-	-	-	-	-	-	26,448	-	19,245	-	-	45,693
Securitized asset fund	-	-	-	-	-	-	-	-	-	-	-	-	16,723	-	-	16,723
Investments in index funds	-	-	-	-	-	-	-	-	-	-	95,527	-	-	-	-	95,527
Investments in limited partnerships	-	-	-	-	-	-	-	-	-	-	206,620	-	-	-	-	206,620
Investments in real estate	-	-	-	-	-	-	-	-	-	-	161,881	-	206,164	-	46,894	414,939
Multi-asset - domestic	-	-	-	-	-	-	-	-	-	-	-	-	13,860	-	-	13,860
Private debt funds - domestic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private equity - domestic	-	-	-	-	-	-	-	-	-	-	-	-	61,485	-	1,828	1,828
Private equity - international	-	-	-	-	-	-	-	-	-	-	-	-	51,656	-	113,141	113,141
Investments in international equity fund	-	-	-	-	-	-	-	-	-	-	-	-	3,028	-	3,028	3,028
Investments in international bond fund	-	-	-	-	-	-	-	-	-	-	508,228	-	-	-	-	508,228
Investments in international distressed debt funds - domestic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distressed debt funds - international	-	-	-	-	-	-	-	-	-	-	-	-	35,762	-	-	35,762
State of TN Local Gov't Investment Pool	-	-	-	-	-	-	-	-	-	-	-	-	40,505	-	-	40,505
Commercial paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
U.S. Treasuries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal agency (Fixed Rate) Certificates of Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Life Settlement fund	-	-	-	-	-	1,000	-	-	-	1,000	-	-	-	-	-	-
Investment short sales & written options	-	-	-	-	-	-	-	-	-	-	(68)	-	-	-	-	(68)
<b>Total investments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>617</b>	<b>14,754</b>	<b>2,527</b>	<b>161,483</b>	<b>-</b>	<b>179,381</b>	<b>2,274,173</b>	<b>52,227</b>	<b>1,476,268</b>	<b>3,418</b>	<b>491,155</b>	<b>4,297,241</b>
<b>Total deposits and investments</b>	<b>41</b>	<b>105,813</b>	<b>446</b>	<b>2,926</b>	<b>5,619</b>	<b>14,755</b>	<b>32,712</b>	<b>385,871</b>	<b>1</b>	<b>548,184</b>	<b>2,304,432</b>	<b>52,227</b>	<b>1,554,766</b>	<b>3,418</b>	<b>504,752</b>	<b>4,419,595</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, 2020**

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

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

	<u>Balance January 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance December 31, 2019</u>
Electric Division	\$ 1,946,414	\$ 108,582	\$ (73,386)	\$ -	\$ 1,981,610
Gas Division	754,310	43,225	(30,063)	-	767,472
Water Division	555,027	27,029	(13,914)	-	568,142
<b>Total</b>	<u>\$ 3,255,751</u>	<u>\$ 178,836</u>	<u>\$ (117,363)</u>	<u>\$ -</u>	<u>\$ 3,317,224</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, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2020</u>
Land and buildings	\$ 119,304	\$ -	\$ -	\$ -	\$ 119,304
Improvements other than buildings	620,601	12,895	(2,039)	-	631,457
Machinery and equipment	37,457	3,785	(862)	-	40,380
Construction work in progress	275,004	89,554	(11,561)	-	352,997
	<u>\$ 1,052,366</u>	<u>\$ 106,234</u>	<u>\$ (14,462)</u>	<u>\$ -</u>	<u>\$ 1,144,138</u>

<sup>1</sup> MLGW is presented for the year ended December 31.

<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, 2020

CITY OF MEMPHIS, TENNESSEE  
EXHIBIT F-13

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>				
Local taxes	\$ 140,115	\$ 140,115	\$ 136,881	\$ (3,234)
State taxes (local share)	15,300	15,300	16,790	1,490
Investment income	920	920	2,446	1,526
Federal grants	2,288	2,288	2,970	682
Other	1,861	1,862	1,725	(137)
<b>Total revenues</b>	<u>160,484</u>	<u>160,485</u>	<u>160,812</u>	<u>327</u>
<b>EXPENDITURES</b>				
Redemption of serial bonds and notes	104,961	104,961	104,035	926
Interest	67,652	67,652	65,078	2,574
Other	1,304	1,309	6,318	(5,009)
<b>Total expenditures</b>	<u>173,917</u>	<u>173,922</u>	<u>175,431</u>	<u>(1,509)</u>
<b>Revenues over expenditures</b>	<u>(13,433)</u>	<u>(13,437)</u>	<u>(14,619)</u>	<u>(1,182)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	15,439	15,439	12,404	(3,035)
Transfers out	-	-	(767)	(767)
Issuance of refunding debt	-	-	212,662	212,662
Retirement of general obligation bonds	-	-	(143,523)	(143,523)
Premium on debt issue	-	-	29,856	29,856
Contribution to Fund Balance	(2,006)	(2,006)	-	2,006
<b>Total other financing sources and uses</b>	<u>13,433</u>	<u>13,433</u>	<u>110,632</u>	<u>97,199</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (4)</u>	\$ 96,013	<u>\$ 96,017</u>
Fund balance - beginning of year			77,929	
<b>Fund balance - end of year</b>			<u>\$ 173,942</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, 2020**

**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	\$ 465,688	\$ 465,688	\$ 462,046	\$ (3,642)
State taxes (local share)	66,314	66,314	67,370	1,056
Licenses and permits	13,880	13,880	12,278	(1,602)
Fines and forfeitures	16,290	17,340	11,751	(5,589)
Charges for services	37,671	37,667	34,004	(3,663)
Investment income	3,462	3,462	4,237	775
Federal grants	5,031	20,263	29,907	9,644
Intergovernmental revenues	10,760	10,760	10,760	-
Other	8,533	8,973	18,310	9,337
Total revenues	<u>627,629</u>	<u>644,347</u>	<u>650,663</u>	<u>6,316</u>
<b>EXPENDITURES</b>				
General government	171,397	204,918	188,644	16,274
Public safety	456,630	462,806	472,718	(9,912)
Community services	64,604	66,946	62,571	4,375
Transportation and environment	17,277	19,641	13,855	5,786
Total expenditures	<u>709,908</u>	<u>754,311</u>	<u>737,788</u>	<u>16,523</u>
Revenues over expenditures	<u>(82,279)</u>	<u>(109,964)</u>	<u>(87,125)</u>	<u>22,839</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	19	19
Transfers in	83,215	94,740	85,673	(9,067)
Transfers out	(1,340)	(7,870)	(7,865)	5
Refunding bonds/issuance of debt	-	-	302	302
Total other financing sources and uses	<u>81,875</u>	<u>86,870</u>	<u>78,129</u>	<u>(8,741)</u>
Net change in fund balances (budgetary basis)	<u>\$ (404)</u>	<u>\$ (23,094)</u>	<u>\$ (8,996)</u>	<u>\$ 14,098</u>
Adjustment for encumbrances - prior year			(11,312)	
Adjustment for encumbrances - current year			14,141	
Revenues over expenditures (GAAP basis)			<u>\$ (6,167)</u>	
Fund balance - beginning			135,992	
Fund balance - ending			<u>\$ 129,825</u>	

See accompanying notes to financial statements.

# CITY OF MEMPHIS

T E N N E S S E E

The statistical section provides additional historical perspective, context, and detail to assist in assessing the City's economic condition. The statistical section is presented in the following five categories:

**Financial Trends Information** assists in understanding and assessing how the City's financial position has changed over time.

**Revenue Capacity Information** assists in understanding and assessing the factors affecting the City's ability to generate its own-source revenues.

**Debt Capacity Information** assists in understanding and assessing the City's debt burden and its ability to issue additional debt.

**Demographic and Economic Information** assists in understanding the City's socioeconomic status and provides information that facilitates comparisons of financial statement information over time and among governments.

**Operating Information** provides contextual information about the City's operations and resources in order to assist readers in using the financial statement information in understanding and assessing the City's economic condition.



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental activities:</b>										
Net investments in capital assets	\$ 6,912	\$ 131,384	\$ 203,581	\$ 121,045	\$ 2,611,833	\$ 293,259	\$ 304,799	\$ 340,474	\$ 225,370	\$ 343,085
Restricted for:										
Debt service	-	-	36,268	50,603	52,823	61,255	48,798	76,888	77,929	109,086
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
Drug enforcement	-	-	9,530	9,676	9,630	10,077	9,980	9,426	9,411	8,889
Donor/Statutory restrictions	-	-	2,343	15,503	35,085	59,814	67,242	-	-	-
Other	14,783	181,192	-	-	10,000	-	-	70,168	72,760	185,665
Unrestricted:										
Unrestricted, other	(278,095)	(724,294)	(814,583)	(724,643)	(3,216,914)	(851,833)	(918,811)	(1,031,458)	(809,885)	(1,058,700)
Total governmental activities net position	(256,400)	(411,718)	(545,686)	(512,594)	(455,329)	(407,176)	(451,330)	(332,248)	(270,000)	(408,327)
<b>Business-type activities:</b>										
Net investment in capital assets	1,705,138	1,755,661	1,818,916	1,902,835	1,896,485	2,017,891	2,020,550	1,958,252	2,043,389	2,135,366
Restricted for debt service	64,909	68,846	69,689	41,902	99,797	64,173	108,387	103,345	53,193	65,865
Restricted for construction	-	-	-	29,119	7,268	8,456	8,775	9,007	10,845	10,845
Unrestricted	334,093	355,220	350,750	340,416	377,219	320,158	259,192	341,409	(36,333)	(52,383)
Total business-type activities net position	2,104,140	2,179,727	2,239,355	2,314,272	2,380,769	2,410,678	2,396,904	2,412,013	2,071,094	2,159,693
<b>Primary government:</b>										
Net investment in capital assets	1,712,050	1,887,045	2,022,497	2,023,880	4,508,318	2,311,150	2,325,349	2,298,726	2,268,759	2,478,451
Restricted for:										
Debt service	64,909	68,846	105,957	92,505	152,620	125,428	157,185	180,233	131,122	174,951
Construction	-	-	-	29,119	33,344	8,456	8,775	9,007	10,845	10,845
Capital acquisitions/ projects	-	-	-	-	-	4,381	23,661	191,471	148,359	-
Solid waste management	-	-	17,175	15,222	16,138	15,871	13,001	10,783	6,056	3,648
Drug enforcement	-	-	9,530	9,676	9,630	10,077	9,980	9,426	9,411	8,889
Donor/Statutory restrictions	-	-	2,343	15,503	35,085	59,814	67,242	-	-	-
Other	14,783	181,192	-	-	10,000	-	-	70,168	72,760	185,665
Unrestricted	55,998	(369,074)	(463,833)	(384,227)	(2,839,695)	(531,675)	(659,619)	(690,049)	(846,218)	(1,111,083)
Total primary government net position	\$ 1,847,740	\$ 1,768,009	\$ 1,693,669	\$ 1,801,678	\$ 1,925,440	\$ 2,003,502	\$ 1,945,574	\$ 2,079,765	\$ 1,801,094	\$ 1,751,366

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 79,691	\$ 77,154	\$ 76,664	\$ 22,420	\$ 89,038	\$ 72,499	\$ 65,436	\$ 65,970	\$ 90,946	\$ 96,413
Public Safety	3,637	7,768	7,456	3,928	3,383	22,329	22,069	21,388	22,976	21,913
Community services	174	136	139	103	-	-	-	-	-	-
Transportation and environment	59,268	59,745	60,180	122,078	55,832	56,318	56,819	57,425	57,688	67,339
Operating grants and contributions	61,098	63,854	81,913	63,416	57,732	38,719	41,666	50,416	57,072	60,663
Capital grants and contributions	7,490	23,639	11,123	9,811	12,627	23,610	8,934	1,668	8,537	12,501
Total governmental activities program revenues	211,358	232,296	237,475	221,756	218,612	213,475	194,924	196,867	237,219	258,829
Business-type activities:										
Charges for services:										
Sewer collection and treatment	98,559	104,031	106,007	103,900	103,299	96,845	98,726	110,304	123,449	132,315
Memphis Light, Gas and Water	1,705,513	1,692,246	1,581,272	1,615,477	1,700,897	1,602,957	1,555,258	1,559,990	1,667,234	1,652,282
Storm water	23,661	23,723	24,108	24,332	24,309	24,289	24,418	21,391	28,202	31,903
Operating grants and contributions	30,321	30,909	29,792	31,330	562	555	547	537	420	258
Capital grants and contributions	1,398	728	663	2,950	3,022	3,009	1,133	946	-	1,333
Total business-type activities program revenues	1,859,452	1,851,637	1,741,842	1,777,989	1,832,089	1,727,655	1,680,082	1,693,168	1,819,305	1,818,091
Total primary government program revenues	2,070,810	2,083,933	1,979,317	1,999,745	2,050,701	1,941,130	1,875,006	1,890,035	2,056,524	2,076,920
<b>Expenses</b>										
Governmental Activities:										
General government	251,039	253,138	217,086	203,055	134,182	212,054	91,718	197,380	428,057	434,376
Public safety	510,529	500,082	503,011	472,154	425,128	437,430	133,750	310,961	342,077	540,696
Community services	121,927	118,406	96,442	90,463	93,383	92,365	46,935	78,865	82,572	93,817
Transportation and environment	82,546	87,665	82,834	79,747	85,675	71,286	28,469	50,649	65,627	84,624
Education	80,775	71,452	62,507	(475)	(151)	154	112	82	59	3,060
Refunding bond/ escrow agent	-	-	-	-	-	-	-	150,000	-	-
Miscellaneous	-	-	-	-	-	-	-	3,436	-	-
Interest on long term debt	52,497	75,075	58,403	45,634	83,005	64,151	64,586	59,933	67,971	63,470
Total governmental activities expenses	1,099,313	1,105,818	1,020,283	890,578	821,222	877,440	365,570	851,306	986,363	1,220,043
Business-type activities:										
Sewer collection and treatment	61,401	62,915	65,921	62,556	63,049	70,163	62,347	75,739	93,766	110,461
Memphis Light, Gas and Water	1,658,638	1,669,887	1,593,211	1,596,092	1,630,708	1,554,006	1,561,282	1,561,085	1,548,223	1,564,178
Storm water	13,160	15,623	15,464	15,048	17,027	19,289	8,502	16,556	18,777	30,375
Total business-type activities expenses	1,733,199	1,748,425	1,674,596	1,673,696	1,710,784	1,643,458	1,632,131	1,653,380	1,660,766	1,705,014
Total primary government expenses	2,832,512	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
<b>Net (expense)/revenue</b>										
Governmental activities	(887,955)	(873,522)	(782,808)	(668,822)	(602,610)	(663,965)	(170,646)	(654,439)	(749,144)	(961,214)
Business-type activities	126,253	103,212	67,246	104,293	121,305	84,197	47,951	39,788	158,539	113,077
Total primary government net expense	(761,702)	(770,310)	(715,562)	(564,529)	(481,305)	(579,768)	(122,695)	(614,651)	(590,605)	(848,137)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
Taxes										
Local taxes	540,150	528,219	533,190	545,713	571,583	542,475	580,750	607,148	603,048	627,101
State taxes (local share)	87,523	85,612	71,115	71,633	77,129	103,987	82,519	105,895	102,385	107,136
Hotel/motel tax	3,537	4,524	4,189	4,223	4,612	10,726	15,513	17,176	18,964	13,614
Unrestricted investment earnings	861	761	671	754	813	1,654	1,574	4,960	12,197	8,460
Intergovernmental revenues	6,492	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	8,947	1,481	-	-	-	-	-	-	-
Other	12,124	22,405	17,250	15,290	19,563	28,662	41,881	4,274	43,544	38,270
Transfers	66,929	67,962	42,738	57,783	68,302	25,097	(131,119)	111,631	37,675	19,348
Total governmental activities	717,616	718,430	670,634	695,396	742,002	712,601	591,118	851,084	817,813	813,929
Business-type activities:										
Investment earnings	41,520	40,324	32,883	27,054	24,816	21,998	18,059	14,949	17,448	12,227
Other	-	155	437	1,350	3,991	10,003	33,910	35,216	35,559	35,936
Transfers	(66,929)	(67,962)	(40,938)	(57,780)	(68,302)	(66,505)	(70,897)	(74,844)	(70,248)	(69,559)
Total business-type activities	(25,409)	(27,483)	(7,618)	(29,376)	(39,495)	(34,504)	(18,928)	(24,679)	(17,241)	(21,396)
Total primary government	692,207	690,947	663,016	666,020	702,507	678,097	572,190	826,405	800,572	792,533
<b>Change in Net Position</b>										
Governmental activities	(170,339)	(155,092)	(112,174)	26,574	139,392	48,636	329,690	196,645	68,669	(147,285)
Business-type activities	100,844	75,729	59,628	74,917	81,810	49,693	30,196	15,109	141,298	91,681
Total primary government	\$ (69,495)	\$ (79,363)	\$ (52,546)	\$ 101,491	\$ 221,202	\$ 98,329	\$ 359,886	\$ 211,754	\$ 209,967	\$ (55,604)



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

CITY OF MEMPHIS, TENNESSEE  
EXHIBIT X-3

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General fund</b>										
Restricted	\$ 1,684	\$ 1,907	\$ 2,088	\$ 5,724	\$ 6,246	\$ 7,210	\$ 8,281	\$ 10,768	\$ 12,725	\$ 13,912
Committed	-	19,572	12,134	-	-	-	-	-	-	-
Assigned	8,252	12,924	-	20,384	34,030	43,489	43,759	32,150	31,726	36,866
Unassigned	81,125	61,667	56,149	82,230	91,990	94,674	95,343	98,283	91,541	79,047
Total general fund	91,061	96,070	70,371	108,338	132,266	145,373	147,383	141,201	135,992	129,825
<b>All other governmental funds</b>										
Restricted	13,099	54,308	63,228	59,035	56,130	62,616	46,688	54,815	52,711	147,551
Committed	72,186	92,481	80,109	72,943	53,346	43,083	63,954	261,003	217,353	108,959
Unassigned	(5,086)	(4,138)	-	-	-	794	-	-	-	-
Total all other governmental funds	80,199	142,651	143,337	131,978	109,476	106,493	110,642	315,818	270,064	256,510
<b>Total governmental funds</b>	\$ 171,260	\$ 238,721	\$ 213,708	\$ 240,316	\$ 241,742	\$ 251,866	\$ 258,025	\$ 457,019	\$ 406,056	\$ 386,335

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

- (1) The \$1,187 year-over-year increase is primarily attributable to \$924 for automated photo enforcement- red light cameras.
- (2) The \$5,140 year-over-year increase is attributable to \$2,830 increase in encumbrances for purchase orders and \$3,000 assigned to Sports Authority.
- (3) The \$12,494 year-over-year decrease is attributable to less revenue and more expenditures due to Covid-19.
- (4) The \$94,840 year-over-year increase is primarily attributable to proceeds held in escrow related to Series 2020 Bond refunding not expensed in FY20.
- (5) The \$108,394 year-over-year decrease is primarily attributable to increase in capital project expenditures.

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

CITY OF MEMPHIS, TENNESSEE  
EXHIBIT X-4

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Local taxes	\$ 546,446	\$ 540,761	\$ 532,902	\$ 550,660	\$ 568,619	\$ 576,294	\$ 580,750	\$ 609,946	\$ 603,993	\$ 633,194
State taxes (local share)	87,523	85,612	89,798	89,767	94,058	103,987	100,397	105,895	102,385	107,136
Hotel/motel tax	3,537	4,524	4,189	4,223	4,612	10,726	15,513	17,176	18,964	13,614
Licenses and permits	11,393	11,436	11,486	12,489	13,586	14,161	15,300	15,300	15,827	14,398
Fines and forfeitures	16,961	16,866	19,119	20,596	19,546	19,863	17,731	17,226	17,835	13,312
Charges for services	89,388	91,421	91,231	87,272	87,058	91,075	90,924	91,618	93,915	101,464
Investment income	798	725	652	721	769	1,508	1,421	4,574	12,197	8,460
Federal grants and entitlements	59,398	66,172	58,563	49,898	44,287	52,758	45,596	47,474	62,496	70,567
State grants	6,359	15,421	12,422	4,328	5,839	9,571	5,004	4,610	3,113	2,597
Intergovernmental revenues	6,492	6,155	4,136	3,928	3,411	5,996	9,409	8,661	9,966	10,760
Operating revenues	-	-	-	-	4,506	-	-	-	-	-
Other	14,016	22,576	21,328	17,000	22,525	16,661	20,321	38,988	21,080	27,416
<b>Total revenues</b>	<b>842,311</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>Expenditures</b>										
General government	179,292	150,362	165,735	177,009	176,173	183,995	198,706	219,466	216,804	236,346
Public safety	388,071	373,590	383,181	384,594	400,632	408,809	435,763	445,196	457,908	481,206
Community services	101,360	98,619	79,562	75,407	84,247	77,099	80,562	85,180	83,494	78,915
Transportation and environment	74,042	86,410	70,675	67,310	79,189	68,281	74,196	82,055	91,410	78,248
Education	82,400	72,526	63,720	276	154	112	112	82	59	3,060
Capital outlay	100,550	225,201	123,544	124,566	85,120	97,966	71,108	91,963	138,196	259,451
Operating expenditures	-	-	-	-	-	6,259	-	-	-	-
Debt service:										
Redemption of serial bonds and notes	24,100	36,874	66,812	74,099	86,421	86,733	90,782	92,535	97,366	99,922
Lease payments	-	-	3,799	2,386	3,294	7,037	6,406	5,608	6,422	4,228
Interest	52,303	64,709	66,390	61,595	67,465	65,403	65,051	59,848	69,319	65,078
Bond issuance cost	1,012	5,538	7	3,303	2,773	895	1,699	2,234	242	1,450
Service charges	194	229	616	1,327	1,019	966	1,115	1,202	754	4,920
<b>Total expenditures</b>	<b>1,003,324</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>
Excess of revenues over (under) expenditures	(161,013)	(252,839)	(178,265)	(130,990)	(122,915)	(97,066)	(124,273)	(123,901)	(200,203)	(309,906)
<b>Other financing sources (uses)</b>										
Sale of capital assets	-	8,947	1,481	431	691	-	1,792	60	5,493	19
Transfers in	187,613	162,405	152,176	104,545	86,542	99,071	95,190	110,963	115,923	101,290
Transfers out	(120,684)	(94,443)	(115,405)	(58,371)	(30,161)	(36,987)	(23,817)	(43,865)	(47,211)	(35,421)
Proceeds from issuance of debt	60,824	-	-	-	-	-	-	-	-	-
Capital leases	-	8,963	-	23,600	18,716	2,003	3,250	4,400	-	-
Special items	-	-	-	-	-	(6,250)	-	-	-	-
Issuance of debt	-	-	115,000	-	-	-	-	-	-	-
Issuance of refunding debt	25,366	98,740	-	430,652	244,055	114,885	233,240	384,254	75,035	339,977
Related party loan	-	20,397	-	-	1,585	1,562	-	-	-	-
Proceeds from related party debt	-	196,936	-	-	-	-	-	-	-	-
Retirement of refunding debt obligation	(27,108)	(173,496)	-	(343,259)	(222,171)	(75,000)	(195,830)	(150,000)	-	(143,436)
Premium on debt issue	6,803	19,876	-	-	25,084	5,805	17,401	17,764	-	27,756
<b>Total other financing sources</b>	<b>132,814</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>Net change in fund balances/(deficit)</b>	<b>(28,199)</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>
Debt service as a percentage of noncapital expenditures (1)	8.5%	11.4%	15.2%	16.3%	17.4%	17.6%	17.0%	16.1%	21.3%	16.6%

(1) For fiscal year 2020, the debt ratio includes the government-wide capital outlay of \$293,536. 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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Government</b>										
Legislative	\$ 1,572	\$ 1,498	\$ 1,502	\$ 1,426	\$ 1,501	\$ 1,443	\$ 1,547	\$ 1,932	\$ 2,093	\$ 2,345
Judicial	606	586	588	619	624	643	645	631	858	797
Court clerk	4,675	4,551	4,508	4,454	9,160	6,250	6,354	6,098	5,718	5,899
Executive	6,390	4,785	4,835	5,272	7,101	8,413	12,970	18,605	18,220	17,802
Finance and administration	5,196	4,656	4,557	4,649	5,100	7,489	9,278	16,648	16,962	25,838
City attorney	14,978	14,126	11,158	10,793	9,131	10,140	11,892	10,385	12,861	13,280
City engineer	5,981	5,674	5,773	5,030	5,230	6,640	7,776	7,916	8,636	7,793
Information services	19,158	15,449	14,587	14,510	14,474	15,949	21,378	27,836	19,573	20,879
Human resources	5,367	5,055	5,554	4,638	5,731	7,343	8,090	9,351	8,427	8,070
General services	12,941	11,724	21,156	19,540	20,628	21,701	24,273	20,217	20,396	24,829
Special appropriations	64,989	53,096	42,362	64,627	55,521	53,886	49,837	50,033	54,638	61,371
<b>Total general government</b>	<b>141,853</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>Public safety</b>										
Police	224,752	218,643	226,569	227,401	234,108	240,431	256,476	262,684	269,578	279,713
Fire	159,488	152,013	153,423	154,070	163,014	165,273	176,102	178,816	184,589	191,008
<b>Total public safety</b>	<b>384,240</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>Community Services</b>										
Library	-	-	-	-	-	-	17,547	18,698	19,800	20,532
Parks and recreation	28,593	29,033	42,706	46,118	49,815	49,709	31,901	35,126	35,796	36,678
Public Service	22,661	22,944	-	2	-	373	(2)	1	-	-
Community development	4,498	5,385	4,194	3,705	4,726	3,914	4,792	4,457	5,198	5,049
Community enhancement	7,387	6,312	-	36	-	-	5	1	-	-
<b>Total community services</b>	<b>63,139</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>Transportation and Environment</b>										
Public works	6,321	10,145	19,068	12,241	11,847	14,612	14,162	19,433	17,002	13,076
<b>Total transportation and environment</b>	<b>6,321</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>
Transfers out	66,722	78,107	78,732	22,464	19,005	18,775	7,974	23,764	23,287	7,865
Special items	-	-	-	-	-	6,250	-	-	-	-
<b>Total</b>	<b>\$ 662,275</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>

CITY OF MEMPHIS, TENNESSEE  
EXHIBIT X-6

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

Tax Year	Real Property										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				
	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			Assessed Value	Estimated Actual Value
2010	5,359,781,600	21,439,126,400	4,743,781,550	13,089,810,000	1,133,365,185	3,774,783,400	816,425,195	1,484,409,445	12,053,353,530	38,788,129,245	31.07%	3.1957		
2011	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	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	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	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	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	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	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	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	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		

(1) Does not include City-owned utilities (Electric and Gas Divisions) which are assessed a separate in-lieu-of-tax. Beginning with fiscal year 1988, the Electric and Gas Divisions are taxed under the provisions of State Statutes, "The Municipal Electric System Tax Equivalent Law of 1987" and "The Municipal Gas System Tax Equivalent Law of 1987" respectively. Under these laws, the annual tax equivalent is the sum of: (1) The equalized tax rate applied to the net plant value and book value of materials and supplies, and (2) Four percent (4%) of the average of revenue less power cost for the preceding three (3) fiscal years. The law also provides that no payment shall be less than the amount paid in Fiscal Year 1987. Net proceeds from this source go only to the City's General Fund and are not allocated by the tax rate ordinance. The City contributes a portion of the proceeds to the County based on a tax rate formula.

(2) Includes intangible personal property which is assessed at 40%.

(3) Includes multiple real estate assessed at 0-40% as well as greenbelt commercial real estate at 25%, greenbelt industrial real estate at 25% and greenbelt multiple real estate at 0-40% For real estate, where parcel classification is multiple, the assessments will not equal the percentage multiple of the market appraisal or greenbelt.

Sources: Shelby County Assessor (real and personal) and State of Tennessee Office of State Assessed Property (utilities and carriers).

**CITY OF MEMPHIS, TENNESSEE**  
**Exhibit X-7**

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

Tax Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fiscal Year	2011	2012 *	2013	2014 *	2015	2016	2017	2018	2019	2020	
<b>City Direct Rates</b>											
General Fund	\$ 2.2917	\$ 2.4717	\$ 2.2917	\$ 2.4874	\$ 2.3125	\$ 2.3125	\$ 2.3125	\$ 2.2251	\$ 2.1640	\$ 2.1640	\$ 2.1640
Debt Service	0.7141	0.7141	0.7152	0.9093	1.0842	1.0842	1.0842	1.0432	1.0189	1.0189	0.9989
CIP	0.0031	0.0031	0.0031	0.0033	0.0033	0.0033	0.0033	0.0032	0.0031	0.0031	0.0098
Education	0.1868	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	0.0000	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	0.0000	0.0000	0.0067
Affordable Housing Fund	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0067
<b>Total City Direct Rate</b>	<b>3.1957</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	1.33	1.36	1.36	1.45	1.45	1.45	1.45	1.43	1.49	1.49	1.49
Debt Service	0.79	0.75	0.75	0.79	0.78	0.78	0.78	0.69	0.62	0.62	0.62
Education	1.90	1.91	1.91	2.14	2.14	2.14	2.14	1.99	1.94	1.94	1.94
<b>Total County Direct Rate</b>	<b>4.02</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>7.2157</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>											
(1) City	\$ 380,172,801	\$ 378,505,905	\$ 369,997,811	\$ 386,414,917	\$ 390,901,305	\$ 389,694,995	\$ 395,497,816	\$ 420,342,211	\$ 413,606,555	\$ 417,014,960	\$ 417,014,960
County	756,936,983	754,262,345	750,562,710	775,606,738	778,641,703	780,513,345	787,557,182	823,187,542	821,656,618	821,373,075	821,373,075
<b>Total Tax Levies</b>	<b>1,137,109,784</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>1,238,388,035</b>

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

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

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

**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Year and Nine Years Ago**

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

Name of Taxpayer	Fiscal Year 2020		Fiscal Year 2011		Percentage of Total Taxable Assessed Value
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	
FedEx Corporation	\$ 733,141,169	5.78	\$ 491,829,776	4.16	
Wolfchase Galleria, LTD	48,200,000	0.38	96,813,531	0.82	
BNSF Railway Company	47,253,027	0.37	60,006,960	0.51	
Smith and Nephew	39,740,850	0.31	36,154,640	0.31	
Exeter	39,293,320	0.31	30,094,886	0.25	
AT&T Mobility LLC	35,723,362	0.28	27,028,019	0.23	
TMF II RIVERSET LLC, 520 W E	32,984,560	0.26	25,538,351	0.22	
EDGE	32,832,700	0.26	21,303,520	0.18	
Olymbec USA LLC,	32,756,920	0.26	21,174,474	0.18	
Union Pacific Railroad	31,660,164	0.25	20,572,000	0.17	
Total Assessed Valuation of Top 10 Taxpayers	1,073,586,072	8.46	830,516,157	7.03	
Balance of Assessed Valuation	11,620,622,663	91.54	10,985,961,421	92.97	
	\$ 12,694,208,735	100.00	\$ 11,816,477,578	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
2010	2011 (A)	380,186,210	359,918,827	94.67	17,476,145	377,394,972	99.27	37,327,820	9.82
2011	2012 (B)	* 378,505,905	357,439,955	* 94.43	7,157,948	364,597,903	* 96.33	* 38,518,840	* 10.18
2012	2013 (C)	369,997,811	351,568,012	95.02	4,609,428	356,177,440	96.26	37,920,407	10.25
2013	2014 (D)	* 386,414,817	* 373,811,552	* 96.74	4,475,138	* 378,286,690	* 97.90	* 40,240,356	* 10.41
2014	2015 (E)	390,901,305	372,601,741	95.32	9,154,932	381,756,673	97.66	37,980,066	9.72
2015	2016 (F)	389,694,995	371,180,561	95.25	9,372,759	380,553,320	97.65	38,934,491	9.99
2016	2017 (G)	395,497,816	376,155,872	95.11	5,759,219	381,915,091	96.57	41,089,159	10.39
2017	2018 (H)	420,342,211	400,081,997	95.18	7,091,826	407,173,822	96.87	40,252,452	9.58
2018	2019 (I)	413,606,555	394,872,256	95.47	6,753,713	401,625,969	97.10	38,342,430	9.27
2019	2020 (I)	417,014,960	393,487,960	94.36	3,148,875	396,636,836	95.11	38,212,875	9.16

Taxes are normally due on June 1 and delinquent on September 1 each year and may be paid in two installments (June 1 through June 30 and August 1 through August 30). A penalty of 1/2 of 1% accrues the first of each month taxes remain delinquent. Additionally, interest is charged at 12% per annum until paid. Discounts are not allowed. Delinquent taxes may be collected by foreclosure proceedings through court ordered tax sales.

\* Prior year's reported activity was revised to ensure consistent reporting across reported fiscal years.

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

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

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

(D) In November 2013, the City sold the majority of the 2013 tax year (which funds fiscal year 2014) real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$21,413,447 for fiscal year 2014, which is reflected in tax collections.

(E) In December 2014, the City sold the majority of the 2014 tax year (which funds fiscal year 2015) real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$14,917,354 for fiscal year 2015, which is reflected in tax collections.

(F) In April 2016, the City sold a portion of the 2015 tax year (which funds fiscal year 2016) real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$8,622,852 for fiscal year 2016, which is reflected in tax collections. Additionally, the City swapped previously sold receivables that had not yet been paid, with different delinquent receivables. The total balance of the swap was \$2,431,705 which is reflected in "Prior Years Outstanding Delinquent Taxes."

(G) In March 2017, the City sold a portion of the 2016 tax year (which funds fiscal year 2017) real property taxes outstanding to an outside party. The sale generated property tax revenue and reductions of the property tax receivable balance of \$10,884,669. Additionally, the City redeemed remaining outstanding 2012 receivables in the amount of \$1,270,078. The sale is reflected in total tax collections.

(H) In May 2018, the City sold a portion of the 2017 tax year (which funds fiscal year 2018) real property taxes outstanding to an outside party. The sale generated property tax revenue and reductions of the property tax receivable balance of \$11,000,142.91. Additionally, the City redeemed remaining outstanding 2013 receivables in the amount of \$2,945,038. The sale is reflected in total tax collections. Adjusted Tax Levy increased \$24,844,295 due to tax assessment on January 1, 2017 for fiscal year 2018. This assessment is performed every four years.

(I) In December 2018, the City sold a portion of the 2018 tax year (which funds fiscal year 2019) real property taxes outstanding to an outside party. The sale generated property tax revenue and reductions of the property tax receivable balance of \$12,231,850.21. Additionally, the City redeemed remaining outstanding 2014 receivables in the amount of \$2,541,070.80. The sale is reflected in total tax collections.

(J) 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 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.

Source: City of Memphis Tax System

**RATIOS OF OUTSTANDING DEBT BY TYPE**  
 Last Ten Fiscal Years  
 (Thousands of Dollars)

**CITY OF MEMPHIS, TENNESSEE**  
 EXHIBIT X-10

Fiscal Year	Governmental Activities						Business-Type Activities										Per Capita <sup>(2)</sup>			
	General Obligation Bonds <sup>(1)</sup>	Bond Premiums <sup>(1)</sup>	Bond Anticipation Notes / Commercial Paper <sup>(1)</sup>	Guarantee Obligations <sup>(1)</sup>	Guarantee Obligations Premiums <sup>(1)</sup>	Settlement Obligation <sup>(1)</sup>	Capital Leases <sup>(1)</sup>	Sewer & Storm Water Revenue Bonds <sup>(1)</sup>	Sewer & Storm Water Revenue <sup>(1)</sup>	Sewer & Storm Water Bond Premiums <sup>(1)</sup>	Sewer State Loans <sup>(1)</sup>	Electric Revenue Bonds <sup>(1)</sup>	Electric Bond Premiums <sup>(1)</sup>	Gas Bond Anticipation Notes <sup>(1)</sup>	Gas Bond Anticipation Premiums <sup>(1)</sup>	Water Revenue Bonds <sup>(1)</sup>		Water Bond Premiums <sup>(1)</sup>	Total Primary Government <sup>(1)</sup>	Percentage of Personal Income <sup>(2)</sup>
2011	1,181,468	-	75,400	-	-	-	5,182	155,540	-	-	3,881	848,305	-	-	-	1,625	-	2,271,401	4.49%	3,511
2012	1,158,085	-	71,975	217,050	-	-	11,286	145,575	-	-	3,881	757,885	-	-	-	1,625	-	2,367,362	4.78%	3,631
2013	1,091,780	-	186,975	216,543	-	-	7,487	135,095	-	-	3,881	662,695	-	-	-	-	-	2,304,456	6.05%	3,508
2014	1,221,320	-	50,000	216,018	-	-	30,319	123,745	-	-	3,847	562,995	-	-	-	-	-	2,207,744	5.53%	3,381
2015	1,208,925	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	40,000	47,124	341,455	21,016	7,866	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	78,725	83,898	312,685	27,659	13,828	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	76,160	107,743	185,520	23,709	12,611	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	73,500	130,277	178,480	21,395	11,426	11,426	61,860	4,693	2,258,580	4.88%	3,469

<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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Estimated population (3)	646,889	652,050	657,457	653,450	656,861	653,480	666,723	652,236	650,618	651,073
Appraised property valuation (2) (4)	\$ 38,788,129	\$ 38,069,899	\$ 37,757,901	\$ 36,455,804	\$ 35,448,458	\$ 35,955,987	\$ 36,080,187	\$ 39,799,719	\$ 40,029,728	\$ 40,073,124
Assessed valuation (2) (4)	12,053,354	11,816,478	11,720,563	11,483,484	11,142,251	11,345,981	11,374,600	12,597,019	12,687,864	12,694,209
General obligation debt (1) (2)	1,256,868	1,230,060	1,163,755	1,271,320	1,228,825	1,199,950	1,119,035	1,347,440	1,261,655	1,300,115
Bond Premiums (2) (5)	-	-	-	-	79,464	73,155	60,542	66,452	52,893	67,620
Less self supporting debt (1a) (2)	2,015	-	-	-	-	-	-	-	-	-
Net Debt (1a) (2)	1,254,853	1,230,060	1,163,755	1,271,320	1,308,289	1,273,105	1,179,577	1,413,892	1,314,548	1,367,735
Bonded debt per capita - net debt	1,940	1,886	1,770	1,946	1,992	1,948	1,769	2,168	2,020	2,101
Bonded debt to appraised valuation -net debt	3.24%	3.23%	3.08%	3.49%	3.69%	3.54%	3.27%	3.55%	3.28%	3.41%
Bonded debt to assessed valuation -net debt	10.41%	10.41%	9.93%	11.07%	11.74%	11.22%	10.37%	11.22%	10.36%	10.77%

(1) Debt includes City general obligation bonds, bond anticipation notes, and commercial paper (2011-2020).  
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 2019.

(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, 2020**  
**(Thousands of Dollars)**

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

	Debt Outstanding	Estimated Percentage Applicable <sup>(1)</sup>	Estimated Share of Overlapping Debt <sup>(2)</sup>
<u>Direct Governmental Indebtedness:</u>			
City of Memphis <sup>(4)</sup>	\$ 1,350,115	100.0%	\$ 1,350,115
Bond Premiums	67,620	100.0%	67,620
Capital lease obligations	28,184	100.0%	28,184
Guarantee Obligations	153,234	100.0%	153,234
Guarantee Obligation Premiums	13,171	100.0%	13,171
Settlement Obligation	<u>13,331</u>	100.0%	<u>13,331</u>
Total direct government indebtedness <sup>(3)</sup>	1,625,655		1,625,655
<u>Overlapping bonded indebtedness:</u>			
Shelby County debt	<u>868,633</u>	62.2%	<u>540,289</u>
Total overlapping bonded indebtedness	868,633		540,289
Total direct and overlapping debt <sup>(4)</sup>	<u>\$ 2,494,288</u>		<u>\$ 2,165,944</u>

<sup>(1)</sup> 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.

<sup>(2)</sup> Amount in debt outstanding column multiplied by percentage applicable.

<sup>(3)</sup> Has not been adjusted for the \$64,856 which is available for payment of principal and interest in the debt service fund.

<sup>(4)</sup> The City of Memphis has no legal debt margin.

**DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years**  
**(Thousands of Dollars)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt capacity limit	\$ 1,417,977	\$ 1,406,468	\$ 1,406,468	\$ 1,378,018	\$ 1,337,070	\$ 1,361,518	\$ 1,364,952	\$ 1,511,642	\$ 1,522,544	\$ 1,523,305
Total net debt applicable to limit	1,259,298	1,230,060	1,163,755	1,271,320	1,308,289	1,273,105	1,179,577	1,413,892	1,314,548	1,367,735
Debt capacity margin balance	\$ 158,679	\$ 176,408	\$ 242,713	\$ 106,698	\$ 28,781	\$ 88,413	\$ 185,375	\$ 97,750	\$ 207,996	\$ 155,570
Total net debt applicable to the limit as a percentage of debt limit	88.81%	87.46%	82.74%	92.26%	97.85%	93.51%	86.42%	93.53%	86.34%	89.79%

**Debt Margin Calculation for Fiscal Year 2020**

Total assessed value (1)	\$ 12,694,209
Debt capacity limit (12% of total assessed value) (2)	1,523,305
Debt applicable to limit:	
Total bonded debt	\$ 1,367,735
Total net debt applicable to limit	1,367,735
Debt capacity margin balance	\$ 155,570

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

(2) Source: City of Memphis Debt Management Policy

PLEGGED REVENUE COVERAGE - MLGW AND  
SEWER COLLECTION AND TREATMENT FUND

CITY OF MEMPHIS, TENNESSEE  
Exhibit X-14

Last Ten Fiscal Years  
(Thousands of Dollars)

Year	Total Income (3)	Operating and Maintenance Expenses	Net Revenue Available for Debt Service	Total Debt Service	Debt Service Coverage
<b>ELECTRIC DIVISION (1)</b>					
2010	1,348,346	1,193,617	154,729	610,778	0.25
2011	1,385,433	1,247,530	137,903	131,619	1.05
2012	1,331,536	1,221,769	109,767	132,217	0.83
2013	1,303,319	1,181,316	122,003	131,990	0.92
2014	1,336,440	1,201,760	134,680	131,682	1.02
2015	1,321,726	1,193,682	128,044	135,481	0.95
2016	1,299,757	1,206,084	93,673	139,879	0.67
2017	1,281,400	1,182,661	98,739	135,414	0.73
2018	1,337,857	1,181,919	155,938	153,431	1.02
2019	1,329,504	1,213,134	116,370	15,226	7.64
<b>GAS DIVISION (1)</b>					
2010	341,350	292,481	48,869	15,126	3.23
2011	288,409	250,812	37,597	-	N/A
2012	226,395	200,483	25,912	-	N/A
2013	284,362	255,229	29,133	-	N/A
2014	333,596	293,100	40,496	-	N/A
2015	250,231	212,097	38,134	-	N/A
2016	205,974	186,886	19,088	443	43.09
2017	226,217	200,540	25,677	3,368	7.62
2018	275,087	203,028	72,059	6,125	11.76
2019	261,963	186,445	75,518	6,130	12.32
<b>WATER DIVISION (1)</b>					
2010	84,957	71,908	13,049	1,706	7.65
2011	86,887	72,029	14,858	43	345.53
2012	85,265	74,395	10,870	1,668	6.52
2013	85,430	69,457	15,973	-	N/A
2014	86,903	70,379	16,524	253	65.31
2015	85,169	74,604	10,565	1,072	9.86
2016	100,586	77,611	22,975	1,256	18.29
2017	100,513	81,352	19,161	3,222	5.95
2018	104,317	65,118	39,199	4,930	7.95
2019	106,733	70,299	36,434	4,927	7.39
<b>SEWER COLLECTION AND TREATMENT FUND (2) (3)</b>					
2011	100,931	39,919	61,012	17,384	3.51
2012	106,910	42,244	64,666	16,880	3.83
2013	106,993	44,546	62,447	16,806	3.72
2014	105,258	43,929	61,329	16,817	3.65
2015	104,592	50,944	53,648	16,028	3.35
2016	97,854	55,031	42,823	15,922	2.69
2017	99,859	65,332	34,527	15,900	2.17
2018	111,250	58,750	52,500	13,868	3.79
2019	125,497	74,655	50,842	14,839	3.43
2020	133,475	72,142	61,333	14,217	4.31

(1) MLGW revenue bond coverage is presented for years ended December 31.

(2) Sewer Collection and Treatment Fund revenue bond coverage is presented for the year ended June 30.

(3) For the Sewer Collection and Treatment Fund, total income represents the sum of charges for services and capital contributions.

DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Fiscal Years

CITY OF MEMPHIS, TENNESSEE  
EXHIBIT X-15

Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2010	676,640	50,093,990	38,577	33.8	107,041	10.0
2011	646,889	50,613,401	35,775	33.5	106,656	10.9
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 (1)	6.5
2017	666,723	42,356,302	45,153	34.2	114,644	4.2
2018	652,236	43,210,184	46,234	33.5	112,808	4.7
2019	650,618	44,650,627	47,655	36.5	103,015	5.0
2020	651,073	46,287,828	49,465	36.5	104,770	13.0 (2)

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.

Name of Employer	2020		2011	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
FedEx Corporation	30,000	4.63%	30,000	7.41%
Shelby County Schools	15,500	2.39%	15,991	3.95%
Tennessee State Government	15,400	2.38%	15,500	3.83%
United States Government	13,400	2.07%	9,000	2.22%
Methodist Le Bonheur Healthcare	13,183	2.04%	8,700	2.15%
City of Memphis	8,200	1.27%	7,231	1.79%
Baptist Memorial Healthcare Corp.	7,313	1.13%	6,845	1.69%
Naval Support Activity Mid-South	6,500	1.00%	6,336	1.57%
Wal-Mart Stores, Inc.	6,280	0.97%	6,000	1.48%
Kroger Co.	6,198	0.96%	5,200	1.28%
<b>Total</b>	<b>121,974</b>	<b>18.84%</b>	<b>110,803</b>	<b>27.38%</b>

Source - City of Memphis Comprehensive Annual Financial Report FY 2011, Greater Memphis Chamber MSA Employers 2020

Function and Activity	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General government</b>	1,147	1,147	724	669	640	652	725	983	1,049	1,119
<b>Public safety</b>	2,550	2,550	2,554	2,521	2,299	2,042	2,290	2,283	2,397	2,462
Police	478	478	478	411	397	732	438	453	469	451
Fire	1,678	1,740	1,709	1,616	1,576	1,391	1,576	1,585	1,595	1,595
Firefighters and officers	184	122	122	218	213	398	208	199	178	178
Civilians										
<b>Highways and streets</b>	124	124	120	117	117	116	116	116	116	118
Engineering	274	274	389	382	391	393	399	399	446	446
Maintenance										
<b>Sanitation</b>	604	604	621	619	619	615	515	515	515	515
<b>Culture and recreation</b>	240	240	510	507	508	506	162	208	211	212
<b>Sewer</b>	289	289	299	299	305	341	341	341	354	356

Source - City of Memphis Operating Budget Book FY 2020

**OPERATING INDICATORS BY FUNCTION**  
**Last Ten Fiscal Years**

**CITY OF MEMPHIS, TENNESSEE**  
**EXHIBIT X-18**

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Physical arrests	82,003	48,357	46,116	89,478	58,247	53,269	65,231	62,707	58,920	49,649
Parking violations	89,374	77,398	87,536	62,595	62,916	48,623	58,181	64,622	72,770	59,908
Traffic violations	222,435	215,658	178,934	179,599	152,773	179,374	111,908	167,936	219,237	175,728
Fire										
Number of calls answered	23,892	24,522	126,789	131,542	118,928	124,320	142,087	144,931	144,282	142,585
Inspections	N/A	206,142	206,881	53,980	51,159	45,240	45,022	15,822	18,919	19,427
Highways and streets										
Street resurfacing (miles)	137.93	147.04	131.60	139.05	113.90	177.80	246.30	102	224.87	63
Potholes repaired	982	973	39,280	47,504	76,482	3,882	75,000	58,871	60,085	39,814
Sanitation										
Refuse collected (tons/day)	1,161	1,131	1,117	1,401	928	920	1,117	1,868	1,898	887
Recyclables collected (tons/day)	374	429	407	495	392	489	337	411	1,385	81
Culture and recreation										
Athletic field permits issued	1,786	999	982	1,445	1,129	1,154	827	702	1,127	594
Community center admissions	1,653,610	1,798,532	1,929,348	1,899,388	1,818,094	1,318,919	1,676,957	1,328,117	1,116,072	1,101,618
Water										
Average daily consumption (thousands of gallons)	118,768	115,295	112,216	108,564	104,620	100,055	99,957	99,137	99,657	102,215
Wastewater										
Average daily sewage treatment (thousands of gallons)	172,950	175,900	150,000	150,000	146,000	146,000	146,000	149,200	187,901	170,501

Source: MLGW and/or Internal Division Operating Reports



Function and Activity	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Public Safety:</b>										
Police:										
Stations	10	10	9	9	9	10	10	9	9	9
Community policing offices	14	14	14	9	9	9	9	9	9	9
Patrol units	1,056	877	730	692	741	740	677	715	781	775
Fire:										
Stations	57	57	57	57	56	56	56	57	57	57
Trucks (ladder)	27	27	27	21	21	21	21	21	21	20
<b>Solid Waste Management:</b>										
Collection trucks	253	227	227	227	227	214	212	212	263	299
Solid waste disposed (tons)	424,025	405,686	396,309	364,159	343,114	366,483	378,256	485,820	493,423	444,576
<b>Streets and Highways:</b>										
Streets (miles)	6,750	6,750	6,750	6,818	6,818	6,818	6,818	6,818	6,818	6,714
Curb & gutter (miles)	3,950	3,950	3,590	6,306	6,306	6,306	6,060	6,355	6,306	6,306
Streetlights	82,706	82,774	83,750	83,000	83,437	83,800	83,800	83,800	84,499	84,648
Traffic signals	770	769	771	770	772	770	770	782	787	787
Roadside ditches	580	580	580	512	512	512	512	512	512	512
<b>Community Services:</b>										
Parks acreage	5,387	5,387	3,219	3,219	3,219	4,002	4,002	3,219	3,219	3,219
Parks	187	187	166	166	166	167	167	167	167	167
Golf courses	8	8	8	8	8	8	8	8	8	8
Community centers	24	24	24	24	24	24	24	24	24	24
Tennis courts	7	7	7	7	7	7	7	7	7	7
Swimming pools	17	17	17	17	17	17	17	17	17	17
<b>Water:</b>										
Water mains (miles)	3,716	3,716	3,716	3,874	3,877	3,879	3,879	3,881	3,943	3,947
Fire hydrants	30,423	30,423	30,423	30,819	30,937	31,018	31,018	31,159	30,311	30,378
Daily storage capacity (millions of gallons)	437.5	437.5	437.5	437.5	437.5	438	438	438	438	438
<b>Sanitary Sewer and Storm:</b>										
Miles of sewer lines	3,630	3,635	2,400	2,400	2,400	2,400	2,400	3,133	3,133	3,133
Miles of storm drainage	3,988	3,995	3,900	1,997	1,997	1,936	307	1,424	1,424	2,002

Source - MLGW.com and/or Internal Division Operating Reports.

**GENERAL FUND EXPENDITURES ON STATE STREET AID**  
**(Thousands of Dollars)**  
**For the Fiscal Year Ended June 30, 2020**

**CITY OF MEMPHIS, TENNESSEE**  
**Exhibit X- 20**

	<u><b>2020</b></u>
<b>Revenues</b>	
State taxes (local share)	\$ 18,708
Total revenues	<u>18,708</u>
<b>Expenditures</b>	
Traffic engineering	1,951
Street signs and markings	2,895
Mass transit	38,370
Traffic signal maintenance	3,466
Street maintenance	7,984
Grounds maintenance	<u>2,780</u>
Total expenditures	<u>57,446</u>
Excess of expenditures over revenues	<u>\$ 38,738</u>

Note: Municipal state aid revenue can only be spent on expenditures allowed under T.C.A. 54-4-204.

# CITY OF MEMPHIS

T E N N E S S E E



FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures	
Federal Government Awards  DEPARTMENT OF HOMELAND SECURITY	Urban Search and Rescue Task Force Urban Search and Rescue Task Force Urban Search and Rescue Task Force Total Program 97.025	97.025	EMW-2015-CA-00015-501	\$ -	\$ 27,949	
		97.025	EMW-2016-CA-00016	-	186,194	
		97.025	EMW-2019-CA-00070	-	408,692	
				-	622,835	
	Total Program 97.039			-	2,352	
	2018 Assistance to Firefighter 2017 Nat'l Urban Search & Rescue Response system EMW-2018-CA-00013 2017 Fire Prevention and Safety Grant Subtotal (97.044) Total Program 97.044	97.044	EMW-2018-FO-05483		-	2,961,659
		97.044	EMW-2017-CA-00082		-	313,698
		97.044	EMW-2018-CA-00013		-	324,352
		97.044	EMW-2017-FP-400804		-	176,879
	Total Program 97.056			-	3,776,588	
Port Security Grant Port Security Grant Port Security Grant Total Program 97.056	97.056	EMW-2018-PUL-00501		-	86,313	
	97.056	EMW-2019-PUL-00080		-	45,521	
	97.056	EMW-2017-PUL-00500		-	73,662	
			-	205,496		
Total Program 14.218			-	4,607,271		
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	<i>Entitlement Grants Cluster:</i>  Community Development Block Grant Community Development Block Grant Community Development Block Grant Community Development Block Grant Community Development Block Grant Community Development Block Grant Community Development Block Grant CDBG - ADMIN Entitlement & Program Income FY2011 Basis Pro Program Income Community Development Block Grant  Lead Hazard Reduction Lead Hazard control and Healthy Homes  Emergency Shelter FY20 Emergency Shelter FY18 Emergency Shelter FY19  Home Program Home Program Home Program Home Program Home Program Home Program  Housing Opportunities for Persons with Aids FY15 Housing Opportunities for Persons with Aids FY17 Housing Opportunities for Persons with Aids FY18 Housing Opportunities for Persons with Aids FY19 Housing Opportunities for Persons with Aids FY20	14.218	B01MC470006;B03MC470006;B06MC470006;B07MC470006;B08MC470006;B09MC470006;B10MC470006	\$ -	\$ 1,190,149	
		14.218	B13MC470006	-	1,900	
		14.218	B14MC470006	-	73,400	
		14.218	B19MC470006	936,729	4,318,334	
		14.218	B17MC470006	11,376	72,507	
		14.218	B17MC470006	64,691	241,583	
		14.218	B19MC470006	-	209,668	
		14.218	B19MC470006	-	686,220	
		14.218	B20MC470006	-	1,527,360	
		Total Program 14.905			-	10,824
Total Program 14.905			-	205,968		
			-	216,792		
			\$ 224,189	\$ 391,384		
			44,916	40,720		
Total Program 14.231			269,105	65,093		
Total Program 14.231				497,197		
	14.239	M02.03MC470202;M08MC470202;M09MC470202;M10MC470202;M14MC470202;M15MC470202;M16MC470202	\$ -	\$ 140,839		
	14.239	M15MC470202	-	20,300		
	14.239	M16MC470202	87,429	312,764		
	14.239	M17MC470202	-	18,661		
	14.239	M18MC470202	74,477	339,973		
	14.239	M19MC470202	189,141	870,398		
	Total Program 14.241			351,047	1,702,935	
	Total Program 14.241			\$ 298,075	\$ 828,411	
				-	11,613	
			-	33,126		
			45,295	298,506		
			1,886,484	2,683,220		
			2,229,854	3,854,876		

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
FEDERAL GRANTOR/PASS-THROUGH GRANTOR	SPC Shield, Inc	14.238	TN011L4001507	\$ -	\$ -
	SPC Shield, Inc	14.238	TN011L4001608	-	-
	SPC - Friends for Life	14.238	TN0016L4001508	-	-
Total Program 14.238					
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	Section 108 Loan	14.246	B-98-BD-47-0009-B-10-MC470006-108	\$ -	\$ -
	Section 108 Loan	14.248	B-10-MC470006-108	-	-
	Weatherization Program (WAP) FY20	81.042	DE-EE0007951.00	\$ -	\$ 179,185
	Weatherization Program (WAP) FY19	81.042	DE-EE0007951.00	-	27,769
	Weatherization Assistance Program (LIHEAP)	93.568	G-1801TSLJEJA	-	98,664
	Low Income Home Energy Assistance Program (LIHEAP) FY19	93.568	G-1801TSLJEJA	-	345,692
	Continuum of Care (SHIELD)	14.267	TN0011L4001709	-	68,199
	Continuum of Care (COC) Program	14.267	TN0011L4001810	-	46,293
	Continuum of Care (COC) Program	14.267	TN0016L4001811	-	352,734
	Choice Neighborhoods implementation Grant	14.889	TN4K001CNG114	-	1,118,536
	Total Program 81.042, 14.267, 93.568, 14.889, 15.904			\$ 53,239	\$ 1,118,536
				\$ 53,239	\$ 1,118,536
				\$ 3,916,041	\$ 15,711,487
DEPARTMENT OF JUSTICE	Equitable Sharing Forfeitures	16.000	TNMPD0000	-	\$ 261,532
	Equitable Sharing Forfeitures	16.000	TNMPD0000	-	\$ 261,532
Total Program 16.000					
DEPARTMENT OF JUSTICE	Project Safe Neighborhood Housing Demo	16.609	2004-GP-CX-0704-2003-GP-CX-0515-Z-04-015253-00-2009-GP-BX-0069-2010-GP-BX-0049	\$ -	\$ 49,924
	Encourage Arrest	16.590	2014-WE-AX-0049	-	49,924
Total Program 16.590					
DEPARTMENT OF JUSTICE	STOP Violence Against Women	16.588	N/A	-	\$ 75,112
	Memphis FY19 LEMHWA Peer Support	16.710	2019-MH-WX-K004	-	75,112
Total Program 16.710					
Pass-through Funding Passed through Shelby County State of Tennessee	JAG Program Cluster:				
	JAG 10	16.738	2010-DJ-BX-1563.BJA-2013-3599	\$ -	\$ 160,465
	JAG 11	16.738	2010-DJ-BX-1563	-	160,465
	JAG 14	16.738	BJA-2014-3879	-	28,763
	JAG 16	16.738		-	55,320
	Memphis LPR GSR Technology Innovation	16.738	2016-DG-BX-KI43	-	(15,788)
	MPL After School Programs	16.738	N/A	-	74,336
	Technology Innovation for Public Safety	16.738	2018-DG-BX-K010	69,584	194,522
	Crime Gun Intelligence Center Integration Initiative	16.738	2018-BG-0004	16,761	233,829
	Total Program 16.738			\$ 86,345	\$ 891,912
	FY09 JAG AWARD	16.804	2009-SB-B9-2466	-	5,813
	Total Program 16.804				
	TOTAL DEPARTMENT OF JUSTICE	Total JAG Program Cluster			\$ 86,345
2015 Sexual Assault Kit Initiative		16.833	2015-AK-BX-K004	-	96,111
FY18 National Assault Kit Initiative		16.833	2018-AK-BX-0028	23,511	154,484
FY17 National Sexual Assault Kit Initiative (SAKI)		16.833	2017-AK-BX-0014	307,401	320,659
Total Program 16.833			\$ 330,912	\$ 571,254	
TOTAL DEPARTMENT OF JUSTICE	GREAT 06	21.053	2006-IV-FX-0031	-	11,085
	Total Program 21.053				11,085
TOTAL DEPARTMENT OF JUSTICE				\$ 417,257	\$ 1,865,613

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
Direct Funding: U.S. DEPARTMENT OF TRANSPORTATION	<i>Highway Planning and Construction Cluster:</i> Biomedical Sidewalk	20.205	PN 070149,HPP-9409(03), PIN 108676	\$ -	\$ 107,756
Pass-through Funding: Tennessee Department of Transportation	Enhanced Traffic Signal Implementation	20.205	CM-STEP-9409(41)-040713,(48)-(040718,(41)-12905,(142)-113006,(145)-112875,(47)-040717,(47)-112873,(50)-040720	-	98,219
	Elvis Presley/Shelby/Winchester	20.205	STP-EN-9409(003)-113028	-	1,984,028
	Winchester/Perkins	20.205	STP-M-9409(96,36)	-	17,020
	Holmes Road East	20.205	PN-108701-40,STP-M-9409(99)	-	129,270
	TDOT Multimodal Access Grant	20.205	PN 122008	-	4,424
	Westmont Street Sidewalk, Innp Project	20.205	PN 123158	-	24,715
	TDOT Mason Road Sidewalk Project	20.205	PN 123156	-	46,760
	50-Mile Connections - Bike/Red On-street Connections	20.205	NONE	-	799,466
	Wolf River Greenway Phase IV	20.205	STP-EN-9409(166)	-	175,038
	STP Wolf River Greenway Phase 15	20.205	STP-M-9409(204)PIN 123310	-	15,531
	STP Group 2 Resurficing	20.205	STP-EN-9409 (111) PIN 119539	-	1,897,154
	STP Group 6 Resurficing	20.205	79LPJM-F0-417-419 PIN 120588	-	2,912,087
	STP Isolated Traffic Signal Improvements-Grp 1	20.205	STP-M-NH-14(56) PIN 119540,00	-	556,425
	STP Isolated Traffic Signal Improvements-Grp 2	20.205	STP-EN-9409 (111) PIN 119541	-	617,740
	STP Isolated Traffic Signal	20.205	STP-EN-9409 (111) PIN 119542	-	255,471
	Repair 14 Bridges on over Sam Cooper B20,205Ivd	20.205	STP-EN-9409 (111) PIN 119544	-	1,212
	Repair Brooks Rd. Bridge over Days Creek	20.205	STP-M-9409(182),119543	-	77,022
	Wolf River Greenway Phase 5A	20.205	PN 120076	-	246,323
	TDOT N. Parkway Sidewalk	20.205	PN 122148	-	21,467
	TDOT/Elvis Presley Blvd	20.205	STP-EN-9409 (111) PIN	-	196,684
	Dept. of Transportation-Bicycling Network	20.205	STP-EN-9409(73)	-	(11,193)
	STP Sidewalk Program	20.205	STP-M-9409 (168) PIN 118412,00	-	5,637
	Shelby Farms Greenline Bridge	20.205	PN 119937	-	65,270
	Transportation Alternative	20.205	N/A	-	197,107
	TDOT Plough/Winchester	20.205	PN 102619	-	456,086
	HWY Rail Grade Crossing	20.205	PN 119920	-	159,694
	Georgia at Riverside Dr. Intersection Imprv	20.205	PN 108673,04	-	2,081
	Railroad Safety Improvements	20.205	PN 125430	-	24,023
		20.205	STP-R-2883(2) PIN 112932	-	12,500
	Total Program 20.205			\$ -	\$ 11,077,017
		20.600	Z18HS207	\$ -	117
	FY18 Network Coordinator	20.600	PT-10-31	-	(4,772)
	GHSO FY10 NETWORK COORDINATOR LAW ENFORCEMENT	20.600	209214633	-	2,514
	GHSO FY09 COMPREHENSIVE ALCOHOL REDUCTION	20.600	154L-07-16	-	(349,300)
	GHSO Network FY16	20.600	PT-16-36	-	(965)
	Total Program 20.600			\$ -	\$ (38,036)
		20.607	Z11GHS004,Z12GHS197,Z12GHS198,2012-Z13GHS208	-	(20)
	GHSO Alcohol Saturation	20.607	154AL-10-29	-	3,370
	GHSO FY 10 ALCOHOL SATURATION PATROLS			-	3,350
	Total Program 20.607			\$ -	\$ 57,041
		20.616	MSHVE-17-13	-	57,041
	Comprehensive Alcohol Risk Reduction			-	57,041
	Total Program 20.616			\$ -	\$ 11,099,372
TOTAL DEPARTMENT OF TRANSPORTATION					
INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
EXECUTIVE OFFICE OF THE PRESIDENT					
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT					
DEPARTMENT OF THE INTERIOR, NATIONAL PARK SERVICE					
	Technology Equipment	45.310	N/A	-	8,000
	Supplies, Books, Materials Collection Development	45.310	N/A	-	4,416
	Libraries and Archives Techn	45.310	LS-00-19-0043-19	-	8,380
	HDDTA FY14	95.001	N/A	-	54,546
				-	54,546
DEPARTMENT OF THE INTERIOR, NATIONAL PARK SERVICE					
	Memphis Heritage Trail	15.904	P18AP00139	-	18,232
	Memphis Heritage Trail Project- Under Rep. Communities	15.904	P18SP00025	-	23,950
	Clayborn Temple Preservation Project	15.904	N/A	-	19,386
				-	61,568
TOTAL DEPARTMENT OF THE INTERIOR, NATIONAL PARK SERVICE					
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST)					
TOTAL NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST)					
	Point Cloud City	11.609	N/A	-	327,822
				-	327,822

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	PROGRAM/CLUSTER NAME	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
<b>Pass-through Funding</b> Tennessee Department of Environment and Conservation <b>Direct Funding:</b> ENVIRONMENTAL PROTECTION AGENCY, OFFICE OF WATER TOTAL ENVIRONMENT PROTECTION AGENCY, OFFICE OF WATER	Capitalization Grant for Clean Water State Revolving Fund	66-458	SRF 18-409, SRF 19-421, & SRF 19-434, SRF 2015-355	\$ - \$ \$ 23,787,339	\$ - \$ \$ 23,787,339
<b>US DEPARTMENT OF TREASURY</b> TOTAL US DEPARTMENT OF TREASURY	CARES Grant	21.019	N/A	\$ 1,549,012 \$ 1,549,012	\$ 24,761,995 \$ 24,761,995
<b>TOTAL FEDERAL GRANTS</b>				\$ 5,882,311	\$ 82,297,779
<b>STATE FINANCIAL ASSISTANCE</b>					
	Memphis Fire Division In-service Training Supplement	N/A	NONE	\$ -	\$ 1,417,320
	Memphis Fire Division In-service Training Supplement	N/A	NONE	-	1,778
	Memphis Police Division In-service Training Supplement	N/A	NONE	-	1,097,400
	Domestic Violence Intervention	N/A	N/A	-	86,307
	CDBG Disaster Recovery	N/A	B-13-DS-47-0001	-	160,398
	(TEMA) HMGFP Barr Avenue Buy outs	N/A	NONE	-	392
	Clean Tennessee Energy Grant Program	N/A	31701-06206	-	12,980
	ICAC FY19	N/A	N/A	-	177,908
	THSO FY19 Network Coordinator	N/A	Z19THS184	-	30,416
	THSO Alcohol Saturation Patrols	N/A	Z19THS185	-	12,364
	THSO FY19 CARD	N/A	Z19THS186	-	167,242
	JAG PAL 2018	N/A	20146-MU-BX-0181	-	50,379
	Lift TN	N/A	NONE	-	100,000
	Specialized Motorcycle Enforcement	N/A	Z19THS377	-	(333)
	General Library Services Collection Development	N/A	NONE	-	7,790
	Training Opportunities for Public Grant Classes	N/A	NONE	-	39,503
	Professional Fees, Grants & Awards (digital literacy training at public libraries)	N/A	NONE	-	(789)
	LINC211 SNAP Outreach	N/A	NONE	-	3,100
				-	14,125
	<b>TOTAL STATE GRANTS</b>			\$ -	\$ 3,378,280
	<b>TOTAL GRANTS</b>			\$ 5,882,311	\$ 85,676,060



**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, \$86,736,117, 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, \$2,835,257, includes proceeds during the year and the outstanding loan balance from prior years. This loan has been closed out and no further draws will be made on it.

The City of Memphis was approved by the Environmental Protection Agency, Office of Water, to receive a loan totaling \$22,000,000 (SRF 13-309) to improve its sewer system. The amount listed for this loan, \$10,470,689, 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, \$19,246,609, 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, \$8,924,859, 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, \$2,063,885, 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, the statements and revenues and other sources and expenditures and other uses on the basis of budgeting for the general fund, and the aggregate remaining fund information of the City of Memphis, Tennessee (the “City”) as of and for the year ended June 30, 2020, 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 15, 2020. Our report includes a reference to other auditors who audited the financial statements of the Memphis-Shelby County Airport Authority, the Memphis Zoological Society, the Blight Authority of Memphis, Inc. and the Electric, Gas and Water Divisions of Memphis Light, Gas and Water Division, as described in our report on the City’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Additionally, the audit for the fiscal year ended June 30, 2020 revealed the following assertions of fraud and cash shortages that were detected by the City in the normal operation of their internal controls and internal audit functions, as follows:

1. Fire Services Division employee was found to have secondary employment during their period of paid sick time with the City. The amount was \$45,638.
2. Executive Division employee received payroll checks during their period of absence. The amount was \$12,000.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Memphis, Tennessee  
December 15, 2020

**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, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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.



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### ***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, 2020.

### **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.



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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Memphis, Tennessee  
December 15, 2020

**CITY OF MEMPHIS**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2020

**SECTION I: SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- a. Material weakness(es) identified? \_\_\_yes \_\_\_X\_\_\_no
- b. Significant deficiency(ies) identified not considered to be material weaknesses? \_\_\_yes \_\_\_X\_\_\_none reported

Noncompliance material to financial statements noted? \_\_\_yes \_\_\_X\_\_\_no

*Federal Awards*

Internal control over major federal programs:

- a. Material weakness(es) identified? \_\_\_yes \_\_\_X\_\_\_no
- b. Significant deficiency(ies) identified not considered to be material weaknesses? \_\_\_yes \_\_\_X\_\_\_none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_yes \_\_\_X\_\_\_no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds
21.019	CARES Act
97.044	Assistance to Firefighters Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$2,468,933

Auditee qualified as low-risk auditee? \_\_\_yes \_\_\_X\_\_\_no



**SECTION II: FINDINGS – FINANCIAL STATEMENT AUDIT**

No matters are reportable

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

No matters are reportable

**CITY OF MEMPHIS**  
 Summary Schedule of Prior Year Findings  
 For the Year Ended June 30, 2020

Financial Statement Findings

<b>Prior Year Finding Number</b>	<b>Finding Title</b>	<b>Status/Current Year Finding Number</b>
<b>2018-001</b>	Lack of Oversight Body to Oversee Internal Control System	Corrected
<b>2018-002</b>	Lack of Management Steering Committee	Corrected
<b>2016-002</b>	Unsubstantiated Overtime Pay	Corrected

Federal Award Findings and Questioned Costs

<b>Prior Year Finding Number</b>	<b>Finding Title</b>	<b>Status/Current Year Finding Number</b>
<b>2018-003</b>	24 CFR 92.2(1) Noncompliance	Corrected