

# PREFACE

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This budget document presents an in-depth insight into financial stewardship of the City of Memphis. The budget book reflects the intention of the administration to provide readers a comprehensive and transparent view into the use of resources that provide services to the Citizens of Memphis. With a focus on financial information, budget policy, capital planning, and strategic forecasting the budget book conveys the necessary information to gain a level of understanding of the city's funding capabilities and its spending priorities.

The identifying tabs organize this book into major sections and sub-sections to easily guide readers through the information. A more detailed template on how to use the budget book follows.

## How to Use this Book

**Revenues** and **Expenditures** are presented in the context of **Funds** which is the highest grouping of financial information. The second level of information grouping is at the **Division Level**. Division levels summarize to the Fund Level. The lowest level of information grouping is the **Legal Level** (program level). The Legal Level grouping also summarizes to the Division level.



The **General Fund** is the largest fund. The General Fund is used to account for the general operations and activities that provide services to the citizens. It provides the resources necessary to sustain the day-to-day activities and thus pays for all administrative and operating expenses. The primary sources of revenues are Ad Valorem Tax (property tax), Local Sales Tax, Licenses and Permits, and Fines and Forfeitures.

The General Fund is the first fund section presented in this document. The major section entitled “Other Governmental Funds” presents the Debt Fund and the Special Revenue Funds. The major section entitled “Proprietary Funds” presents the Enterprises and Internal Services Funds. The “Fiduciary Funds” major section presents the Library and Other Post Employment Benefit Funds.

A description of the major sections and sub-sections follows.

### Introduction

The Introduction section includes the Mayor’s Letter, the proposed to adopted budget, followed by historical information about the City of Memphis, the Governmental Structure, and the City’s Organizational Chart.

### Budget Overview

The Budget Overview section provides a summary of the budget and explains some of the factors behind the numbers presented. This section also identifies the City’s Mission and Priorities and Performance Accountability Plan. The sub-sections describe the City’s Budget Process and Policy, the All Funds Financial Summary and individual summaries of each Fund, the Tax History, the Operating Ordinance, the Authorized Positions and the Capital Improvement Program (CIP) Summary.

### General Fund Revenue

The General Fund Revenue section of the book includes a summary of the General Fund revenues and a detailed listing of all revenue sources. The detailed listing includes revenues that are for the general use of the City of Memphis and revenues earned through the direct efforts of a City Division.

### General Fund Expenditures

The General Fund Expenditures section of the book begins with a summary of the General Fund expenditures. The sub-sections of the summary provide information at the Division Level and the Legal Levels.

### Divisions

All divisions included in this book have a uniform format. Each division’s budget provides the reader with a wealth of information, not only about the division’s total budget, but also about its mission, goals and performance toward providing the best services possible for citizens. Further information pertaining to the Division is presented at the legal level or program level. The City of Memphis’ General Fund Budget is

approved, by ordinance, at the Legal Level (program level); therefore each division will have one or more legal levels.

*The information at the Division Level includes:*

**Comparative Financial Plan** – This financial spreadsheet compares previous fiscal year expenditures and revenues against the current year adopted budget.

**Mission** – A mission statement is a clear, concise statement of purpose that guides the action of the division and captures the essence of the division’s goals and philosophies.

**Structure** – The organization chart shows the Legal Level entities that comprise the division.

**Services** – This section lists the scope of services provided by the division and to the citizens of Memphis. Some of these are public safety, parks and recreation, public works and courts.

**Performance Highlights** – Performance highlights summarize the accomplishments achieved, changes made, and new programs implemented in FY2020.

**Strategic Goals (KPI’s)** – Key performance indicators identify the major goals and the performance metrics that support the City’s priorities.

**Description** – This summarizes the function and/or services of this sub-unit of the division.

*The information at the Program Level includes:*

**Comparative Financial Plan** – This financial spreadsheet compares previous fiscal year expenditures and revenues against the current year adopted budget.

**Other Funds**

The Other Funds section includes funds other than the General Fund that have been appropriated by the budget ordinance. These funds have their own assets, liabilities, equity, revenues, and expenditures

(or expenses), for certain specific activities to accomplish definite objectives. The funds are as follows:

**Debt Service Fund** – This fund accounts for the periodic deposits of revenue and loan payments to assure the timely availability of sufficient monies for the payment of the City’s general obligation debt and other related debt and costs.

**Enterprise Funds**

- **SEWER FUND** – This fund accounts for the operations of the Sewer System and the piping in the City’s infrastructure and provide services to the public on a user charger basis.
- **STORM WATER FUND** – This fund accounts for the operations of the Storm Water drainage system operated by the City and provide services to the public on a user charge basis.

**Fiduciary Funds**

- **OTHER POST-EMPLOYMENT BENEFITS (OPEB) FUND** – This fund accounts for the City’s payment of healthcare benefits to retirees and their families.
- **LIBRARY RETIREMENT FUND** – This fund accounts for the activity of retirement, death and disability benefits for those covered under the plan.
- **PENSION FUND** – This fund accounts for the activity of retirement, death and disability benefits for City retirees. This fund is not included in the Operating Ordinance.

**Internal Service Funds** – These funds provide services to other divisions of the City on a cost reimbursement basis. Included in the Internal Service Funds are:

- **HEALTH INSURANCE FUND** – This fund accounts for the City’s self-insurance for health benefits for City employees and their dependents.
- **UNEMPLOYMENT FUND** – This fund accounts for unemployment compensation deposited into the City’s self-insured plan.

- **FLEET MANAGEMENT FUND** – This fund accounts for the maintenance and repair of all City vehicles and equipment.

**Special Revenue Funds** – These funds are required to account for the use of revenue earmarked by law for a particular and restricted purpose. Included in the Special Revenue Funds are:

- **AFFORDABLE HOUSING TRUST FUND** – A funding source to be used for new construction and rehab of multi-family homes, as well as minor home repairs and rehabilitation of single family homes for those who qualify.
- **COMMUNITY CATALYST FUND** – Funds to improve infrastructure in key anchors of neighborhoods throughout the City.
- **DRUG ENFORCEMENT FUND** – Funds from seized properties that support the drug enforcement cost.
- **ELECTRONIC TRAFFIC CITATION FUND** – A funding source to be used for upgrading and maintaining the electronic citation system used by Police and the City Court Clerk’s office.
- **FIRE EMS FUND** – Funds to support technology for Fire operations.
- **HOTEL/MOTEL OCCUPANCY TAX FUND** – Funds to support the convention center and tourism.
- **HUB COMMUNITY IMPACT FUND** – A funding source to be used to lift people out of homelessness and into a life of self-sufficiency.
- **METRO ALARM FUND** – accounts for the financial resources enforcing an ordinance for the proper use of alarms and reducing false alarms.
- **NEW MEMPHIS ARENA** – Funds to retire debt of the FedEx Forum.
- **PARK SPECIAL REVENUE FUND** – A funding source to be used for the purchase of land to expand existing park acreage or to develop new park locations.
- **PRE - K FUND** – Funds to account for property taxes collected by the City designated to fund Pre-K needs-based enrollment.
- **SOLID WASTE MANAGEMENT FUND** – accounts for the delivery of timely and environmentally responsible solid waste disposal services.
- **STATE STREET AID FUND** – A funding source for proceeds of the local share of the tax on motor fuel that are restricted for use only on street and road construction and maintenance.
- **2019 SALES TAX REFERENDUM**- A funding source to account for the proceeds of the 2019 Sales Tax Referendum. These proceeds are used to fund the healthcare of Police and Fire personnel.

### Strategic Planning

The Strategic Planning section details the City’s Four-Year Financial Plan for the General Fund. This is a projection; however, it does not represent what will be adopted and approved by Council for the years projected. Budgets are approved one year at a time.

### Appendix

The Appendix section provides a Glossary of terms and acronyms that are used throughout the book.