CITY OF MEMPHIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

City of Memphis

Tennessee

A C Wharton

Mayor

Jack M. Sammons

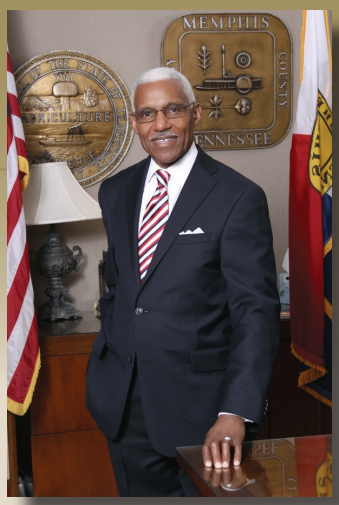
Chief Administrative Officer

PREPARED BY DIVISION OF FINANCE

Brian Collins

Director

City of Memphis
TENNESSEE



A C Wharton, Jr.
Mayor

December 28, 2015

To Members of the City Council
And Fellow Memphians:

I am pleased to submit the City of Memphis' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. This report documents our financial position and operations for the year, as well as the current economic climate of Memphis.

Because of the prudent steps taken in 2014 and 2015 to tackle the City's two biggest liabilities – OPEB and Pension debts, we have put our financial house in order and created a firm financial foundation. By reforming healthcare and our pension plan, we brought down our liabilities, and at the same time increased our reserves to more than $82 million, which allowed us to make an $8 million cash payment on the Shelby County Schools funding settlement.

We made these prudent financial changes while maintaining service levels, without raising taxes, decreasing spending, avoiding layoffs, and providing affordable healthcare options for employees. While we still have unfunded liabilities, they are no longer growing. We are doubling the amount we are paying annually to bring down our unfunded pension and OPEB liabilities. Tackling our financial challenges puts the City is a better position to invest in our youth, attract jobs, revitalize neighborhoods, adequately fund police and fire departments, and provide a competitive employee benefits package that does not drain our limited resources.

We did all this and were able to maintain our AA credit rating, comply with state requirements regarding unfunded liabilities, and invest in tourism amenities that will generate sales tax revenue.

Additionally, by achieving operational efficiencies, reforming employee and retiree benefits, and leveraging federal, state and philanthropic grants, we were able to invest in core city neighborhoods, significantly reduce crime and blight in targeted communities, fund clean and green initiatives and enhance parks and recreational facilities. All of our achievements this year reflect our continued focus on our strategic priorities --- creating safe and vibrant neighborhoods, growing prosperity and opportunity for all, investing in our young people and advancing a culture of excellence in city government.

The City benefitted from 35 major economic development projects valued at $480 million that created an estimated 6,788 new and retained jobs in the greater Memphis area. Those projects include Valero's plan to invest nearly $300 million in its Memphis facility to expand its operations and to retain its current workforce. FedEx will invest $90 million in a state-of-the art pilot training facility at the Memphis International Airport helping the shipping giant retain 333 jobs. Nike, Inc., will expand its Northridge facility by 1.8 million square feet, add 250 new jobs and invest $301 million.

The Federal Reserve forecasted 10,000 new jobs in 2015 as the city continues to recover from the Great Recession. The City's unemployment rate peaked in July 2009 at 10.4% and is now 4.0 percentage points lower at about 6%. Efforts are underway to better equip our workforce for new job opportunities. The Greater Memphis Alliance for a Competitive Workforce (GMACW) and the Workforce Investment Network are offering training programs designed to create a pipeline of high-skilled workers ready to filled jobs being created in the Mid-South area.

Also, the City is investing in small businesses such as City and State, the Rec Room, Advance Memphis and the Health Tech Institute by providing low-interest loans to be used to make improvements to help grow these businesses located in inner city neighborhoods such as Broad Ave., Soulsville and the Medical District.

Another element of our strategy to revitalize core city neighborhoods is a broad, comprehensive and aggressive blight eradication campaign. The initiative, funded by $5 million in state funding, will stabilize and enhance property values. This is critical because property tax receipts contribute 45 percent to the City's revenues.

Our accomplishments this year have put Memphis on a new trajectory towards solid fiscal management, more vibrant communities, sustainable economic growth, and opportunities for all.

Respectfully submitted,

A C Wharton, Jr.
Mayor

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INTRODUCTORY SECTION

CITY OF MEMPHIS

T E N N E S S E E

City of Memphis
TENNESSEE

December 28, 2015

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

The Comprehensive Annual Financial Report (CAFR) of the City of Memphis, Tennessee (the City) for the fiscal year ended June 30, 2015, 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 Single Audit Act and related Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

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, 2015. 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 340.5 square miles and serves an estimated population of 656,861. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

Under the provisions of the City Charter, the City Council makes the laws that govern the City. The Council is responsible for, among other things, approving the budget, setting the tax rate and establishing other lawful taxes

and fees necessary to secure sufficient revenue to fund the budget as approved. All administrative duties concerning day-to-day operations of City government are the duty and responsibility of the Mayor. Each of the various divisions of City government has a 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 Governmental Accounting Standards Board 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:

- Memphis Area Transit Authority
- Memphis and Shelby County Airport Authority
- Memphis Zoological Society

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
- 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)
- Downtown Memphis Development Commission (formerly the Center City Commission)
- Memphis and Shelby County Parking Authority
- Memphis Center City Revenue Finance Corporation
- Industrial Development Board
- Depot Redevelopment Corporation of Memphis and Shelby County
- Economic Development Growth Engine (EDGE) Industrial Development Board
- Memphis and Shelby County Community Redevelopment Agency

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

Economic Condition Assessment

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

The National Economy

- Following lackluster economic growth in the first quarter, when inflation-adjusted gross domestic product (GDP) grew by a seasonally adjusted annual rate (SAAR) of only 0.6 percent, the national economy got back on track with 3.7 percent growth in the second quarter.

- Despite slow first quarter growth, nonfarm employment still expanded by 2.2 percent (SAAR) in the first quarter followed by 1.7 percent growth in the second quarter. As a result the national unemployment rate fell to 5.4 percent in the second quarter of 2015.

- The housing recovery continues to progress, as residential fixed investment grew by 10.1 percent (SAAR) and an additional 7.8 percent in the first and second quarters, respectively.

- Nonresidential fixed investment was a mixed bag in the beginning of 2015. Spending on manufacturing structures grew by a robust 60.5 percent (SAAR) during the second quarter while depressed oil process led to a 68.3 percent (SAAR) reduction in spending on mining and petroleum structures. For the year as a whole, investment in structures is projected to fall by 0.1 percent. Equipment spending will increase by 3.6 percent and investment in research and development and software should advance 7.2 percent in 2015.

- In 2015, the Federal Reserve will slowly start to raise the interest rates. A small rate increase has been expected for some time and it should not cause any long-lasting surprising effects on the economy. The Federal Reserve has maintained that they would keep interest rates artificially low until broad measures of the labor and financial markets showed improvement.

- The outlook for 2016 appears promising with slightly slower but healthy job growth and consequently, decreases in the unemployment rates. As a result of the growing housing recovery, an improving labor market, stronger disposable income growth and relatively low consumer price inflation, personal consumption is also projected to increase in the coming year. Internationally, there are a number of risks that could affect the forecast, including the continued Greek debt crisis, the slowdown in China's economy and the continued unrest in the Middle East.

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 51 percent of the MSA's population, and Shelby County accounts for slightly more than 73 percent.

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

- The Tennessee economy performed well in the first half of 2015 and largely followed a similar pattern of growth as the national economy with personal income growing slightly at a faster pace than national income growth.

- In Tennessee, nominal personal income is projected to grow by 4.1 percent in 2015. Growth of personal income will be driven largely by increases in wage and salary income, transfer payments (e.g. social security payments and other government transfers), and proprietors' income.

- The state unemployment rate continued its downward trend falling from 6.5 percent in the first quarter to 5.8 percent in the second quarter. However, Memphis MSA and Tennessee's unemployment rate still rests above its national counterpart.

- During the second quarter of 2015, nominal and inflation-adjusted personal income grew at a faster rate in Tennessee than in the national economy, increasing by 4.0 percent and 1.8 percent respectively (compared to 3.8 percent and 1.6 percent growth for the nation).

Source: Tennessee Business and Economic Outlook

Memphis' strong healthcare industry, low cost of living and position as a transportation hub leader will continue to contribute to the stability of the City's economy until the state and nation fully recover. According to the Sparks Bureau of Business and Economic Research at the University of Memphis, the tax burden in Memphis is lower than most cities that compete with Memphis for economic development opportunities.

According to the Center for Regional Economics - 8th District Federal Reserve Bank of St. Louis, delinquency rates in the Memphis zone remain static, revealing that even as the economy recovers, Memphis zone households face financial struggles likely more longer-lasting than those temporarily faced across the nation.

Unemployment Rates (Seasonally Adjusted), 2014 - 2015

Region	August 2014	August 2015	Percent Change
Memphis - MSA	8.5	7.4	-12.9
Tennessee	7.4	5.7	-22.97
United States	6.1	5.1	-16.39

Source: U.S. Bureau of Labor Statistics and Tennessee Department of Labor and Workforce Development.

The nation's unemployment rate decreased 16.39 percent year over year to 5.1 from 6.1. The unemployment rate for Tennessee and the Memphis MSA continues to follow the national trend by also decreasing in 2015. Tennessee's August 2015 unemployment rate reflects a 22.97 percent decrease from August 2014. Memphis' unemployment rate decreased to 7.4 in August 2015, down 12.9 percent from the same period a year ago. In 2013, the U.S. Chamber of Commerce recognized Memphis as a model for government focused on job creation, economic growth and crime reduction in its report, "Enterprising Cities". The continuation of these initiatives should contribute to the improvement of the Memphis unemployment situation in the future.

When comparing September 2015 real estate statistics to the same period in 2014, the Memphis real estate market showed a mix of modest improvements and slight regressions. Total home sales decreased by 8.2 percent which appears to be in direct correlation to the decrease in inventory of 4.6 percent. The average sales price increased by .9% while the median sales price was static. Overall, the market activity continues to be encouraging with no significant set-backs noted per the comparative.

Home Sales in Memphis, Comparative September 2014 - 2015

	September 2014	September 2015	Percentage Change
Home Sales	1,552	1,424	-8.2
Median Sales Price	125,000	125,000	-
Average Sales Price	158,008	159,420	0.9
Active Listings	6,710	6,404	-4.6

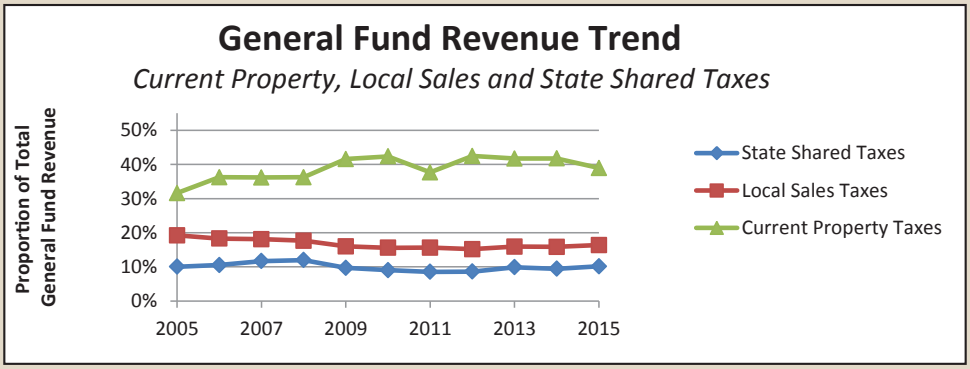
Source: Memphis Area Association of Realtors Multiple Listing Service

The chart below shows the General Fund revenue trends from fiscal year 2005 through 2015. Explanations for notable trends are as follows:

- During fiscal year 2006, the City realized a significant increase in property tax revenues as a result of a rate increase.
- During fiscal year 2007 and fiscal year 2008, the percentage of revenues from current Property Taxes, Local Sales Taxes and State Shared Taxes remained relatively constant year over year.
- Property Tax revenues in the general fund increased in total and as a percentage of total revenues due to an increase in the property tax rate allocation to the general fund during fiscal year 2009.
- No noticeable change in the Property Tax, Local Sales Tax or State Shared Tax revenue percentages occurred in fiscal year 2010.
- During fiscal year 2011, total revenues increased due to a significant transfer from the Debt Service Fund and increases in the Local Sales and State Shared Tax collections. The increased Debt Service Fund transfers provided funding for transfers made to Memphis City Schools from the General Fund. As such, during fiscal year 2011 Property Tax revenues decreased as a percentage of total revenues.
- In fiscal year 2012, Property tax revenues increased as a percentage of total revenues due to the transfers from the Debt Service fund in fiscal year 2012 being significantly less than the year before, a one-time $0.18 cents property tax rate allocation to the general fund to support disbursements to Memphis City Schools, and an acceleration of current property tax collections due to the City executing a sale of tax receivables.
- Despite decreased collections from prior year, fiscal year's 2013 current property taxes remained constant as a percentage of total revenues year over year. The total current property tax revenue collections decreased in fiscal year 2013 due to the elimination of the one-time $0.18 cents general fund property tax rate allocation levied in fiscal year 2012 and the reduction of the overall base property tax rate in fiscal year 2013 to $3.11 from $3.19. Total revenues were further reduced by a decrease in transfers in from the Debt Service Fund and the MLGW

division. The MLGW transfer decrease was primarily the result of MLGW remitting amounts directly to Shelby County that historically had been transferred to the City as a pass-thru to Shelby County. State shared revenues and local sales taxes increased slightly as a percentage of revenues due to increased collections in State Hall income tax collections and as a function of the lower overall total revenue base, respectively.

- While 2014 revenue increased slightly over 2013 in current property tax and local sales tax collections, both categories remained constant as a percentage of total revenue year over year. State shared revenue for 2014 decreased slightly from 2013 due to lower collections in both the Hall income and the professional athletes' privilege taxes. However, state shared revenue collections still accounted for the same relative percentage of total revenue.
- From 2013 through 2014, the percentage of total revenues generated within the City from Property taxes, Local Sales Tax and State Shared Taxes remained constant. In 2015, the City did realize a decrease in Property Taxes due to the reallocation of $.17 of the property tax rate to the debt service fund from the general fund.

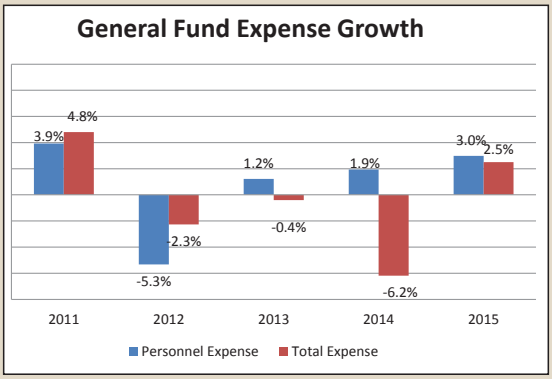


With 44.3% of the City's expense budget dedicated to personnel expenditures for the provision of City services; employment, healthcare, and retirement costs are a constant source of concern. For retirement costs, newly enacted Tennessee state laws required the City to significantly increase annual contributions to the pension fund, with the requirement being that the City pays the full Actuarially Required Contribution (ARC) by the year 2020.

- Total expenses in fiscal year 2011 increased by 4.8% primarily due to an increase in the transfer to Memphis City Schools and increased personnel expense. Personnel expense increased by 3.9% due to an increase in healthcare premiums, an increase in funding to the City's other postemployment benefit (OPEB) Trust Fund and increased staffing levels. The overall increases were offset by other personnel cost saving measures such as salary reductions for high income employees.
- Personnel expense decreased by 5.3% in fiscal year 2012 as a result of a 4.62% general decrease given to all employees who did not take a pay cut in fiscal year 2011 and reduced funding to the City's OPEB Trust Fund.

However, total expenses only decreased by 2.3% due to increased transfer of general funds to Memphis City Schools.

- In fiscal year 2013, total expense was down (0.4%), although there was a slight increase of 1.2% in personnel expense. The increase in total personnel expense resulted from increased funding to the City's OPEB Trust Fund and increased overtime. The reduction in total expenses was primarily driven by a reduction in current year retiree healthcare premium payments and decreased transfers out from the General Fund to the Schools Fund. The City also increased funding to the Memphis Area Transit Authority (MATA). There were also several non-budgeted inter-fund transfers to comply with Tennessee Code Annotated Title 9, Chapter 21 for the issuance and reporting of notes as required by the State Comptroller.
- In order to provide resources to fund Memphis City Schools in fiscal year 2013 (the final year the City was required to do so), $20 million of OPEB Trust assets were used to cover current year retiree healthcare expenditures that would have ordinarily been paid by General Fund resources. In addition, less general fund resources were required to be transferred from the General fund to the School Fund as a result of a dedicated property tax allocation of $.10 cents that was deposited directly into School Fund in fiscal year 2013. The dedicated property tax allocation to the School Fund was neither approved nor allocated in the previous year.
- In fiscal year 2014, total expense decreased 5.8% over fiscal year 2013, marking the third consecutive year of decreases. Total personnel expense increased 6% over prior year, with the increase primarily attributed to the realignment of personnel from the Fleet Fund to the General Fund. The overall decrease in expense was driven by a reduction in total transfers out of the General Fund due in large part to the elimination of the transfer of approximately $51 million to Memphis City Schools.
- In fiscal year 2015, the increase in total expenses is due to $13.5 million transfer to the OPEB Trust Fund to cover the cost of extending for six months health benefits for employees who retired before the age of 65 (pre-65). Additionally, the initial settlement payment of $8 million for the lawsuit brought against the City by Memphis City Schools was paid out of the General Fund.



Recent Developments:

- In March 2011, the citizens of Memphis voted to surrender the Memphis City Schools charter; thereby, transferring administrative control of the City schools to Shelby County Government. The merger was completed in fiscal year 2013. As a result of the school merger completion, the City of Memphis was no longer required to fund the school's operations going forward. However, the City currently has an outstanding liability to the school for the 2008-2009 school years as a result of a legal judgment. The City of Memphis filed a counterclaim that was finally settled in January 2015. The Shelby County Schools board approved a $41.8 million settlement of the school system's $57 million court judgment against the City as well as the City's counterclaim against the school system. The $41.8 million settlement is $28 million in cash with the first $8 million due by mid-February 2015 and the rest due in payments of $1.3 million annually for the next 15 years.

- In December 2014, the Memphis City Council voted to approve $15 million in funding for their portion of infrastructure improvements to the Sears Crosstown building. In February 2015, the project officially broke ground marking the beginning of the $125 million revitalization. At least thirty local, state and federal financial sources comprise the budget needed to complete the renovation. The project will yield a multi-purpose facility that will include restaurants, residential spaces and retail shops. The project will yield roughly 1,000 temporary construction jobs and 800 permanent jobs for building services upon completion. The complex will be home to several premier tenants such as The Church Health Center, St. Jude's Children's Research Hospital/ALSAC and Methodist LeBonheur Hospital.

- St. Jude Children's Research Hospital is building a $190 million medical tower that will include replacement facilities for the hospital's surgical departments and intensive care unit. The fundraising and awareness arm of St. Jude's is planning to spend nearly $2.4 million renovating the historic Memphis Artesian Water Department building for a new events center on its downtown campus.

- In 2015, the U.S. Department of Commerce announced Memphis as one of 12 communities that have received designations under the Obama Administration's Investing in Manufacturing Communities Partnership (IMCP) initiative. This program is designed to accelerate the resurgence of manufacturing in communities nationwide by supporting the development of long-term economic development strategies. The 12 designated communities will have access to coordinated support for their strategies from eleven federal agencies with more than $1 billion available in federal economic development assistance.

- The $113 million Bass Pro Shops economic development project was completed in April 2015. Bass Pro opened the 708-employee Downtown location in late April after converting the stainless steel-clad Pyramid into a 500,000-square-foot sporting goods emporium styled inside like an old fishing camp. Bass Pro Shops reported that visitors to the complex reached 1 million and has steadily increased. The opening of the complex has been such a success that the owners are already exploring expansions to the complex.

- In April 2015, Memphis-Shelby County was awarded a 4-Star community rating for national excellence in sustainability from STAR Communities, a nonprofit organization that works to evaluate, improve and certify sustainable communities. The STAR Community Rating System is a robust sustainability rating system for cities,

towns and countries that helps communities evaluate themselves across seven areas of sustainability such as , parks and public spaces, economy and jobs, health and safety and natural systems.

- In November 2014, the City awarded Southbrook Mall $2.1 million to renovate the decades old mall. The Southbrook Mall is one of four properties chosen for revitalization by the City's Office of Sustainability. The renovations won't start for a few years, but the goal is to transform the mall into a town center for shopping and city services.

Long-term Financial Planning

The FY2015 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 cut 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.

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

Emerging and recovering from one of the worst financial crises in recent history, the City will strive to become a model city government based on proven business principles that support the facilitation and execution of its fiscal and operational goals.

Relevant Financial Policies

In fiscal year 2015, the City adopted the new statement of financial accounting standards issued by the Governmental Accounting Standards Board (GASB) Statement No 68, Accounting and Financial Reporting for Pension Plans.

Statement No. 68, Accounting and Financial Reporting for Pension Plans, revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Statement No. 68 is effective for financial statements for fiscal years beginning after June 15, 2014.

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 2015-2019 are:

- The Fire Division budget includes funds to make construction repairs on all fire stations, purchase personal prevention equipment, and funds to purchase five ambulances, one rehab truck, two engines and 10 SUVs.
- The Police Division General Services area's capital acquisition budget provides for the purchase of 134 police cars and in-car videos.
- The budget of the Public Works Division includes funds to pave more than 400 lane miles of streets each year. ADA ramp improvements and several road projects are also included in the budget.
- The Stormwater Fund CIP budget will allow the City to make major investments in drainage infrastructure throughout the City. The Sewer Fund projects are for the repair and replacement of sewer infrastructure, new sewer connections and improvements to the treatment plants.
- The General Services Division includes funding for major ADA improvements and minor improvements to various City buildings. This budget also reflects $7.0 million for City-wide vehicle purchases.
- The budget for Housing and Community Development includes funding for Heritage Foote Homes, Cleaborn Hope IV, and redevelopment of the Raleigh Springs Mall.
- The Engineering Division budget includes funding for replacement of traffic signals and intelligent transportation improvements.
- Riverfront Development FY 2015 budget includes reprogrammed funding from FY2014 for the repair and replacement of historic cobblestone paving.
- The Memphis Area Transit Authority's capital improvement budget is heavily leveraged by Federal and State funding. This year's budget includes repairs to the trolley system and infrastructure.
- The budget of the Executive Division includes funding for major modifications to the Cook Convention Center which is now 100% owned by the City of Memphis as opposed to previously being governed jointly with Shelby County.
- The Parks and Neighborhoods budget includes funding to rehabilitate the Pink Palace Planetarium and Museum in addition to various other city parks and facilities.

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 Capital Improvement Program (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 and quasi city agencies. The CIP is linked to and impacts 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 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 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 Capital Improvement Projects are undertaken to insure 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.

Annexation Plans

Annexation of the Southwind and Windyke areas became effective December 31, 2013. The City Council voted to annex Southwind and Windyke in November 1997. In December 1997, residents of Southwind and Windyke sued to stop the move, but in December 2005, they agreed to an annexation date of December 31, 2013. As part of that agreement, the commercial areas of Southwind and Windyke were annexed in 2006. The Southwind and Windyke parcels were added to the City tax base as of January 1, 2014 and taxes were billed in July 2014 with proceeds as part of the 2015 revenue.

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, 2014. This was the 38th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both the United States generally accepted accounting principles and applicable legal requirements.

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

The City also received GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2014, the 17th 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.

Respectfully submitted,

Brian Collins
Director of Finance

Shirley Ford, CPA, CMFO
Comptroller

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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, 2014

Executive Director/CEO

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CITY OF MEMPHIS, TENNESSEE
CITY OFFICIALS

A C Wharton, Mayor

CITY COUNCIL

Myron Lowery (District 8-3)

Berlin Boyd ..... District 7
William Boyd ..... District 2
Joe W. Brown ..... District 8-1
Harold Collins ..... District 3
Kemp Conrad ..... District 9-1
Alan Crone ..... District 9-2
Edmund Ford, Jr. ..... District 6
Janis Fullilove ..... District 8-2
Wanda Halbert ..... District 4
Reid Hedgepeth ..... District 9-3
Bill Morrison ..... District 1
Jim Strickland ..... District 5

COURTS

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

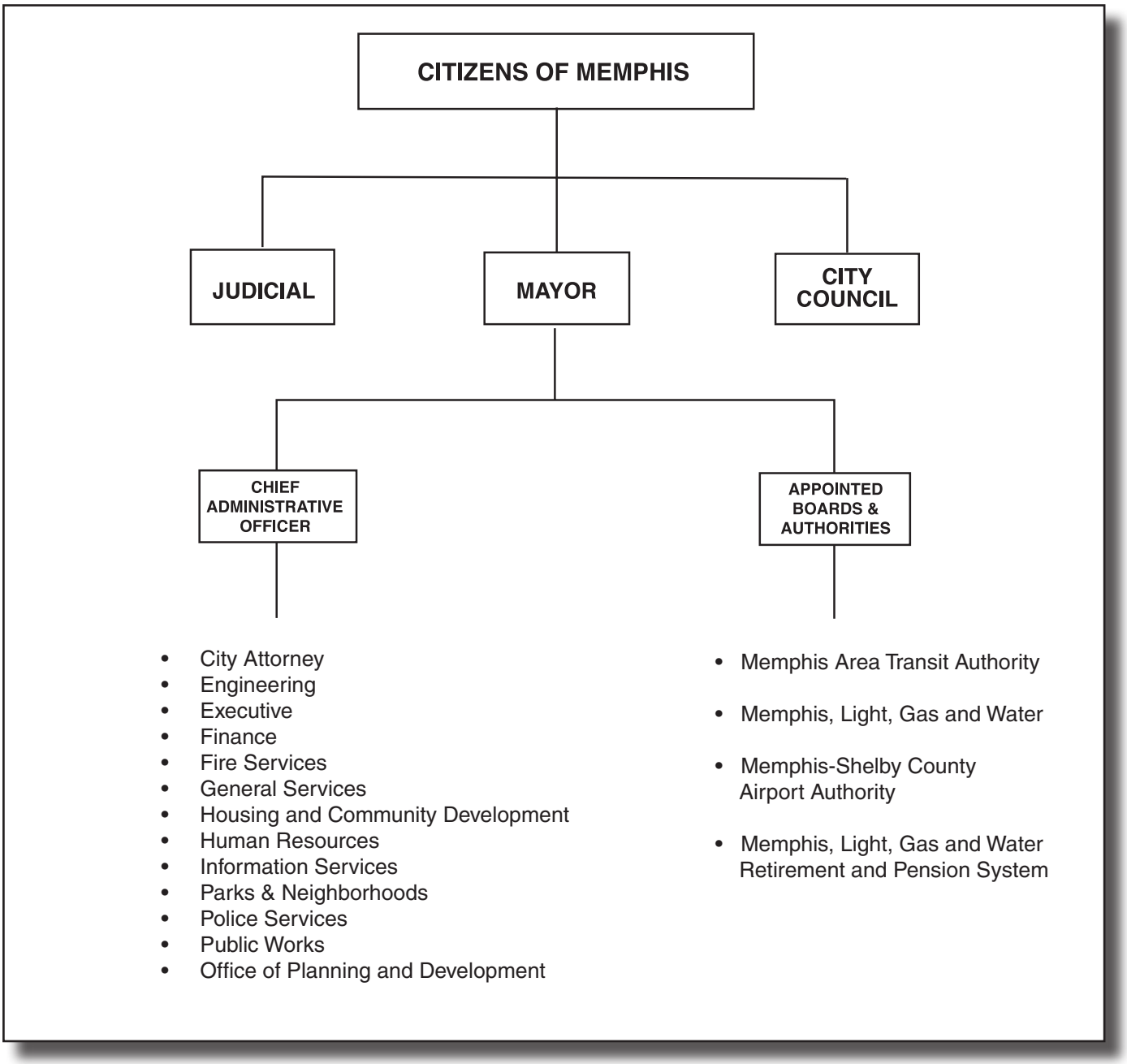
ADMINISTRATIVE

Jack M. Sammons ..... Chief Administrative Officer
Robert Lipscomb ..... Director, Housing and Community Development
Michael Putt ..... Director, Fire Services
Antonio Adams ..... Director, General Services
Jerry Collins ..... President, Memphis Light, Gas and Water Division
Richard Copeland ..... Director, Office of Planning and Development
Brenton Nair ..... Chief Information Officer
Quintin Robinson ..... Director, Human Resources
John E. Cameron ..... City Engineer
Toney Armstrong ..... Director, Police Services
Herman Morris ..... City Attorney
Dwan L. Gilliom ..... Director, Public Works
Janet P. Hooks ..... Director, Parks & Neighborhoods
Brian Collins ..... Director, Finance and Administration

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.

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CITY OF MEMPHIS

T E N N E S S E E

FINANCIAL SECTION

BANKS, FINLEY,
WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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, and the aggregate remaining fund information of the City of Memphis, Tennessee (the "City"), as of and for the year ended June 30, 2015, 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 the Memphis-Shelby County Airport Authority and the Memphis Zoological Society, which represent 89%, 86%, and 74%, respectively, of the assets, net position, and revenues of the aggregate 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 represent 82%, 81%, and 93%, 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.

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1D, Assets, liabilities, and net position or equity, to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by $44,459,000. This restatement was necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

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 23 through 31 and other required supplementary information on pages 125 through 131 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, 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2015, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Banks, Finley, White & Co.

Memphis, Tennessee
December 28, 2015

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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, 2015. We encourage readers to consider the information presented here in conjunction with 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, 2015 by $1,925,440 (net position). Total government-wide net position increased by $221,202 in fiscal year 2015.
- At June 30, 2015, the City's governmental activities reported ending net position of a negative $455,329 compared to a negative $594,721 as restated from the prior year, resulting in a change of $139,392 or 23.4% from the restated ending net position for the prior year.
- The City's business-type activities reported ending net position of $2,380,769 an increase of $81,810 or 3.6% from prior year.
- At June 30, 2015, the fund balance for the general fund was $132,266 an increase of $23,928 or 22.0% from prior year's balance. The unassigned portion of the fund balance was $91,990.
- The City's total general obligation, other debt, and revenue bond debt increased by $201,267 or 9.6% during the current fiscal year.
- The City's total liabilities ($3,427,388) which include, among other items, pension and other post-employment benefits obligations, decreased by $103,527 or 2.9% from prior year ($3,530,915).

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, 2015. 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 of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, community services, transportation, and environment. The business-type activities of the City include the operations of the regional sewer collection and treatment facilities, the distribution of electricity, gas and water, and the operation of the storm water system.

The government-wide financial statements include not only the City itself (the primary government), but also the Memphis Area Transit Authority, the Memphis Shelby County Airport Authority, 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.

The City maintains eighteen 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 major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements.

The City adopts an annual appropriated budget for its general, special revenue (except Workforce Investment Act Fund, Community Service Fund, Community Development Fund, Central Business Improvement District Fund, Community Redevelopment Agency Fund, and Midtown Corridor Fund), and debt service funds. Budgetary comparison statements are provided to demonstrate compliance with this budget. Effective for the Fiscal Year 2016 Budget, the City will adopt an annual appropriated budget for all funds.

The basic governmental fund financial statements, including reconciliation to the government-wide Statements of Net Position and 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, self-insurance for unemployment benefits, and operations and maintenance of City vehicles. 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 considered to be major funds of the City; and operations of the storm water system, a nonmajor 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 net other post employment 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 in connection with nonmajor governmental funds and internal service funds referred to earlier. Individual fund statements provide greater detail. They are presented on the budget basis (encumbrances included with expenditures). Capital asset schedules present information concerning the categories of assets, function and service provided, source of funding and additions and deductions during the year. Combining and individual fund statements and schedules are presented as Exhibits B through F.

Government-wide Financial Analysis

As noted earlier, 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 $1,925,440 at June 30, 2015.

Condensed Statement of Net Position

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 960,701	957,978	1,283,319	1,404,117	2,244,020	2,362,095
Capital assets	1,477,490	1,432,049	2,108,549	2,029,927	3,586,039	3,461,976
Total assets	2,438,191	2,390,027	3,391,868	3,434,044	5,830,059	5,824,071
Deferred outflows of resources	77,076	-	11,002	10,738	88,078	10,738
Long-term liabilities outstanding	1,465,449	1,616,833	897,764	607,644	2,363,213	2,224,477
Other liabilities	942,009	784,415	122,166	522,023	1,064,175	1,306,438
Total liabilities	2,407,458	2,401,248	1,019,930	1,129,667	3,427,388	3,530,915
Deferred inflows of resources	563,138	519,148	2,171	843	565,309	519,991
Net positions:						
Net investment in capital assets	2,611,833	121,045	1,896,485	1,902,835	4,508,318	2,023,880
Restricted	149,752	91,004	107,065	71,021	256,817	162,025
Unrestricted	(3,216,914)	(742,418)	377,219	340,416	(2,839,695)	(402,002)
Total net positions	$ (455,329)	(530,369)	2,380,769	2,314,272	1,925,440	1,783,903
Total net positions as restated	$ (455,329)	(594,721)	2,380,769	2,298,959	1,925,440	1,704,238

By far the largest portion of the City's net position (234.1%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. 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 portion of the City's net position (13.3%) represents resources that are subject to external restrictions on how they may be used. The balance remaining is a negative unrestricted net position of 147.5%.

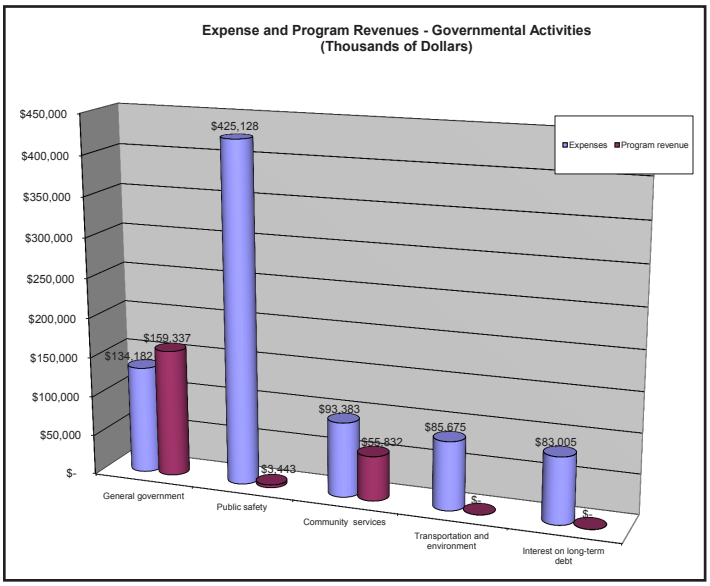
Condensed Statement of Changes in Net Positions

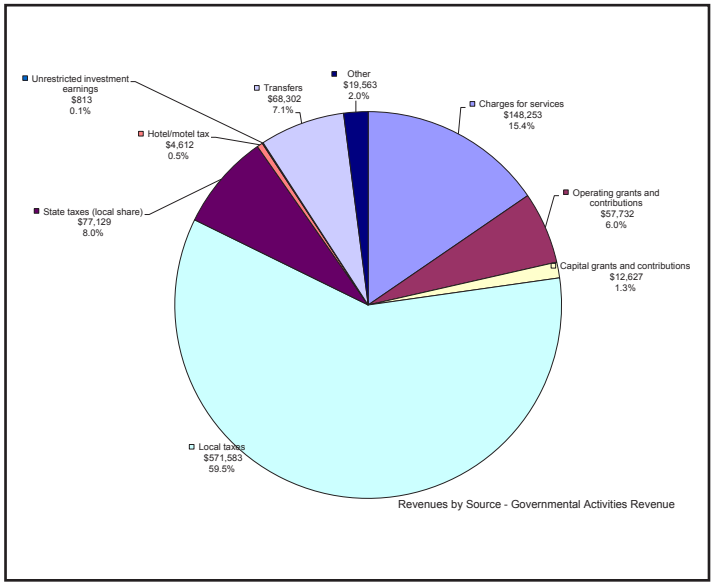
	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for services	$ 148,253	148,529	1,828,505	1,743,709	1,976,758	1,892,238
Operating grants and contributions	57,732	63,416	562	31,330	58,294	94,746
Capital grants and contributions	12,627	9,811	3,022	2,950	15,649	12,761
General revenues:						
Local taxes	571,583	545,714	-	-	571,583	545,714
State taxes (local share)	77,129	71,633	-	-	77,129	71,633
Hotel/motel tax	4,612	4,223	-	-	4,612	4,223
Sale of Capital Assets	-	-	-	-	-	-
Unrestricted investment earnings	813	754	24,816	27,055	25,629	27,809
Other	19,563	15,290	3,991	1,350	23,554	16,640
Total revenues	892,312	859,370	1,860,896	1,806,394	2,753,208	2,665,764
Expenses:						
General government	134,182	204,470	-	-	134,182	204,470
Public safety	425,128	472,154	-	-	425,128	472,154
Community services	93,383	90,463	-	-	93,383	90,463
Transportation and environment	85,675	79,747	-	-	85,675	79,747
Education	(151)	(475)	-	-	(151)	(475)
Interest on long-term debt	83,005	62,294	-	-	83,005	62,294
Sewer collection and treatment	-	-	63,049	62,556	63,049	62,556
Memphis Light, Gas and Water	-	-	1,630,708	1,596,091	1,630,708	1,596,091
Storm Water	-	-	17,027	15,048	17,027	15,048
Total expenses	821,222	908,653	1,710,784	1,673,695	2,532,006	2,582,348
Increase (decrease) in net position before transfers	71,090	(49,283)	150,112	132,699	221,202	83,416
Transfers	68,302	57,782	(68,302)	(57,782)	-	-
Increase (decrease) in net position	139,392	8,499	81,810	74,917	221,202	83,416
Net positions - July 1, as restated	(594,721)	(538,868)	2,298,959	2,239,355	1,704,238	1,700,487
Prior Period Adjustment		(64,352)		(15,313)		(79,665)
Net positions - June 30	$ (455,329)	(594,721)	2,380,769	2,298,959	1,925,440	1,704,238

Governmental activities. During fiscal year 2015, governmental activities increased the City's net position by $139,392 and Business-Type activities increased net position by $81,810, thereby resulting in a net increase of $221,202 in total primary government's beginning net position. Key elements of the governmental activities are discussed below:

- Total expenses decreased by $87,431 or 9.6% from last year. Total revenues increased by $32,942 or 3.8% over last year.
- The most significant decrease in expenditures from prior year occurred in General Government and Public Safety which decreased by $70,288 and $47,026 respectively.

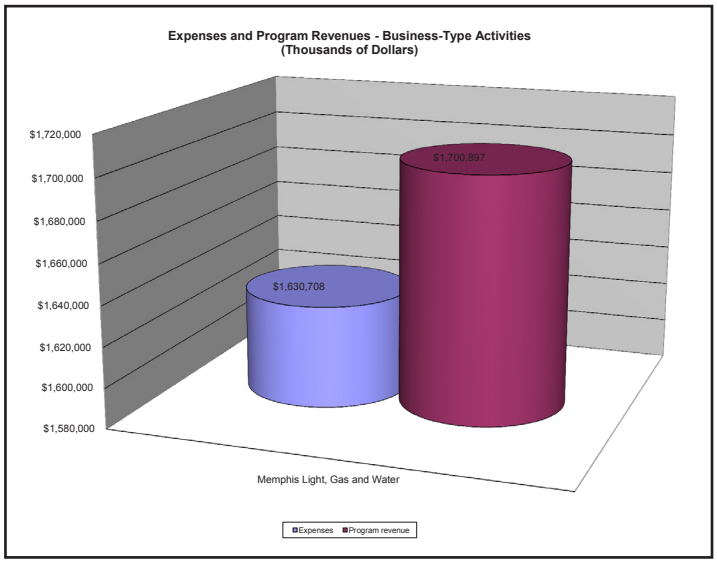
- Interest on long-term debt increased by $20,711 (33.2%) over last fiscal year.
- During fiscal year 2015, revenues increased by $32,942 primarily as a result of better than expected revenue from local taxes.

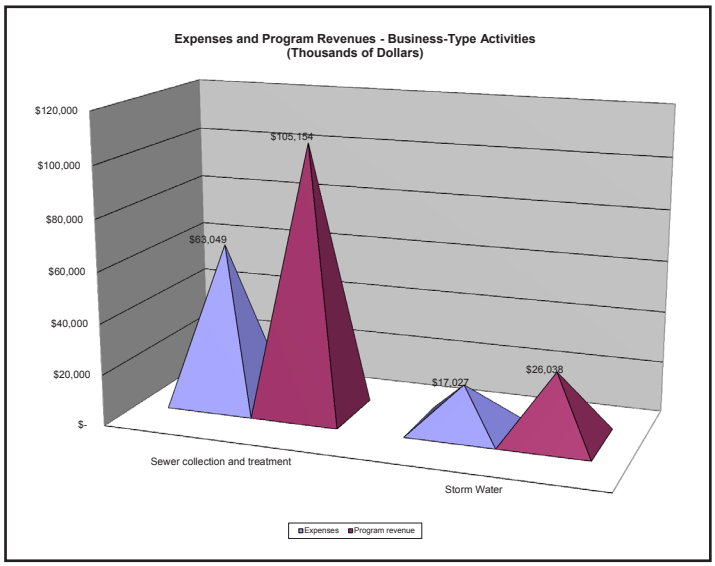




Business-type activities. Business-type activities increased the City's net position by $81,810, accounting for 3.6% growth in the government's beginning net position. Key elements of the increase are as follows:

- MLGW's Electric Division, Gas Division and Water Division contributed $29.1 million, $9.9 million and $4.3 million of the total net position increase, respectively.
- The Sewer Collection and Treatment also contributed $29.8 million toward the business-type total net position increase.





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. In particular, 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, 2015, the City's total governmental funds reported combined ending fund balance of $241,742 an increase of $1,426 in comparison with the prior year. Approximately 38.1% or $91,990 of the fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. Approximately 25.8% or $62,376 of the fund balance is considered restricted to indicate the amount is subject to external enforceable legal restrictions. Another $53,346 or 22.1% 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 $34,030 or 14.1% has been assigned by the administration to indicate that it is not available for new spending primarily because it has already been committed to a potential grant refund 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, 2015, unassigned fund balance of the general fund was $91,990, while total fund balance was $132,266. 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 15.4% of total general fund expenditures, while total general fund balance represents 22.1% of the fund expenditures.

The fund balance of the City's general fund increased by $23,928 during the fiscal year ended June 30, 2015. Key factors resulting in this increase are as follows:

- Total General Fund Revenues decreased slightly $2,840 or .50% over prior year. Local tax revenue decreased $3,114 while state taxes (local share) increased $4,754 attributable to the increase in the City's allocation of the Hall income taxes and state sales tax.
- Transfers In showed a slight increase from fiscal year 2014; however, Transfers Out decreased $3,459 from prior year as a result of a decrease in the year over year transfer to the City's OPEB Fund.
- Total expenditures increased by $18,580 or 3.2% over prior year. The increase was largely attributable to public safety expenditures ($15,651) driven by higher personnel services for both Police and Fire. Community services expenditures increased by $4,716 and that was also largely attributable to higher personnel services for Parks and Recreation.

The fund balance of the City's Debt Service fund increased by $2,220 to $52,823 during the fiscal year ended June 30, 2015. Key factors resulting in this increase are as follows:

- Total revenues increased by $24,236 or 19.6%. The increase resulted primarily from an increase in local tax allocation.
- Total expenditures increased by $19,829 or 14.0% primarily due to bonds issued by the Center City Revenue Finance Corporation (CCRFC) related to a loan agreement to pay the cost of capital additions, improvements, and capital equipment for the Memphis Cook Convention Center, and for the guarantee of Qualified Energy Conservation Bonds (QECB) issued by CCRFC on behalf of the City to provide funding for the Green Communities Program.
- Total other financing sources and uses increased $6,668. Activities included a modest decrease of Transfers In and a decrease of $12,000 of Transfers Out. The remaining change in other financing sources and uses is attributable to the transactions related to the refunding of debt. In April 2015, the City issued $76,820 of General Improvement Refunding Bonds Series 2015A, and $54,390 of General Improvement Refunding Bonds Series 2015B to refund existing General Improvement Bonds. The City also issued $67,845 of General Improvement Bonds Series 2015C to refund $75,000 for Commercial Paper Notes issued in April 2014.

The fund balance of the City's Capital Project fund decreased by $25,241 or 49.2% for fiscal year ended June 30, 2015. Key factors resulting in the decrease include the following:

- Revenue decreased 6.4% from prior year, and expenses decreased $40,405 or 32.2%.
- Transfers In decreased $12,066, and Transfers Out decreased $9,487 from prior year.
- Capital Lease financing sources decreased $23,600.
- Refunding of bonds/issuance of debt sources decreased $40,000.

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 $377,219 is comprised primarily of $306,751 for Memphis Light, Gas and Water, which can be used for on-going operations of the public utility system and $69,098 unrestricted net position for the Sewer Collection and Treatment Fund. The remaining negative $2,610 represents unrestricted net position of the non-major Storm Water Fund and the positive adjustment of $3,980 to reflect the consolidation of internal services funds related to the enterprise funds as presented on Exhibit A-9 Statement of Net Position and Exhibit A-1 government-wide Statement of Net Position.

General Fund Budgetary Highlights

The original operating budget for fiscal year 2015 anticipated a contribution to fund balance of $81.4 million. Actual contribution to fund balance for fiscal year 2015 was $23.9 million. Differences between the original budget and the final amended budget can be briefly summarized as follows:

- Local taxes were increased $13.4 million, largely attributable to sales tax and liquor by the drink tax.
- State taxes were increased $3 million for increases in state income taxes.
- Transfers In from Memphis Light Gas & Water were increased $6.2 million.
- Expenditures budget was increased $42,008 to adjust for increased material and supplies line items, largely attributable to public safety and transportation.
- Transfers out were adjusted up $13.5 to accommodate transfers to the Healthcare and OPEB Funds.

Capital Asset and Debt Administration

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to $3,586,039 (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 $124,061 or 3.6%. The governmental activities contributed $45,441 towards the increase. The business-type activities contributed $78,620.

Condensed Statement of Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land and buildings	$ 354,432	338,301	32,972	34,043	387,404	372,344
Improvements other than buildings	514,464	528,423	294,425	296,933	808,889	825,356
Equipment	37,030	28,979	15,336	14,881	52,366	43,860
Construction in progress	571,564	536,346	129,508	89,499	701,072	625,845
Memphis Light, Gas and Water		-	1,636,255	1,594,573	1,636,255	1,594,573
Total	$ 1,477,490	1,432,049	2,108,496	2,029,929	3,585,986	3,461,978

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

- Progress continues on major capital improvements related to the Pyramid/Bass Pro project.
- Continued replacement of City's Fleet.
- Improvements and renovations to the AutoZone / Redbirds Ballpark.
- Continued and increased the City's anti-blight initiatives.
- Funding for construction repairs on all fire stations and additions to equipment.
- Purchase of 134 new police cars and in-car video equipment.
- Engineering Division funding for replacement of traffic signals and transportation improvements.

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

Long-term debt. At June 30, 2015, the City had total bonded debt outstanding of $2,290,612. Of this amount, $1,594,486 comprises debt backed by the full faith and credit of the government. The remaining balance of $696,126 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	
	2015	2014	2015	2014	2015	2014
General obligation bonds	1,288,289	1,291,101	-	-	1,288,289	1,291,101
Bond anticipation notes	20,000	50,000	-	-	20,000	50,000
Capital lease obligations	43,062	30,319	-	-	43,062	30,319
Settlement obligations	20,000	-	-	-	20,000	-
Guarantee obligations	223,135	-	-	-	223,135	-
Revenue bonds	-	-	691,377	717,929	691,377	717,929
State loans	-	-	4,749	-	4,749	
Total	$ 1,594,486	1,371,420	696,126	717,929	2,290,612	2,089,349

The City's total general obligation debt increased by $201,263 (9.6%) during fiscal year 2015. Total debt includes state loans, general obligation bonds, bond anticipation notes, capital lease obligations, commercial paper, and revenue bonds. Governmental activities' total debt increased by 16.3%, while business-type activities' debt decreased by 3.0%.

The City has long held a high grade bond rating on indebtedness from the major credit rating services. As of June 30, 2015, the City held ratings of Aa2 by Moody's Investor Service, AA by Standard and Poor's and AA- from Fitch, Inc. 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.

Fitch Ratings re-affirmed MLGW's AA+ rating on the Electric Division's outstanding debt. Fitch's rationale supporting the rating included MLGW's highly reliable source of power from TVA, a prepay agreement with TVA, stable financial metrics, and affordable rates. 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 mlgw.com.

Additional information on the City's long-term debt can be found in Note IV.G.

Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing the City's budget for the 2016 fiscal year are discussed more fully in the Budget document and include:

- The budget reflects challenging times and as a result the proposed fiscal year 2016 Budget is designed to restore the City's fiscal stability by rebalancing priorities.
- The adopted operating budget calls for expenditures of $658 million with revenue of $645 million. The shortfall of $13 million is the result of providing pre-65 retirees health care coverage until January 1, 2016.
- The fiscal year 2016 proposed budget provides for the payment of approximately $48 million toward the annual required contribution (ARC) pension obligation.

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 Director of Finance, Room 368, City of Memphis, 125 North Main, Memphis, Tennessee 38103. The Comprehensive Annual Financial Report, the 2016 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.

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CITY OF MEMPHIS

T E N N E S S E E

BASIC FINANCIAL STATEMENTS

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 5,656	$ 161,629	$ 167,285	$ 57,142
Investments	2,073	140,101	142,174	8,755
Equity in cash and investment pool	238,716	98,938	337,654	-
Restricted funds	-	79,763	79,763	-
Receivables (net of allowance for uncollectibles):				
Property taxes	425,977	-	425,977	-
Sales, income, and other taxes	46,455	-	46,455	-
Special assessments	3,222	-	3,222	-
Federal and state grants	66,219	-	66,219	7,848
Interest and dividends on investments	328	2	330	-
Notes and accounts receivable	-	152,978	152,978	-
Housing rehabilitation loans	58,164	-	58,164	-
Other	36,048	-	36,048	8,520
Internal balances	(15,180)	15,180	-	-
Due from other agencies and governments	85,747	-	85,747	201
Inventories	737	32,342	33,079	4,789
Unbilled revenues	-	72,485	72,485	-
Prepaid expense	-	113,538	113,538	1,832
Collateral held in trust for securities on loan	-	18	18	-
Restricted assets:				
Cash and cash equivalents	-	-	-	77,852
Investments	-	50,737	50,737	49,052
Receivables-other	-	-	-	17,236
Non-depreciable capital assets	640,178	336,573	976,751	218,636
Depreciable capital assets (net of accumulated depreciation)	837,312	1,771,976	2,609,288	847,982
Other assets	6,539	365,608	372,147	1,151
Total Assets	2,438,191	3,391,868	5,830,059	1,300,996
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	77,076	3,523	80,599	-
Deferred outflows - other	-	7,479	7,479	10,613
Total assets and deferred outflows of resources	2,515,267	3,402,870	5,918,137	1,311,609

(Continued)

STATEMENT OF NET POSITION
(Thousands of Dollars)
June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit A-1

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES				
Accounts payable and accrued liabilities	$ 64,505	$ 211,747	$ 276,252	$ 25,779
Accrued interest payable	17,355	2,174	19,529	-
Insurance claims payable	8,235	-	8,235	-
Due to other agencies and governments	6,122	-	6,122	3,936
Refundable bonds and deposits	871	-	871	-
Unearned revenue	15,068	-	15,068	1,809
Other post employment benefits	244,503	2,998	247,501	28,170
Net pension obligations	360,634	16,640	377,274	17,998
Other liabilities	-	71,845	71,845	70,800
Noncurrent liabilities:				
Due within one year	224,716	122,166	346,882	32,350
Due in more than one year	1,465,449	592,360	2,057,809	328,768
Total Liabilities	2,407,458	1,019,930	3,427,388	509,610
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pensions	44,093	1,953	46,046	-
Deferred Inflows - Other	519,045	218	519,263	4,589
Total liabilities and deferred inflows of resources	2,970,596	1,022,101	3,992,697	514,199
NET POSITION				
Net investment in capital assets	2,611,833	1,896,485	4,508,318	718,216
Restricted for:				
Debt service	52,823	99,797	152,620	-
Capital acquisitions/projects	-	-	-	70,899
Construction	26,076	7,268	33,344	-
Solid waste management	16,138	-	16,138	-
Drug enforcement	9,630	-	9,630	-
Donor/Statutory restrictions	35,085	-	35,085	7,121
Self insurance	-	-	-	503
Refundable grants	10,000	-	10,000	-
Unrestricted:	(3,216,914)	377,219	(2,839,695)	671
Total Net Position	$ (455,329)	$ 2,380,769	$ 1,925,440	$ 797,410

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

STATEMENT OF ACTIVITIES
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit A-2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
Functions/Programs								
Primary government:								
Governmental Activities:								
General government	$ 134,182	$ 89,038	$ 57,672	$ 12,627	$ 25,155	$ -	$ 25,155	$ -
Public safety	425,128	3,383	60	-	(421,685)	-	(421,685)	-
Community services	93,383	-	-	-	(93,383)	-	(93,383)	-
Transportation and environment	85,675	55,832	-	-	(29,843)	-	(29,843)	-
Education	(151)	-	-	-	151	-	151	-
Interest on long-term debt	83,005	-	-	-	(83,005)	-	(83,005)	-
Total governmental activities	821,222	148,253	57,732	12,627	(602,610)	-	(602,610)	-
Business-type activities:								
Sewer collection and treatment	63,049	103,299	562	1,293	-	42,105	42,105	-
Memphis Light, Gas and Water	1,630,708	1,700,897	-	-	-	70,189	70,189	-
Storm water	17,027	24,309	-	1,729	-	9,011	9,011	-
Total business-type activities	1,710,784	1,828,505	562	3,022	-	121,305	121,305	-
Total primary government	$ 2,532,006	$ 1,976,758	$ 58,294	$ 15,649	$ (602,610)	$ 121,305	$ (481,305)	$ -
Component units:								
Memphis Area Transit Authority	64,264	9,121	-	2,534	-	-	-	(52,609)
Memphis Zoological Society	24,277	16,157	418	5,731	-	-	-	(1,971)
Airport Authority	137,482	100,542	-	27,389	-	-	-	(9,551)
Total component units	$ 226,023	$ 125,820	$ 418	$ 35,654	$ -	$ -	$ -	$ (64,131)

STATEMENT OF ACTIVITIES
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
				Primary Government			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
General revenues:							
Local taxes:							
Property taxes - levied for education				297	-	297	-
Property taxes - levied for debt service				130,525	-	130,525	-
Property taxes - levied for capital projects				375	-	375	-
Property taxes - levied for general government				260,323	-	260,323	-
Interest, penalties and commission - property taxes				5,870	-	5,870	-
Sales tax, general				108,568	-	108,568	-
Sales tax, beer				17,137	-	17,137	-
Gross receipts tax				13,020	-	13,020	-
Franchise tax				7,693	-	7,693	-
Other local taxes				27,775	-	27,775	-
State taxes-unrestricted:							
Sales tax				60,720	-	60,720	-
Income tax				14,478	-	14,478	-
Beer tax				309	-	309	-
Alcoholic beverage tax				292	-	292	-
Professional privilege tax				3	-	3	-
Petroleum products tax				1,327	-	1,327	-
Hotel/motel tax				4,612	-	4,612	-
Grants and contributions not restricted to specific programs				-	-	-	19
City of Memphis subsidy				-	-	-	23,093
Investment income				813	24,816	25,629	1,914
Federal grants and entitlements				-	-	-	12,424
State grants				-	-	-	7,529
Other				19,563	3,991	23,554	7,029
Transfers				68,302	(68,302)	-	-
Total general revenues and transfers				742,002	(39,495)	702,507	52,008
Changes in net position				139,392	81,810	221,202	(12,123)
Net position - beginning, as restated				(594,721)	2,298,959	1,704,238	809,533
Net position - ending				$ (455,329)	$ 2,380,769	$ 1,925,440	$ 797,410

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

BALANCE SHEET
GOVERNMENTAL FUNDS
(Thousands of Dollars)
June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit A-3

	General	Debt Service	Capital Projects	Community Development	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 44	$ -	$ -	$ 4,171	$ 1,440	$ 5,655
Investments	-	-	2,073	-	-	2,073
Equity in cash and investment pool	130,166	25,958	19,686	2,009	36,161	213,980
Receivables (net of allowance for uncollectibles):						
Property taxes:						
Current property taxes	263,601	123,588	376	-	-	387,565
Delinquent property taxes	26,525	9,717	37	-	2,133	38,412
Special assessments:						
Current special assessments	-	-	-	-	2,996	2,996
Delinquent special assessments	-	-	-	-	226	226
Sales, income, and other taxes	45,133	1,322	-	-	-	46,455
Federal and state grants	5,326	-	6,942	44,158	9,793	66,219
Interest and dividends on investments	-	-	-	368	(40)	328
Housing rehabilitation loans	-	-	-	58,164	-	58,164
Other	28,419	4,655	-	108	2,867	36,049
Due from other funds	4,983	295	-	-	-	5,278
Due from other agencies and governments	319	20,447	15,001	-	17,248	53,015
Prepaid expenditures	-	6,539	-	-	-	6,539
Total assets	$ 504,516	$ 192,521	$ 44,115	$ 108,978	$ 72,824	$ 922,954
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	$ 50,830	$ 98	$ 1,772	$ 279	$ 8,749	$ 61,728
Contract retainage	-	-	-	1	4	5
Due to other funds	-	-	-	11,621	4,978	16,599
Due to other agencies and governments	3,989	-	-	-	-	3,989
Refundable bonds and deposits	871	-	-	-	-	871
Unearned revenue	-	-	13,951	-	1,117	15,068
Total liabilities	55,690	98	15,723	11,901	14,848	98,260
Deferred inflows:						
Prepaid taxes	498	-	-	-	-	498
Uncollected property taxes	290,126	133,539	414	-	2,133	426,212
Uncollected anti-neglect fees	667	-	-	-	-	667
Uncollected traffic fines	13,792	-	-	-	-	13,792
Uncollected ambulance fees	6,242	-	-	-	-	6,242
Uncollected special assessments	-	-	-	-	3,263	3,263
Uncollected grant reimbursements	-	-	-	38,905	9,860	48,765
Uncollected intergovernmental revenue	-	-	-	-	12,151	12,151
Uncollected project loans receivable	-	-	-	58,164	-	58,164
Other deferred inflows	5,235	6,061	1,902	-	-	13,198
Total deferred inflows	316,560	139,600	2,316	97,069	27,407	582,952
Total liabilities and deferred inflows	372,250	139,698	18,039	108,970	42,255	681,212
Fund balances:						
Restricted	6,246	30,081	-	8	26,041	62,376
Committed	-	22,742	26,076	-	4,528	53,346
Assigned	34,030	-	-	-	-	34,030
Unassigned	91,990	-	-	-	-	91,990
Total fund balances	132,266	52,823	26,076	8	30,569	241,742
Total liabilities, deferred inflows and fund balances	$ 504,516	$ 192,521	$ 44,115	$ 108,978	$ 72,824	$ 922,954

See accompanying notes to financial statements.

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
(Thousands of Dollars)
June 30, 2015

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:	$ 241,742
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,477,490
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	99,578
Net pension obligations 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.	(327,651)
Other post employment benefits (OPEB) liabilities should be reported as a liability in the government-wide statement of net position. This is the cumulative amount by which the City has underfunded its OPEB obligations.	(244,503)
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.	5,535
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,707,520)
Net position of governmental activities	$ (455,329)

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, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit A-5

	General	Debt Service	Capital Projects	Community Development	Nonmajor Funds	Total Governmental Funds
REVENUES						
Local taxes	$ 432,705	$ 129,500	$ 372	$ -	$ 6,042	$ 568,619
State taxes (local share)	65,057	12,074	-	-	16,927	94,058
Hotel/motel tax	-	-	-	-	4,612	4,612
Licenses and permits	12,253	-	-	-	441	12,694
Fines and forfeitures	16,163	-	-	-	3,383	19,546
Charges for services	31,090	-	-	-	55,968	87,058
Investment income	522	170	29	-	48	769
Federal grants and entitlements	1	2,108	4,711	22,688	14,779	44,287
State grants	1,433	-	1,812	-	2,594	5,839
Intergovernmental revenues	3,411	-	-	-	-	3,411
Other	7,668	3,924	7,294	352	3,287	22,525
Total revenues	570,303	147,776	14,218	23,040	108,081	863,418
EXPENDITURES						
Current:						
General government	134,201	-	-	-	41,972	176,173
Public safety	397,122	-	-	-	3,510	400,632
Community services	54,541	-	-	23,040	6,666	84,247
Transportation and environment	11,847	-	-	-	67,342	79,189
Capital outlay	-	-	85,120	-	-	85,120
Debt service:						
Redemption of serial bonds and notes	-	86,421	-	-	-	86,421
Lease payments	-	3,294	-	-	-	3,294
Interest	-	67,465	-	-	-	67,465
Bond issuance cost	-	2,737	36	-	-	2,773
Service charges	-	1,011	8	-	-	1,019
Total expenditures	597,711	160,928	85,164	23,040	119,490	986,333
Revenues over (under) expenditures	(27,408)	(13,152)	(70,946)	-	(11,409)	(122,915)
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	691	-	-	-	-	691
Transfers in	66,350	13,319	-	-	6,873	86,542
Transfers out	(19,005)	-	(795)	-	(10,361)	(30,161)
Capital leases	3,300	-	-	-	15,416	18,716
Related Party Loan	-	85	1,500	-	-	1,585
Payment to refunded bond escrow agent	-	(222,171)	-	-	-	(222,171)
Refunding bonds/issuance of debt	-	199,055	45,000	-	-	244,055
Premium on general obligation bonds	-	25,084	-	-	-	25,084
Total other financing sources (uses)	51,336	15,372	45,705	-	11,928	124,341
Net change in fund balances	23,928	2,220	(25,241)	-	519	1,426
Fund balances - beginning of year	108,338	50,603	51,317	8	30,050	240,316
Fund balances - end of year	$ 132,266	$ 52,823	$ 26,076	$ 8	$ 30,569	$ 241,742

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, 2015

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	$ 1,426
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.	45,456
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,714
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.	11,983
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.	67,266
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.	5,023
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.	4,524
Change in net position of governmental activities	$ 139,392

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, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit A-7

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Positive (Negative)
REVENUES				
Local taxes:				
Property taxes	$ 252,794	$ 257,897	$ 258,240	$ 343
Interest, penalties and commission - property taxes	5,770	5,770	5,870	100
Receipts in lieu of taxes contractual	12,400	12,400	11,531	(869)
Sales tax general	100,163	103,963	105,013	1,050
Sales tax beer	17,500	17,500	17,137	(363)
Alcoholic beverage tax	4,500	4,500	4,998	498
Liquor by the drink tax	1,500	6,000	7,407	1,407
Gross receipts tax	11,600	11,600	13,020	1,420
Excise tax	200	200	620	420
Franchise tax	7,045	7,045	7,693	648
Other local taxes	1,283	1,283	1,176	(107)
Total local taxes	414,755	428,158	432,705	4,547
State taxes (local share):				
Sales tax	45,727	46,727	48,648	1,921
Income taxes	7,900	9,900	14,478	4,578
Beer taxes	315	315	309	(6)
Alcoholic beverage tax	300	300	292	(8)
State professional privilege tax	1,815	1,815	3	(1,812)
Petroleum special tax	1,350	1,350	1,327	(23)
Total state taxes (local share)	57,407	60,407	65,057	4,650
Licenses and permits:				
Auto licenses	10,500	10,991	11,363	372
Dog licenses	359	359	294	(65)
Liquor by the drink licenses	180	180	186	6
Other	406	406	410	4
Total licenses and permits	11,445	11,936	12,253	317
Fines and forfeitures:				
City courts	18,852	18,852	15,777	(3,075)
Library	500	500	386	(114)
Total fines and forfeitures	19,352	19,352	16,163	(3,189)

(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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Positive (Negative)
Charges for services:				
Building and other inspection fees	$ 90	$ 90	$ 130	$ 40
Park commission revenues	5,409	5,409	4,642	(767)
Parking meter revenues	500	500	857	357
Ambulance service fees	20,000	20,000	20,790	790
Rents	1,158	1,158	1,428	270
Tax sale attorney fees	500	500	595	95
Wrecker and storage fees	1,698	1,698	1,182	(516)
Police special events	701	701	589	(112)
Other	747	747	877	130
Total charges for services	30,803	30,803	31,090	287
Investment income:				
Interest on investments	258	258	383	125
Other	120	120	139	19
Total investment income	378	378	522	144
Federal grants	117	117	1	(116)
State grants	1,698	1,698	1,433	(265)
Intergovernmental revenues	3,407	3,407	3,411	4
Other:				
Auctions	2,000	2,000	1,709	(291)
Property damage reimbursement	100	100	-	(100)
Property insurance recoveries	-	-	352	352
Local shared revenue	1,873	1,873	1,818	(55)
Miscellaneous	2,430	2,437	3,789	1,352
Total other	6,403	6,410	7,668	1,258
Total revenues	$ 545,765	$ 562,666	$ 570,303	$ 7,637
Other sources and transfers in:				
Sale of capital assets	$ -	$ -	$ 691	$ 691
Capital leases	-	-	3,300	3,300
Transfers in:				
Miscellaneous Grants fund	-	-	129	129
State Street Aid fund	14,800	14,800	-	(14,800)
Midtown Corridor fund	-	4	-	(4)
New Memphis Arena fund	-	1,000	1,000	-
Sewer collection and treatment fund	5,900	5,900	6,706	806
MLG&W fund	52,139	58,389	58,515	126
Total transfers in	72,839	80,093	66,350	(13,743)
Total other sources and transfers in	$ 72,839	$ 80,093	$ 70,341	$ (9,752)
Total Revenues, Other Sources & Transfers In	$ 618,604	$ 642,759	$ 640,644	$ (2,115)

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Positive (Negative)
EXPENDITURES				
General government:				
Legislative:				
Personnel services	$ 1,511	$ 1,511	$ 1,420	$ 91
Materials and supplies	92	157	43	114
Total legislative	1,603	1,668	1,463	205
Judicial:				
Personnel services	588	588	584	4
Materials and supplies	54	54	42	12
Total judicial	642	642	626	16
Court clerk:				
Personnel services	3,383	3,383	3,169	214
Materials and supplies	3,684	4,209	6,782	(2,573)
Capital outlay	150	150	-	150
Total court clerk	7,217	7,742	9,951	(2,209)
Executive:				
Personnel services	3,280	3,370	3,524	(154)
Materials and supplies	1,850	2,930	2,394	536
Grants and subsidies	830	2,417	1,424	993
Expense reimbursement	-	(90)	-	(90)
Total executive	5,960	8,627	7,342	1,285
Finance and administration:				
Personnel services	5,292	5,071	4,848	223
Materials and supplies	977	1,397	1,045	352
Capital outlay	1	1	2	(1)
Grants and subsidies	-	-	159	(159)
Expense reimbursement	(1,030)	(1,030)	(904)	(126)
Total finance and administration	5,240	5,439	5,150	289
City attorney:				
Personnel services	4,852	4,852	4,680	172
Materials and supplies	8,057	8,948	7,850	1,098
Expense reimbursement	(3,169)	(3,169)	(2,741)	(428)
Total city attorney	9,740	10,631	9,789	842

See accompanying notes to financial statements.

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Positive (Negative)
City engineer:				
Personnel services	$ 7,892	$ 7,892	$ 7,552	$ 340
Materials and supplies	2,343	3,438	3,063	375
Capital outlay	44	44	-	44
Expense reimbursement	(1,031)	(1,031)	(4,962)	3,931
Total city engineer	9,248	10,343	5,653	4,690
Information systems:				
Personnel services	1,678	1,678	1,568	110
Materials and supplies	16,422	18,711	17,294	1,417
Expense reimbursement	(2,102)	(2,785)	(2,551)	(234)
Total information systems	15,998	17,604	16,311	1,293
Human resources:				
Personnel services	4,388	4,388	5,062	(674)
Materials and supplies	1,996	2,925	1,566	1,359
Expense reimbursement	(853)	(853)	(937)	84
Total human resources	5,531	6,460	5,691	769
General services:				
Personnel services	22,943	22,643	21,101	1,542
Materials and supplies	8,368	9,703	8,682	1,021
Capital outlay	35	35	33	2
Expense reimbursement	(9,374)	(9,374)	(8,358)	(1,016)
Total general services	21,972	23,007	21,458	1,549
Special appropriations:				
Personnel services	184	184	303	(119)
Materials and supplies	9	9	2	7
Grants and subsidies	43,614	59,232	61,042	(1,810)
Expense reimbursement	-	-	(5,662)	5,662
Total special appropriations	43,807	59,425	55,685	3,740
Total general government	$ 126,958	$ 151,588	$ 139,119	$ 12,469

(Continued)

See accompanying notes to financial statements.

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Positive (Negative)
Public safety:				
Police:				
Personnel services	$ 217,839	$ 217,839	$ 214,212	$ 3,627
Materials and supplies	28,276	34,525	21,307	13,218
Capital outlay	-	10	(4)	14
Expense reimbursement	(1,453)	(1,453)	(1,812)	359
Total police	244,662	250,921	233,703	17,218
Fire:				
Personnel services	147,940	147,940	146,726	1,214
Materials and supplies	17,764	20,755	16,416	4,339
Capital outlay	100	207	86	121
Expense reimbursement	(200)	(200)	(406)	206
Total fire	165,604	168,702	162,822	5,880
Total public safety	$ 410,266	$ 419,623	$ 396,525	$ 23,098
Community services:				
Parks and recreation:				
Personnel services	29,807	29,807	28,895	912
Materials and supplies	19,793	20,632	20,286	346
Capital outlay	-	(4)	10	(14)
Grants & subsidies	819	809	736	73
Inventory	343	521	258	263
Expense reimbursement	(331)	(331)	(290)	(41)
Total parks and recreation	50,431	51,434	49,895	1,539
Community development:				
Personnel services	295	295	315	(20)
Materials and supplies	178	583	323	260
Grants and subsidies	4,008	4,322	4,251	71
Total community development	4,481	5,200	4,889	311
Total community services	$ 54,912	$ 56,634	$ 54,784	$ 1,850

(Continued)

See accompanying notes to financial statements.

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Positive (Negative)
Transportation and environment:				
Public works:				
Personnel services	$ 12,778	$ 12,328	$ 11,832	$ 496
Materials and supplies	13,235	19,474	11,581	7,893
Capital outlay	120	136	120	16
Grants and subsidies	-	494	494	-
Expense reimbursement	(7,979)	(7,979)	(13,098)	5,119
Total public works	18,154	24,453	10,929	13,524
Total transportation and environment	$ 18,154	$ 24,453	$ 10,929	$ 13,524
Total Expenditures	$ 610,290	$ 652,298	$ 601,357	$ 50,941
OTHER USES				
Transfers out (primary):				
Miscellaneous grants fund	$ 24	$ 24	$ -	$ 24
Community redevelopment fund	2,739	2,739	2,263	476
Debt service fund	5,117	5,117	4,822	295
Healthcare fund	-	13,500	-	13,500
Total transfers out	7,880	21,380	7,085	14,295
Transfers out (other):				
OPEB fund	-	-	11,920	(11,920)
Total transfers out (other)	-	-	11,920	(11,920)
Total other uses	$ 7,880	$ 21,380	$ 19,005	$ 2,375
Total Expenditures and Other Uses	$ 618,170	$ 673,678	$ 620,362	$ 53,316
Net Change in Fund Balances (Budgetary)	$ 434	$ (30,919)	$ 20,282	$ (55,431)
Adjustment for Encumbrances			3,646	
Revenues over Expenditures GAAP Basis			23,928	
Fund Balance - Beginning			108,338	
Fund Balance - Ending			$ 132,266	

See accompanying notes to financial statements.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(Thousands of Dollars)
June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit A-9

	Business Type Activities - Enterprise Funds						Governmental Activities
	Major Funds						
	Sewer Collection and Treatment	MLGW Electric Division	MLGW Gas Division	MLGW Water Division	Non-Major Fund	Total	Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	$ 1	$ 101,279	$ 46,511	$ 13,837	$ 1	$ 161,629	$ 1
Investments	17,155	77,451	34,896	10,599	-	140,101	-
Equity in cash and investment pool	95,489	-	-	-	3,449	98,938	24,736
Restricted funds	-	66,075	7,419	6,269	-	79,763	-
Receivables:							
Notes and accounts	8,791	85,198	40,997	14,799	3,193	152,978	-
Interest on investments	2	-	-	-	-	2	-
Due from other funds	11,200	-	-	-	-	11,200	120
Due from other agencies	-	-	-	-	-	-	232
Unbilled revenues	-	49,639	19,888	2,958	-	72,485	-
Prepaid power cost	-	113,538	-	-	-	113,538	-
Unrecovered purchased power cost	-	2,385	-	-	-	2,385	-
Inventories of materials and supplies	-	22,749	6,570	3,023	-	32,342	737
Collateral held in trust for securities on loan	-	-	-	18	-	18	-
Other current assets	-	1,067	3,670	-	-	4,737	-
Total current assets	132,638	519,381	159,951	51,503	6,643	870,116	25,826
Non-current assets:							
Restricted assets:							
Investments, less current portion	-	29,974	12,864	7,899	-	50,737	-
Total restricted assets	-	29,974	12,864	7,899	-	50,737	-
Capital assets:							
Land	13,695	-	-	-	37	13,732	-
Buildings	105,196	-	-	-	907	106,103	-
Utility plant	-	1,697,533	637,087	452,596	-	2,787,216	-
Improvements other than buildings	557,732	-	-	-	42,206	599,938	-
Machinery and equipment	29,862	-	-	-	17,490	47,352	14
Less accumulated depreciation and amortization	(400,731)	(678,605)	(286,352)	(186,004)	(23,661)	(1,575,353)	(14)
Total capital assets	305,754	1,018,928	350,735	266,592	36,979	1,978,988	-
Construction in progress	72,515	-	-	-	57,046	129,561	-
Net capital assets	378,269	1,018,928	350,735	266,592	94,025	2,108,549	-
Other non-current assets:							
Prepaid power cost - long-term	-	349,595	-	-	-	349,595	-
Prepayments in lieu of taxes	-	1,871	41	-	-	1,912	-
Unamortized debt expense	-	1,348	-	205	-	1,553	-
Other prepayments	-	1,428	637	423	-	2,488	-
Notes receivable	-	-	913	2,025	-	2,938	-
Total other non-current assets	-	354,242	1,591	2,653	-	358,486	-
Total non-current assets	378,269	1,403,144	365,190	277,144	94,025	2,517,772	-
Total assets	510,907	1,922,525	525,141	328,647	100,668	3,387,888	25,826
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	2,192	-	-	-	1,331	3,523	-
Accumulated decrease in fair value of hedging derivatives	-	305	774	-	-	1,079	-
Unamortized balance of refunded debt	-	6,400	-	-	-	6,400	-
Total assets and deferred outflows of resources	$ 513,099	$ 1,929,230	$ 525,915	$ 328,647	$ 101,999	$ 3,398,890	$ 25,826

(Continued)

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(Thousands of Dollars)
June 30, 2015

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

	Business Type Activities - Enterprise Funds						Governmental Activities
	Major Funds						
	Sewer Collection and Treatment	MLGW Electric Division	MLGW Gas Division	MLGW Water Division	Non-Major Fund	Total	Internal Service Funds
LIABILITIES							
Current liabilities:							
Accounts payable and accrued expenses	$ 9,030	$ 108,394	$ 26,091	$ -	$ 940	$ 144,455	$ 1,424
Bonds and notes payable	-	101,010	-	513	-	101,523	-
Accrued liabilities	1,458	39,289	15,210	11,166	-	67,123	-
Payables due from restricted assets	-	19,769	6,731	5,011	-	31,511	-
Bonds payable - principal from restricted assets	-	9,190	-	43	-	9,233	-
Bonds payable - interest from restricted assets	-	2,127	-	47	-	2,174	-
Insurance claims payable	-	-	-	-	-	-	8,235
Contract retainage	161	-	-	-	8	169	-
Current installment of revenue bonds payable	10,930	-	-	-	-	10,930	-
State loans payable - current	162	-	-	-	-	162	-
Net pension liability	10,354	-	-	-	6,286	16,640	-
Other post employment benefits	1,926	-	-	-	1,072	2,998	95
Vacation, sick and other leave benefits	3,046	8,063	3,514	2,455	1,322	18,400	95
Total current liabilities	37,067	287,842	51,546	19,235	9,628	405,318	9,849
Long-term liabilities:							
Revenue bonds payable	100,580	450,603	-	15,384	-	566,567	-
State loans payable	4,587	-	-	-	-	4,587	-
Unamortized balance of refunded debt	3,124	-	-	-	-	3,124	-
Customer common deposits	-	19,327	3,583	799	-	23,709	-
Other	-	8,384	3,116	5,125	-	16,625	-
Total long-term liabilities	108,291	478,314	6,699	21,308	-	614,612	-
Total liabilities	145,358	766,156	58,245	40,543	9,628	1,019,930	9,849
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	1,215	-	-	-	738	1,953	-
Revenue collected in advance	-	-	-	-	217	217	6,556
Total liabilities and deferred inflows of resources	146,573	766,156	58,245	40,543	10,583	1,022,100	16,405
NET POSITION							
Net investment in capital assets	262,010	938,844	350,735	250,871	94,025	1,896,485	-
Restricted for debt service	28,150	52,900	10,479	8,268	-	99,797	-
Restricted for construction	7,268	-	-	-	-	7,268	-
Unrestricted (deficit)	69,098	171,330	106,456	28,965	(2,610)	373,239	9,421
Total net position (deficit)	$ 366,526	$ 1,163,074	$ 467,670	$ 288,104	$ 91,415	$ 2,376,789	$ 9,421
Adjustment to reflect the consolidation of internal service funds related to enterprise funds						3,980	
Net position of business-type activities						$ 2,380,769	

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION / PROPRIETARY FUNDS
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit A-10

	Business Type Activities - Enterprise Funds						Governmental Activities
	Major Funds						
	Sewer Collection and Treatment	MLGW Electric Division	MLGW Gas Division	MLGW Water Division	Non-Major Fund	Total	Internal Service Funds
Charges for services	$ 103,299	$ 1,280,904	$ 333,812	$ 86,181	$ 24,309	$ 1,828,505	$ 104,068
Operating revenues	103,299	1,280,904	333,812	86,181	24,309	1,828,505	104,068
Operating expenses other than depreciation and amortization:							
Personnel services	17,680	-	-	-	9,239	26,919	438
Materials, supplies, services, and other	29,531	-	-	-	5,360	34,891	13,436
Capital outlay	3,733	-	-	-	-	3,733	3
Purchased power and gas for resale	-	1,029,791	201,362	-	-	1,231,153	-
Production	-	-	-	15,599	-	15,599	-
Operation	-	123,531	77,801	46,322	-	247,654	-
Maintenance	-	42,251	12,781	8,458	-	63,490	-
In lieu of taxes	-	6,187	1,156	-	-	7,343	-
Re-insurance fees	-	-	-	-	-	-	12
PCORI tax	-	-	-	-	-	-	26
Inventories	-	-	-	-	-	-	14,108
Claims incurred	-	-	-	-	-	-	66,181
Total operating expenses other than depreciation and amortization	50,944	1,201,760	293,100	70,379	14,599	1,630,782	94,204
Operating income (loss) before depreciation and amortization	52,355	79,144	40,712	15,802	9,710	197,723	9,864
Depreciation and amortization	12,105	44,692	13,304	7,522	2,427	80,050	16
Operating income (loss)	40,250	34,452	27,408	8,280	7,283	117,673	9,848
Non-operating revenues:							
Transmission credits	-	31,483	-	-	-	31,483	-
Investment income	247	24,053	(216)	722	10	24,816	44
Federal grants	562	-	-	-	-	562	-
Other	(762)	-	-	-	128	(634)	-
Total non-operating revenues	47	55,536	(216)	722	138	56,227	44
Non-operating expenses:							
Bond sale expense	409	-	-	-	-	409	-
Pension expense	(151)	-	-	-	(92)	(243)	-
Interest on bonded indebtedness	4,746	21,581	-	264	-	26,591	-
Interest on state loan	102	-	-	-	-	102	-
Total non-operating expenses	5,106	21,581	-	264	(92)	26,859	-
Income (loss) before capital contributions and transfers	35,191	68,407	27,192	8,738	7,513	147,041	9,892
Transfers in	-	-	-	-	1,313	1,313	(5,225)
Transfers out	(6,706)	(39,295)	(17,320)	(4,400)	(1,893)	(69,614)	-
Capital contributions	1,293	-	-	-	1,729	3,022	-
Change in net position (deficit)	29,778	29,112	9,872	4,338	8,662	81,762	4,667
Total net position (deficit) - beginning of year	346,276	1,133,962	457,798	283,766	88,538		4,754
Prior period adjustment	(9,528)	-	-	-	(5,785)		-
Total net position (deficit) - beginning of year, as adjusted	336,748	-	-	-	82,753		-
Total net position - end of year	$ 366,526	$ 1,163,074	$ 467,670	$ 288,104	$ 91,415		$ 9,421
Adjustment to reflect the consolidation of internal service funds related to enterprise funds						48	
Change in net position of business-type activities						$ 81,810	

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit A-11

	Sewer Collection and Treatment	MLGW Electric Division	MLGW Gas Division	MLGW Water Division	Non-Major Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers and users	$ 103,620	$ 1,277,858	$ 339,592	$ 85,370	$ 25,193	$ 1,831,633	$ 321
Receipts from other division funds	-	1,520	-	-	-	1,520	25,703
Receipts from other agency funds	-	-	-	-	-	-	(260)
Miscellaneous income	-	-	-	-	-	-	(38)
Employee contributions	-	-	-	-	-	-	24,504
Employer contributions	-	-	-	-	-	-	54,310
Payments to suppliers	(29,212)	(921,953)	(236,551)	(26,106)	(6,225)	(1,220,047)	(14,876)
Payments to/on behalf of employees	(17,770)	(116,793)	(62,604)	(42,233)	(9,468)	(248,868)	(546)
Payments to other division funds	-	-	(534)	(1,662)	-	(2,196)	-
Payments per Affordable Care Act (Re-insurance fees, PCORI tax)	-	-	-	-	-	-	(38)
Payments for taxes	-	(6,353)	(1,105)	-	-	(7,458)	-
Payments for inventory	-	-	-	-	-	-	(14,078)
Payments due to other agencies	-	-	-	-	-	-	20
Payments for claims incurred	-	-	-	-	-	-	(67,403)
Net cash provided by (used in) operating activities	56,638	234,279	38,798	15,369	9,500	354,584	7,619
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:							
Transfers to City	-	(39,295)	(17,320)	(4,400)	-	(61,015)	-
Receipt of miscellaneous income	334	-	-	-	-	334	-
Principal payments on long-term debt	-	(102,765)	-	-	-	(102,765)	-
Interest expense on bonds	-	(27,430)	-	-	-	(27,430)	-
Transfers from other funds	-	-	-	-	1,313	1,313	-
Local shared revenue	-	-	-	-	84	84	-
Transfers to other funds	(6,706)	-	-	-	(1,894)	(8,600)	(5,225)
Net cash (used in) provided by non-capital financing activities	(6,372)	(169,490)	(17,320)	(4,400)	(497)	(198,079)	(5,225)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Bond issue costs	123	-	-	-	-	123	-
Acquisition and construction of capital assets	(33,511)	(80,415)	(28,675)	(15,380)	(17,960)	(175,941)	-
Gain (loss) on Sale of Asset	-	-	-	-	46	46	-
Contributions in aid of construction	-	12,827	1,283	3,161	-	17,271	-
Proceeds from issuance of long term debt	-	80,499	-	15,755	-	96,254	-
Receipts from federal grants	562	-	-	-	-	562	-
Principal payments on capital debt	(29,763)	-	-	-	-	(29,763)	-
Interest payments on capital debt	(5,239)	(1,487)	-	(253)	-	(6,979)	-
Capital contributions	1,294	-	-	-	1,729	3,023	-
Issuance of Sanitary Sewerage Revenue Refunding Bond Series 2014	18,930	-	-	-	-	18,930	-
Net cash used in capital and related financing activities	(47,604)	11,424	(27,392)	3,283	(16,185)	(76,474)	-
CASH FLOWS FROM INVESTING ACTIVITIES:							
Sales and maturities of investments	131	108,738	62,160	15,180	-	186,209	-
Purchase of investments	(97)	(109,796)	(50,260)	(18,598)	-	(178,751)	-
Payments received on notes receivable	-	-	1,047	195	-	1,242	-
Income earned on investments	(827)	499	367	51	10	100	48
Net cash provided by (used in) investing activities	(793)	(559)	13,314	(3,172)	10	8,800	48
Net increase (decrease) in cash and cash equivalents	1,869	75,654	7,400	11,080	(7,172)	88,831	2,442
Cash and cash equivalents, beginning of year	93,621	111,114	54,003	12,616	10,622	281,976	22,295
Cash and cash equivalents, end of year	$ 95,490	$ 186,768	$ 61,403	$ 23,696	$ 3,450	$ 370,807	$ 24,737

(Continued)

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

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

	Sewer Collection and Treatment	MLGW Electric Division	MLGW Gas Division	MLGW Water Division	Non-Major Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	$ 40,251	$ 34,452	$ 27,408	$ 8,280	$ 7,282	$ 117,673	$ 9,849
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation expense	12,104	44,692	13,304	7,522	2,427	80,049	16
Employer pension contributions	-	-	-	-	-	-	-
Transmission credits	-	31,483	-	-	-	31,483	-
Prepay power credits	-	20,212	-	-	-	20,212	-
Other income	-	3,301	(584)	670	-	3,387	-
(Increase) decrease in assets:							
Accounts receivable	350	1,062	2,261	411	1,015	5,099	(1)
Unbilled revenues	-	1,965	6,950	165	-	9,080	-
Prepaid power cost	-	109,982	-	-	-	109,982	-
Prepayments - in lieu of taxes	-	(32)	1	-	-	(31)	-
Inventories	-	(2,915)	228	(460)	-	(3,147)	31
Other assets	-	(4,313)	(1,447)	(423)	-	(6,183)	-
Increase (decrease) in liabilities:							
Accounts payable	4,058	(2,724)	(8,542)	-	(1,225)	(8,433)	(2,276)
Other accrued expenses	(125)	(3,418)	(3,209)	(772)	-	(7,524)	-
Customer deposits	-	(348)	1,833	18	-	1,503	-
Insurance reserves	-	(293)	366	769	-	842	-
Medical benefit accrual	-	1,040	464	308	-	1,812	-
Other	-	133	(235)	(1,119)	-	(1,221)	-
Total adjustments	16,387	199,827	11,390	7,089	2,218	236,911	(2,230)
Net cash provided by (used in) operating activities	$ 56,638	$ 234,279	$ 38,798	$ 15,369	$ 9,500	$ 354,584	$ 7,619
Reconciliation of cash and cash equivalents per statements of cash flows to the balance sheets:							
Restricted funds	$ -	$ 96,049	$ 20,283	$ 14,168	$ -	$ 130,500	$ -
Less investments included in restricted funds	-	(10,560)	(5,391)	(4,309)	-	(20,260)	-
Cash and cash equivalents included in restricted funds	-	85,489	14,892	9,859	-	110,240	-
Current assets - cash and cash equivalents	1	101,279	46,511	13,837	1	161,629	1
Current assets - equity in cash and investment pool	95,489	-	-	-	3,449	98,938	24,736
Total cash and cash equivalents	$ 95,490	$ 186,768	$ 61,403	$ 23,696	$ 3,450	$ 370,807	$ 24,737

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
(Thousands of Dollars)
June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit A-12

	Pension and OPEB Trust Funds	Sold Property Tax Receivable Agency Fund
ASSETS		
Cash and cash equivalents	$ 361,670	$ -
Investments, at fair value:		
U.S. government securities - long-term	130,278	-
Common stock - domestic	1,182,641	-
Common stock - foreign	282,871	-
Preferred stock - domestic	14,648	-
Preferred stock - foreign	550	-
Corporate bonds - domestic	374,646	-
Corporate bonds - foreign	66,554	-
Mutual funds and money market funds	94,655	-
Governement bond mutual fund - international	14,109	-
Corporate bond mutual funds - domestic	13,645	-
Corporate bond mutual funds - international	13,890	-
Convertible bond mutual fund - domestic	14,616	-
Collateralized mortgage obligations	42,059	-
Asset-backed pooled securities	6,097	-
Mortgage-backed pooled securities	85,021	-
Investments in index funds	548,248	-
Investments in real estate	314,500	-
Investments in high yield bond fund	15,600	-
Investments in private equities	34,401	-
Investments in international equity fund	345,790	-
Investments in international bond fund	26,566	-
Hedge funds	46,547	-
Distressed debt funds - domestic	5,271	-
Distressed debt funds - foreign	10,541	-
Total investments	3,683,744	-
Equity in cash and investment pool	14,516	954
Interest and dividend receivables	9,855	-
Receivable for securities sold	113,793	167
Property tax receivable - delinquent	-	15,803
Employer and employee contributions receivable	1,322	-
Collateral held in trust for securities on loan	314,697	-
Total assets	4,499,597	16,924
LIABILITIES		
Accounts payable and other liabilities	235,192	1,066
Collateral subject to return to borrowers	314,697	-
Total liabilities	549,889	1,066
DEFERRED INFLOWS OF RESOURCES		
Revenue collected in advance	2,160	15,858
Total deferred inflows of resources	2,160	15,858
NET POSITION		
Held in trust for pension benefits, pool participants, and OPEB	$ 3,947,548	$ -

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION **CITY OF MEMPHIS, TENNESSEE**
FIDUCIARY FUNDS **Exhibit A-13**
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

	Pension and OPEB Trust Funds
ADDITIONS	
Contributions:	
Employer	$ 123,302
Medicare Part D	1,306
Plan members	52,532
Total contributions	177,140
Transfer from other fund	17,145
Investment income:	
Interest and dividend income	84,215
Securities lending income	1,088
Other investment income	2,360
Gain on real estate investments	2,870
Net appreciation in the fair value of investments	108,030
Total investment income	198,563
Total additions	392,848
DEDUCTIONS	
Benefits	335,189
Administrative expenses	20,722
Refunds of contributions	25,448
Total deductions	381,359
Net (decrease)/increase	11,489
Net position - beginning of year	3,927,148
Prior period adjustment	8,911
Net position - beginning of year after prior period adjustment	3,936,059
Net position - end of year	$ 3,947,548

See accompanying notes to financial statements.

COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
(Thousands of Dollars)
June 30, 2015

	Memphis Area Transit Authority	Airport Authority	Memphis Zoological Society	Total
ASSETS				
Current unrestricted assets:				
Cash and cash equivalents	$ 4,247	$ 41,291	$ 11,604	$ 57,142
Investments	-	-	8,755	8,755
Receivables:				
Federal and state grants	7,810	38	-	7,848
Accounts receivable	287	6,108	2,125	8,520
Due from other agencies and governments	-	-	201	201
Inventories of materials and supplies	2,883	1,616	290	4,789
Prepaid expenses	303	1,529	-	1,832
Total current unrestricted assets	15,530	50,582	22,975	89,087
Current restricted assets:				
Cash and cash equivalents	-	77,852	-	77,852
Investments	503	23,367	-	23,870
Capital contributions receivable	-	16,091	-	16,091
Account receivable	-	573	-	573
Accrued interest	-	572	-	572
Total current restricted assets	503	118,455	-	118,958
Total current assets	16,033	169,037	22,975	208,045
Non-current restricted assets:				
Investments	-	25,182	-	25,182
Total non-current restricted assets	-	25,182	-	25,182
Capital assets:				
Land	2,731	159,476	-	162,207
Buildings	170,893	552,072	-	722,965
Avigation easements	-	46,679	-	46,679
Improvements other than buildings	-	890,976	-	890,976
Machinery, buses and equipment	107,271	109,454	94	216,819
Less accumulated depreciation and amortization	(151,659)	(877,761)	(37)	(1,029,457)
Total capital assets, net	129,236	880,896	57	1,010,189
Construction in progress	1,656	54,773	-	56,429
Net capital assets	130,892	935,669	57	1,066,618
Other assets	13	-	1,138	1,151
Total Assets	146,938	1,129,888	24,170	1,300,996
DEFERRED OUTFLOWS				
Pension contribution	2,307	-	-	2,307
Pension expense	1,038	-	-	1,038
Deferred charges on refundings	-	3,484	-	3,484
Deferred acturarial losses-pensions	-	3,784	-	3,784
Total assets and deferred outflows	150,283	1,137,156	24,170	1,311,609

(Continued)

	Memphis Area Transit Authority	Airport Authority	Memphis Zoological Society	Total
LIABILITIES				
Current:				
Notes and accounts payable	$ 2,965	$ 8,280	$ 1,687	$ 12,932
Due to other agencies and governments	3,936	-	-	3,936
Accrued liabilities	356	11,451	1,040	12,847
Unearned revenue	400	-	1,409	1,809
Current installment of revenue bonds payable	-	32,350	-	32,350
Total current liabilities	7,657	52,081	4,136	63,874
Long-term (net of current maturities):				
Other post employment benefits	28,170	-	-	28,170
Lease revenue received in advance	-	67,127	-	67,127
Net pension liability	3,279	14,719	-	17,998
Revenue bonds payable	-	328,768	-	328,768
Other long-term obligations	2,491	1,182	-	3,673
Total long-term liabilities	33,940	411,796	-	445,736
Total Liabilities	41,597	463,877	4,136	509,610
DEFERRED INFLOWS				
Pension	-	4,589	-	4,589
Total liabilities and deferred inflows	41,597	468,466	4,136	514,199
NET POSITION				
Net investment in capital assets	130,891	587,325	-	718,216
Restricted for:				
Capital acquisition/projects	-	66,037	4,862	70,899
Self-insurance	503	-	-	503
Other	-	-	7,121	7,121
Unrestricted	(22,708)	15,328	8,051	671
Total Net Position	108,686	668,690	20,034	797,410
Total liabilities, deferred inflows and net position	$ 150,283	$ 1,137,156	$ 24,170	$ 1,311,609

See accompanying notes to financial statements.

COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

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	Airport Authority	Memphis Zoological Society	Total
Component units:								
Memphis Area Transit Authority	$ 64,264	$ 9,121	$ -	$ 2,534	$ (52,609)	$ -	$ -	$ (52,609)
Memphis Zoological Society	24,277	16,157	418	5,731	-	-	(1,971)	(1,971)
Airport Authority	137,482	100,542	-	27,389	-	(9,551)	-	(9,551)
Total component units	$ 226,023	$ 125,820	$ 418	$ 35,654	$ (52,609)	$ (9,551)	$ (1,971)	$ (64,131)
General revenues:								
Grants and contributions not restricted to specific programs					-	19	-	19
City of Memphis subsidy					23,093	-	-	23,093
Investment income (loss)					-	2,115	(201)	1,914
Federal grants and entitlements					12,424	-	-	12,424
State grants					7,529	-	-	7,529
Other					1,100	5,840	89	7,029
Total general revenues and special items					44,146	7,974	(112)	52,008
Change in net position					(8,463)	(1,577)	(2,083)	(12,123)
Net position - beginning					117,149	685,759	22,117	825,025
Prior period adjustment - GASB 68 implementation					-	(15,492)	-	(15,492)
Net postion - beginning, as restated					117,149	670,267	22,117	809,533
Net position - ending					$ 108,686	$ 668,690	$ 20,034	$ 797,410

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: Executive, Finance and Administration, Fire, Police, Parks and Neighborhoods, Public Works, Human Resources, General Services, Housing and Community Development, Office of Planning and Development, City Attorney, City Engineer, Information Systems, 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

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, 2014. The disclosures for other divisions, component units, and joint ventures are as of their June 30 fiscal year-end.

Blended Component Units

The City does not have any component units that are considered blended.

Discretely Presented Component Units

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

Memphis 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.

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.

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, 2015, contained 52 weeks. MZS is a non-major component unit.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

MATA	MSCAA	MZS
1370 Levee Road	2491 Winchester Rd., Ste. 113	2000 Prentiss Place
Memphis, TN 38108	Memphis, TN 38116	Memphis, TN 38112
(901) 722-7162	(901) 922-8000	(901) 333-6500

Related Organization

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

Joint Ventures

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

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

Jointly Governed Organizations

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

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

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

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

Memphis Center City Revenue Finance Corporation (CCRFC) – CCRFC is a nonprofit corporation established jointly by the City and the County under the laws of the State of Tennessee. The Finance Corporation provides various forms of financial assistance to 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 both the City and Shelby County Mayors, one joint 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 Growth Development 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 the Economic Growth Development Industrial Development Board (EDGE) was passed in January 2011 by the Memphis City Council and Shelby County Commission.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of Interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

Fleet Management Internal Service Fund

Health Insurance Internal Service Fund

Unemployment Compensation Internal Service Fund

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

City Retirement System Fund

Library Retirement System Fund

City Other Post-Employment Benefits Trust Fund

Memphis Light, Gas and Water Retirement System Fund

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

Sold Property Tax Receivable Agency Fund

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

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

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

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

New Accounting Standards Adopted

In fiscal year 2015, the City adopted the new statement of financial accounting standards issued by the Governmental Accounting Standards Board (GASB) Statement No 68, Accounting and Financial Reporting for Pension Plans.

Statement No. 68, *Accounting and Financial Reporting for Pension Plans,* revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Statement No. 68 is effective for financial statements for fiscal years beginning after June 15, 2014.

Prior to implementing GASB 68, employers participating in a cost-sharing plan recognized annual pension expense equal to their contractually required contribution to the plan. Pension liabilities resulted from the difference between contributions required and contributions made. GASB 68 requires employers to recognize a liability as employees earn their pension benefits. For the first time, employers participating in cost-sharing plans will recognize their proportionate share of the collective pension amounts for all benefits provided through the plans. Pension amounts to be recognized by employers include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The employer's proportionate share of the collective net pension liability will appear on the face of the employer's accrual-based financial statements along with the employers' other long-term liabilities.

The effect of the implementation of GASB 68 is discussed and disclosed in the Notes to the Financial Statements Section V.F. with the intent to provide readers of the financial statements with more detailed information. The Required Supplementary Information (RSI) schedules are now presented in accordance with GASB 68.

Memphis Light Gas and Water Division (MLGW), which reports on a calendar year basis, did not elect early implementation of GASB 68. This statement will be implemented in 2015 for the MLGW Pension Plan annual reporting.

In fiscal year 2014 the City of Memphis adopted GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.* GASB Statement No. 70 requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. For fiscal year 2014, the City reviewed the requirements and determined that it did not have guarantees that met the qualifications of GASB 70. However, certain transactions occurred during the fiscal year 2015 that meet the qualification of GASB 70 implementation and are disclosed and discussed in the Notes to the Financial Statements section IV.G.

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 uncollectibles. The receivables collected during the current fiscal year and those collected by August 31, 2015, related to tax levies for fiscal year 2015 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 subsequent to August 31, 2015, are recorded as deferred inflows at June 30, 2015.

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 quasi-external transactions and reimbursements are accounted for as transfers. Non-recurring or non-routine transfers of equity between funds are considered equity transfers. All other interfund transactions are treated as transfers.

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

Inventories and Prepaid Expenditures

Inventories in the Proprietary Funds are stated at cost determined principally by the first-in/first-out (FIFO) method. General Fund inventories are recorded as expenditures when purchased, and there were no significant inventories on hand at June 30, 2015. 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 estimated fair market 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 assets 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 $4,848. Of this amount, none was included as part of the cost of capital assets constructed with bond proceeds.

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

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

Compensated Absences

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

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

Deferred Compensation Plan

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

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

Long-term Obligations

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

the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Use of Estimates

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

Fund Equity - Net Position

Fund equity is generally the difference between assets plus deferred outflows and liabilities plus deferred inflows. Government-wide and proprietary fund statements report fund equity as net position. Fund equity for governmental fund statements are 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* during fiscal year 2011. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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 Non-spendable Fund balance includes amounts that cannot be spent because they are either: (a) not in spendable form (e.g., inventories, prepaids); 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 was delegated the authority by a City Council resolution to assign fund balance. The City's Finance Director, in compliance with the authority granted by a City Council resolution, has authorized the assignment of $24,029 of the fund balance for June 30, 2015 encumbrances (outstanding obligations). The City has also committed $10,000 for potential grants refund.

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 Director of Finance; (2) in circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance; and (3) the City shall strive to maintain a yearly fund balance in the general operating fund in which the unassigned fund balance is ten (10) percent of the total operating expenditures.

Reclassification of Funds and Restatement of Fund Balance / Net Position

Prior period net position of the City Retirement System Fund has been adjusted as stated below:

Net position at June 30, 2014	$ 2,226,945
Adjustment for DROP Program Allowance	8,911
Restated net position at June 30, 2014	$ 2,235,856

Prior period net position of the Sewer Collection and Treatment Fund has been adjusted as stated below:

Net position at June 30, 2014	$ 346,276
Adjustment for GASB 68 implementation	(9,528)
Restated net position at June 30, 2014	$ 336,748

Prior period net position of the Storm Water Fund has been adjusted as stated below:

Net position at June 30, 2014	$ 88,538
Adjustment for GASB 68 implementation	(5,785)
Restated net position at June 30, 2014	$ 82,753

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

Net position at June 30, 2014	$ (530,369)
Adjustment for GASB 68 implementation	(44,460)
Adjustment for Accrued Interest – OJI	(19,892)
Restated net position at June 30, 2014	$ (594,721)

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 $1,707,520 difference are as follows:

Bonds payable	$ 1,077,615
Refunding of government obligation bonds	131,210
Settlement obligation	20,000
Commercial paper	20,000
Unamortized loan costs	79,464
Capital lease obligations	43,062
Related party loan	191,550
Related party loan premium	1,757
Related party debt obligation	29,215
Related party debt premium	613
Accrued interest	17,355
Claims and judgments liability	8,608
On the job injury	3,194
Compensated absences	83,877
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	$ 1,707,520

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

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

The details of the $45,456 difference are as follows:

Capital outlay	$ 85,031
Depreciation expense	(39,575)
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at change in net position of governmental activities	$ 45,456

Another element of that 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 this $11,983 difference are as follows:

Debt issued or incurred:	
General obligation bonds	$ (199,055)
Commercial paper	(45,000)
Capital lease	(18,716)
Related party debt	(1,585)
Principal repayments:	
General obligation bonds	226,082
Commercial paper	75,000
Related party	7,510
Capital leases	3,294
Net premium	(25,084)
Accrued interest	(15,540)
Vacation, sick and other leave	5,077
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	$ 11,983

Another element of that 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 this $72,289 difference are as follows:

Liability Changes:	
Claims and judgments liability	$ 67,266
City net pension obligation	5,170
Library net pension asset	(161)
Other postemployment benefit obligation	14
	5,023
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	$ 72,289

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 Community Development Fund, Central Business Improvement District Fund, and Midtown Corridor Fund) of the City. The Midtown Corridor Fund has a "carryover" budget. The prior year's budget remains open until the revenue is completely expended, which generally exceeds one fiscal year.

During the fiscal year, budgetary control is maintained at a program level. The City Mayor has the authority to approve transfers between line items within the total amounts of each program category (Personnel Services, Materials and Supplies,

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

For the Workforce Investment Act and the Community Development Special Revenue Funds, spending budgets are approved annually upon the availability of the grants from the federal government. The lives of most grants range from 2 to 3 years.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are typically designated by the Finance Director 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, 2015, 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. Presentation on Exhibit A-8 for the Court Clerk program level indicates an excess of expenditures over appropriations; however, there is a corresponding revenue recorded to offset the recorded expenditures as presented on Exhibit A-7 (Other sources and transfers in: Capital leases). Revenues and expenditures recorded are a result of the leasing transactions for equipment for the red light camera program.

C. Deficit net position

No funds had a deficit net position at the end of fiscal year 2015.

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 bankers acceptances and prime commercial paper. Statutes require that (1) deposits have as collateral securities whose market value is equal to 105% of the value of the deposits, less so much of such amount as is insured by federal deposit insurance and (2) securities underlying repurchase agreements must have a market value at least 102% of the amount of funds invested in the repurchase agreements. Tennessee Code Annotated Sections 9-4-502 and 9-4-504 state that collateralization coverage for cash deposits may be computed based on average daily balances of the preceding month.

Cash and Investment Pool

The City uses a central cash and investment pool ("C&I Pool") for all funds other than the Pension Trust Funds, MLGW Funds, and certain investments of the Capital Projects Fund and Sewer Collection and Treatment Fund. The equity of the other funds within the reporting entity that participate in the C&I Pool is recorded as an asset on the books in those funds.

The City's component units do not participate in the C&I Pool. The individual fund pool balances in the C&I Pool are based upon actual cash receipts and disbursements with investment income, including any unrealized gains from changes in the fair value of investments, allocated monthly to each fund on a pro-rata basis.

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

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. It is the City's policy to limit its investments to prime commercial paper, which shall be rated at least A1 or equivalent by at least two (2) nationally recognized rating services. Proceeds of bonds, notes and other obligations issued by the City, reserves held in connection therewith and the investment income there from, may be invested in obligations that: (a) are rated in either of the two highest rated categories by a nationally recognized rating agency; (b) are direct general obligations of a state of the United States, or a political subdivision or instrumentally thereof, having general taxing powers; and (c) have a final maturity on the date of investment not to exceed twenty-four (24) months or which may be tendered by the holder to the issuer thereof, or an agent of the issuer, at not less than twenty-four (24) month intervals unless approved by the State Director of Local Finance. As of June 30, 2015, the government's investments in general obligation bonds were rated Aa2 by Moody's Investor Service, AA by Standard & Poor's, and AA- by Fitch Ratings.

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, 2015 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, 2015, totaled $59,042.

The investments held by the pool consist of the following at June 30, 2015:

Description	Maturity	Interest Rates	Fair Value	Duration
U.S. Government Obligations	July 2015 - Sept 2019	.0% - 2.375%	$267,882	.08 - 4.25
Cash Equivalents	July 2015 - Dec 2015	0%	24,473	.08 - .50
Certificate of Deposit	Nov 2016 - Apr 2018	.001% - .015%	1,753	1.42 - 2.83
Total Investments			$ 294,108	

The C&I Pool does not issue separate financial statements. Condensed financial information as of June 30, 2015, is as follows (dollar amounts and share amounts are the same):

Condensed Statement of Net Position

Cash deposits	$ 59,042
Investments	294,108
Net position	$ 353,150
Net position held in trust for pool participants:	
Internal participants	353,150
Total net position held in trust for pool participants	$ 353,150

Condensed Statement of Changes in Net Position

Additions:	
Investment income	$ 945
Purchase of units	11,991,992
Total additions	11,992,937
Deduction:	
Redemption of units	11,955,173
Net increase	37,764
Net position held in trust for pool participants:	
Beginning of year	315,386
End of year	$ 353,150

Investments Outside of the Pool

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

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

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

The MLGW Statement of Investment Policy has been adopted and approved by the MLGW Board of Commissioners. This policy sets forth the investment and operational policies for the management of the public funds of MLGW. The Board of Commissioners has the power to invest and reinvest MLGW funds in accordance with the prudent investor rule. The Board members exercise authority and control over MLGW's investment portfolio by setting policies that MLGW's investment staff executes either internally or through the use of external prudent experts.

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

Deposits and cash on hand held by the primary government outside of the C&I Pool at June 30, 2015, totaled $22,236.

The investments held by the primary government outside the C&I Pool at June 30, 2015:

Description	Fair Value
Short-term investments	$ 167,994
Money market	73,828
U.S. Government securities	145,578
Federal Agency securities	24,593
Corporate bonds – domestic	625
Asset-backed pooled securities	40
Total	412,658

Investments not subject to categorization:	
Cash and cash equivalent, accrued interest, unrealized gain/loss	1,296
Electric and gas margin requirements	1,694
State of Tennessee LGIP	2,073
Total Investments	$ 417,721

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	$ 59,042
C&I Pool investments	294,108
Other deposits and cash on hand	22,236
Other investments	417,721
Total	793,107
Equity in C&I Pool – Sold Tax receivable agency fund	(954)
Equity in C&I Pool – City Retirement System	(579)
Equity in C&I Pool – City OPEB Trust	(13,937)
Equity in C&I Pool – Other	(24)
Total	$ 777,613

Cash and cash equivalents	$ 167,285
Investments	142,174
Equity in cash and investment pool	337,654
Restricted special fund-customer deposits	79,763
Restricted investments	50,737
Total	$ 777,613

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, 2015

Deposits	
Cash deposits	$ 4,246
Cash on hand	1
Total Deposits and cash on hand	$ 4,247
Investments	
Federal Home Loan Mortgage Debt security	$ 503
Total Investments	$ 503

Memphis Shelby County Airport Authority (MSCAA) as of June 30, 2015

Deposits	
Cash deposits	$ 119,140
Cash on hand	3
Total Deposits and cash on hand	$ 119,143

Investments	
U.S. Government agencies	$ 23,316
Investments not subject to categorization:	
Mutual funds	1,393
Forward purchase agreement	23,840
Total Investments	$ 48,549

Memphis Zoological Society (MZS) as of June 30, 2015

Deposits	
Cash deposits	$ 11,604
Cash on hand	-
Total Deposits and cash on hand	$ 11,604
Investments	
Money market mutual funds	$ 2,405
Community Foundation of Greater Memphis funds	6,350
Total Investments	$ 8,755

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:

	Minimum	Maximum
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, 2015, are as follows:

Current to one year	$9,757
One to two years	38,750
Two to three years	45,536
Three to four years	70,788
Four to five years	51,726
Five or more years	528,903
	745,460
Funds with indeterminable maturities	681
	$ 746,141

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, 2015, is presented below by investment category as rated by Standard and Poor's rating service.

Type of Investment	Fair Value	Ratings	Percentage of Fixed Income
Government bonds	$76,351	AAA	10.23%
	101,662	AA+	13.63%
	-	BBB	0.00%
	-	NR	0.00%
Non-government-backed CMOs	15,746	AAA	2.11%
	1,320	AA+	0.18%
	-	AA	0.00%
	-	AA-	0.00%
	-	A+	0.00%
	-	A	0.00%
	-	A-	0.00%
	-	BBB+	0.00%
	-	BBB	0.00%
	-	BBB-	0.00%
	-	BB+	0.00%
	-	BB	0.00%
	-	BB-	0.00%
	-	B+	0.00%
	-	B	0.00%
	-	B-	0.00%
	-	CCC+	0.00%
	-	CCC	0.00%
	-	CCC-	0.00%
	-	CC	0.00%
	-	D	0.00%
	308	NR	0.04%
Asset-backed securities	6,098	AAA	0.82%
	-	A	0.00%
	-	BBB	0.00%
	-	BB+	0.00%
	-	BB-	0.00%
	-	B+	0.00%
	-	B-	0.00%
	-	CCC+	0.00%
	-	CCC	0.00%
	-	C	0.00%
	-	NR	0.00%
Corporate bonds and index funds	141,971	AAA	19.03%
	4,427	AA+	0.59%
	9,835	AA	1.32%
	1,500	AA-	0.20%
	3,624	A+	0.49%
	56,256	A	7.54%
	20,569	A-	2.75%
	20,052	BBB+	2.69%
	39,546	BBB	5.30%
	22,690	BBB-	3.04%
	23,724	BB+	3.18%
	35,826	BB	4.80%
	27,503	BB-	3.69%
	26,172	B+	3.51%
	26,292	B	3.52%
	22,705	B-	3.04%
	7,507	CCC+	1.01%
	1,661	CCC	0.22%
	700	CCC-	0.09%
	-	CC	0.00%
	-	C	0.00%
	-	D	0.00%
	17,140	NR	2.30%
Government mortgage-backed securities	-	AAA	0.00%
	34,959	AA+	4.69%
	-	-	0.00%
	-	-	0.00%
	-	NR	0.00%
Bond mutual funds	-	AAA	0.00%
	-	BB-	0.00%
	-	Unlisted	0.00%
Total Fixed Income	$ 746,141		100.00%

Foreign currency risk

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

The City Plan's exposure to foreign currency risk – in U.S. Dollars – as of June 30, 2015, is as follows:

Currency	Equities	Corporate Bonds	Total
Australian dollar	$ 4,993	$ 1,941	$ 6,934
British pound sterling	21,412	7,493	28,905
Canadian dollar	13,860	13,147	27,007
Cayman Islands dollar	-	511	511
Chinese yuan (renminbi)	5,371	508	5,879
Danish krone	4,751	-	4,751
Euro	43,889	18,687	62,576
Hong Kong dollar	2,049	-	2,049
Indian rupee	-	520	520
Israeli shekel	3,911	-	3,911
Japanese yen	26,268	(65)	26,203
Mexican peso	564	325	889
Norwegian krone	1,534	-	1,534
Panamanian balboa	476	-	476
Qatari riyal	-	787	787
Russian ruble	-	822	822
Singapore dollar	1,782	-	1,782
Thailand baht	242	-	242
South African rand	137	560	697
South Korean won	3,759	-	3,759
Swedish krona	10,772	1,077	11,849
Swiss franc	1,993	-	1,993
Total securities subject to foreign credit risk	$ 147,763	$ 46,313	$ 194,076
International portfolio in U.S dollars	339,568	-	339,568
	$ 487,331	$ 46,313	$ 533,644

Securities Lending Program

The City of Memphis Retirement System (the City Plan) is authorized by the Charter and Statement of Investment Policy 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 $418 during the year ended June 30, 2015.

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, 2015 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, 2015 the collateral held and the market value of the securities on loan was $74,301 and $72,114 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, 2015 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. Instruments utilized during fiscal year 2015 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 $189,591 in money market futures, government futures, options, currency forwards, interest rate swaps and credit default swaps. The objective of the account 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, 2015, were as follows:

Description	Fair Value
Mutual Funds	$2,469

B. Receivables

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

Receivables:		General	Debt Service	Capital Projects	Sewer Collection and Treatment	Memphis Light, Gas and Water	Community Development	Nonmajor and Other Funds	Total
Property taxes	$	301,120	137,264	428	-	-	-	3,220	442,032
Special assessments		-	-	-	-	-	-	3,316	3,316
Sales, income, and other taxes		45,133	1,322	-	-	-	-	-	46,455
Federal and state grants		5,326	-	6,942	-	-	44,253	12,587	69,108
Interest and dividends on investments		-	-	-	2	-	368	(40)	330
Notes and accounts receivable		-	-	-	8,903	157,091	-	-	165,994
Housing and rehabilitation loans		-	-	-	-	-	72,705	-	72,705
Other		227,960	4,655		11,200	-	13	34	243,862
Gross receivables		579,539	143,241	7,370	20,105	157,091	117,339	19,117	1,043,801
Less allowance for uncollectibles		(210,535)	(3,959)	(15)	(112)	(16,097)	(14,541)	(1,142)	(246,401)
Net total receivables	$	369,004	139,282	7,355	19,993	140,994	102,798	17,975	797,400

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, 2015, 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 2015 levy was based was approximately $11.2 billion. The market value was approximately $35.4 billion, making the overall assessed value 31.43% of the market value. 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, 2015, were 97.60% of the tax levy.

At June 30, 2015, the allowance for uncollectible property taxes by fund was as follows:

General Fund	$ 10,994
Debt Service Fund	3,958
Schools	582
Capital Projects Fund	15
Total	$ 15,549

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, 2015, as follows:

General Fund	$2.3125
Debt Service Fund	1.0842
Capital Projects Fund	.0033
Total	$ 3.4000

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.

D. Capital assets

Capital asset activity for the year ended June 30, 2015, was as follows:

Primary Government	**Beginning Balance**	**Increases**	**Decreases**	**Transfers**	**Ending Balance**
Governmental Activities:					
Capital assets not being depreciated:					
Land	$ 64,364	$4,250	$ -	$ -	$68,614
Construction in progress	536,346	80,424	(45,206)	-	571,564
Total capital assets not being depreciated	600,710	84,674	(45,206)	-	640,178
Capital assets being depreciated:					
Buildings	538,940	25,053	-	-	563,993
Improvements other than buildings	824,661	4,807	-	-	829,468
Machinery and equipment	380,063	17,518	(5,944)	-	391,637
Total capital assets being depreciated	1,743,664	47,378	(5,944)	-	1,785,098
Less accumulated depreciation for:					
Buildings	(265,003)	(13,172)	-	-	(278,175)
Improvements other than buildings	(296,238)	(18,766)	-	-	(315,004)
Machinery and equipment	(351,084)	(9,467)	5,944	-	(354,607)
Total accumulated depreciation	(912,325)	(41,405)	5,944	-	(947,786)
Total capital assets being depreciated, net	831,339	5,973	-	-	837,312
Governmental activities capital assets, net	$ 1,432,049	$ 90,647	$ (45,206)	$ -	$ 1,477,490

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets not being depreciated:					
Land	$ 13,732	$ -	$ -	$ -	$ 13,732
Construction in progress	89,499	49,960	(9,898)	-	129,561
Memphis Light, Gas and Water assets	190,820	107,680	(105,220)	-	193,280
Total capital assets not being depreciated	294,051	157,640	(115,118)	-	336,573
Capital assets being depreciated:					
Buildings	106,102	-	-	-	106,102
Improvements other than buildings	590,013	9,898	(1,298)	-	598,613
Machinery and equipment	48,426	2,724	(2,471)	-	48,679
Memphis Light, Gas and Water assets	2,500,745	105,244	(12,053)	-	2,593,936
Total capital assets being depreciated	3,245,286	117,866	(15,822)	-	3,347,330
Less accumulated depreciation for:					
Buildings	(85,791)	(1,071)	-	-	(86,862)
Improvements other than buildings	(294,406)	(9,882)	100	-	(304,188)
Machinery and equipment	(32,219)	(3,588)	2,464	-	(33,343)
Memphis Light, Gas and Water depreciation*	(1,096,992)	(72,157)	18,188	-	(1,150,961)
Total accumulated depreciation	(1,509,408)	(86,698)	20,752	-	(1,575,354)
Total capital assets being depreciated, net	1,735,878	31,168	4,930	-	1,771,976
Business-type activities capital assets, net	$ 2,029,929	$ 188,808	$ (110,188)	$ -	$ 2,108,549

*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.

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

Governmental activities:	
Community enhancement	$ 21
Engineering	587
Executive	139
Finance	3,814
Fire services	3,294
General services	1,973
Housing and Community Development	901
Information services	2,303
Park services	7,493
Police services	4,013
Public services	4,706
Public works	12,145
Capital assets held by the government's internal service funds that are charged to the various functions based on their usage of the assets	16
Total depreciation expense - Governmental activities	$ 41,405

Business-type activities:	
Sewer (1)	12,113
Storm Water	2,427
Memphis Light, Gas and Water (2)	72,157
Total depreciation expense - Business-type activities	$ 86,697

	MLGW Electric Division	MLGW Gas Division	MLGW Water Division	Total
Statement of Revenues, Expenses and Changes in Net Position:				
Depreciation expense	$ 45,566	$ 13,365	$ 7,522	$ 66,453
Transportation costs	-	-	-	-
Salvage returns	1,921	60	22	2,003
Retirements	(2,795)	(121)	(22)	(2,938)
Statement of Cash Flows, Depreciation Expense:	$ 44,692	$ 13,304	$ 7,522	$ 65,518
Retirements	2,795	121	22	2,938
Salvage	2,586	98	11	2,695
Transfers	42	-	-	42
Shelby County Board of Public Utilities Acquisition - annual amortization	-	-	964	964
	$ 50,115	$ 13,523	$ 8,519	$ 72,157

(1) There is a difference of $8 from the scheduled depreciation presented on Statement of Revenues, Expenses, and Changes in Net Position for the Sewer Fund based on transfer write-offs during FY15.

(2) The reported MLGW numbers show a small difference between Depreciation expense in the Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds and the Depreciation expense noted in the Statement of Cash Flows - Proprietary Funds. This difference is attributed to a small amount of depreciation expense being recorded in the Maintenance expense category on the Statement of Revenues, Expenses and Changes in Net Position.

Construction Commitments

The government had active construction projects as of June 30, 2015. At year-end the government's commitments with contractors were as follows:

Function/Activity	Commitment
Executive	$ 4,907
Fire services	5,260
Police services	492
Park services	3,687
Public works	52,478
Public services	2,162
General services	5,788
Housing and Community Development	17,844
Engineering	8,954
Information systems	3,035
Library services	80
Sewer	93,862
Community Enhancement	295
	$ 198,844

Activity for the Memphis Area Transit Authority for the year ended June 30, 2015, was as follows:

	Beginning Balance (restated)	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 2,731	$ -	$ -	$ 2,731
Construction in progress	-	1,656	-	1,656
Total capital assets not being depreciated	2,731	1,656	-	4,387
Capital assets being depreciated:				
Buildings and improvements	170,774	121	(2)	170,893
Buses and other revenue vehicles	89,721	212	(9,509)	80,424
Machinery and equipment	26,907	575	(634)	26,848
Total capital assets being depreciated	287,402	908	(10,145)	278,165
Less accumulated depreciation for:				
Buildings and improvements	(77,909)	(6,103)	2	(84,010)
Buses and other revenue vehicles	(53,972)	(5,540)	9,687	(49,825)
Machinery and equipment	(15,417)	(2,808)	400	(17,825)
Total accumulated depreciation	(147,298)	(14,451)	10,089	(151,660)
Total capital assets being depreciated, net	140,104	(13,543)	(56)	126,505
Capital assets, net	$ 142,835	$ (11,887)	$ (56)	$ 130,892

Activity for the Memphis-Shelby County Airport Authority for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 162,494	$ 268	$ (3,286)	$ 159,476
Avigation easements	43,703	2,976	-	46,679
Construction in progress	28,861	39,605	(13,693)	54,773
Total capital assets not being depreciated	235,058	42,849	(16,979)	260,928
Capital assets being depreciated:				
Runways, taxiways, aprons and airfield lighting	715,340	4,349	(43)	719,646
Buildings	542,652	9,420	-	552,072
Facilities constructed for tenants	104,077	-	-	104,077
Roads, bridges and fences	67,109	144	-	67,253
Equipment and utility systems	105,741	4,921	(1,208)	109,454
Total capital assets being depreciated	1,534,919	18,834	(1,251)	1,552,502
Less accumulated depreciation for:				
Runways, taxiways, aprons and airfield lighting	(387,577)	(32,358)	43	(419,892)
Buildings	(271,864)	(17,715)	-	(289,579)
Facilities constructed for tenants	(42,262)	(2,380)	-	(44,642)
Roads, bridges and fences	(34,678)	(3,564)	-	(38,242)
Equipment and utility systems	(77,044)	(9,570)	1,208	(85,406)
Total accumulated depreciation	(813,425)	(65,587)	1,251	(877,761)
Total capital assets being depreciated, net	721,494	(46,753)	-	674,741
Capital assets, net	$ 956,552	$ (3,904)	$ (16,979)	$ 935,669

E. Interfund receivables, payables, and transfers

The composition of interfund transfers for the year ended June 30, 2015, is as follows:

	Transfers In											
				Non-Major Special Revenue					Enterprise	Internal Service	Fiduciary	
	General Fund	Debt Service	Capital Projects	Miscellaneous Grants	Hotel/Motel Tax	New Memphis Arena	Community Redevelopment	Total Non-Major Special Revenue	Storm Water	Healthcare Fund	OPEB Trust Fund	Totals
Transfers Out												
General Fund	$ -	4,822	-	-	-	-	2,263	2,263	-	-	11,920	**19,005**
Debt Service Fund	-	-	-	-	-	-	-	-	-	-	-	**-**
Capital Projects Fund	-	-	-	-	-	-	-	-	795	-	-	**795**
Non-Major Special Revenue												
State Street Aid	-	1,768	-	-	-	-	-	-	-	-	-	1,768
Miscellaneous grants	129	193	-	-	-	-	-	-	-	-	-	322
Midtown Corridor	-	-	-	-	-	-	-	-	-	-	-	-
Solid Waste	-	3,455	-	-	-	-	-	-	-	-	-	3,455
Hotel/Motel Tax	-	1,188	-	-	-	1,055	-	1,055	-	-	-	2,243
New Memphis Arena	1,000	-	-	-	1,055	-	-	1,055	-	-	-	2,055
Community Redevelopment	-	-	-	-	-	-	-	-	518	-	-	518
Total Non-Major Special Revenue	1,129	6,604	-	-	1,055	1,055	-	2,110	518		-	**10,361**
Enterprise Funds												
Sewer	6,706	-	-	-	-	-	-	-	-	-	-	**6,706**
Memphis Light, Gas and Water	58,515	-	-	-	-	2,500	-	2,500	-	-	-	**61,015**
Storm Water	-	1,893	-	-	-	-	-	-	-	-	-	**1,893**
Internal Service Funds												
Health Insurance	-	-	-	-	-	-	-	-	-	-	5,225	**5,225**
	$ **66,350**	**13,319**	**-**	-	1,055	3,555	2,263	**6,873**	**1,313**	**-**	**17,145**	**105,000**

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
GOVERNMENTAL FUND TYPES		
General	Workforce Investment Act	2,000
	State Street Aid	2,683
	Community Development	300
		4,983
Debt Service	State Street Aid	295
		295
ENTERPRISE FUND TYPES		
Sewer	Community Development	11,200
		11,200
INTERNAL SERVICE FUND TYPES		
Fleet Management	Community Development	120
		120
Total		$ 16,598

Interfund Balances:
These balances resulted from timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, and (2) payments between funds occur. Also, there are some interfund balances resulting from working capital loans made between the funds. The majority of these balances are scheduled to be collected in the subsequent year.

Transfers:
Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

F. Leases

Operating Leases

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

Capital Leases

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

The assets acquired through capital leases are as follows:

Assets:	
Equipment	$ 31,291
Facility	23,645
Accumulated Depreciation	(11,874)
Total	$ 43,062

The remaining debt service requirement for capital lease obligations for the City at June 30, 2015, is as follows:

Fiscal Year	
2016	8,159
2017	7,037
2018	6,149
2019	6,026
2020	3,731
2021-2030	20,687
Less Interest	(8,727)
Present Value of Payments	$ 43,062

G. Long-term debt

General Obligation Bonds

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.

In April 2015, the City issued $76,820 of General Improvement Refunding Bonds, Series 2015A to refund $83,055 in General Improvement Bonds, Series 2006A Ref; General Improvement Bonds, Series 2008 Ref; General Improvement Bonds, Series 2009 Ref; Series 2010A Ref; Series 2011 Ref; and Series 2014B Ref. The net proceeds of $93,204 (after the payment of $313 in underwriter's discount and $283 cost of issuance) were used to purchase U.S. Government, State, and Local Series Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the above-mentioned bonds. As a result, this Series' bonds are considered defeased. The proceeds and extinguishment of debt as well as the issue costs paid by the City were recorded in the Debt Service Fund for the refunding issue. The aggregate difference in debt service between the refunding debt and the refunded debt was $10,353. The economic loss on this transaction was $799.

In April 2015, the City issued $54,390 of General Improvement Refunding Bonds, Series 2015B to refund $50,955 in General Improvement Bonds, Series 2005 Ref; General Improvement Bonds, Series 2006C Ref; General Improvement Bonds; and Series 2010E Ref. The net proceeds of $53,966 (after the payment of $222 in underwriter's discount and $202 cost of issuance) were used to purchase U.S. Government, State, and Local Series Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the above-mentioned bonds. As a result, this Series' bonds are considered defeased. The proceeds and extinguishment of debt as well as the issue costs paid by the City were recorded in the Debt Service Fund for the refunding issue. The aggregate difference in debt service between the refunding debt and the refunded debt was $4,348. The economic gain on this transaction was $2,075.

In April 2015, the City issued $67,845 of General Improvement Bonds, Series 2015C to refund $75,000 for Commercial Paper Notes issued in April 2014. The issue resulted in net proceeds of $75,000 (after the payment of $641 in underwriter's discount and $307 cost of issuance).

Commercial Paper Program

In April 2014, 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, which expired on July 31, 2015, to provide liquidity support for this Commercial Paper Program. The loan agreement was amended on July 28, 2015 and extended the expiration date to July 27, 2018. 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.

Revenue Bonds

In July 2014, the City issued $18,930 of Sanitary Sewerage System Revenue Refunding Bonds, Series 2014. Proceeds from the bonds were used to refund Sanitary Sewerage System Revenue Bonds, Series 2005. The issue resulted in net proceeds of $20,358 (after the original issue premium of $1,697, the underwriter's discount of $103 and issuance costs of $166). The proceeds and issuance costs of this debt instrument were recorded in the City's Sewer Collection and Treatment Fund. Interest on the Series 2014 Bonds is payable semiannually on each January 1 and July 1, commencing January 1, 2015. The interest rate varies from 3.000% to 4.000%. The aggregate difference in debt service between the refunding debt and the refunded debt was $2,273. The economic gain on this transaction was $1,991.

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 consist of the following: a July 18, 2013 obligation of $3,989 with an interest rate of 2.59% payable over a 20 year period, a July 19, 2013 obligation of $100,000 with an interest rate of 0.75% payable over a 20 year period.

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, 2015, a total of approximately $330,590 bonds outstanding were considered defeased.

Center City Revenue Finance Corporation

Pursuant to the Trust Indenture dated as of March 3, 2015 (the "Indenture"), the Memphis Center City Revenue Finance Corporation (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. 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 2015 CCRFC Bonds were used to, among other things, provide funds to make a loan (the "Series 2015 Loan") to the City pursuant to that certain Loan Agreement dated as of March 3, 2015 (the "Loan Agreement") between the Corporation and the City. The City used the proceeds of the Series 2015 Loan to: (a) pay costs of capital additions and improvements to and capital equipment for the Memphis Cook Convention Center,

constituting a public facility within an area designated by the City as the center city area (the "Project"); (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. The amount of liability recognized is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee.

June 30, 2014	Increases	Decreases	June 30, 1015
$0	$1,585	$0	$1,585

Qualified Energy Conservation Bonds (QECB) are issued by Center City Revenue Finance Corporation (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 3.720%, and the loan matures in 2025. Under the provisions of the agreement, the proceeds of the loan must be spent on specific authorized projects within a limited time period. The proceeds are held in an escrow account. As allowable expenditures are incurred, the developer will submit expenditures to the City. Upon approval of expenditures, the City will request the release of the funds from the escrow account to reimburse the developer. The bonds mature annually through January 5, 2025 with semiannual interest payments. The City is required to pay the remaining portion of the CCRFC's debt service payments based on this guarantee. The amount of liability recognized is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee.

June 30, 2014	Increases	Decreases	June 30, 1015
$0	$8,316	$0	$8,316

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 3.910%, and the loan matures in 2025. Under the provisions of the agreement, the proceeds of the loan must be spent on specific authorized projects within a limited time period. The proceeds are held in an escrow account. As allowable expenditures are incurred, the developer will submit expenditures to the City. Upon approval of expenditures, the City will request the release of the funds from the escrow account to reimburse the developer. The bonds mature annually through January 5, 2025 with semiannual interest payments. The City is required to pay the remaining portion of the CCRFC's debt service payments based on this guarantee. The amount of liability recognized is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee.

June 30, 2014	Increases	Decreases	June 30, 1015
$0	$2,015	$0	$2,015

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 3.910%, and the loan matures in 2025. Under the provisions of the agreement, the proceeds of the loan must be spent on specific authorized projects within a limited time period. The proceeds are held in an escrow account. As allowable expenditures are incurred, the developer will submit expenditures to the City. Upon approval of expenditures, the City will request the release of the funds from the escrow account to reimburse the developer. The bonds mature annually through January 5, 2025 with semiannual interest payments. The City is required to pay the remaining portion of the CCRFC's debt service payments based on this guarantee. The amount of liability recognized is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee.

June 30, 2014	Increases	Decreases	June 30, 1015
$0	$340	$0	$340

Pursuant to a Trust Indenture dated as of September 1, 2011 (the "Indenture"), the Memphis Center City Revenue Finance Corporation of Memphis, Tennessee (CCRFC) issued its $40,540 Federally Taxable Senior Revenue Bonds, Series 2011A (Pyramid and Pinch District Redevelopment Project) ("Series 2011A CCRFC Bonds"), its $100,245 Tax-Exempt Subordinate Revenue Bonds, Series 2011B (Pyramid and Pinch District Redevelopment Project), and its $56,150 Federally Taxable Subordinate Revenue Bonds, Series 2011C (Pyramid and Pinch District Redevelopment Project) (collectively, the "Series 2011 CCRFC Subordinate Bonds," and together with the "Series 2011A CCRFC Bonds" and the "Series 2011 CCRFC Bonds"). The Series 2011 CCRFC 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 2011 CCRFC Bonds were used to, among other things, provide funds to make a loan (the "Series 2011 Loan") to the City pursuant to that certain Loan Agreement dated as of September 1, 2011 (the "Loan Agreement") between CCRFC and the City. The City used the proceeds of the Series 2011 Loan to: (a) finance or reimburse the City for costs associated with the redevelopment of the Pyramid Arena, the acquisition and renovation of certain properties in the Center City area of the City adjacent to the Pyramid Arena and the acquisition of the County's interest in the Memphis Cook Convention Center; (b) fund capitalized interest on the Series 2011 CCRFC Bonds; (c) fund a Debt Service Reserve Fund, which is established with the Trustee pursuant to the Indenture; and (d) pay the costs of issuance with respect to the Series 2011 CCRFC Bonds.

The bonds mature annually through November 1, 2030, with semiannual interest payments. The City is required to pay the remaining portion of the CCRFC's debt service payments based on this guarantee. On November 1, 2011, the City began making payments on the CCRFC's bonds. The City has paid $6,970 in principal and $30,163 in interest on the guarantee through June 30, 2015. The amount of liability recognized is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee.

June 30, 2014	Increases	Decreases	June 30, 1015
$196,935	$0	$6,970	$189,965

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. The City is required to pay the remaining portion of the CCRFC's debt service payments based on this guarantee. On October 1, 2011 the City began making payments on the CCRFC's bonds. City of Memphis has paid $1,855 in principal and $3,138 in interest on the guarantee through June 30, 2015. The amount of liability recognized is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee.

June 30, 2014	Increases	Decreases	June 30, 1015
$19,083	$0	$540	$18,543

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, 2015:

	General Obligation Bonds	Bond Anticipation Notes / Commercial Paper	Capital Lease Obligations	Settlement Obligation	Guarantee Obligations	Revenue Bonds	State Loans	Total
Governmental Funds	$ 1,288,289	20,000	43,062	20,000	223,135	-	-	1,594,486
Enterprise Funds	-	-	-	-	-	691,377	4,749	696,126
Total long-term debt	$ 1,288,289	20,000	43,062	20,000	223,135	691,377	4,749	2,290,612

Long-term liability activity for the year ended June 30, 2015, was as follows:

		Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Governmental activities:						
General obligation bonds payable	$	1,221,320	199,055	(211,550)	1,208,825	78,760
Premium on general obligation bonds		69,781	25,084	(15,401)	79,464	-
Commercial Paper		50,000	45,000	(75,000)	20,000	20,000
Capital lease agreements		30,319	18,716	(5,973)	43,062	7,038
Settlement Obligation		-	20,000	-	20,000	1,333
Subtotal		1,371,420	307,855	(307,924)	1,371,351	107,131
Legal Claims and Judgments		75,875	-	(67,267)	8,608	895
Accrued interest		16,660	695	-	17,355	-
Vacation, sick and other leave benefits		85,019	578	(1,720)	83,877	387
On the Job Injury		3,232	-	(38)	3,194	-
	$	1,552,206	309,128	(376,949)	1,484,385	108,413
Guarantee obligations:						
Related party loan		196,935	1,585	(6,970)	191,550	7,542
Related party loan premium		1,790	-	(33)	1,757	-
Related party debt obligation		19,083	10,672	(540)	29,215	1,630
Related party debt obligation premium		-	719	(106)	613	-
	$	217,808	12,976	(7,649)	223,135	9,172
Business-type activities:						
Revenue bonds	$	123,245	18,930	(30,665)	111,510	10,930
Net premium/discount on revenue bonds		758	5,031	(2,665)	3,124	-
MLGW revenue bonds		562,995	86,000	(102,765)	546,230	110,760
Premium on MLGW revenue bonds		30,931	11,159	(11,577)	30,513	-
Sewer State Loan		3,847	1,060	(158)	4,749	162
Subtotal		721,776	122,180	(147,830)	696,126	121,852
Vacation, sick and other leave benefits		4,757	14,032	(389)	18,400	314
	$	726,533	136,212	(148,219)	714,526	122,166

The compound interest bonds are subject to optional redemption by the City prior to their maturities at stated redemption prices which are calculated based upon the compounded accreted value at the date of redemption. A summary of General Obligation, Other Debt and Revenue Bonds at June 30, 2015 follows:

Description	Interest Rates(%)	Original Issue	Balance Outstanding at Year End
General Obligation Debt:			
General City Government Serial Bonds	2.91-6.04	$ 2,369,746	$ 1,208,825
Bond Anticipation Notes-Commercial Paper	variable	20,000	20,000
Net Premium/(Discount) on General Obligation Debt		174,434	79,464
Total General Obligation Debt		2,564,180	1,308,289
Capital Lease Obligations	3.75-4.32	55,147	43,062
Settlement Obligation		20,000	20,000
Guarantee Obligations	variable	229,589	220,765
Net Premium/(Discount) on Guarantee Obligations		3,133	2,370
		232,722	223,135
Total Governmental Funds Debt		$ 2,872,049	$ 1,594,486
Business-Type Debt:			
Sanitary Sewerage System	3.00-6.10	$ 164,175	111,510
Electric Division, MLG&W (1), (2)	2.00-5.00	1,973,585	531,230
Water Division, MLG&W (1)	2.00-5.00	15,000	15,000
Net Premium/(Discount) on revenue bonds		-	33,641
State Loans	.75-2.59	4,941	4,749
Total Business-Type Debt		2,157,701	696,130
Total		5,029,750	2,290,616

(1) All MLG&W bonds reflect amounts outstanding at December 31, 2014.
(2) MLG&W's outstanding Electric System debt is not related to the acquisition of capital assets. The proceeds from the 2003 Electric System bond issue were used to prepay the cost of future power purchases from TVA.

Debt service requirements to maturity for governmental long-term indebtedness at June 30, 2015 are as follows:

Total Long-term Indebtedness

	General Obligation							Revenue								
	General Obligations		Capital Lease		Settlement Obligation (3)	Guarantee Obligations		Sewer System		State Loan		MLG&W(2)		Total Requirements		
Fiscal Year	Principal (4)	Interest(1)	Principal	Interest	Principal	Principal (4)	Interest	Principal (4)	Interest(1)	Principal	Interest	Principal (4)	Interest	Principal	Interest	Total
2015	-	-	-	-	-	-	-	-	-	-	-	110,760	26,022	110,760	26,022	136,782
2016	78,760	54,823	7,038	1,123	1,334	9,172	9,409	10,930	4,912	171	94	115,975	20,696	223,380	91,056	314,436
2017	78,875	52,382	6,017	1,020	1,334	9,477	9,232	11,390	4,532	175	89	120,295	15,038	227,563	82,293	309,856
2018	79,140	48,615	5,214	936	1,334	9,834	8,932	11,230	4,052	180	85	125,540	9,150	232,472	71,770	304,241
2019	99,590	44,666	5,179	848	1,334	10,214	8,614	8,930	3,573	184	81	3,330	3,255	128,761	61,037	189,798
2020	79,635	41,120	2,969	761	1,334	11,059	8,248	9,885	3,181	189	76	3,710	2,878	108,781	56,264	165,045
2021	79,165	38,094	1,355	706	1,333	11,229	7,825	8,745	2,721	193	71	3,710	2,878	105,730	52,295	158,025
2022	79,510	34,247	1,455	654	1,333	11,757	7,364	9,140	2,291	198	66	3,710	2,878	107,103	47,500	154,603
2023	80,080	30,060	1,560	596	1,333	13,322	6,826	7,055	1,896	203	61	3,710	2,878	107,263	42,318	149,580
2024	80,295	26,344	1,660	548	1,333	13,997	6,232	7,350	1,555	208	56	3,710	2,878	108,553	37,613	146,166
2025	81,440	23,653	1,765	492	1,333	14,702	5,602	7,630	1,215	213	51	4,620	1,968	111,703	32,981	144,686
2026	79,750	20,259	1,910	402	1,333	14,380	4,936	5,725	917	219	46	4,620	1,968	107,937	28,528	136,465
2027	20,325	16,456	2,060	308	1,333	15,193	4,245	3,655	687	224	40	4,620	1,968	47,410	23,704	71,114
2028	21,225	15,387	2,220	206	1,333	16,095	3,470	3,805	480	230	35	4,620	1,968	49,528	21,546	71,074
2029	22,135	14,275	2,375	113	1,333	17,048	2,638	2,430	299	236	29	4,620	1,968	50,177	19,322	69,499
2030	23,105	13,109	285	14	1,333	18,060	1,751	2,525	145	242	23	5,736	851	51,286	15,893	67,180
2031	18,725	11,879	-	-	-	19,130	810	1,085	33	248	17	5,736	851	44,924	13,590	58,514
2032	19,550	10,951	-	-	-	1,102	296	-	-	254	11	5,736	851	26,642	12,109	38,751
2033	20,435	9,948	-	-	-	1,158	242	-	-	260	4	5,736	851	27,589	11,045	38,633
2034	21,005	8,942	-	-	-	1,218	183	-	-	922	1	5,736	851	28,881	9,977	38,858
2035	21,925	7,875	-	-	-	1,278	122	-	-	-	-	-	-	23,203	7,997	31,200
2036	17,025	6,924	-	-	-	1,340	58	-	-	-	-	-	-	18,365	6,982	25,347
2037	13,070	6,106	-	-	-	-	-	-	-	-	-	-	-	13,070	6,106	19,176
2038	13,690	5,486	-	-	-	-	-	-	-	-	-	-	-	13,690	5,486	19,176
2039	14,335	4,836	-	-	-	-	-	-	-	-	-	-	-	14,335	4,836	19,171
2040	15,010	4,154	-	-	-	-	-	-	-	-	-	-	-	15,010	4,154	19,164
2041	15,740	3,432	-	-	-	-	-	-	-	-	-	-	-	15,740	3,432	19,172
2042	16,495	2,676	-	-	-	-	-	-	-	-	-	-	-	16,495	2,676	19,171
2043	16,495	1,884	-	-	-	-	-	-	-	-	-	-	-	16,495	1,884	18,379
2044	17,290	1,086	-	-	-	-	-	-	-	-	-	-	-	17,290	1,086	18,376
2045	5,005	250	-	-	-	-	-	-	-	-	-	-	-	5,005	250	5,255
TOTAL	**$ 1,228,825**	**559,919**	**43,062**	**8,727**	**20,000**	**- 220,765**	**97,035**	**111,510**	**32,489**	**4,749**	**936**	**546,230**	**102,646**	**2,175,141**	**801,752**	**2,976,893**

(1) Interest on variable general obligation bonds is estimated.
(2) At 12-31-14
(3) No interest associated with the Settlement Obligation
(4) Excludes premiums and/or discounts

H. Restricted assets

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

Futures margin deposits	$ 743
Insurance reserves – injuries and damages	11,909
Insurance reserves – casualties and general	34,801
Medical benefits	9,793
Customer deposits	25,745
Bond reserve and debt service	47,509
Total	$130,500

I. Fund balance by purpose

Following is more detailed information on the governmental fund balances:

	General	Debt Service	Capital Projects	Community Development	Non-Major	Total Governmental Funds
Equity - Fund Balances:						
Restricted						
Parks Special Services	$ 2,182	-	-	-	-	$ 2,182
Seized Funds	99	-	-	-	-	99
Photo Enforcement	3,798	-	-	-	-	3,798
Vacant Property Registry	167					167
Debt Service - Related Party Loan	-	19,042	-	-	-	19,042
Debt Service - Capital Lease	-	4,500	-	-	-	4,500
Debt Service-Pledged TDZ Revenue	-	6,539	-	-	-	6,539
Solid Waste Management	-	-	-	-	16,138	16,138
Miscellaneous Grants	-	-	-	-	273	273
Drug Enforcement	-	-	-	-	9,630	9,630
Community Development	-	-	-	8	-	8
Committed						
Debt Service Requirements	-	22,742	-	-	-	22,742
Education	-	-	-	-	448	448
Community Redevelopment	-	-	-	-	1,340	1,340
Metro Alarms	-	-	-	-	1,970	1,970
Casino Gaming Commission	-	-	-	-	6	6
Beale Street					645	645
New Memphis Arena	-	-	-	-	119	119
Capital Projects	-	-	26,076	-	-	26,076
Assigned						
Encumbrances for Purchase Orders	24,030	-	-	-	-	24,030
Grants Refundable	10,000	-	-	-	-	10,000
Unassigned	91,990	-	-	-	-	91,990
Total Fund Balances	$ 132,266	52,823	26,076	8	30,569	$ 241,742

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J. Other

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	$	77,076
Total Governmental Activities Deferred Outflows	$	77,076
Business-Type Activities		
Deferred outflows - pensions	$	3,523
Accumulated decrease in fair value of hedging derivatives		1,079
Unamortised balance of refunded debt		6,400
Total Business-Type Activities Deferred Outflows	$	11,002
Total deferred outflows of resources	$	88,078

Deferred Inflows of Resources

Governmental Activities		
Deferred outflows - pensions	$	44,093
Prepaid taxes		7,054
Uncollected property taxes		381,945
Uncollected anti-neglect fees		667
Uncollected special assessments		3,263
Uncollected grant reimbursements		48,765
Uncollected intergovernmental revenues		12,151
Uncollected project loans receivable		58,164
Other		7,036
Total Governmental Activities Deferred Inflows	$	563,138
Business-Type Activities		
Deferred outflows - pensions	$	1,953
Revenue collectred in advance		218
Total Business-Type Activities Deferred Inflows	$	2,171
Total deferred inflows of resources	$	565,309

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 $3,194 was recorded in the Governmental Funds.

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

The changes in the insurance claims payable for the years ended June 30, 2014 and 2015 are as follows:

			On the Job Injury			
	Health	OPEB	Sewer Collection and Treatment Fund	Fleet Management Fund	Storm Water Fund	Governmental Funds
Balance - June 30, 2013	$ 10,697	5,760	152	230	117	4,544
Current year provision	(68,129)	(50,922)	(167)	(655)	(139)	(4,688)
Payments	66,877	50,248	34	511	106	3,906
Balance - June 30, 2014	9,445	5,086	19	86	84	3,762
Current year provision	(66,976)	(48,485)	(79)	(86)	(75)	(4,914)
Payments	65,766	46,928	84	-	59	4,346
Balance - June 30, 2015	$ 8,235	3,529	24	-	68	3,194

The City did not receive insurance recoveries during the year.

B. Subsequent events

In previous years the City entered into agreements with a vendor to sell a portion of the City's tax year delinquent property tax receivables. The City plans to enter into a similar agreement in January of 2016. Total proceeds from the sale of receivables are undetermined at this time.

In November 2015, it was reported by a local newspaper that the City faced the potential of being required to repay an undetermined portion of a $3.8 million grant it received to build a vehicle-inspection station that opened in 2010 and closed in mid-2013. As of the date of audit opinion associated with the issuance of this report, the City has not received official notification or request for repayment of funds related to this incident, and as such, has made no allowance for potential repayment liability.

2015 was an election year for the City of Memphis. The City has a new mayor-elect to be sworn in effective January 1, 2016. There were also six new City Council members elected to be sworn in effective January 1, 2016.

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 $8,608 is a reasonable measure of the ultimate settlement of these matters.

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

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

As of June 30, 2015, the Senior Lien Bonds were outstanding in an aggregate principal amount of $188,730. 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 a general obligation of the City.

The City has commitments at June 30, 2015, for outstanding purchase orders and outstanding contracts reported as assigned fund balance for encumbrances in the General Fund of $24,030. The City has committed $10,000 as a potential grant refund.

The City had additional commitments totaling $198,844 for certain infrastructure and sewer construction projects.

D. Joint ventures

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

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

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

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

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

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

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

Sports Authority of Memphis and Shelby County Incorporated

The Sports Authority of Memphis and Shelby County Incorporated (the Sports Authority) is a nonprofit corporation established jointly by the City and County under the provisions of the Sports Authority Act of 1993 (State of Tennessee). The purpose of the Sports Authority is to review and/or act upon issues dealing with sports entities, teams, stadiums, arenas, and other matters related to the improvement of sports-related activities. Board members (eleven) are appointed by the City and the County Mayors, with approval by the City Council and County Commission, for six year terms. The Sports Authority has issued bonds in connection with the financing of a multi-purpose sports and entertainment facility (FedEx Forum). Pursuant to the Interlocal Agreement, the City and the County have agreed to replenish the Debt Service Reserve Fund in the event that a draw is required to make a debt service payment on the Senior Bonds. The bonds are to be repaid by the following revenue sources: seat rental fees – pledge until bonds are paid in full; sales tax rebates related to certain taxes generated by the Memphis Grizzlies – effective 2001–2031; car rental fees – pledged by the County until bonds are paid in full; hotel/motel taxes – pledged by City and County; MLGW in-lieu-of-tax payments received from the City's Water Division of MLGW - pledged annually until the end of 2028.

Financial statements for the Sports Authority may be obtained from the Sports Authority of Memphis and Shelby County, 1365 Germantown Road South, Germantown, TN 38138.

E. Other postemployment benefits

The City accounts for other postemployment benefits (OPEB) in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* GASB Statement No. 45 establishes standards for the measurement, recognition, and display of other postemployment benefits expenses/expenditures and related liabilities (assets), note disclosures, and required supplementary information. This Statement requires recognition of the cost of OPEB during the periods when employees render their services and disclosure about actuarially accrued liabilities related to past services and the status and progress of funding the benefits.

As a result of the 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.

As of and for its year ended June 30, 2015, the City OPEB Fund reported the following net position:

ASSETS	
Investments, at fair value:	
Mutual funds and money market funds	$ 2,469
Total investments	2,469
Equity in cash and investment pool	13,937
Interest and dividend receivables	1
Total assets	16,407
LIABILITIES	
Accounts payable and other	4,681
Total liabilities	4,681
DEFERRED INFLOWS OF RESOURCES	
Revenue collected in advance	2,160
Total deferred inflows of resources	2,160
NET POSITION	
Held in trust for OPEB	$ 9,566

As of and for its year ended June 30, 2015, the City OPEB Fund reported the following changes in net position:

ADDITIONS	
Contributions:	
Employer	$ 9,256
Medicare Part D	1,306
Plan members	11,038
Total contributions	21,600
Transfer from other fund	17,145
Investment income:	
Interest and dividend income	237
Net appreciation in the fair value of investments	150
Total investment income	387
Total additions	39,132

DEDUCTIONS	
Benefits	46,928
Administrative expenses	2,635
Total deductions	49,563
Net increase	(10,431)
Net position - beginning of year	19,997
Net position - end of year	$ 9,566

City of Memphis Other Postemployment Benefits (OPEB) Plan

Plan Description – The City's OPEB 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. The primary benefit for eligible retirees is postretirement medical coverage through either a Preferred Provider Organization (PPO/Basic) or a Point of Service Plan (POS/Premier). Of premiums paid for retiree health and medical benefits and life insurance, 70% is paid by the General Fund (with the remaining 30% paid by the retirees) and is recognized as an expenditure, which totaled $9,256 for 2015.

At June 30, 2015, the number of retirees eligible for health and medical benefits is 3,668. The City also provides two life insurance benefits: the first is a self-insured death benefit and the second is a continuation of active life insurance. The authority to conduct the general operation and administration of the single employer plan is vested with the City. Separate financial statements for the plan are not issued.

Summary of Accounting Policies – The financial statements of the OPEB plan are prepared using the accrual basis of accounting.

Funding Policy – The contribution requirements of the plan members and the City are established and may be amended by the City. OPEB eligible members receiving benefits contribute $189.17 to $228.05 per month for retiree-only coverage and $396.86 to $452.28 per month for retiree and family coverage, depending on the medical plan coverage selected. 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. 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, 2015, the value of the Trust assets within the OPEB Fund was $16,407. The City's receipt of Medicare Part D prescription drug subsidies is included in operating income.

Schedule of Funding Progress

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 annual required contributions 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 Schedule of Funding Progress, presented as required supplementary information following the Notes to the Financial Statements (Exhibit RSI-1), presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of the sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a 4.50% investment rate of return (net of administrative expenses) and an annual pre-Medicare health care cost trend rate of 7.05% initially, reduced by decrements to an ultimate rate of 4.50% in fiscal year 2027 and after. The actuarial annual post-Medicare health care cost trend rate is 7.09% and is to be reduced by decrements to an ultimate rate of 4.50% in fiscal year 2027 and after. All rates assume a 4.25% salary scale. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The inflation rate assumption is 3.00% based on the CPI-W. The remaining amortization period at June 30, 2015, was 30 years.

Listed below is a summary of significant changes that occurred between the July 1, 2014 and July 1, 2015 actuarial valuations. (For comparative purposes, the actuarial valuation date of the OPEB Plan was changed to be aligned with the actuarial valuation date of the City's Retirement System, hence the "lag" between the two dates.):

- Per capita costs and retiree premiums were updated based on benefit costs prepared by the City's actuary.
- Effective January 1, 2015, the City has amended the OPEB Plan as follows:
  - The participants listed below have been grandfathered into the OPEB Plan. These individuals will continue to elect either the Basic or Premier Plan and pay 30% of the cost of coverage.
    - Post-65 Medicare A-only eligible inactives
    - Post-65 Medicare B-only eligible inactives
    - Post-65 Non-Medicare A and B eligible inactives
    - Pre-65 deceased line-of-duty inactives' beneficiaries
    - Pre-65 disabled line-of-duty inactives
  - Non-grandfathered participants will have access-only coverage to either the Basic or Premium Plan when under age 65. Upon age 65, these participants may elect a Medigap and PDP Rx plan and pay 75% of the cost of coverage.
- Per capita claims cost for the Medigap Supplement plans were updated based on actual calendar year 2015 premiums.

Schedule of Contributions – The Schedule of Employer Contributions, presented as required supplementary information following the Notes to the Financial Statements (Exhibit RSI-2), presents multi-year information that shows the Annual Required Contribution (ARC) compared to the actual employer contributions.

Annual OPEB Cost and Net OPEB Obligation – For fiscal year 2015, the City contributed 106% or $37,979 of its annual OPEB cost of $37,965. The annual OPEB cost consisted of the following:

Annual Required Contribution (ARC)	$ 35,750
Interest on beginning of year accrual	11,138
Amortization of beginning of year accrual	(8,540)
Interest on the amortization	(383)
Annual OPEB cost (AOC)	37,965
Contributions made	(37,979)
Change in net OPEB Obligation	(14)
Net OPEB Obligation – beginning of year	247,515

Net OPEB Obligation – end of year	$ 247,501

OPEB Cost Contributed – the annual OPEB cost for year ended June 30, 2015 is $37,965. Multi-year trend information is presented as required supplementary information following the Notes to the Financial Statements (Exhibit RSI-3).

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

Memphis Light, Gas and Water (MLGW) Division, by resolution of its Board of Commissioners, has established, adopted, and maintains a medical benefits (health and welfare) plan for its retired employees and their eligible dependents. The MLGW 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 healthcare, prescription drugs, life insurance, accident/death and dismemberment (AD&D), to retirees. Eligible dependents are provided life insurance, healthcare, and prescription drugs. 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 MLGW 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. Healthcare benefits are also offered to qualifying survivors of active employees who were eligible to retire at the time of death. Currently, 3,581 retirees and beneficiaries are receiving postemployment benefits.

As of and for its year ended December 31, 2014, MLGW reported the following OPEB net position:

ASSETS

Cash and cash equivalents	$ 9,924
Investments, at fair value:	
Common stock - domestic	79,906
Common stock - foreign	49,309
Mutual funds and money market funds	41,816
Government bond mutual fund - international	14,109
Corporate bond mutual funds - domestic	13,645
Corporate bond mutual funds - international	13,890
Convertible bond mutual fund - domestic	14,616
Investment in real estate	10,026
Investments in high yield bond fund	1,164
Investment in private equities	1,564
Investment in international equity fund	6,221
Investment in international bond fund	26,566
Distressed debt funds - domestic	5,271
Distressed debt funds - foreign	10,541
Total investments	288,644
Interest and dividend receivables	180
Receivable for securities sold	154
Employer and employee contributions receivable	418
Collateral held in trust for securities on loan	28,986

Total assets	328,306
LIABILITIES	
Accounts payable and other	771
Collateral subject to return to borrowers	28,986
Total liabilities	29,757
NET POSITION	
Held in trust for OPEB	$ 298,549

As of and for its year ended December 31, 2014, MLGW reported the following changes in OPEB net position:

ADDITIONS	
Contributions:	
Employer	$ 40,873
Plan members	6,293
Total contributions	47,166
Investment income:	
Interest and dividend income	5,272
Securities lending income	119
Other investment income	-
Net appreciation in the fair value of investments	7,421
Total investment income	12,812
Total additions	59,978
DEDUCTIONS	
Benefits	32,996
Administrative expenses	1,705
Total deductions	34,701
Net increase	25,277
Net position - beginning of year	273,272
Net position - end of year	$ 298,549

MLGW Funding Policy

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

of the cost.

The Board of Commissioners has set the employer contribution rate based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs for each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. For the year ended December 31, 2014, the actuarial determined employer contributions were $42,100 to the Plan. Plan members receiving benefits contributed $6,293 through their required contributions of $72.08 to $499.90 (dollars) per month, depending on the coverage (retiree only, retiree and spouse, or family) and health plan selected.

MLGW Annual OPEB Cost and Net OPEB Obligation

An actuarial valuation of MLGW's post-employment welfare benefit program was performed for the Plan as of December 31, 2013. MLGW's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC). The following table presents the OPEB cost for the year, the amount contributed to the Plan, and changes in the net OPEB obligation for fiscal year 2014:

Annual Required Contribution (ARC)	$ 38,386
Annual OPEB cost	38,386
Contributions made	(42,100)
Change in net OPEB liability	(3,714)
Net OPEB liability – beginning of fiscal year	1,226
Net OPEB liability – end of fiscal year	$ (2,488)

MLGW's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2014 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
December 31, 2012	$ 42,427	$ 39,747	93.7%	1,415
December 31, 2013	42,854	43,043	100.4	1,226
December 31, 2014	38,386	42,100	109.7	(2,488)

MLGW Funded Status and Funding Progress

Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
December 31, 2006 **	$ -	$ 743,484	$ 743,484	0.0%	$ 148,219 ***	501.6%
December 31, 2007 ***	15,097	674,002	658,905	2.2%	144,756	455.2%
December 31, 2009	125,234	591,528	466,294	21.2%	153,117	304.5%
December 31, 2011	181,211	602,175	420,964	30.1%	154,036	273.3%
December 31, 2013	272,150	660,524	388,374	41.2%	154,759	251.0%

* The actuarial valuation is done biennially. The next actuarial valuation will be performed with the reporting date of December 31, 2015.
** Projected from 12/31/05 valuation
*** Projected from 2006 payroll

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 healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The above schedule of funding progress, as presented as "required supplementary information" following the notes to MLGW's OPEB Trust's financial statements, provides additional multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

MLGW Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of the sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations. Actuarial methods and significant assumptions were as follows:

Valuation Date	December 31, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay, 30 years
Remaining Amortization Period	22 years as of December 31, 2014
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return (discount rate)	7.50%
Inflation Rate	2.75%
Projected Salary Increases	Ultimately 7.60% at age 24 graded to 3.25% at age 60 and older
Medical Cost Trend Rate	7.75% graded to 5.00% over 11 years
Drug Cost Trend Rate	6.00% graded to 5.00% over 5 years

F. Pension and retirement plans

City of Memphis Retirement System

General - The City's Retirement System is established under Chapter 25, Code of Ordinances, City of Memphis, Tennessee, and is administered by a Board of Administration under the direction of the Mayor. The Board consists of seven members: Finance Director, Deputy Finance Director, City Treasurer, Comptroller, Investment Manager, Senior Investment Analyst, and a Citizen member. The 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 Board executes its policies with the aid of external investment advisors. Separate financial statements are available and can be obtained from The City of Memphis, Human Resources Division, 125 North Main Street, Memphis, TN 38103.

As of and for its year ended June 30, 2015, the City Retirement System reported the following net position:

ASSETS	
Cash and cash equivalents	$ 299,905
Investments, at fair value:	
Common stock - domestic	797,767
Common stock - foreign	147,763
Corporate bonds - domestic	258,733
Corporate bonds - foreign	46,313
Mutual funds and money market funds	35,369
Collateralized mortgage obligations	17,374
Asset-backed pooled securities	6,097
Mortgage-backed pooled securities	34,948
Investment in index funds	204,663
Investment in real estate	104,551
Investment in international equity fund	339,568
Total investments	1,993,146
Equity in cash and investment pool	579
Interest and dividend receivables	5,788
Receivable for securities sold	108,884
Collateral held in trust for securities on loan	74,301
Total assets	2,482,603
LIABILITIES	
Accounts payable and other	207,795
Collateral subject to return to borrowers	74,301
Total liabilities	282,096
NET POSITION	
Held in trust for pension benefits	$ 2,200,507

As of and for its year ended June 30, 2015, the City Retirement System reported the following changes in net position:

ADDITIONS	
Contributions:	
Employer	$ 46,215
Plan members	23,319
Total contributions	69,535
Investment income:	
Interest and dividend income	48,812
Other investment income	864
Gain on real estate investments	2,870
Net appreciation in the fair value of investments	30,377
Total investment income	82,923
Total additions	152,458

DEDUCTIONS	
Benefits	155,385
Administrative expenses	10,940
Refunds of contributions	21,482
Total deductions	187,807
Net (decrease)/increase	(35,349)
Net position - beginning of year	2,226,945
Prior period adjustment	8,911
Net postion - beginning of year, as restated	2,235,856
Net position - end of year	$ 2,200,507

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 (excluding component units) are required to participate in either of two contributory defined benefit pension plans (the Plans), which are as follows: 1948 Plan – for salaried employees hired prior to July 1, 1978, and 1978 Plan – for salaried employees hired after June 30, 1978. Under City Ordinances, trust assets are reported in one trust fund and not segregated between the two 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. 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, 2015, the Retirement System membership consisted of:

Retired members, beneficiaries and disabled members receiving benefits	4,990
Terminated vested plan members entitled to but not yet receiving benefits	704
Active employees:	
Fully vested	3,016
Non-vested	2,675
Total	11,385

The Plans provide retirement benefits as well as death and disability benefits. Retirement benefits vest after ten years of service. General Employees in the 1948 Plan must contribute 5% of compensation. 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. General Employees in the 1978 Plan must contribute 8% of compensation. Under the 1978 Plan, General Employees may

retire after completion of 25 years of service or, if earlier, after meeting either of the following:

1) after age 65 and the completion of 5 years of service, or
2) after age 60 and the completion of 10 years of service.

Fire and Police employee contributions range from 5% to 8%, depending on the plan and date of hire. Police officers and firefighters under the 1948 Plan and the 1978 Plan may retire after completion of 25 years of service or, if earlier, after age 55 and the completion of 10 years of service. Elected and appointed participants hired prior to November 1, 2004, may retire after 12 years of service.

Benefits amounting to 2.25% (for credited service prior to January 1, 1990) and 2.50% (for credited service January 1, 1990 and after) of the earnings base for the first 25 years of credited service plus 1% of the earnings base for the next 10 years of credited service are payable semi-monthly for life.

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, 2015, is in accordance with Government Accounting Standards Board Statement No. 68 (GASB 68), which replaced the requirements under Government Accounting Standards Board Statement No. 27 (GASB 27).

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

Rate of Return - For the year ended June 30, 2015, the annual money-weighted rate of return on the City's pension plan investments, net of pension plan investment expense, was 7.5%. The money-weighted rate of return expresses investment performance net of investment expense, adjusted for the changing amounts actually invested.

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 City is also required to appropriate funds for the trust fund as necessary to pay all costs and expenses of the Plans.

The employer contribution is 6% of compensation, as determined by the Pension Ordinance. Employer contributions as a percentage of annual payroll for the year ended June 30, 2015, were 14.1%.

For its year ended June 30, 2015, the City of Memphis Retirement System reported total employer and plan member contributions of $46,215 and $23,319, respectively. Benefits paid to plan members totaled $173,991.
The Schedule of Contributions is presented as required supplementary information following the Notes to the Financial Statements (Exhibit RSI-7).

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, 2015, is $15,247.

DROP Program account balance at June 30, 2014	$ 21,282
Prior period adjustment for DROP Program allowance	(8,910)
Restated DROP Program account balance at June 30, 2014	$ 12,372
Current period adjustment for DROP Program allowance	2,875
DROP Program account balance at June 30, 2015	$ 15,247

Net Pension Liability – The City's net pension liability was measured as of July 1, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability at June 30, 2015, are as follows:

Total pension liability	$ 2,582,865
Plan fiduciary net position	(2,200,549)
Net pension liability	$ 382,316
Plan fiduciary net position as a percentage of the Total pension liability	85.2%

The Schedule of Changes in the Net Pension Liability which depicts total pension liability, plan fiduciary net position, and net pension liability for the City Retirement System is presented as required supplementary information following the Notes to the Financial Statements (Exhibit RSI-4, RSI-5, and RSI-6 respectively).

Actuarial Methods and Assumptions – The City obtains annually an actuarial valuation of the Retirement System for the purpose of calculating the necessary information for accounting and reporting requirements in accordance with Governmental Accounting Standards. The actuarial asset valuation method is the Entry Age Normal Actuarial Cost Method. This method determines a normal cost rate as a fixed percentage of compensation for each active participant. The current year's normal cost is the participant's compensation multiplied by the normal cost rate. Annual contributions in this amount, from the date the participant entered the plan (or would have entered, if the plan had always been in effect and the participant had entered at the earliest possible date) until retirement, would be sufficient to provide for the actuarial present value of the participant's plan benefits. The total normal cost is the sum of the normal costs for all active participants. Significant actuarial assumptions include: (a) a rate of return on the investment of present and future assets of 7.5% per year for GASB 27 and GASB 67 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 July 1, 2015; (e) results from a May 2014 experience study based on 10 years of census data (between 2003-2012).

Mortality rates for General employees are based on the Fully Generational RP-2014 Mortality Table for males and females with 1-year set forward. Police and Fire mortality rates are based on the Fully Generational RP-2014 Mortality Table with Blue Collar adjustment for males and females and a 1-year set forward. Disabled employees' rates are based on the Fully Generational RP-2014 Disabled Mortality Table with a 3-year set back.

Discount Rate – The discount rate used to measure the total pension liability was 7.5% as of June 30, 2015, 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:

	1% Decrease (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)
Net pension liability	$672,173	$382,316	$139,208

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 $41,432 and $74,752 respectively.

The determination of resources of deferred inflows and resources of deferred outflows for the fiscal year ending June 30, 2015, is as follows:

					Balances at June 30, 2015	
	Established in Fiscal Year ending June 30	Loss	(Gain)	Cumulative Amounts Recognized in Expense through June 20, 2015	Deferred Outflows of Resources*	Deferred Inflows of Resources*
		(a)	(b)	(c)	(d) = (a - c)	e = (b - c)
a. Experience (Gains) and Losses	2015		($51,870)	($10,438)	-	($41,432)
b. Changes in Assumptions	N / A				-	-
c. Investment (Gains) and losses	2015	$93,438		$18,686	$74,752	-
d. Collective Deferred Outflows/(Inflows) of Resources: a + b + c					$74,752	($41,432)

*Amounts presented net of Memphis Shelby County Airport Authority

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

Year Ending June 30	
2016	$ 8,250
2017	8,250
2018	8,250
2019	8,570
2020	-
Thereafter	-

Pension Expense – The pension expense under GASB 68 for the fiscal year ending June 30, 2015 is $37,728. This year marks the first year that the pension expense was determined pursuant to GASB 68 implementation.

Employer Service Cost	$ 24,650
Interest Cost	174,885
Expected Return on Assets	(150,953)
Changes in Benefit Terms	(19,104)
Recognition of deferred (inflows)/outflows	8,250
Total collective pension expense	$ 37,728

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 System 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 and for its year ended June 30, 2015, the Retirement System for the Library reported the following net position:

ASSETS	
Cash and cash equivalents	$ 13,431
Investments, at fair value:	
Common stock - domestic	44,550
Mutual funds and money market funds	947
Total investments	45,497
Interest and dividend receivables	26
Total assets	58,954
NET POSITION	
Held in trust for pension benefits	$ 58,954

As of and for its year ended June 30, 2015, the Retirement System for the Library reported the following changes in net position:

ADDITIONS	
Contributions:	
Employer	$ 153
Plan members	153
Total contributions	306
Investment income:	
Interest and dividend income	1,696
Other investment income	1
Net appreciation in the fair value of investments	(3,542)
Total investment income	(1,845)
Total additions	(1,539)
DEDUCTIONS	
Benefits	3,597
Administrative expenses	171
Total deductions	3,768
Net increase	(5,307)
Net position - beginning of year	64,261
Net position - end of year	$ 58,954

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 - 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 - 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).

At January 1, 2015, the Retirement System for the Library membership consisted of:

Retired members, beneficiaries and disabled members receiving benefits	152
Terminated vested plan members entitled to but not yet receiving benefits	19
Active employees:	
Fully vested	137
Non-vested	2
Total	310

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. Under Plan I, employees may retire under any of the following criteria:

(a) Completion of 30 years of service;
(b) Completion of 25 years of service and attainment of age 55; or,
(c) Completion of 10 years of service and attainment of age 60.

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

(a) Completion of 30 years of service and attainment of age 60;
(b) Completion of 25 years of service and attainment of age 62; or,
(c) Completion of 5 years of service and attainment of age 65.

Also under Plan II, employees may retire with reduced benefits after completion of 25 years of service and attainment of age 55. Upon retirement, the normal payment form for retirees is a monthly benefit for life for non-married participants or a monthly benefit for life with 75% of the benefit payable to the surviving spouse following the death of a married participant. Optionally, participants may elect to receive their benefits in any other form available under the Plans.

Under both Library Plans effective for retirements after June 30, 1992, monthly benefits are calculated as 2.5% of the average compensation multiplied by years of credited service not in excess of 25, plus 1% of average compensation for the next 10 years. Average compensation, as defined by Plan I, is the greater of the average monthly compensation for the three consecutive years of service during which compensation was the highest or average monthly compensation for the twelve months preceding the date of retirement. Average compensation, as defined by Plan II, is the average monthly compensation for the three consecutive years of service during which compensation was the highest. Cost of living adjustments are granted on an ad hoc basis determined annually by the Board for Plan I and Plan II.

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, 2015, is in accordance with Government Accounting Standards Board Statement No. 68 (GASB 68), which replaced the requirements under Government Accounting Standards Board Statement No. 27 (GASB 27). As permitted under paragraph 20 of GASB 68, a measurement date of January 1, 2015 was utilized for the Retirement System of the Public Library and Information Center. The valuation was performed using census data and assets as of January 1, 2015 and reflects the plan provision effective January 1, 2015, 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 value. Short-term investments are reported at cost, which approximates fair 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, 2015, the annual money-weighted rate of return on Library pension plan investments, net of pension plan investment expense, was 7.50%. The money-weighted rate of return expresses investment performance net of investment expense, adjusted for the changing amounts actually invested.

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.

The Schedule of Contributions for the Library Retirement System is presented as required supplementary information following the Notes to the Financial Statements (Exhibit RSI-7).

Net Pension Liability – The Retirement System of the Library for the year ended June 30, 2015 is $7,489. The components of the net pension liability at June 30, 2015 are as follows:

Total pension liability	$ 67,820
Plan fiduciary net position	(60,331)
Net pension liability	$ 7,489
Plan fiduciary net position as a percentage of the Total pension liability	89.0%

The Schedule of Changes in the Net Pension Liability which depicts total pension liability, plan fiduciary net position, and net pension liability for the Library Retirement System is presented as required supplementary information following the Notes to the Financial Statements (Exhibit RSI-4, RSI-5, and RSI-6 respectively).

Actuarial Methods and Assumptions - The actuarial asset valuation method is the Entry Age Normal Actuarial Cost Method with a closed amortization period of 22 years (based on 30 years as of June 30, 2006). The valuation date is January 1, 2015. The method divides the cost of funding into two parts – normal cost and actuarial accrued liability. Significant actuarial assumptions include: (a) a rate of return on the investment of present and future assets of 7.5% per year; (b) projected salary increases of 3.5% per year including a 3.0% projected inflation; and (c) post-retirement benefit increases of 2.5% per year COLA assumption.

The healthy mortality assumption was changed from the Fully Generational RP 2000 Combined Mortality Table with AA projection scale to the Fully Generational RP 2014 Mortality Table for males and females with MP 2014 projection scale and adjusted by a one year set forward. The disabled mortality assumption was changed from the 1985 Pension Disability Table to the Fully Generational RP 2014 Disabled Mortality Table with MP 2014 projection scale and adjusted by a three year set back.

Discount Rate – The discount rate used to measure the total pension liability was 7.5% as of January 1, 2015, 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 Barclay's 20-year municipal bond index as of January 1, 2015, of 2.56%.

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. 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 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:

	1% Decrease (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)
Net pension liability	$5,928	$7,489	$495

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 $2,661 and $2,324 respectively. The determination of resources of deferred inflows and resources of deferred outflows for the fiscal year ending June 30, 2015, is as follows:

					Balances at June 30, 2015	
	Established in Fiscal Year ending June 30	Loss	(Gain)	Cumulative Amounts Recognized in Expense through June 20, 2015	Deferred Outflows of Resources	Deferred Inflows of Resources
		(a)	(b)	(c)	(d) = (a - c)	e = (b - c)
a. Experience (Gains) and Losses	2015		($1,691)	($517)	-	($1,174)
b. Changes in Assumptions	2015		($2,142)	($655)	-	($1,487)
c. Investment (Gains) and losses	2015	$2,095		$581	$2,324	-
d. Collective Deferred Outflows/(Inflows) of Resources: a + b + c					$2,324	($2,661)

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

Year Ending June 30	
2016	$ (591)
2017	(591)
2018	264
2019	580
2020	-
Thereafter	-

Pension Expense – The pension expense under GASB 68 for the fiscal year ending June 30, 2015 is $33 dollars. This year marks the first year that the pension expense was determined pursuant to GASB 68 implementation. It was developed using a measurement date of January 1, 2015, as permitted under paragraph 20 of GASB 68, not adjusted to the fiscal year-end for passage of time.

Note: this schedule expressed in actual dollars – not adjusted to 000's

Employer Service Cost	$ 505,165
Interest Cost	4,646,998
Expected Return on Assets	(4,560,829)
Changes in Benefit Terms	-
Recognition of deferred (inflows)/outflows	(591,301)
Total collective pension expense	$ 33

Pension Reporting of Enterprise Funds

The implementation of Governmental Accounting Standards Board Statement No. 68 (GASB 68) for fiscal year 2015 reporting for the Sewer Collection and Treatment Fund and the Storm Water Fund are disclosed below.

The implementation of GASB 68 required the establishment of a year-one beginning pension liability. This application required the restatement of the net position of both funds as of June 30, 2014.

Prior year net position of the Sewer Collection and Treatment Fund has been adjusted as stated below:

Net position at June 30, 2014	$ 346,276
Adjustment for GASB 68 implementation	(9,528)
Restated net position at June 30, 2014	$ 336,748

Prior year net position of the Storm Water Fund has been adjusted as stated below:

Net position at June 30, 2014	$ 88,538
Adjustment for GASB 68 implementation	(5,785)
Restated net position at June 30, 2014	$ 82,753

GASB 68 also requires that the disclosure of the employer's proportionate share of the collective net pension liability appear on the employer's accrual-based financial statements. This required disclosure is presented in compliance with GASB 68 in the Financial Statements for Exhibit A-9, A-10, and A-11.

The year-one implementation of GASB 68 in regard to calculation and presentation of Deferred Outflows and Deferred Inflows also affected the calculation and presentation of pension expense.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the Statement of Net Position reports a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and as a result will not be recognized as an expense or expenditure until a future period. The Statement of Net Position for the City's Enterprise funds identifies the items related to the pension plan that qualifies for reporting in this category. In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and as a result will not be

recognized as revenue until a future period. The Statement of Net Position for the City's Enterprise funds identifies the items related to the pension plan that qualify for reporting in this category.

The balance of deferred inflows and outflows of resources after recognition in current year pension expense for the Sewer Collection and Treatment Fund is $1,215 and $2,192 respectively. The determination of resources of deferred inflows and resources of deferred outflows for the fiscal year ending June 30, 2015, is as follows:

					Balances at June 30, 2015	
	Established in Fiscal Year ending June 30	Loss	(Gain)	Cumulative Amounts Recognized in Expense through June 20, 2015	Deferred Outflows of Resources	Deferred Inflows of Resources
		(a)	(b)	(c)	(d) = (a - c)	e = (b - c)
a. Experience (Gains) and Losses	2015		($1,521)	($306)	-	($1,215)
b. Changes in Assumptions	N / A				-	-
c. Investment (Gains) and losses	2015	$2,740		$548	$2,192	-
d. Collective Deferred Outflows/(Inflows) of Resources: a + b + c					$2,192	($1,215)

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

Year Ending June 30	
2016	$ 242
2017	242
2018	242
2019	251
2020	-
Thereafter	-

Pension Expense – The pension expense under GASB 68 for the fiscal year ending June 30, 2015 is $1,106. This year marks the first year that the pension expense was determined pursuant to GASB 68 implementation.

Employer Service Cost	$ 723
Interest Cost	5,128
Expected Return on Assets	(4,427)
Changes in Benefit Terms	(560)
Recognition of deferred (inflows)/outflows	242
Total collective pension expense	$ 1,106

The balance of deferred inflows and outflows of resources after recognition in current year pension expense for the Storm Water Fund is $738 and $1,331 respectively. The determination of resources of deferred inflows and resources of deferred outflows for the fiscal year ending June 30, 2015, is as follows:

					Balances at June 30, 2015	
	Established in Fiscal Year ending June 30	Loss	(Gain)	Cumulative Amounts Recognized in Expense through June 20, 2015	Deferred Outflows of Resources	Deferred Inflows of Resources
		(a)	(b)	(c)	(d) = (a - c)	e = (b - c)
a. Experience (Gains) and Losses	2015		($921)	($183)	-	($738)
b. Changes in Assumptions	N / A				-	-
c. Investment (Gains) and losses	2015	$1,663		$333	$1,331	-
d. Collective Deferred Outflows/(Inflows) of Resources: a + b + c					$1,331	($738)

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

Year Ending June 30	
2016	$ 147
2017	147
2018	147
2019	152
2020	-
Thereafter	-

Pension Expense – The pension expense under GASB 68 for the fiscal year ending June 30, 2015 is $672. This year marks the first year that the pension expense was determined pursuant to GASB 68 implementation.

Employer Service Cost	$ 439
Interest Cost	3,113
Expected Return on Assets	(2,687)
Changes in Benefit Terms	(340)
Recognition of deferred (inflows)/outflows	147
Total collective pension expense	$ 672

GASB 68 implementation resulted in the reporting of a deferral of revenues and expenses to future years which caused the recognition of a negative expense in the presentation of the Statement of Revenues, Expenses, and Changes in Fund Net Position for fiscal year 2015. This year marks the first year that the pension expense was determined pursuant to GASB 68 implementation. This required disclosure is presented in compliance with GASB 68 on Exhibit A-10.

MLGW Retirement System

General - The MLGW Retirement System is established under a resolution by the Board of Commissioners of MLGW and 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-end 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 MLGW Retirement System pension trust fund accounts for the activity of the MLGW Retirement System, a single-employer public employee retirement system. 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 MLGW Retirement and Pension System. The MLGW Pension Plan was amended and restated effective January 1, 2009. 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.

At December 31, 2014, the MLGW Retirement System membership consisted of:

Retirees and beneficiaries currently receiving benefits and Terminated employees entitled to benefits but not yet receiving them	2,642
Active employees	2,526
Total	5,168

The MLGW Pension Plan provides retirement, disability and death benefits to participants and their beneficiaries. The MLGW Pension Plan also provides for cost-of-living adjustments beginning at the age of 56 for retired members and surviving spouses, and at any age for disabled members on a graded scale up to 5 percent per annum based on the National Consumer Price Index.

Summary of Accounting Policies - The financial statements of the MLGW Retirement System are prepared using the accrual basis of accounting. Contributions and benefits are recognized when due and payable in accordance with the terms of the MLGW Retirement System. In 2012 GASB issued Statement No. 68 Accounting and Financial Reporting for Pensions (GASB 68) – an amendment of GASB Statement No. 27 (GASB 27). The statement requires governments to more comprehensively and comparably measure the annual cost of pension benefits. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2014. This statement will be implemented in 2015 for the MLGW Pension Plan annual reporting. The implementation of this statement will result in the recognition of a net pension liability for the Statement of Net Position; a change in the pension expense calculation for the Statement of Revenues, Expenses, and Changes in Net Position; and additional note disclosure and required supplementary information.

Method Used to Value Investments - All investments of the MLGW 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 values except for real estate investments, which are appraised by independent appraisals, and certain limited partnership investments. The MLGW Retirement System has no investments in any one organization that represent more than 5% of Plan net position. In February 2015 GASB issued Statement No. 72, Fair Value Measurement and Application. The objective of this statement is to clarify the definition of fair value for financial reporting purposes, establish principles

for measuring fair value, providing additional fair application guidance for certain investments and enhancing disclosures about fair value measurements. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2015. MLGW has not elected early implementation of this standard.

Contributions - All members under the MLGW Retirement System are required to contribute 8.0% of the benefit compensation to the MLGW Retirement System. As of December 31, 2014, MLGW's current required contribution is 17.3% of pensionable earnings of all active participants. Investment costs of the MLGW Retirement System are financed through investment earnings. Other administrative costs are included in the annual required contribution amount.

Actuarial Methods and Assumptions – The annual required contribution for the current year was determined as part of the January 1, 2015, actuarial valuation using the Entry Age Normal Cost Method. The information about funded status and funding progress has also been prepared using the Entry Age Normal Actuarial Cost Method.

Schedule of Funding Progress – As of January 1, 2015, the most recent actuarial valuation date, the MLGW Pension Plan was 91.26% funded. The actuarial accrued liability ("AAL") for benefits was $1,420,388 and the actuarial value of assets was $1,296,296, resulting in an unfunded actuarial accrued liability ("UAAL") of $124,092. The covered payroll (annual payroll of active employees covered by the pension plan) was $152,368, and the ratio of the UAAL to the covered payroll was 81.4%.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) * (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b) - (a)) / (c)
1/1/10	$1,191,027	$1,292,791	$101,764	92.1%	$154,057	66.1%
1/1/11	1,171,383	1,324,410	153,027	88.5%	153,509	99.7%
1/1/12	1,137,615	1,350,812	213,197	84.2%	154,036	138.4%
1/1/13	1,126,309	1,414,641	288,332	79.6%	154,347	186.8%
1/1/14	1,220,456	1,439,010	218,554	84.8%	154,759	141.2%
1/1/15	1,296,296	1,420,388	124,092	91.3%	152,368	81.4%

* Prior to 2011, the Aggregate Cost Method was used to determine the cost of the MLGW Pension Plan. Per the requirements of GASB Statement No. 50, the Entry Age Normal Actuarial Cost Method has been adopted to calculate the Actuarial Accrued Liability (AAL).

Under this valuation, the 2008 investment losses have been fully recognized. The current year recommended contribution is based on a 27-year, level percent-of-payroll amortization. The Plan's unfunded actuarial accrued liability (UAAL) is expected to continue to grow in the early years of the closed, 30-year amortization period; however, the UAAL decreased from $288,332 to $218,554, primarily due to investment gains during 2013. MLGW's payroll remained almost flat, so the UAAL as a percentage of payroll declined. This is a favorable result; it is preferable that the UAAL be a low percentage of payroll.

Schedule of Employer Contributions - The schedule of employer contributions for the past six years is as follows:

Year Ended December 31	Annual Required Contribution (ARC) (a)	Actual Employer Contribution (b)	Percentage Contributed (b) / (a)
2009	$22,401	$21,388	95.5%
2010	27,381	27,385	100.0%
2011	26,208	26,213	100.0%
2012	30,067	30,063	100.0%
2013	30,705	30,706	100.0%
2014	26,812	26,804	100.0%

Annual Pension Cost and Net Pension Asset – The MLGW Retirement System's annual pension cost and net pension asset for the year ended December 31, 2014, were as follows:

Annual required contribution	$26,812
Interest on net pension asset	(1,262)
Adjustment to annual required contribution	1,043
Annual pension cost	26,593
Contribution made	(26,804)
Change in net pension asset	(211)
Net pension asset at beginning of year	(16,833)
Net pension asset at end of year	$ (17,044)

Three-year trend information is as follows:

Year Ended December 31	Annual Pension Cost (APC) (a)	Actual Employer Contribution (b)	Percentage of APC Contributed (b) / (a)	Net Pension Obligation (Asset)
2012	$29,816	$30,063	100.8%	$(16,595)
2013	30,468	30,706	100.8%	(16,833)
2014	26,593	26,804	100.8%	(17,044)

G. Component units

As discussed in Note I, MATA, and MSCAA are included as discretely presented component units of the City's financial statements. Essential disclosures related to the above discretely presented component units are included in the complete financial statements of each of the individual component units. See Note I.A. Condensed financial statement information for these discretely presented component units is shown below:

	PROPRIETARY TYPE				COMPONENT UNITS
	MATA	MSCAA	TOTAL	ZOO	TOTAL
Current Assets	$ 16,033	$ 169,037	$ 185,070	$ 22,975	$ 208,045
Property, plant and equipment (net of accumulated depreciation)	130,892	935,669	1,066,561	57	1,066,618
Other assets	13	25,182	25,195	1,138	26,333
Total assets	146,938	1,129,888	1,276,826	24,170	1,300,996
Deferred outflows - pension contribuition	2,307	-	2,307	-	2,307
Deferred outflows - pension expense	1,038	-	1,038	-	1,038
Deferred outflows - charges on refundings	-	7,268	7,268	-	7,268
Total assets and deferred outflows	$ 150,283	$ 1,137,156	$ 1,284,094	$ 24,170	$ 1,311,609
Current liabilities	$ 7,657	$ 52,081	$ 59,738	$ 4,136	$ 63,874
Long-term liabilities	33,940	411,796	445,736	-	445,736
Total liabilities	41,597	463,877	505,474	4,136	509,610
Deferred inflows- revenue received in advance of expense	-	4,589	4,589	-	4,589
Net position	108,686	668,690	777,376	20,034	797,410
Total liabilities, deferred inflows, and net position	$ 150,283	$ 1,137,156	$ 1,287,439	$ 24,170	$ 1,311,609
Operating revenues	$ 9,121	$ 100,542	$ 109,663	$ 16,156	$ 125,819
Operating expenses	49,812	53,923	103,735	24,274	128,009
Operating income (loss) before depreciation and amortization	(40,691)	46,619	5,928	(8,118)	(2,190)
Depreciation and amortization	(14,452)	(65,587)	(80,039)	(3)	(80,042)
Grants and contributions not restricted	2,534	27,389	29,923	6,149	36,072
City of Memphis subsidy	23,093	-	23,093	-	23,093
Federal and State grant revenues	19,953	(15,492)	4,461	1	4,462
Interest and investment income (loss)	-	2,115	2,115	(201)	1,914
Interest expense	-	(17,972)	(17,972)	-	(17,972)
Other revenue (expense)	1,100	5,859	6,959	89	7,048
Change in net assets	(8,463)	(17,069)	(25,532)	(2,083)	(27,615)
Net position - beginning of year, as restated	117,149	685,759	802,908	22,117	825,025
Net position - end of year	$ 108,686	$ 668,690	$ 777,376	$ 20,034	$ 797,410

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CITY OF MEMPHIS

T E N N E S S E E

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Fiscal Year Ending June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) – (a)	AAL Funded Ratio (a) ÷ (b)	Covered Payroll[1] (c)	UAAL as a Percentage of Covered Payroll[1] [(b) – (a)] ÷ c
2013	$22,616	$1,316,182	$1,293,566	1.7%	$327,738	394.7%
2014	$17,486	$733,654	$716,168	2.4%	$284,407	251.8%
2015	$17,733	$747,977	$730,244	2.4%	$296,494	246.3%

[1] Covered Payroll includes all active plan participants.

Schedule of Employer Contributions

Year Ending June 30	Annual Required Contribution (ARC)	Actual Employer Contribution	Percentage Contributed
(1) 2011	95,376	36,089	37.8%
(2) 2012	86,304	35,813	41.5%
(3) 2013	84,826	45,705	53.9%
(4) 2014	34,847	40,443	116.1%
(4) 2015	35,750	37,979	106.2%

(1) Includes a $3,541 contribution in excess of net employer benefit payments
(2) Includes a $5,825 contribution in excess of the net employee benefit payments and does not include additional sources of funding that the City received from ERRP revenue of $3,671 and Medicare Part D reimbursements of $2,012
(3) Includes an $11,233 contribution in excess of the net employer benefit payments
(4) Includes $0 contribution in excess of the net employer benefit payments

Three Year Schedule of Percentage of OPEB Cost Contributed

Fiscal Year Ending June 30	Annual OPEB Cost	Actual Employer Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2013	$88,984	$45,738	51.4%	$ 250,568
2014	$37,090	$40,443	109.0%	$ 247,515
2015	$37,964	$37,979	100.0%	$ 247,500

SCHEDULE OF CHANGES
IN THE NET PENSION LIABILITY AND RELATED RATIOS
CITY RETIREMENT SYSTEM AND LIBRARY RETIREMENT SYSTEM
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-4

Total Pension Liability (1)

CITY RETIREMENT SYSTEM (2)

Year Ending June 30	Beginning Total Pension Liability	Service Cost	Interest (3)	Experience (Gains)/ Losses	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

LIBRARY RETIREMENT SYSTEM

Year Ending June 30	Beginning Total Pension Liability	Service Cost (4)	Interest	Experience (Gains)/ Losses	Assumption Changes (5)	Changes of Benefit Terms	Benefit Payments	Ending Total Pension Liability
2014	66,666	552	4,919	(1,187)	2,397	-	(3,250)	70,097
2015	70,097	585	4,647	(1,692)	(2,142)	-	(3,675)	67,820

(1) This schedule is prepared to illustrate the requirement to show information regarding the net Pension Liability and Related Ratios for 10 years.
It was prepared prospectively from the fiscal year ending June 30, 2104 for GASB 67 purposes and prospectively from fiscal year ending June 30, 2105 for GASB 68 purposes.
(2) Amounts reported include the Memphis-Shelby County Airport Authority component unit .
(3) For the current fiscal year, includes interest at 7.5% on the beginning of year Total Pension Liability, after reflecting the change in benefit terms, and service cost offset by interest on benefit payment.
(4) The service cost includes the employee contributory portion of the benefit earned during the measurement period.
(5) For 2015, the chanmge in the discount rate assumption from 6.75% to 7.50% and an update in the mortality assumption resulted in an actuarial gain of $6,174 and loss of $4,032 respectively.

SCHEDULE OF CHANGES
IN THE NET PENSION LIABILITY AND RELATED RATIOS
CITY RETIREMENT SYSTEM AND LIBRARY RETIREMENT SYSTEM
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-5

Plan Fiduciary Net Postion (1)

CITY RETIREMENT SYSTEM

Year Ending June 30	Beginning Fiduciary Net Position	Employer Contribution	Employee Contribution	Investment Return	Benefit Payment	Adminstrative 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

LIBRARY RETIREMENT SYSTEM

Year Ending June 30	Beginning Fiduciary Net Position	Employer Contribution	Employee Contribution	Investment Return	Benefit Payment	Adminstrative Expenses	Investment Expenses	Ending Fiduciary Net Position
2014	57,330	174	174	7,818	(3,250)	(108)	(28)	62,110
2015	62,110	160	160	1,687	(3,675)	(80)	(31)	60,331

(1) This schedule is prepared to illustrate the requirement to show information regarding the Net Pension Liability and Related Ratios for for 10 years.
It was prepared prospectively from the fiscal year ending June 30, 2014 for GASB 67 purposes and prospectively from fiscal year ending June 30, 2015 for GASB 68 purposes.

SCHEDULE OF CHANGES
IN THE NET PENSION LIABILITY AND RELATED RATIOS
CITY RETIREMENT SYSTEM AND LIBRARY RETIREMENT SYSTEM
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-6

Net Pension Liability (1)

CITY RETIREMENT SYSTEM

Year Ending June 30	Total Pension Liability (a)	Net Fiduciary Position (b)	Net Pension Liability (c) = (a) - (b)	Fiduciary Net Position as % of Total Pension Liability (b) / (a)	Actual Covered Employee Payroll (d)	Net Pension Liability as a Percentage of Covered Payroll (c) / (d)
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%

LIBRARY RETIREMENT SYSTEM

Year Ending June 30	Total Pension Liability (a)	Net Fiduciary Position (b)	Net Pension Liability (c) = (a) - (b)	Fiduciary Net Position as % of Total Pension Liability (b) / (a)	Actual Covered Employee Payroll (d)	Net Pension Liability as a Percentage of Covered Payroll (c) / (d)
2014	70,097	62,110	7,987	88.6%	5,788	138.0%
2015	67,820	60,331	7,489	89.0%	5,349	140.0%

(1) This schedule is prepared to illustrate the requirement to show information regarding the Net pension Liability and Related Ratios for 10 years.
It was prepared prospectively from the fiscal year ending June 30, 2014 for GASB 67 purposes and prospectively from fiscal year ending June 30, 2015 for GASB 68 purpose

SCHEDULE OF CONTRIBUTIONS
CITY RETIREMENT SYSTEM AND LIBRARY RETIREMENT SYSTEM
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit RSI-7

CITY RETIREMENT SYSTEM (1)

Year Ending June 30	Actuarially Determined Contribution (2) (a)	Actual Employer Contributions (b)	Contribution Excess/(Deficiency) (c) = (b) - (a)	Actual Covered Employee Payroll (3) (d)	Contributions as a Percentage of Covered Payroll (b) / (d)
2014	96,024	19,440	(76,584)	324,000	6.0%
2015	79,742	46,215	(33,527)	327,627	14.1%

LIBRARY RETIREMENT SYSTEM (1)

Year Ending June30	Actuarially Determined Contribution (2) (a)	Actual Employer Contributions (b)	Contribution Excess/(Deficiency) (c) = (b) - (a)	Actual Covered Employee Payroll (3) (d)	Contributions as a Percentage of Covered Payroll (b) / (d)
2014	$ 1,216	$ 174	$ (1,042)	5,788	3.0%
2015	$ 509	$ 160	$ (349)	5,348	3.0%

(1) This schedule is presented to illustrate the requirement to show information regarding the Schedule of Contributions for 10 years.
It was prepared prospectively from the 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 contribtuion is based on a discount rate assumption of 7.50%.
(3) Includes all components of compensation not otherwise included in pensionable payroll.

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CITY OF MEMPHIS

T E N N E S S E E

COMBINING NONMAJOR FUNDS

SPECIAL REVENUE

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

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.

WIA – The Workforce Investment Act (WIA) Fund accounts for funds received from the Federal Department of Labor for use in the training of qualified individuals.

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

Midtown Corridor – The Midtown Corridor Fund accounts for the revenues and expenditures related to the sale of undeveloped residential lots located within the Midtown Corridor West Redevelopment Plan.

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

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

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.

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.

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

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

Community Redevelopment – The Community Redevelopment Fund accounts for the use of tax increment financing for improvements in the Uptown Area.

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

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NON MAJOR FUNDS
COMBINING BALANCE SHEET
(Thousands of Dollars)
June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit B-1

	Drug Enforcement	State Street Aid	Workforce Investment Act	Miscellaneous Grants	Midtown Corridor	Solid Waste Management	Hotel/ Motel Tax
ASSETS							
Cash and cash equivalents	$ 291	$ -	$ -	$ 1	$ -	$ 1,148	$ -
Equity in cash and investment pool	10,494	-	534	4,321	-	11,571	2,966
Receivables (net of allowance for uncollectibles):							
Property taxes:							
Delinquent property taxes	-	-	-	-	-	-	-
Special assessments:							
Current special assessments	-	-	-	-	-	-	-
Delinquent special assessments	-	-	-	-	-	-	-
Federal grants and entitlements	-	-	2,582	3,039	-	805	-
State grants and entitlements	-	2,978	-	266	-	123	-
Interest on investments	-	-	-	(40)	-	-	-
Other	1	-	-	2,800	-	42	7
Due from other agencies and governments	-	-	-	-	-	4,646	451
Total assets	$ 10,786	$ 2,978	$ 3,116	$ 10,387	$ -	$ 18,335	$ 3,424
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 39	$ -	$ 598	$ 617	$ -	$ 1,229	$ 3,424
Accrued liabilities	-	-	518	561	-	-	-
Contract retainage	-	-	-	4	-	-	-
Due to other funds	-	2,978	2,000	-	-	-	-
Unearned revenue	1,117	-	-	-	-	-	-
Total liabilities	1,156	2,978	3,116	1,182	-	1,229	3,424
Deferred Inflows:							
Uncollected property taxes	-	-	-	-	-	-	-
Uncollected special assessments	-	-	-	-	-	40	-
Uncollected grant reimbursements	-	-	-	8,932	-	928	-
Uncollected intergovernmental receivables	-	-	-	-	-	-	-
Total deferred inflows	-	-	-	8,932	-	968	-
Fund balances:							
Restricted	9,630	-	-	273	-	16,138	-
Committed	-	-	-	-	-	-	-
Total fund balances	9,630	-	-	273	-	16,138	-
Total liabilities, deferred inflows, and fund balances	$ 10,786	$ 2,978	$ 3,116	$ 10,387	$ -	$ 18,335	$ 3,424

New Memphis Arena	MLK Park	Metro Alarm	Community Services	Central Business Improvement District	Community Redevelopment	Education	Total	
								ASSETS
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,440	Cash and cash equivalents
1,369	-	1,955	651	232	1,341	727	36,161	Equity in cash and investment pool
								Receivables (net of allowance for uncollectibles):
								Property taxes:
-	-	-	-	-	-	2,133	2,133	Delinquent property taxes
								Special assessments:
-	-	-	-	2,996	-	-	2,996	Current special assessments
-	-	-	-	226	-	-	226	Delinquent special assessments
-	-	-	-	-	-	-	6,426	Federal grants and entitlements
-	-	-	-	-	-	-	3,367	State grants and entitlements
-	-	-	-	-	-	-	(40)	Interest on investments
-	-	17	-	-	-	-	2,867	Other
-	-	-	-	-	12,151	-	17,248	Due from other agencies and governments
$ 1,369	$ -	$ 1,972	$ 651	$ 3,454	$ 13,492	$ 2,860	$ 72,824	**Total assets**
								LIABILITIES AND FUND BALANCES
								Liabilities:
$ 1,250	$ -	$ 2	$ -	$ 231	$ 1	$ 279	$ 7,670	Accounts payable
-	-	-	-	-	-	-	1,079	Accrued liabilities
-	-	-	-	-	-	-	4	Contract retainage
-	-	-	-	-	-	-	4,978	Due to other funds
-	-	-	-	-	-	-	1,117	Unearned revenue
1,250	-	2	-	231	1	279	14,848	**Total liabilities**
								Deferred Inflows:
-	-	-	-	-	-	2,133	2,133	Uncollected property taxes
-	-	-	-	3,223	-	-	3,263	Uncollected special assessments
-	-	-	-	-	-	-	9,860	Uncollected grant reimbursements
-	-	-	-	-	12,151	-	12,151	Uncollected intergovernmental receivables
-	-	-	-	3,223	12,151	2,133	27,407	**Total deferred inflows**
								Fund balances:
-	-	-	-	-	-	-	26,041	Restricted
119	-	1,970	651	-	1,340	448	4,528	Committed
119	-	1,970	651	-	1,340	448	30,569	Total fund balances
$ 1,369	$ -	$ 1,972	$ 651	$ 3,454	$ 13,492	$ 2,860	$ 72,824	**Total liabilities, deferred inflows, and fund balances**

NON MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(Thousands of Dollars) June 30, 2015

	Drug Enforcement	State Street Aid	Workforce Investment Act	Miscellaneous Grants	Midtown Corridor	Solid Waste Management	Hotel/ Motel Tax
REVENUES							
Local taxes:							
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special assessments - current	-	-	-	-	-	-	-
Special assessments - prior	-	-	-	-	-	-	-
Sales tax general	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	124	-
Total local taxes	-	-	-	-	-	124	-
State taxes (local share):							
Gas and motor fuel tax	-	11,602	-	-	-	-	-
Gas 3 cent	-	3,456	-	-	-	-	-
Gas 1989	-	1,869	-	-	-	-	-
Hotel/motel tax	-	-	-	-	-	-	4,612
Licenses and Permits	-	-	-	-	-	-	-
Fines and forfeitures	3,383	-	-	-	-	-	-
Charges for services	-	-	-	-	-	55,832	-
Investment income	21	-	-	-	-	23	-
Federal grants and entitlements	-	-	6,562	8,217	-	-	-
State grants	-	-	-	2,594	-	-	-
Other	60	-	-	2,893	-	318	-
Total revenues	3,464	16,927	6,562	13,704	-	56,297	4,612
EXPENDITURES							
General government	-	15,159	-	13,382	4	-	3,424
Public safety	3,510	-	-	-	-	-	-
Community service	-	-	6,562	-	-	-	-
Transportation & environment	-	-	-	-	-	67,342	-
Total expenditures	3,510	15,159	6,562	13,382	4	67,342	3,424
Revenues over (under) expenditures	(46)	1,768	-	322	(4)	(11,045)	1,188
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	1,055
Transfers out	-	(1,768)	-	(322)	-	(3,455)	(2,243)
Capital leases	-	-	-	-	-	15,416	-
Total other financing sources and uses	-	(1,768)	-	(322)	-	11,961	(1,188)
Net change in fund balances	(46)	-	-	-	(4)	916	-
Fund balances - beginning of year	9,676	-	-	273	4	15,222	-
Fund balances - end of year	$ 9,630	$ -	$ -	$ 273	$ -	$ 16,138	$ -

NON MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(Thousands of Dollars) June 30, 2015

New Memphis Arena	MLK Park	Metro Alarm	Community Services	Central Business Improvement District	Community Redevelopment	Education	Total	
								REVENUES
								Local taxes:
$ -	$ -	$ -	$ -	$ -	$ 1,500	$ 448	$ 1,948	Property taxes
-	-	-	-	2,751	-	-	2,751	Special assessments - current
-	-	-	-	100	-	-	100	Special assessments - prior
1,055	-	-	-	-	-	-	1,055	Sales tax general
-	-	-	-	64	-	-	188	Other local taxes
1,055	-	-	-	2,915	1,500	448	6,042	**Total local taxes**
								State taxes (local share):
-	-	-	-	-	-	-	11,602	Gas and motor fuel tax
-	-	-	-	-	-	-	3,456	Gas 3 cent
-	-	-	-	-	-	-	1,869	Gas 1989
-	-	-	-	-	-	-	4,612	Hotel/motel tax
-	-	441	-	-	-	-	441	Licenses and Permits
-	-	-	-	-	-	-	3,383	Fines and forfeitures
-	-	-	136	-	-	-	55,968	Charges for services
-	-	4	-	-	-	-	48	Investment income
-	-	-	-	-	-	-	14,779	Federal grants and entitlements
-	-	-	-	-	-	-	2,594	State grants
-	-	16	-	-	-	-	3,287	Other
1,055	-	461	136	2,915	1,500	448	108,081	**Total revenues**
								EXPENDITURES
2,500	-	349	-	2,915	4,239	-	41,972	General government
-	-	-	-	-	-	-	3,510	Public safety
-	104	-	-	-	-	-	6,666	Community service
-	-	-	-	-	-	-	67,342	Transportation & environment
2,500	104	349	-	2,915	4,239	-	119,490	**Total expenditures**
(1,445)	(104)	112	136	-	(2,739)	448	(11,409)	**Revenues over (under) expenditures**
								OTHER FINANCING SOURCES (USES)
3,555	-	-	-	-	2,263	-	6,873	Transfers in
(2,055)	-	-	-	-	(518)	-	(10,361)	Transfers out
-	-	-	-	-	-	-	15,416	Capital leases
1,500	-	-	-	-	1,745	-	11,928	**Total other financing sources and uses**
55	(104)	112	136	-	(994)	448	519	**Net change in fund balances**
64	104	1,858	515	-	2,334	-	30,050	Fund balances - beginning of year
$ 119	$ -	$ 1,970	$ 651	$ -	$ 1,340	$ 448	$ 30,569	**Fund balances - end of year**

	Budget Amounts			
	Original	Final	Actual	Variance with Final Budget- Positive (Negative)
DRUG ENFORCEMENT FUND				
Revenues:				
Investment income	$ -	$ -	$ 21	$ 21
Fines and forfeitures	3,682	3,682	3,383	(299)
Other	376	376	60	(316)
Total revenues	4,058	4,058	3,464	(594)
Expenditures:				
Public safety	4,058	4,385	3,510	875
Total expenditures	4,058	4,385	3,510	875
Revenues over (under) expenditures	$ -	$ (327)	$ (46)	$ 281
STATE STREET AID FUND				
Revenues:				
State gasoline tax (local share):				
Gas and motor fuel tax	$ 11,294	$ 11,294	$ 11,602	$ 308
Gas 3 cent	3,374	3,374	3,456	82
Gas 1989	1,900	1,900	1,869	(31)
Total revenues	16,568	16,568	16,927	359
Expenditures:				
General government	14,800	14,800	15,159	(359)
Total expenditures	14,800	14,800	15,159	(359)
Other financing uses:				
Transfers out	(1,768)	(1,768)	(1,768)	-
Total other financing uses	(1,768)	(1,768)	(1,768)	-
Revenues over (under) expenditures and other financing uses	$ -	$ -	$ -	$ -
WORKFORCE INVESTMENT ACT				
Revenues:				
Federal grants and entitlements	$ -	$ -	$ 6,562	$ 6,562
Total revenues	-	-	6,562	6,562
Expenditures:				
Community service	-	2,161	6,562	(4,401)
Total expenditures	-	2,161	6,562	(4,401)
Revenues over (under) expenditures	$ -	$ (2,161)	$ -	$ 2,161

(Continued)

	Budget Amounts			
	Original	Final	Actual	Variance with Final Budget- Positive(Negative)
MISCELLANEOUS GRANTS				
Revenues:				
Federal grants and entitlements	$ -	$ -	$ 8,217	$ 8,217
State grants	-	-	2,594	2,594
Other	-	-	2,893	2,893
Total revenues	-	-	13,704	13,704
Expenditures:				
General government	-	11,032	13,382	(2,350)
Total expenditures	-	11,032	13,382	(2,350)
Other financing sources (uses):				
Transfers out	-	-	(322)	(322)
Total other financing sources (uses)	-	-	(322)	(322)
Revenues over (under) expenditures and other financing sources (uses)	$ -	$ (11,032)	$ -	$ 11,032
SOLID WASTE MANAGEMENT FUND				
Revenues:				
Other local taxes	$ 100	$ 100	$ 124	$ 24
Charges for services	55,611	55,611	55,832	221
Investment income	-	-	23	23
State grants	73	73	-	(73)
Other	12,447	12,447	318	(12,129)
Total revenues	68,231	68,231	56,297	(11,934)
Expenditures:				
Transportation and environment	62,915	72,278	67,342	4,936
Total expenditures	62,915	72,278	67,342	4,936
Other financing sources (uses):				
Transfers out	(5,316)	(3,816)	(3,455)	361
Capital leases	-	-	15,416	15,416
Total other financing sources (uses)	(5,316)	(3,816)	11,961	15,777
Revenues over (under) expenditures and other financing sources (uses)	$ -	$ (7,863)	$ 916	$ 8,779

(Continued)

	Budget Amounts			
	Original	Final	Actual	Variance with Final Budget- Positive(Negative)
HOTEL/MOTEL TAX				
Revenues:				
Hotel/motel tax	$ 3,181	$ 4,500	$ 4,612	$ 112
Total revenues	3,181	4,500	4,612	112
Expenditures:				
General government	2,000	3,319	3,424	(105)
Total expenditures	2,000	3,319	3,424	(105)
Other financing sources (uses):				
Transfers in	970	1,055	1,055	-
Transfers out	(2,151)	(2,236)	(2,243)	(7)
Total other financing sources (uses)	(1,181)	(1,181)	(1,188)	(7)
Revenues over (under) expenditures and other financing sources (uses)	$ -	$ -	$ -	$ -
NEW MEMPHIS ARENA				
Revenues:				
Sales tax general	$ 3,470	$ 3,555	$ 1,055	$ (2,500)
Total revenues	3,470	3,555	1,055	(2,500)
Expenditures:				
General government	2,500	2,500	2,500	-
Total expenditures	2,500	2,500	2,500	-
Other financing sources (uses):				
Transfers in	970	1,055	3,555	2,500
Transfers out	(1,940)	(2,055)	(2,055)	-
Total other financing sources (uses)	(970)	(1,000)	1,500	2,500
Revenues over (under) expenditures and other financing sources (uses)	$ -	$ 55	$ 55	$ -
MLK PARK				
Revenues:				
Charges for services	$ 151	$ 151	$ -	$ -
Total revenues	151	151	-	-
Expenditures:				
Community service	151	151	104	47
Total expenditures	151	151	104	47
Revenues over (under) expenditures and other financing sources (uses)	$ -	$ -	$ (104)	$ 47

(Continued)

	Budget Amounts			
	Original	Final	Actual	Variance with Final Budget- Positive(Negative)
METRO ALARM				
Revenues:				
Licenses and permits	$ 613	$ 613	$ 441	$ (172)
Investment income	-	-	4	4
Other	63	63	16	(47)
Total revenues	676	676	461	(215)
Expenditures:				
General government	676	678	349	329
Total expenditures	676	678	349	329
Revenues over (under) expenditures	$ -	$ (2)	$ 112	$ 114
COMMUNITY REDEVELOPMENT				
Revenues:				
Property taxes	$ -	$ -	$ 1,500	$ 1,500
State grants	-	(5)	-	5
Total revenues	-	(5)	1,500	1,505
Expenditures:				
General government	73	2,739	4,239	(1,500)
Total expenditures	73	2,739	4,239	(1,500)
Other financing sources (uses):				
Transfers in	2,739	2,739	2,263	(476)
Transfers out	-	-	(518)	(518)
Total other financing sources (uses)	2,739	2,739	1,745	(994)
Revenues over (under) expenditures and other financing sources (uses)	$ 2,666	$ (5)	$ (994)	$ (989)

(Continued)

NON MAJOR 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, 2015

	Budget Amounts			
	Original	Final	Actual	Variance with Final Budget- Positive(Negative)
TOTAL NONMAJOR SPECIAL REVENUE FUNDS				
Revenues:				
Local taxes:				
Property taxes	$ -	$ -	$ 1,500	$ 1,500
Sales tax general	3,470	3,555	1,055	(2,500)
Other local taxes	100	100	124	24
State taxes (local share):				
Gas and motor fuel tax	11,294	11,294	11,602	308
Gas 3 cent	3,374	3,374	3,456	82
Gas 1989	1,900	1,900	1,869	(31)
Hotel/motel tax	3,181	4,500	4,612	112
Licenses and permits	613	613	441	(172)
Fines and forfeitures	3,682	3,682	3,383	(299)
Charges for services	55,762	55,762	55,832	70
Investment income	-	-	48	48
Federal grants and entitlements	-	-	14,779	14,779
State grants	73	68	2,594	2,526
Other	12,886	12,886	3,287	(9,599)
Total revenues	96,335	97,734	104,582	6,848
Expenditures:				
General government	20,049	35,068	39,053	(3,985)
Public safety	4,058	4,385	3,510	875
Community service	151	2,312	6,666	(4,354)
Transportation and environment	62,915	72,278	67,342	4,936
Total expenditures	87,173	114,043	116,571	(2,528)
Other financing sources (uses)				
Transfers in	4,679	4,849	6,873	2,024
Transfers out	(11,175)	(9,875)	(10,361)	(486)
Capital leases	-	-	15,416	15,416
Total other financing sources (uses)	(6,496)	(5,026)	11,928	16,954
Revenues over (under) expenditures and other financing sources (uses)	$ 2,666	$ (21,335)	$ (61)	$ 26,330

ALL SPECIAL FUNDS (WITH CARRYOVER BUDGETS)
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit B-4

	Budget	Recognized thru June 30, 2014	Recognized Current Year	Recognized thru June 30, 2015	Variance
MIDTOWN CORRIDOR FUND					
Revenues:					
Investment income	$ -	$ 435	$ -	$ 435	$ 435
Other	-	25	-	25	25
Sale of land	2,932	4,080	-	4,080	1,148
Total revenues	2,932	4,540	-	4,540	1,608
Expenditures:					
Personnel services	122	91	-	91	31
Materials and supplies	776	685	4	689	87
Capital outlay	5	4	-	4	1
Land acquisition	1,764	1,764	-	1,764	-
Grants and subsidies	-	200	-	200	(200)
Total expenditures	2,667	2,744	4	2,748	(81)
Other Financing Sources (Uses):					
Transfers out	(1,792)	(1,792)	-	(1,792)	-
Total other financing sources (Uses)	(1,792)	(1,792)	-	(1,792)	-
Revenues over (under) expenditures and other financing sources (uses)	$ (1,527)	$ 4	$ (4)	$ -	$ (1,527)

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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 FUNDS
STATEMENT OF NET POSITION
(Thousands of Dollars)
June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit C-1

	Storm Water
ASSETS	
Current assets:	
Cash	$ 1
Equity in cash and investment pool	3,449
Accounts receivable	3,193
Total current assets	6,643
Capital assets:	
Land	37
Buildings	907
Improvements other than buildings	42,206
Machinery and equipment	17,490
Less accumulated depreciation and amortization	(23,661)
Total capital assets	36,979
Construction in progress	57,046
Net capital assets	94,025
Total assets	100,668
DEFERRED OUTFLOWS OF RESOURCES	
Pension	1,331
Total assets and deferred inflows of resources	101,999
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	940
Contract retainage	8
Pension liability	6,286
Other post employment benefits	1,072
Vacation, sick and other leave benefits	1,322
Total liabilities	9,628
DEFERRED INFLOWS OF RESOURCES	
Pension	738
Revenue received in advance of expense	217
Total liabilities and deferred inflows of resources	10,583
NET POSITION	
Net investment in capital assets	94,025
Unrestricted	(2,610)
Total net position	$ 91,415

ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit C-2

	Storm Water
Operating revenues-charges for services	$ 24,309
Operating expenses other than depreciation and amortization:	
Personnel services	9,239
Materials, supplies, services, and other	5,360
Total operating expenses other than depreciation and amortization	14,599
Operating income before depreciation and amortization	9,710
Depreciation and amortization	2,427
Operating income (loss)	7,283
Non-operating revenues:	
Investment income	10
Other revenue	128
Total non-operating revenues	138
Income (loss) before non-operating expenses, transfers, and capital contributions	7,421
Non-operating expense - Pension	(92)
Transfers in	1,313
Transfers out	(1,893)
Capital contribution - federal	1,516
Capital contribution - state	213
Change in net position	8,662
Total net position - beginning of year	88,538
Prior period adjustment	(5,785)
Total net position - beginning of year, as adjusted	82,753
Total net position - end of year	$ 91,415

ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit C-3

	Storm Water
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and users	$ 25,193
Payments to suppliers	(6,225)
Payments to employees	(9,468)
Net cash provided by operating activities	9,500
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Local shared revenue	84
Transfers from other funds	1,313
Transfers to other funds	(1,894)
Net cash provided by non-capital financing activities	(497)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(17,960)
Gain (loss) on Sale of Asset	46
Capital contribution - federal	1,516
Capital contribution - state	213
Net cash used in capital and related financing activities	(16,185)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Income earned on investments	10
Net cash provided by investing activities	10
Net decrease in cash and cash equivalents	(7,172)
Cash and cash equivalents, beginning of year	10,622
Cash and cash equivalents, end of year	$ 3,450
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 7,283
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	2,427
Pension expense	
Employer pension contributions	
Increase in assets:	
Accounts receivable	1,015
Increase in liabilities:	
Accounts payable and accrued expenses	(1,225)
Total adjustments	2,217
Net cash provided by operating activities	$ 9,500

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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, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit D-1

	Health Insurance	Unemployment Compensation	Fleet Management	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ -	$ -	$ 1	$ 1
Equity in cash and investment pool	20,799	1,187	2,750	24,736
Due from other funds	-	-	120	120
Due from other agencies	232	-	-	232
Inventories	-	-	737	737
Total current assets	21,031	1,187	3,608	25,826
Capital assets:				
Machinery and equipment	11	-	3	14
Less accumulated depreciation	(11)	-	(3)	(14)
Net capital assets	-	-	-	-
Total assets	21,031	1,187	3,608	25,826
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	634	38	752	1,424
Insurance claims payable	8,235	-	-	8,235
Other post-employment benefits	95	-	-	95
Vacation, sick and other leave benefits	95	-	-	95
Total current liabilities	9,059	38	752	9,849
DEFERRED INFLOWS OF RESOURCES				
Revenue collected in advance	6,556	-	-	6,556
Total deferred inflows of resources	6,556	-	-	6,556
NET POSITION				
Net investment in capital assets	-	-	-	-
Unrestricted (deficit)	5,416	1,149	2,856	9,421
Total net position	$ 5,416	$ 1,149	$ 2,856	$ 9,421

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit D-2

	Health Insurance	Unemployment Compensation	Fleet Management	Total
Operating revenues:				
Charges for services	$ -	$ -	$ 25,062	$ 25,062
Miscellaneous income	(38)	-	-	(38)
Employee contributions	24,504	-	-	24,504
Employer contributions	53,562	978	-	54,540
Total operating revenues	78,028	978	25,062	104,068
Operating expenses other than depreciation:				
Personnel services	438	-	-	438
Materials and supplies	3,378	-	10,058	13,436
Capital outlay	-	-	3	3
Death benefits	97	-	-	97
Re-insurance fees	12	-	-	12
PCORI tax	26	-	-	26
Inventories	-	-	14,108	14,108
Claims incurred	65,767	317	-	66,084
Total operating expenses other than depreciation	69,718	317	24,169	94,204
Operating income (loss) before depreciation	8,310	661	893	9,864
Depreciation	-	-	16	16
Operating income (loss)	8,310	661	877	9,848
Non-operating revenues:				
Investment income	35	3	6	44
Total non-operating revenues	35	3	6	44
Income (loss) before transfers	8,345	664	883	9,892
Transfers in/(out), net	(5,225)	-	-	(5,225)
Change in net position	3,120	664	883	4,667
Total net position (deficit) - beginning of year	2,296	485	1,973	4,754
Total net position - end of year	$ 5,416	$ 1,149	$ 2,856	$ 9,421

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit D-3

	Health Insurance	Unemployment Compensation	Fleet Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ -	$ -	$ 321	$ 321
Receipts from other division funds	-	978	24,725	25,703
Receipts from other agency funds	(260)	-	-	(260)
Miscellaneous income	(38)	-	-	(38)
Employee contributions	24,504	-	-	24,504
Employer contributions	54,310	-	-	54,310
Payments to suppliers	(4,475)	-	(10,401)	(14,876)
Payments to employees	(460)	-	(86)	(546)
Payments per Affordable Care Act	(38)	-	-	(38)
Payments for inventory	-	-	(14,078)	(14,078)
Payments due to other agencies and funds	-	20	-	20
Payments for death benefits	(97)	-	-	(97)
Payments for claims incurred	(66,976)	(330)	-	(67,306)
Net cash (used in) provided by operating activities	6,470	668	481	7,619
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfers to other funds	(5,225)	-	-	(5,225)
Net cash provided by non-capital financing activities	(5,225)	-	-	(5,225)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Income earned on investments	38	4	6	48
Net cash provided by investing activities	38	4	6	48
Net increase (decrease) in cash and cash equivalents	1,283	672	487	2,442
Cash and cash equivalents, beginning of year	19,516	515	2,264	22,295
Cash and cash equivalents, end of year	$ 20,799	$ 1,187	$ 2,751	$ 24,737
Reconciliation of operating income (loss) to net cash (used in) provided by operating activities:				
Operating income (loss)	$ 8,310	$ 661	$ 878	$ 9,849
Adjustments to reconcile operating income (loss) to net cash (used in) provided by operating activities:				
Depreciation expense	-	-	16	16
(Increase) decrease in assets:				
Inventories	-	-	31	31
Accounts receivable	17	-	(18)	(1)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(1,857)	7	(426)	(2,276)
Total adjustments	(1,840)	7	(397)	(2,230)
Net cash (used in) provided by operating activities	$ 6,470	$ 668	$ 481	$ 7,619

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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:

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)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit E-1

	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
ASSETS						
Cash and cash equivalents	$ 299,905	$ 13,431	$ 38,410	$ -	$ 9,924	$ 361,670
Investments, at fair value:						
U.S. government securities - long-term	-	-	130,278	-	-	130,278
Common stock - domestic	797,767	44,550	260,419	-	79,906	1,182,642
Common stock - foreign	147,764	-	85,798	-	49,309	282,871
Preferred stock - domestic	-	-	14,648	-	-	14,648
Preferred stock - foreign	-	-	550	-	-	550
Corporate bonds - domestic	258,732	-	115,914	-	-	374,646
Corporate bonds - foreign	46,313	-	20,241	-	-	66,554
Mutual funds and money market funds	35,369	947	14,054	2,469	41,816	94,655
Government bond mutual fund - international	-	-	-	-	14,109	14,109
Corporate bond mutual funds - domestic	-	-	-	-	13,645	13,645
Corporate bond mutual funds - international	-	-	-	-	13,890	13,890
Convertible bond mutual fund - domestic	-	-	-	-	14,616	14,616
Collateralized mortgage obligations	17,374	-	24,685	-	-	42,059
Asset-backed pooled securities	6,097	-	-	-	-	6,097
Mortgage-backed pooled securities	34,948	-	50,073	-	-	85,021
Investments in index funds	204,663	-	343,585	-	-	548,248
Investments in real estate	104,551	-	199,923	-	10,026	314,500
Investments in high yield bond fund	-	-	14,436	-	1,164	15,600
Investments in private equities	-	-	32,837	-	1,564	34,401
Investments in international equity fund	339,568	-	-	-	6,221	345,789
Investments in international bond fund	-	-	-	-	26,566	26,566
Hedge funds	-	-	46,547	-	-	46,547
Distressed debt funds - domestic	-	-	-	-	5,271	5,271
Distressed debt funds - foreign	-	-	-	-	10,541	10,541
Total investments	1,993,146	45,497	1,353,989	2,469	288,644	3,683,744
Equity in cash and investment pool	579	-	-	13,937	-	14,516
Interest and dividend receivables	5,788	26	3,860	1	180	9,855
Receivable for securities sold	108,884	-	4,755	-	154	113,793
Employer and employee contributions receivable	-	-	905	-	417	1,322
Collateral held in trust for securities on loan	74,301	-	211,410	-	28,986	314,697
Total assets	2,482,603	58,954	1,613,329	16,407	328,305	4,499,597
LIABILITIES						
Accounts payable and other	207,795	-	21,946	4,681	770	235,192
Collateral subject to return to borrowers	74,301	-	211,410	-	28,986	314,697
Total liabilities	282,096	-	233,356	4,681	29,756	549,889
DEFERRED INFLOWS OF RESOURCES						
Revenue collected in advance	-	-	-	2,160	-	2,160
Total deferred inflows of resources	-	-	-	2,160	-	2,160
NET POSITION						
Held in trust for pension benefits, pool participants and OPEB	$ 2,200,507	$ 58,954	$ 1,379,973	$ 9,566	$ 298,549	$ 3,947,548

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, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit E-2

	Pension Trust					
	City Retirement System	Library Retirement System	Memphis Light, Gas and Water Retirement System	City OPEB Trust	Memphis Light, Gas and Water OPEB Trust	Total Pension and OPEB Trust Funds
ADDITIONS						
Contributions:						
Employer	$ 46,216	$ 153	$ 26,804	$ 9,256	$ 40,873	$ 123,302
Medicare Part D	-	-	-	1,306	-	1,306
Plan members	23,319	153	11,729	11,038	6,293	52,532
Total contributions	69,535	306	38,533	21,600	47,166	177,140
Transfer from other fund	-	-	-	17,145	-	17,145
Investment income:						
Interest and dividend income	48,812	1,696	28,198	237	5,272	84,215
Securities lending income	-	-	969	-	119	1,088
Other investment income	864	1	1,494	-	-	2,359
Gain on real estate investments	2,870	-	-	-	-	2,870
Net appreciation in the fair value of investments	30,377	(3,541)	73,624	150	7,421	108,031
Total investment income	82,923	(1,844)	104,285	387	12,812	198,563
Total additions	152,458	(1,538)	142,818	39,132	59,978	392,848
DEDUCTIONS						
Benefits	155,385	3,597	96,283	46,928	32,996	335,189
Administrative expenses	10,940	172	5,270	2,635	1,705	20,722
Refunds of contributions	21,482	-	3,966	-	-	25,448
Total deductions	187,807	3,769	105,519	49,563	34,701	381,359
Net increase	(35,349)	(5,307)	37,299	(10,431)	25,277	11,489
Net position - beginning of year, as restated	2,226,945	64,261	1,342,673	19,997	273,272	3,927,148
Prior Period Adjustment	8,911	-	-	-	-	8,911
Net position - beginning of year after prior period adjustment	2,235,856	64,261	1,342,673	19,997	273,272	3,936,059
Net position - end of year	$ 2,200,507	$ 58,954	$ 1,379,972	$ 9,566	$ 298,549	$ 3,947,548

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS AND LIABILITIES **CITY OF MEMPHIS, TENNESSEE**
FIDUCIARY AGENCY FUND **Exhibit E-3**
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

	Sold Property Tax Receivable Agency Fund			
	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Equity in cash and investment pool	$ 966	$ 17,727	$ 17,739	$ 954
Property tax receivable - current	-	15,348	15,348	-
Property tax receivable - delinquent	14,940	8,117	7,087	15,970
Total Assets	$ 15,906	$ 41,192	$ 40,174	$ 16,924
LIABILITIES				
Accounts payable & other liabilities	$ 15,906	$ 25,492	$ 40,332	$ 1,066
Total Liabilities	$ 15,906	$ 25,492	$ 40,332	$ 1,066
DEFERRED INFLOWS OF RESOURCES				
Revenue collected in advance	$ -	$ 15,858	$ -	$ 15,858
Total deferred inflows of resources	$ -	$ 15,858	$ -	$ 15,858
NET POSITION	$ -	$ 158	$ (158)	$ -

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CITY OF MEMPHIS

T E N N E S S E E

SUPPLEMENTARY SCHEDULES

ALL FUNDS
COMBINED SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE
(Thousands of Dollars)
June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit F-1

Tax Year	General	Debt Service	Capital Projects	Education	Total [1]
2005	$ 2,346	$ 853	$ 4	$ 1,017	$ 4,220
2006	918	334	2	398	1,652
2007	1,154	432	2	449	2,037
2008	1,788	567	2	134	2,491
2009	2,517	804	4	195	3,520
2010	3,548	1,132	4	275	4,959
2011	5,441	1,602	7	-	7,050
2012	5,827	1,845	8	247	7,927
2013	4,499	1,660	5	-	6,164
2014	7,349	3,446	11	-	10,806
Total delinquent property taxes receivable	35,387	12,675	49	2,715	50,826
Allowance for uncollectibles	8,862	2,958	12	582	12,414
Net delinquent property taxes receivable	$ 26,525	$ 9,717	$ 37	$ 2,133	$ 38,412
Special assessment tax, net of allowance					226
Total tax, net of allowance					$ 38,638

[1] As of June 30, 2015, $31,782 of delinquent taxes were in Chancery Court for collection.

SCHEDULE OF REVENUE DEBT BY ISSUE
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit F-2

Description	Interest Rates	Date of Issue	Date of Final Maturity	Original Issue	Redemptions	Principal Amount Outstanding June 30, 2015	Interest to Maturity as of June 30, 2015
REVENUE BONDS PAYABLE (Business-Type Activities)							
Sanitary Sewerage System Revenue Refunding Bonds, Series 2014	3.00-4.00	Jul. 01, 2014	Jul. 01, 2025	$ 18,930	-	18,930	4,166
Sanitary Sewerage System Revenue Refunding Bonds, Series 2013	3.00-5.00	Oct. 03, 2013	Oct. 01, 2024	21,410	1,285	20,125	4,500
Sanitary Sewerage System Revenue Refunding Bonds, Series 2011	2.00-5.00	Jun. 29, 2011	Oct. 01, 2021	15,165	2,790	12,375	2,107
Sanitary Sewerage System Revenue Bonds (RZEDB), Series 2010B	3.01-6.10	Dec. 07, 2011	Oct. 01, 2030	16,450	2,590	13,860	6,903
Sanitary Sewerage System Revenue Bonds (BABs), Series 2009B	6.00	Nov. 24, 2009	Oct. 01, 2029	12,360	-	12,360	8,048
Sanitary Sewerage System Revenue Bonds, Series 2009A	3.25-4.00	Nov. 24, 2009	Oct. 01, 2019	7,640	3,100	4,540	459
Sanitary Sewerage System Revenue Bonds, Series 2007	4.00-4.50	Dec. 18, 2007	Oct. 01, 2027	20,000	5,080	14,920	4,534
Sanitary Sewerage System Revenue Refunding Bonds, Series 2006	4.00-5.00	Sep. 06, 2006	May 01, 2020	20,220	7,325	12,895	1,734
Sanitary Sewerage System Revenue Bonds, Series 2005	5.00	Dec. 20, 2005	Jul. 01, 2015	32,000	30,495	1,505	38
Total Revenue Bonds Payable (Business-Type Activities)				164,175	52,665	111,510	32,489
SEWER STATE LOANS (Business-Type Activities)							
TN Sewer State Loan	.75-2.59	Jul. 19, 2013	Jul. 20, 2033	4,941	192	4,749	935
Total Sewer State Loans (Business-Type Activities)				4,941	192	4,749	935
REVENUE BONDS PAYABLE (Memphis Light Gas & Water)							
Electric System Revenue Bonds, Series 2003A	3.60-5.00	Dec. 01, 2003	Dec. 01, 2018	1,292,170	1,286,155	6,015	659
Electric System Revenue Bonds, Series 2008	4.00-5.00	Jun. 13, 2008	Dec. 01, 2018	96,930	-	96,930	16,735
Electric System Revenue Bonds, Series 2010	2.50-5.00	Feb. 17, 2010	Dec. 01, 2018	460,050	102,765	357,285	39,506
Electric System Revenue Bonds, Series 2014	2.00-5.00	May 20, 2014	Dec. 01, 2034	71,000	-	71,000	39,253
Water System Revenue Bonds, Series 2014	2.00-5.00	May 20, 2014	Dec. 01, 2034	15,000	-	15,000	6,493
Total Revenue Bonds Payable (Memphis Light)				1,935,150	1,388,920	546,230	102,646
Total Revenue Debt Payable				$ **2,104,266**	**1,441,777**	**662,489**	**136,070**

SCHEDULE OF GENERAL OBLIGATION DEBT PAYABLE BY ISSUE
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit F-3

Description	Interest Rates	Date of Issue	Date of Final Maturity	Original Issue	Redemptions	Principal Amount Outstanding June 30, 2015	Interest to Maturity as of June 30, 2015
GENERAL OBLIGATION BONDS PAYABLE							
General Improvement Refunding Bonds, Series 2015C	4.00-5.00	May 19, 2015	Apr. 01, 2045	$ 67,845	-	67,845	71,756
General Improvement Refunding Bonds, Series 2015B (Taxable)	2.69-2.94	May 19, 2015	Apr. 01, 2025	54,390	-	54,390	14,574
General Improvement Refunding Bonds, Series 2015A	5.00	May 19, 2015	Apr. 01, 2026	76,820	-	76,820	40,543
General Improvement Refunding Bonds, Series 2014B	3.00- 5.00	Mar. 25, 2014	Apr. 01, 2044	208,230	10,560	197,670	174,421
General Improvement Refunding Bonds, Series 2014A	2.25 - 5.00	Mar. 25, 2014	Nov. 01, 2025	103,955	-	103,955	32,512
General Improvement and Refunding Bonds, Series 2012B	1.40 - 3.70	Mar. 29, 2012	Apr. 01, 2024	5,145	930	4,215	504
General Improvement and Refunding Bonds, Series 2012A	2.00 - 5.00	Mar. 29, 2012	Apr. 01, 2042	93,595	-	93,595	31,358
General Improvement and Refunding Bonds, Series 2011	2.00 - 5.00	Jun. 14, 2011	May 01, 2036	86,190	11,090	75,100	42,327
General Improvement Bonds, Series 2010F (RZEDB)	6.04	Jun. 29, 2010	Jul. 01, 2034	11,160	-	11,160	12,817
General Improvement Refunding Bonds, Series 2010E (Taxable)	2.90 - 3.91	Jun. 29, 2010	Jul. 01, 2018	55,295	5,180	50,115	4,778
General Improvement and Refunding Bonds, Series 2010D	3.25 - 5.00	Jun. 29, 2010	Jul. 01, 2023	121,205	-	121,205	38,357
General Improvement Bonds, Series 2010C (BABs)	4.16 - 5.94	Jun. 29, 2010	Jul. 01, 2032	62,550	-	62,550	39,766
General Improvement Bonds, Series 2010B (BABs)	5.54 - 6.14	May 04, 2010	May 01, 2030	39,950	-	39,950	26,360
General Improvement Bonds, Series 2010A	3.00 - 5.00	May 04, 2010	May 01, 2021	27,880	11,695	16,185	2,346
General Improvement Bonds, Series 2009	4.00 - 5.00	Jun. 02, 2009	Apr. 01, 2024	76,025	59,725	16,300	2,954
General Improvement Bonds, Series 2008	3.75 - 5.00	May 01, 2008	Apr. 01, 2018	99,735	85,025	14,710	1,333
General Improvement Bonds, Series 2007A	5.00	May 01, 2007	Apr. 01, 2017	94,935	83,510	11,425	864
General Improvement Refunding Bonds, Series 2006C	5.00	Dec. 20, 2006	Nov. 01, 2015	89,385	84,950	4,435	111
General Improvement Bonds, Series 2006A	5.00	Feb. 28, 2006	Nov. 01, 2015	76,930	75,340	1,590	40
General Improvement Refunding Bonds, Series 2005	5.00 - 5.25	Mar. 16, 2005	Oct. 01, 2019	166,880	74,510	92,370	10,797
General Improvement Refunding Bonds, Series 2005B	5.25	Jun. 22, 2005	Oct. 01, 2018	115,635	47,270	68,365	9,738
General Improvement Refunding Bonds, Series 2004	5.00	Oct. 19, 2004	Oct. 01, 2023	125,000	125,000	-	-
General Improvement Refunding Bonds, Series 2004	5.00	Feb. 19, 2004	Oct. 01, 2017	34,160	18,605	15,555	1,193
General Improvement Refunding Bonds, Series 2001	5.00	Nov. 8, 2001	Nov. 01, 2016	92,985	83,665	9,320	472
Total General Obligation Bonds Payable				1,985,880	777,055	1,208,825	559,919
BOND ANTICIPATION NOTES PAYABLE							
General Obligation Commercial Paper, Series 2014	variable	Apr. 04, 2014	Jul. 27, 2018	95,000	75,000	20,000	-
Total Bond Anticipation Notes Payable				95,000	75,000	20,000	-
SETTLEMENT OBLIGATION							
Settlement Obligation	-	Jan. 30, 2015	Feb. 15, 2031	20,000	-	20,000	-
Total Settlement Obligation				20,000	-	20,000	-
Total General Obligation Debt Payable				$ **2,100,880**	**852,055**	**1,248,825**	**559,919**

SCHEDULE OF GENERAL OBLIGATION DEBT - BY USE
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit F-4

Use		Balance Outstanding At Year End
GENERAL OBLIGATION BONDS		
General Improvement	$	1,196,350
Bond Premiums (1)		79,464
Schools		12,475
Total general obligation bonds		1,288,289
BOND ANTICIPATION NOTES-COMMERCIAL PAPER		20,000
TOTAL GENERAL OBLIGATION DEBT	$	1,308,289

(1) Bond premiums are related to a change in presentation for 2015.

SCHEDULE OF CAPITAL LEASES PAYABLE BY ISSUE
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

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, 2015	Interest to Maturity as of June 30, 2015
CAPITAL LEASES							
Sports Facility Revenue Bonds, Series 2014B	1.900% - 4.970%	Mar. 28, 2014	Feb. 01, 2030	5,720,000	635,000	5,085,000	1,747,837
Sports Facility Revenue Bonds, Series 2014A	2.000% - 5.000%	Mar. 28, 2014	Feb. 01, 2029	17,925,000	735,000	17,190,000	6,325,788
Solid Waste 2014	1.384%	Dec. 11, 2014	Dec. 11, 2019	15,416,204	1,494,238	13,921,966	485,952
Red Light 2014	1.678%	Aug. 15, 2014	Aug. 15, 2019	3,300,000	530,967	2,769,033	99,863
Parking Meters 2013	1.325%	Nov. 15, 2013	Nov. 15, 2018	1,572,617	460,928	1,111,689	29,661
Solid Waste 2011	1.300%	Sep. 22, 2011	Aug. 01, 2016	8,963,200	6,218,059	2,745,141	35,750
Red Light 2010	2.772%	Dec. 10, 2010	Dec. 30, 2015	2,250,000	2,010,727	239,273	1,938
Total Capital Leases Payable				**55,147,021**	**12,084,919**	**43,062,102**	**8,726,788**

SCHEDULE OF GUARANTEE OBLIGATIONS PAYABLE BY ISSUE
(Thousands of Dollars)
June 30, 2015

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, 2015	Interest to Maturity as of June 30, 2015
GUARANTEE OBLIGATIONS							
For General Purposes:							
Development Revenue Bonds, Series 2011	2.500% - 5.250%	9/7/2011	Apr. 01, 2036	20,397,500	1,855,000	18,542,500	10,856,425
Subordinate Revenue Bonds, Series 2011C (Pyramid/ Pinch District)	2.390% - 4.180%	Sep. 30, 2011	Nov. 01, 2021	56,150,000	6,180,000	49,970,000	6,579,977
Subordinate Revenue Bonds, Series 2011B (Pyramid/ Pinch District)	4.000% - 5.250%	Sep. 30, 2011	Nov. 01, 2030	100,245,000	-	100,245,000	56,703,838
Senior Revenue Bonds, Series 2011A (Pyramid/ Pinch District)	2.54% - 5.530%	Sep. 30, 2011	Nov. 01, 2030	40,540,000	790,000	39,750,000	20,668,399
Qualified Energy Conservation Bonds, Series 2015A	3.720%	Feb. 28, 2015	Jan. 05, 2025	8,316,000	-	8,316,000	1,664,503
Revenue Bonds, Series 2015 (Conv. Cntr Proj.)	1.870%	Mar. 03, 2015	Jan. 05, 2020	1,585,450	-	1,585,450	84,167
Qualified Energy Conservation Bonds, Series 2015C	3.910%	Apr. 29, 2015	Jan. 05, 2025	340,700	-	340,700	69,049
Qualified Energy Conservation Bonds, Series 2015B	3.910%	Apr. 29, 2015	Jan. 05, 2025	2,015,300	-	2,015,300	408,437
Total Guarantee Obligations Payable				**229,589,950**	**8,825,000**	**220,764,950**	**97,034,794**

LONG TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
REVENUE DEBT PAYABLE
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit F-7

Year Ending June 30	Revenue Bonds Sewer Collection and Treatment Fund		Revenue Bonds Memphis Light Gas Water (1)		Sewer State Loans Sewer Collection and Treatment Fund		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2015	$	$	$ 110,760	$ 26,022	$	$	$ 136,782
2016	10,930	4,912	115,975	20,696	171	94	152,778
2017	11,390	4,532	120,295	15,038	175	89	151,519
2018	11,230	4,052	125,540	9,150	180	85	150,237
2019	8,930	3,573	3,330	3,255	184	81	19,353
2020	9,885	3,181	3,710	2,877	189	76	19,918
2021	8,745	2,721	3,710	2,877	193	71	18,317
2022	9,140	2,291	3,710	2,877	198	66	18,282
2023	7,055	1,896	3,710	2,877	203	61	15,802
2024	7,350	1,555	3,710	2,878	208	56	15,757
2025	7,630	1,215	4,620	1,968	214	51	15,698
2026	5,725	917	4,620	1,968	219	46	13,495
2027	3,655	687	4,620	1,968	224	40	11,194
2028	3,805	480	4,620	1,969	230	35	11,139
2029	2,430	299	4,620	1,969	236	29	9,583
2030	2,525	145	5,736	851	242	23	9,522
2031	1,085	33	5,736	851	248	17	7,970
2032	-	-	5,736	851	254	11	6,852
2033	-	-	5,736	852	259	4	6,851
2034	-	-	5,736	852	922	1	7,511
	$ 111,510	**$ 32,489**	**$ 546,230**	**$ 102,646**	**$ 4,749**	**$ 936**	**$ 798,560**

(1) All Memphis Light Gas Water bonds reflect amounts outstanding at December 31, 2014.

LONG TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT PAYABLE
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit F-8

Year Ending June 30	General Obligation Bonds		Settlement Obligation		
	Principal	Interest	Principal	Interest	Total
2016	$ 78,760	$ 54,823	$ 1,334	$ -	$ 134,917
2017	78,875	52,382	1,334	-	132,591
2018	79,140	48,615	1,334	-	129,089
2019	99,590	44,666	1,334	-	145,590
2020	79,635	41,120	1,334	-	122,089
2021	79,165	38,094	1,333	-	118,592
2022	79,510	34,247	1,333	-	115,090
2023	80,080	30,060	1,333	-	111,473
2024	80,295	26,344	1,333	-	107,972
2025	81,440	23,653	1,333	-	106,426
2026	79,750	20,259	1,333	-	101,342
2027	20,325	16,456	1,333	-	38,114
2028	21,225	15,387	1,333	-	37,945
2029	22,135	14,275	1,333	-	37,743
2030	23,105	13,109	1,333	-	37,547
2031	18,725	11,879	-	-	30,604
2032	19,550	10,951	-	-	30,501
2033	20,435	9,948	-	-	30,383
2034	21,005	8,942	-	-	29,947
2035	21,925	7,875	-	-	29,800
2036	17,025	6,924	-	-	23,949
2037	13,070	6,106	-	-	19,176
2038	13,690	5,486	-	-	19,176
2039	14,335	4,836	-	-	19,171
2040	15,010	4,154	-	-	19,164
2041	15,740	3,432	-	-	19,172
2042	16,495	2,676	-	-	19,171
2043	16,495	1,884	-	-	18,379
2044	17,290	1,086	-	-	18,376
2045	5,005	250	-	-	5,255
	$ 1,228,825	**$ 559,919**	**$ 20,000**	**$ -**	**$ 1,808,744**

SCHEDULE OF INTERFUND BALANCES
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

	Primary Government				
	Governmental Fund Types		Proprietary Fund Types		
			Enterprise	Internal Service	
	General Fund	Debt Service	Sewer	Fleet Management	Total Payables - Reporting Entity
GOVERNMENTAL FUND TYPES					
Special Revenue:					
Community Development	$ 300	$ -	$ 11,200	$ 120	$ 11,620
Workforce Investment Act	2,000	-	-	-	2,000
State Street Aid	2,683	295	-	-	2,978
Total receivables - primary government	4,983	295	11,200	120	16,598
Total receivables - reporting entity	$ 4,983	$ 295	$ 11,200	$ 120	$ 16,598

SCHEDULE OF INTERFUND TRANSFERS
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit F-10

	Primary Government										Fiduciary	
	Governmental Fund Types							Proprietary Fund Types				
				Non-Major Special Revenue				Enterprise	Internal Service			
	General Fund	Debt Service	Capital Projects	Miscellaneous Grants	Hotel/Motel Tax	New Memphis Arena	Community Redevelopment	Storm Water	Healthcare Fund	Unemployment Fund	OPEB Trust Fund	Total Transfers Out
GOVERNMENTAL FUND TYPES												
General Fund	$ -	$ 4,822	$ -	$ -	$ -	$ -	$ 2,263	$ -	$ -	$ -	$ 11,920	$ 19,005
Debt Service Fund	-	-	-	-	-	-	-	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-	-	-	795	-	-	-	795
Special Revenue:												
State Street Aid	-	1,768	-	-	-	-	-	-	-	-	-	1,768
Miscellaneous Grants	129	193	-	-	-	-	-	-	-	-	-	322
Midtown Corridor	-	-	-	-	-	-	-	-	-	-	-	-
Solid Waste	-	3,455	-	-	-	-	-	-	-	-	-	3,455
Community Redevelopment	-	-	-	-	-	-	-	518	-	-	-	518
Hotel/Motel Tax	-	1,188	-	-	-	1,055	-	-	-	-	-	2,243
New Memphis Arena	1,000	-	-	-	1,054	-	-	-	-	-	-	2,054
Total Governmental Fund Types	1,129	11,426	-	-	1,054	1,055	2,263	1,313	-	-	11,920	30,160
PROPRIETARY FUND TYPES												
Enterprise:												
Sewer Collection and Treatment	6,706	-	-	-	-	-	-	-	-	-	-	6,706
Memphis Light, Gas and Water	58,515	-	-	-	-	2,500	-	-	-	-	-	61,015
Storm Water	-	1,893	-	-	-	-	-	-	-	-	-	1,893
Internal Service:												
Health Insurance	-	-	-	-	-	-	-	-	-	-	5,225	5,225
Total Proprietary Fund Types	65,221	1,893	-	-	-	2,500	-	-	-	-	5,225	74,839
Total Transfers In	$ 66,350	$ 13,319	$ -	$ -	$ 1,054	$ 3,555	$ 2,263	$ 1,313	$ -	$ -	$ 17,145	$ 104,999

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, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit F-11

	Governmental Fund Types				Proprietary Funds		Internal Service Funds		Fiduciary Fund Types					
									Trust and Agency					
	General	Special Revenue	Community Development	Capital Projects	Sewer	MLGW	Fleet Management	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	$ 44	$ 1,439	$ 4,171	$ -	$ 1	$ 16,580	$ 1	$ 22,236	$ 299,905	$ 13,431	$ 38,410	$ -	$ 9,924	$ 361,670
Total deposits	44	1,439	4,171	-	1	16,580	1	22,236	299,905	13,431	38,410	-	9,924	361,670
Investments:														
U.S. government securities - long-term	-	-	-	-	-	-	-	-	-	-	130,278	-	-	130,278
Common stock - domestic	-	-	-	-	-	-	-	-	797,767	44,550	260,419	-	79,906	1,182,642
Common stock - foreign	-	-	-	-	-	-	-	-	147,764	-	85,798	-	49,309	282,871
Preferred stock - domestic	-	-	-	-	-	-	-	-	-	-	14,648	-	-	14,648
Preferred stock - foreign	-	-	-	-	-	-	-	-	-	-	550	-	-	550
Corporate bonds - domestic	-	-	-	-	-	625	-	625	258,732	-	115,914	-	-	374,646
Corporate bonds - foreign	-	-	-	-	-	-	-	-	46,313	-	20,241	-	-	66,554
Mutual funds and money market funds	-	-	-	-	5,644	73,829	-	79,473	35,369	947	14,054	2,469	41,816	94,655
Government bond mutual fund - international	-	-	-	-	-	-	-	-	-	-	-	-	14,109	14,109
Corporate bond mutual funds - domestic	-	-	-	-	-	-	-	-	-	-	-	-	13,645	13,645
Corporate bond mutual funds - international	-	-	-	-	-	-	-	-	-	-	-	-	13,890	13,890
Convertible bond mutual fund - domestic	-	-	-	-	-	-	-	-	-	-	-	-	14,616	14,616
Collateralized mortgage obligations	-	-	-	-	-	-	-	-	17,374	-	24,685	-	-	42,059
Asset-backed pooled securities	-	-	-	-	-	40	-	40	6,097	-	-	-	-	6,097
Mortgage-backed pooled securities	-	-	-	-	-	-	-	-	34,948	-	50,073	-	-	85,021
Investments in index funds	-	-	-	-	-	-	-	-	204,663	-	343,585	-	-	548,248
Investments in real estate	-	-	-	-	-	-	-	-	104,551	-	199,923	-	10,026	314,500
Investments in high yield bond fund	-	-	-	-	-	-	-	-	-	-	14,436	-	1,164	15,600
Investments in private equities	-	-	-	-	-	-	-	-	-	-	32,837	-	1,564	34,401
Investments in international equity fund	-	-	-	-	-	-	-	-	339,568	-	-	-	6,221	345,789
Investments in international bond fund	-	-	-	-	-	-	-	-	-	-	-	-	26,566	26,566
Hedge funds	-	-	-	-	-	-	-	-	-	-	46,547	-	-	46,547
Distressed debt funds - domestic	-	-	-	-	-	-	-	-	-	-	-	-	5,271	5,271
Distressed debt funds - foreign	-	-	-	-	-	-	-	-	-	-	-	-	10,541	10,541
State of TN Local Gov't Investment Pool	-	-	-	2,067	6	-	-	2,073	-	-	-	-	-	-
Commercial paper	-	-	-	6	6,781	167,988	-	174,775	-	-	-	-	-	-
U.S. Treasuries	-	-	-	-	-	128,430	-	128,430	-	-	-	-	-	-
Federal agency (Fixed Rate)	-	-	-	-	4,724	24,096	-	28,820	-	-	-	-	-	-
Federal agency (Callable)	-	-	-	-	-	497	-	497	-	-	-	-	-	-
Electric margin requirement	-	-	-	-	-	55	-	55	-	-	-	-	-	-
Gas margin requirement	-	-	-	-	-	1,642	-	1,642	-	-	-	-	-	-
Accrued interest, gain/loss on investment, cash and cash equivalent	-	-	-	-	-	1,291	-	1,291	-	-	-	-	-	-
Total investments	-	-	-	2,073	17,155	398,493	-	417,721	1,993,146	45,497	1,353,988	2,469	288,644	3,683,744
Total deposits and investments	$ 44	$ 1,439	$ 4,171	$ 2,073	$ 17,156	$ 415,073	$ 1	$ 439,957	$ 2,293,051	$ 58,928	$ 1,392,398	$ 2,469	$ 298,568	$ 4,045,414

SCHEDULE OF ADDITIONS AND RETIREMENTS TO UTILITY PLANT
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit F-12

MEMPHIS LIGHT, GAS AND WATER DIVISION [1]

	Balance January 1, 2014	Additions	Retirements	Transfers	Balance December 31, 2014
Electric Division	$ 1,541,770	$ 76,047	$ (9,214)	$ 162	$ 1,608,765
Gas Division	574,728	13,499	(1,420)	(162)	586,645
Water Division	426,882	16,638	(1,257)	-	442,263
Total	$ 2,543,380	$ 106,184	$ (11,891)	$ -	$ 2,637,673

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

SEWER COLLECTION AND TREATMENT FUND [2]

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Land and buildings	$ 119,798	$ -	$ -	$ (907)	$ 118,891
Improvements other than buildings	549,224	9,898	(1,298)	(92)	557,732
Machinery and equipment	30,314	1,509	(1,961)	-	29,862
Construction work in progress	48,755	39,622	(15,861)	-	72,516
	$ 748,091	$ 51,029	$ (19,120)	$ (999)	$ 779,001

[1] MLGW is presented for the year ended December 31.

[2] Sewer Collection and Treatment Fund is presented for the year ended June 30.

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
(Thousands of Dollars)
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit F-13

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Local taxes	$ 125,236	$ 125,236	$ 129,500	$ 4,264
State taxes (local share)	12,999	12,999	12,074	(925)
Investment income	125	125	170	45
Federal grants	2,109	2,109	2,108	(1)
Other	779	779	3,924	3,145
Total revenues	141,248	141,248	147,776	6,528
EXPENDITURES				
Redemption of serial bonds and notes	88,949	88,949	89,715	(766)
Interest	68,599	68,499	67,465	1,034
Other	3,247	3,351	3,748	(397)
Total expenditures	160,795	160,799	160,928	(129)
Revenues over expenditures	(19,547)	(19,551)	(13,152)	6,399
OTHER FINANCING SOURCES (USES)				
Transfers in	15,475	15,475	13,319	(2,156)
Issuance of refunding debt	-	-	199,055	199,055
Related party loan	-	-	85	85
Retirement of general obligation bonds	-	-	(222,171)	(222,171)
Premium on debt issue	-	-	25,084	25,084
Contribution to Fund Balance	(398)	(398)	-	398
Contributed From Fund Balance	4,470	4,470	-	(4,470)
Total other financing sources and uses	19,547	19,547	15,372	(4,175)
Net change in fund balances	$ -	$ (4)	$ 2,220	$ 2,224
Fund balance - beginning of year			50,603	
Fund balance - end of year			$ 52,823	

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, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit F-14

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Positive (Negative)
REVENUES				
Local taxes	$ 414,755	$ 428,158	$ 432,705	$ 4,547
State taxes (local share)	57,407	60,407	65,057	4,650
Licenses and permits	11,445	11,936	12,253	317
Fines and forfeitures	19,352	19,352	16,163	(3,189)
Charges for services	30,803	30,803	31,090	287
Investment income	378	378	522	144
Federal grants	117	117	1	(116)
State grants	1,698	1,698	1,433	(265)
Intergovernmental revenues	3,407	3,407	3,411	4
Other	6,403	6,410	7,668	1,258
Total revenues	545,765	562,666	570,303	7,637
EXPENDITURES				
General government	126,958	151,588	139,119	12,469
Public safety	410,266	419,623	396,525	23,098
Community services	54,912	56,634	54,784	1,850
Transportation and environment	18,154	24,453	10,929	13,524
Total expenditures	610,290	652,298	601,357	50,941
Revenues under expenditures	(64,525)	(89,632)	(31,054)	(43,304)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	691	691
Capital leases	-	-	3,300	3,300
Transfers in	72,839	80,093	66,350	(13,743)
Transfers out	(7,880)	(21,380)	(19,005)	(2,375)
Total other financing sources and uses	64,959	58,713	51,336	(12,127)
Net change in fund balances (budgetary basis)	$ 434	$ (30,919)	$ 20,282	$ (55,431)
Adjustment for encumbrances - prior year			(20,384)	
Adjustment for encumbrances - current year			24,030	
Revenues over expenditures (GAAP basis)			$ 23,928	
Fund balance - beginning			108,338	
Fund balance - ending			$ 132,266	

See accompanying notes to financial statements.

CITY OF MEMPHIS

T E N N E S S E E

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

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

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

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

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

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

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

CITY OF MEMPHIS, TENNESSEE
Exhibit X-1

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Invested in capital assets, net of related debt	$ 239,334	$ 162,807	$ 98,113	$ 103,451	$ 24,027	$ 6,912	$ 131,384	$ 203,581	121,045	2,611,833
Restricted for :										
Debt service	-	-	-	-	-	-	-	36,268	50,603	52,823
Construction	-	-	-	-	-	-	-	-	-	26,076
Solid waste management	-	-	-	-	-	-	-	17,175	15,222	16,138
Drug enforcement	-	-	-	-	-	-	-	9,530	9,676	9,630
Donor/Statutory restrictions	-	-	-	-	-	-	-	2,343	15,503	35,085
Other	-	-	-	-	-	14,783	181,192	-	-	10,000
Unrestricted:										
Net pension asset	78,238	64,471	50,825	42,560	-	-	-	-	-	-
Unrestricted, other	(134,764)	(8,886)	(4,974)	(52,761)	(110,079)	(278,095)	(724,294)	(814,583)	(724,643)	(3,216,914)
Total governmental activities net position	182,808	218,392	143,964	93,250	(86,052)	(256,400)	(411,718)	(545,686)	(512,594)	(455,329)
Business-type activities:										
Net investment in capital assets	1,467,373	1,512,730	1,587,881	1,633,163	1,664,684	1,705,138	1,755,661	1,818,916	1,902,835	1,896,485
Restricted for debt service	89,905	118,799	88,703	91,215	75,615	64,909	68,846	69,689	41,902	99,797
Restricted for construction	-	-	-	-	-	-	-	-	29,119	7,268
Unrestricted	209,677	215,600	232,880	208,828	253,616	334,093	355,220	350,750	340,416	377,219
Total business-type activities net position	1,766,955	1,847,129	1,909,464	1,933,206	1,993,915	2,104,140	2,179,727	2,239,355	2,314,272	2,380,769
Primary government:										
Invested in capital assets, net of related debt	1,725,518	1,675,537	1,685,994	1,736,614	1,688,711	1,712,050	1,887,045	2,022,497	2,023,880	4,508,318
Restricted for:										
Debt service	89,905	118,799	88,703	91,215	75,615	64,909	68,846	105,957	92,505	152,620
Construction	-	-	-	-	-	-	-	-	29,119	33,344
Solid waste management	-	-	-	-	-	-	-	17,175	15,222	16,138
Drug enforcement	-	-	-	-	-	-	-	9,530	9,676	9,630
Donor/Statutory restrictions	-	-	-	-	-	-	-	2,343	15,503	35,085
Other	-	-	-	-	-	14,783	181,192	-	-	10,000
Unrestricted	56,102	271,185	278,731	198,627	143,537	55,998	(369,074)	(463,833)	(384,227)	(2,839,695)
Total primary government net position	$ 1,871,525	$ 2,065,521	$ 2,053,428	$ 2,026,456	$ 1,907,863	$ 1,847,740	$ 1,768,009	$ 1,693,669	$ 1,801,678	$ 1,925,440

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

CITY OF MEMPHIS, TENNESSEE
Exhibit X-2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 45,500	$ 71,939	$ 71,398	$ 67,880	$ 73,768	$ 79,691	$ 77,154	$ 76,664	$ 22,420	$ 89,038
Public Safety	3,785	4,584	5,203	6,420	4,230	3,637	7,768	7,456	3,928	3,383
Community services	125	125	147	137	137	174	136	139	103	-
Transportation and environment	46,097	47,937	47,790	50,391	50,438	59,268	59,745	60,180	122,078	55,832
Operating grants and contributions	56,472	49,415	49,822	56,402	69,135	61,098	63,854	81,913	63,416	57,732
Capital grants and contributions	1,494	1,201	3,217	3,217	3,217	7,490	23,639	11,123	9,811	12,627
Total governmental activities program revenues	153,473	175,201	177,577	184,447	200,925	211,358	232,296	237,475	221,756	218,612
Business-type activities:										
Charges for services:										
Sewer collection and treatment	48,670	52,543	52,510	53,778	56,162	98,559	104,031	106,007	103,900	103,299
Memphis Light, Gas and Water	1,553,537	1,603,383	1,649,378	1,818,104	1,648,194	1,705,513	1,692,246	1,581,272	1,615,477	1,700,897
Golf	2,934	2,963	-	-	-	-	-	-	-	-
Storm water	927	12,988	16,983	19,680	21,897	23,661	23,723	24,108	24,332	24,309
Operating grants and contributions	23,205	24,117	25,185	26,705	28,377	30,321	30,909	29,792	31,330	562
Capital grants and contributions	5,805	6,306	1,766	524	800	1,398	728	663	2,950	3,022
Total business-type activities program revenues	1,635,078	1,702,300	1,745,822	1,918,791	1,755,430	1,859,452	1,851,637	1,741,842	1,777,989	1,832,089
Total primary government program revenues	1,788,551	1,877,501	1,923,399	2,103,238	1,956,355	2,070,810	2,083,933	1,979,317	1,999,745	2,050,701
Expenses										
Governmental Activities:										
General government	190,796	200,184	271,906	249,707	223,773	251,039	253,138	217,086	203,055	134,182
Public safety	340,621	362,050	394,476	410,303	482,281	510,529	500,082	503,011	472,154	425,128
Community services	101,488	108,341	96,130	114,776	129,722	121,927	118,406	96,442	90,463	93,383
Transportation and environment	66,262	72,106	81,492	79,396	81,539	82,546	87,665	82,834	79,747	85,675
Education	91,225	91,405	91,392	21,846	117,118	80,775	71,452	62,507	(475)	(151)
Interest on long term debt	43,583	44,772	50,250	48,046	58,472	52,497	75,075	58,403	45,634	83,005
Total governmental activities expenses	833,975	878,858	985,646	924,074	1,092,905	1,099,313	1,105,818	1,020,283	890,578	821,222
Business-type activities:										
Sewer collection and treatment	48,991	47,852	51,507	57,802	55,584	61,401	62,915	65,921	62,556	63,049
Memphis Light, Gas and Water	1,507,661	1,577,503	1,629,803	1,790,499	1,621,840	1,658,638	1,669,887	1,593,211	1,596,092	1,630,708
Golf	4,153	3,893	-	-	-	-	-	-	-	-
Storm water	1,343	7,223	13,480	13,419	12,571	13,160	15,623	15,464	15,048	17,027
Total business-type activities expenses	1,562,148	1,636,471	1,694,790	1,861,720	1,689,995	1,733,199	1,748,425	1,674,596	1,673,696	1,710,784
Total primary government expenses	2,396,123	2,515,329	2,680,436	2,785,794	2,782,900	2,832,512	2,854,243	2,694,879	2,564,274	2,532,006
Net (expense)/revenue										
Governmental activities	(680,502)	(703,657)	(808,069)	(739,627)	(891,980)	(887,955)	(873,522)	(782,808)	(668,822)	(602,610)
Business-type activities	72,930	65,829	51,032	57,071	65,435	126,253	103,212	67,246	104,293	121,305
Total primary government net expense	(607,572)	(637,828)	(757,037)	(682,556)	(826,545)	(761,702)	(770,310)	(715,562)	(564,529)	(481,305)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Local taxes	536,715	541,795	549,149	531,339	540,970	540,150	528,219	533,190	545,713	571,583
State taxes (local share)	83,602	92,554	96,193	88,203	87,751	87,523	85,612	71,115	71,633	77,129
Hotel/motel tax	4,399	4,607	4,740	4,244	4,017	3,537	4,524	4,189	4,223	4,612
Unrestricted investment earnings	3,596	7,907	7,367	5,614	1,402	861	761	671	754	813
Intergovernmental revenues	-	14,171	9,315	4,163	4,944	6,492	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	8,947	1,481	-	-
Other	15,871	11,569	13,140	8,315	8,597	12,124	22,405	17,250	15,290	19,563
Transfers	43,929	59,966	59,113	46,998	64,997	66,929	67,962	42,738	57,783	68,302
Total governmental activities	688,112	732,569	739,017	688,876	712,678	717,616	718,430	670,634	695,396	742,002
Business-type activities:										
Investment earnings	63,619	69,910	74,064	62,356	50,516	41,520	40,324	32,883	27,054	24,816
Other	-	-	-	-	-	-	155	437	1,350	3,991
Transfers	(43,929)	(59,966)	(61,759)	(59,437)	(64,997)	(66,929)	(67,962)	(40,938)	(57,780)	(68,302)
Total business-type activities	19,690	9,944	12,305	2,919	(14,481)	(25,409)	(27,483)	(7,618)	(29,376)	(39,495)
Total primary government	707,802	742,513	751,322	691,795	698,197	692,207	690,947	663,016	666,020	702,507
Change in Net Position										
Government activities	7,610	28,912	(69,052)	(50,751)	(179,302)	(170,339)	(155,092)	(112,174)	26,574	139,392
Business-type activities	92,620	75,773	63,337	59,990	50,944	100,844	75,729	59,628	74,917	81,810
Total primary government	$ 100,230	$ 104,685	$ (5,715)	$ 9,239	$ (128,358)	$ (69,495)	$ (79,363)	$ (52,546)	$ 101,491	$ 221,202

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

	Fiscal Year									
	2006	2007	2008	2009*	2010	2011	2012	2013	2014	2015
General fund										
Restricted	$ -	$ -	$ -	$ -	$ -	$ 1,684	$ 1,907	$ 2,088	$ 5,724	6,246 (1)
Committed	-	-	-	-	-	-	19,572	12,134	-	-
Assigned	-	-	-	-	-	8,252	12,924	-	20,384	34,030 (2)
Unassigned	-	-	-	-	-	81,125	61,667	56,149	82,230	91,990 (3)
Reserved	4,194	6,747	8,945	9,691	8,299	-	-	-	-	-
Unreserved	29,746	72,093	89,613	96,912	76,271	-	-	-	-	-
Total general fund	33,940	78,840	98,558	106,603	84,570	91,061	96,070	70,371	108,338	132,266
All other governmental funds										
Restricted	-	-	-	-	-	13,099	54,308	63,228	59,035	56,130 (4)
Committed	-	-	-	-	-	72,186	92,481	80,109	72,943	53,346 (5)
Unassigned	-	-	-	-	-	(5,086)	(4,138)	-	-	-
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Debt service fund	30,418	53,793	58,716	46,488	34,680	-	-	-	-	-
Capital projects fund	(27,577)	(32,527)	12,673	67,239	74,030	-	-	-	-	-
Special revenue funds	(2,275)	6,602	6,305	4,888	6,179	-	-	-	-	-
Total all other governmental funds	566	27,868	77,694	118,615	114,889	80,199	142,651	143,337	131,978	109,476
Total governmental funds	$ 34,506	$ 106,708	$ 176,252	$ 225,218	$ 199,459	$ 171,260	$ 238,721	$ 213,708	$ 240,316	241,742

*Note: In 2009, Workforce Investment Act fund, a special revenue fund, beginning fund balance was restated from $(37) to $0.

(1) The $ 522 year-over-year increase is attributable to implementation of a Cacant Property Registry and accumulation of restricted use phone encofrcement revenues.
(2) The $ 13,645 year-over-year increase is attributable to a $10,000 reserve addressing a potential grant refund and a $3,645 increase in encumbrances.
(3) The $9,760 year-over-year increase is primarily attributable to initiation of a $3,300 capital lease and a $3,821 increase in net transfers.
(4) The $2,905 year-over-year decrease is primarily attributed to decreased debt service payments funded by pledged Tourisum Development Zone (TDZ) revenue.
(5) The $19,597 year-over-year decrease is primarily attributable to a $25,241 decrease in planned capital expenditures and a $5,995 decrease in debt service requirements.

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

CITY OF MEMPHIS, TENNESSEE
Exhibit X-4

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Local taxes	533,045 $	540,282 $	548,095 $	525,468 $	534,141 $	546,446 $	540,761 $	532,902 $	550,660	568,619
State taxes (local share)	83,602	92,554	96,193	88,203	87,751	87,523	85,612	89,798	89,767	94,058
Hotel/motel tax	4,399	4,607	4,740	4,244	4,017	3,537	4,524	4,189	4,223	4,612
Licenses and permits	12,478	11,918	11,934	11,427	11,119	11,393	10,986	11,436	12,489	12,694
Fines and forfeitures	13,009	13,422	15,243	16,657	16,392	16,961	16,866	19,119	20,596	19,546
Charges for services	66,941	72,307	76,788	78,339	82,851	89,388	91,421	91,231	87,272	87,058
Investment income	3,076	7,411	7,367	5,183	1,301	798	725	652	721	769
Federal grants and entitlements	35,212	41,673	37,359	40,175	58,123	59,398	66,172	58,563	49,898	44,287
State grants	4,202	4,449	7,908	12,456	5,929	6,359	15,421	12,422	4,328	5,839
Intergovernmental revenues	15,948	14,705	11,207	6,055	6,836	6,492	6,155	4,136	3,928	3,411
Other	18,457	14,548	18,420	13,430	13,696	14,016	22,576	21,328	17,000	22,525
Total revenues	790,369	817,876	835,254	801,637	822,156	842,311	861,219	845,776	840,882	863,418
Expenditures										
General government	141,436	141,541	167,215	185,741	177,049	179,292	150,362	165,735	177,009	176,173
Public safety	320,190	323,691	347,366	367,366	374,182	388,071	373,590	383,181	384,594	400,632
Instruction and administration	80,029	-	-	-	-	-	-	-	-	-
Community services	65,189	91,404	91,945	97,700	109,092	101,360	98,619	79,562	75,407	84,247
Transportation and environment	-	68,199	74,256	76,725	73,687	74,042	86,410	70,675	67,310	79,189
Education	90,946	91,952	92,438	23,919	62,825	82,400	72,526	63,720	276	-
Capital outlay	98,737	62,416	79,089	91,800	86,656	100,550	225,201	123,544	124,566	85,120
Debt service:										
Redemption of serial bonds and notes	46,046	36,528	42,925	58,565	61,803	24,100	36,874	66,812	74,099	86,421
Lease payments	-	-	-	-	-	-	-	3,799	2,386	3,294
Interest	43,338	46,738	49,015	52,451	53,866	52,303	64,709	66,390	61,595	67,465
Bond issuance cost	416	940	1,932	1,399	2,783	1,012	5,538	7	3,303	2,773
Service charges	624	1,308	581	523	196	194	229	616	1,327	1,019
Total expenditures	886,951	864,717	946,762	956,189	1,002,139	1,003,324	1,114,058	1,024,041	971,872	986,333
Excess of revenues over (under) expenditures	(96,582)	(46,841)	(111,508)	(154,552)	(179,983)	(161,013)	(252,839)	(178,265)	(130,990)	(122,915)
Other financing sources (uses)										
Sale of capital assets	-	-	-	-	-	-	8,947	1,481	431	691
Transfers in	93,393	82,184	70,310	87,226	120,557	187,613	162,405	152,176	104,545	86,542
Transfers out	(37,073)	(22,218)	(11,197)	(25,143)	(55,560)	(120,684)	(94,443)	(115,405)	(58,371)	(30,161)
Proceeds from issuance of debt	188,030	220,712	189,735	284,495	393,440	60,824	-	-	-	-
Capital leases	-	-	-	-	-	-	8,963	-	23,600	18,716
Issuance of debt	-	-	-	-	-	-	71,975	115,000	-	-
Issuance of refunding debt	-	-	-	-	-	25,366	98,740	-	430,652	244,055
Related party loan	-	-	-	-	-	-	20,397	-	-	1,585
Proceeds from related party debt	-	-	-	-	-	-	196,936	-	-	-
Retirement of refunded debt obligation	(120,385)	(175,172)	(70,000)	(150,000)	(322,487)	(27,108)	(173,496)	-	(343,259)	(222,171)
Bond issuance cost	(839)	(788)	-	-	-	-	-	-	-	-
Premium on debt issue	2,615	12,855	2,204	6,903	18,274	6,803	19,876	-	-	25,084
Other financing source-capital lease/capital outlay	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total other financing sources	125,741	117,573	181,052	203,481	154,224	132,814	320,300	153,252	157,598	124,341
Net change in fund balances/(deficit)	29,159 $	70,732 $	69,544 $	48,929 $	(25,759) $	(28,199) $	67,461 $	(25,013) $	26,608	1,426
Debt service as a percentage of noncapital expenditures	11.3%	10.4%	10.6%	12.8%	12.6%	8.5%	11.4%	15.2%	16.3%	17.4%

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

CITY OF MEMPHIS, TENNESSEE
Exhibit X-5

	For the Fiscal Years Ended June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Legislative	$ 1,368	$ 1,541	$ 1,598	$ 1,560	$ 1,515	$ 1,572	$ 1,498	$ 1,502	$ 1,426	$ 1,501
Judicial	525	523	623	587	576	606	586	588	619	625
Court clerk	2,886	2,796	3,393	3,378	4,042	4,675	4,551	4,508	4,454	9,160
Executive	2,475	2,862	8,257	7,688	6,545	6,390	4,785	4,835	5,272	7,101
Finance and administration	4,560	4,004	4,627	5,141	5,018	5,196	4,656	4,557	4,649	5,100
City attorney	9,783	13,040	13,945	17,789	14,506	14,978	14,126	11,158	10,793	9,131
City engineer	8,785	4,980	5,146	6,224	5,327	5,981	5,674	5,773	5,030	5,230
Information systems	13,315	13,983	17,224	17,699	18,850	19,158	15,449	14,587	14,510	14,474
Human resources	2,786	4,708	6,188	8,116	7,787	5,367	5,055	5,554	4,638	5,731
General services	11,288	10,365	10,834	12,348	11,730	12,941	11,724	21,156	19,540	20,628
Special appropriations	58,842	56,554	61,039	73,116	66,797	64,989	53,096	42,362	64,627	55,521
Total general government	116,613	115,356	132,874	153,646	142,693	141,853	121,200	116,580	135,558	134,202
Public Safety										
Police	181,979	181,512	193,024	206,326	212,492	224,752	218,643	226,569	227,401	234,108
Fire	135,586	138,394	149,747	156,772	157,063	159,488	152,013	153,423	154,070	163,014
Total public safety	317,565	319,906	342,771	363,098	369,555	384,240	370,656	379,992	381,471	397,122
Community Services										
Library	18,574	-	-	-	-	-	-	-	-	-
Parks and recreation	21,268	23,307	31,017	29,678	29,992	28,593	29,033	42,706	46,118	49,815
Public Service	7,070	24,687	21,627	22,557	21,821	22,661	22,944	-	2	-
Community development	4,640	5,763	4,743	4,717	5,093	4,498	5,385	4,194	3,705	4,726
Community enhancement	-	-	2,684	6,860	7,280	7,387	6,312	-	36	-
Total community services	51,552	53,757	60,071	63,812	64,186	63,139	63,674	46,900	49,861	54,541
Transportation and Environment										
Public works	18,197	5,769	6,676	8,460	6,458	6,321	10,145	19,068	12,241	11,847
Total transportation and environment	18,197	5,769	6,676	8,460	6,458	6,321	10,145	19,068	12,241	11,847
Transfers out	10,476	13,177	3,448	8,383	45,662	66,722	78,107	78,732	22,464	19,005
Total	$ 514,403	$ 507,965	$ 545,840	$ 597,399	$ 628,554	$ 662,275	$ 643,782	$ 641,272	$ 601,595	$ 616,717

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

CITY OF MEMPHIS, TENNESSEE
Exhibit X-6

		Real Property				Personal Property		Utilities and Carriers (55%) (Real and Personal) (1)					
		Farm and Residential(25%)		Commercial and Industrial(40%) (3)		Commercial and Industrial(30%) (2)		Privately Owned		Total		Total Assessed to Total Market Value	Total Direct Tax Rate
Tax Year	Fiscal Year	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		
2005	2006	$ 4,869,679,825	$ 19,478,719,300	$ 4,371,575,300	$ 11,119,490,800	$ 1,030,040,160	$ 3,429,662,300	$ 837,348,675	$ 1,522,452,136	$ 11,108,643,960	$ 35,550,324,536	31.25%	3.4332
2006	2007	4,911,984,475	19,647,937,900	4,279,098,355	10,884,205,500	1,043,440,480	3,475,008,700	921,568,343	1,675,578,805	11,156,091,653	35,682,730,905	31.26%	3.4332
2007	2008	5,135,189,100	20,540,756,400	4,291,102,795	10,921,043,300	1,031,524,225	3,434,824,100	911,976,305	1,658,138,736	11,369,792,425	36,554,762,536	31.10%	3.4332
2008	2009	5,199,303,925	20,797,215,700	4,320,668,495	11,005,511,900	1,037,557,855	3,455,649,100	835,038,281	1,518,251,420	11,392,568,556	36,776,628,120	30.98%	3.2500
2009	2010	5,476,099,925	21,904,399,700	4,893,771,265	12,450,961,410	1,196,861,700	3,986,490,000	775,027,935	1,409,141,700	12,341,760,825	39,750,992,810	31.05%	3.1957
2010	2011	5,359,781,600	21,439,126,400	4,743,781,550	12,089,810,000	1,133,365,185	3,774,783,400	816,425,195	1,484,409,445	12,053,353,530	38,788,129,245	31.07%	3.1957
2011	2012	5,301,771,500	21,207,086,000	4,507,983,385	11,506,347,200	1,128,790,635	3,760,225,200	877,932,058	1,596,240,105	11,816,477,578	38,069,898,505	31.04%	3.1889
2012	2013	5,248,101,650	20,992,406,600	4,371,602,915	11,161,458,700	1,178,853,370	3,927,663,000	922,004,864	1,676,372,480	11,720,562,799	37,757,900,780	31.04%	3.1100
2013	2014	4,731,533,025	18,926,132,100	4,532,007,925	11,566,004,400	1,273,218,610	4,242,350,800	946,724,202	1,721,316,731	11,483,483,762	36,455,804,031	31.50%	3.4000
2014	2015	4,680,381,500	18,721,526,000	4,285,184,728	10,949,013,700	1,202,709,365	4,007,052,700	973,975,835	1,770,865,155	11,142,251,428	35,448,457,555	31.43%	3.4000

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

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

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

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

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

CITY OF MEMPHIS, TENNESSEE
Exhibit X-7

Tax Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fiscal Year	2006	2007	2008	2009	2010	2011	2012 *	2013	2014 *	2015
City Direct Rates										
General Fund	$ 1.9088	$ 1.9088	$ 1.9088	$ 2.3427	$ 2.2917	$ 2.2917	$ 2.4717	$ 2.2917	$ 2.4874	2.3125
Debt Service	0.6941	0.6941	0.6941	0.7141	0.7141	0.7141	0.7141	0.7152	0.9093	1.0842
CIP	0.0032	0.0032	0.0032	0.0032	0.0031	0.0031	0.0031	0.0031	0.0033	0.0033
Education	0.8271	0.8271	0.8271	0.1900	0.1868	0.1868	0.0000	0.1000	0.0000	0.0000
Total City Direct Rate	3.4332	3.4332	3.4332	3.2500	3.1957	3.1957	3.1889	3.1100	3.4000	3.4000
County Direct Rates										
General Fund	1.31	1.22	1.22	1.22	1.23	1.33	1.36	1.36	1.45	1.45
Debt Service	0.70	0.80	0.80	0.80	0.81	0.79	0.75	0.75	0.79	0.78
Education	2.03	2.02	2.02	2.02	1.98	1.90	1.91	1.91	2.14	2.14
Total County Direct Rate	4.04	4.04	4.04	4.04	4.02	4.02	4.02	4.02	4.38	4.37
Total Overlapping Rate	7.4732	7.4732	7.4732	7.2900	7.2157	7.2157	7.2089	7.1300	7.7800	7.7700
Tax Levies										
City	$ 380,947,344	$ 384,877,389	$ 392,477,211	$ 375,803,751	$ 389,347,038	$ 380,172,801	$ 376,723,118	$ 369,997,811	$ 384,852,731	390,901,305
County	681,245,173	704,279,575	717,010,251	730,042,595	768,641,959	756,936,983	754,262,345	750,562,710	775,606,738	778,641,703
Total Tax Levies	1,062,192,517	1,089,156,964	1,109,487,462	1,105,846,346	1,157,988,997	1,137,109,784	1,130,985,463	1,120,560,521	1,160,459,469	1,169,543,008

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.

Source of County information: Shelby County Finance Department
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

	Fiscal Year 2015			Fiscal Year 2006		
Name of Taxpayer		Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Name of Taxpayer		Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Federal Express	$	803,448,108	7.21	Federal Express	$	423,465,818	3.79
Bell South Telecommunications		91,198,453	0.81	Bell South Telecommunications		128,450,761	1.15
Belz Investo GP		62,546,765	0.56	Wolfchase Galleria, LTD		53,210,400	0.48
Wolfchase Galleria, LTD		52,923,480	0.48	Pinnacle Airlines, Inc.		48,632,318	0.44
AMISUB (St. Francis Hospital)		45,191,910	0.41	AMISUB (St. Francis Hospital) Inc.		38,720,000	0.35
BNSF Railway Company		39,841,666	0.36	Northwest Airlines		30,594,425	0.27
Illinois Central Railroad		36,776,617	0.33	Mid-America Apartments		26,563,760	0.24
Premcor Refining		34,307,640	0.30	Cingular Wireless		22,345,151	0.20
Smith & Nephew Inc.		32,172,150	0.29	Shopping Center Associates		21,564,320	0.19
International Paper		31,535,700	0.28	Smith & Nephew, Inc.		21,209,980	0.19
Total Assessed Valuation of Top 10 Taxpayers		1,229,942,489	11.03			814,756,933	7.30
Balance of Assessed Valuation		9,912,308,939	88.97			10,341,334,720	92.70
	$	11,142,251,428	100.00		$	11,156,091,653	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
2004	2005	$ 324,340,510	$ 300,716,889	92.72	$ 15,066,930	$ 315,783,819	97.36	$ 30,283,302	9.34
2005	2006	380,947,344	356,886,796	93.68	15,835,849	372,722,645	97.84	30,367,032	7.97
2006	2007	384,877,389	361,358,644	93.89	16,264,065	377,622,709	98.12	30,620,012	7.96
2007	2008	392,477,211	368,298,361	93.84	15,852,825	384,151,186	97.88	32,281,474	8.23
2008	2009	375,803,751	352,497,179	93.80	14,750,644	367,247,823	97.72	34,538,869	9.19
2009	2010	389,347,038	363,573,869	93.38	13,566,861	377,140,730	96.86	38,682,060	9.94
2010	2011 (A)	380,186,210	359,918,827	94.67	17,476,145	377,394,972	99.27	37,327,820	9.82
2011	2012 (B)	376,723,118	357,439,955	94.88	7,157,948	364,597,903	96.78	38,518,840	10.22
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)	384,852,731	378,825,607	98.43	4,475,138	383,300,745	99.60	45,892,278	11.92
2014	2015 (E)	390,901,305	379,560,087	97.10	9,154,942	388,715,029	99.44	48,179,728	12.33

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 31). A penalty of 1/2 of 1% accrues the first of each month taxes remain delinquent and 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.

(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 government 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 current tax collections.

(C) In November 2012, the government 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 current tax collections.

(D) In November 2013, the government 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 current tax collections.

(E) In December 2014, the government 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 current tax collections.

Source: City of Memphis Tax System

Fiscal Year	Collections			
	Construction	Interest	Promotional Costs	Total
2006	$ 7,218	$ 4,032	$ 11,100	$ 22,350
2007	2,533	1,415	838	4,786
2008	2,533	1,415	-	3,948
2009	9,281	1,436	-	10,717
2010	-	-	-	-
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-

NOTE: The special assessment fund was established in fiscal year 1979 to account for the financing of the downtown merchant's share of the cost of the Mid - America Mall, plus the yearly cost of promotional events for the Mall and downtown area. In accordance with GASB 6, the Special Assessment Fund was eliminated in 1987. In fiscal year 2010 the special assessment was fully collected and/or written off as uncollectible.

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

CITY OF MEMPHIS, TENNESSEE
Exhibit X-11

	Governmental Activities								Business-Type Activities										
Fiscal Year	General Obligation Bonds [1]	Bond Premiums [1] [2]	Bond Anticipation Notes / Commercial Paper [1]	Guarantee Obligations [1]	Guarantee Obligations Premiums [1] [2]	Settlement Obligation [1]	Notes Payable	Capital Leases [1]	Sewer Revenue Bonds [1]	Sewer Revenue Bond Premiums [1] [2]	Sewer State Loans [1]	Electric Revenue Bonds [1]	Electric Revenue Bond Premiums [1] [2]	Gas Bond Anticipation Notes	Water Revenue Bonds [1]	Water Revenue Bond Premiums [1] [2]	Total Primary Government	Percentage of Personal Income [3]	Per Capita [3]
2006	915,315		114,000	-	-	-	786	970	142,410	-	-	1,290,175	-	-	19,710	-	2,483,366	5.55%	3,668
2007	971,679		70,000	-	-	-	-	-	133,700	-	-	1,212,702	-	-	13,940	-	2,402,021	5.33%	3,564
2008	1,030,302		90,000	-	-	-	-	7,510	145,410	-	-	1,131,360	-	40,000	10,965	-	2,455,547	5.44%	3,643
2009	1,047,274		148,470	-	-	-	-	6,058	137,125	-	-	1,043,030	-	35,000	7,865	-	2,424,822	5.10%	3,625
2010	1,144,493		75,400	-	-	-	-	4,628	148,270	-	3,881	953,664	-	15,000	3,165	-	2,348,501	4.69%	3,469
2011	1,181,468		75,400	-	-	-	-	5,182	155,540	-	3,881	848,305	-	-	1,625	-	2,271,401	4.49%	3,511
2012	1,158,085		71,975	217,050	-	-	-	11,286	145,575	-	3,881	757,885	-	-	1,625	-	2,367,362	4.78%	3,631
2013	1,091,780		186,975	216,543	-	-	-	7,487	135,095	-	3,881	662,695	-	-	-	-	2,304,456	6.05%	3,508
2014	1,221,320		50,000	216,018	-	-	-	30,319	123,245	-	3,847	562,995	-	-	-	-	2,207,744	5.53%	3,381
2015	1,208,825	79,464	20,000	220,765	2,370	20,000	-	43,062	111,510	3,124	4,749	531,230	29,573	-	15,000	944	2,290,615	5.64%	3,486

[1] Sources: City of Memphis and MLG&W financial records.
[2] Premiums are related to a change in presentation for 2015.
[3] Source: Bureau of Economic Analysis

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-12

	For the Fiscal Years Ended June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Estimated population (3)	677,345	674,028	674,028	669,651	676,640	646,889	652,050	657,457	653,450	656,861
Appraised property valuation (2) (4)	$ 35,550,325	$ 35,682,731	$ 36,554,763	$ 36,776,628	$ 39,750,993	$ 38,788,129	$ 38,069,899	$ 37,757,901	$ 36,455,804	$ 35,448,458
Assessed valuation (2) (4)	11,108,644	11,156,092	11,369,792	11,392,569	12,341,761	12,053,354	11,816,478	11,720,563	11,483,484	11,142,251
General obligation debt (1) (2)	1,030,101	1,042,744	1,120,302	1,195,744	1,219,893	1,256,868	1,230,060	1,163,755	1,271,320	1,228,825
Bond Premiums (2) (5)										79,464
Less self supporting debt (1a) (2)	14,090	10,855	7,435	5,725	3,920	2,015				
Net Debt (1a)	1,016,011	1,031,889	1,112,867	1,190,019	1,215,973	1,254,853	1,230,060	1,163,755	1,271,320	1,308,289
Bonded debt per capita - total debt	1,521	1,547	1,662	1,786	1,803	1,943	1,886	1,770	1,946	1,992
Bonded debt per capita - net debt	1,500	1,531	1,651	1,777	1,797	1,940	1,886	1,770	1,946	1,992
Bonded debt to appraised valuation -total debt	2.90%	2.92%	3.06%	3.25%	3.07%	3.24%	3.23%	3.08%	3.49%	3.47%
Bonded debt to appraised valuation -net debt	2.86%	2.89%	3.04%	3.24%	3.06%	3.24%	3.23%	3.08%	3.49%	3.69%
Bonded debt to assessed valuation -total debt	9.27%	9.35%	9.85%	10.50%	9.88%	10.43%	10.41%	9.93%	11.07%	11.03%
Bonded debt to assessed valuation -net debt	9.15%	9.25%	9.79%	10.45%	9.85%	10.41%	10.41%	9.93%	11.07%	11.74%

(1) Debt includes City general obligation bonds, bond anticipation notes, and commercial paper (2006-2015). 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

(4) Sources: Shelby County Asssesor 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
(Thousands of Dollars)
As of June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit X-13

	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Share of Overlapping Debt [2]
Direct Governmental Indebtedness:			
City of Memphis [4]	$ 1,208,825	100.0%	$ 1,208,825
Bond Premiums [5]	79,464	100.0%	79,464
Bond anticipation notes-Commercial Paper	20,000	100.0%	20,000
Capital lease obligations	43,062	100.0%	43,062
Revenue Bonds [5]	3,124	100.0%	3,124
Revenue Bond Premiums [5]	657,740	100.0%	657,740
Guarantee Obligations [5]	210,093	100.0%	210,093
Guarantee Obligation Premiums [5]	2,370	100.0%	2,370
Settlement Obligation	20,000	100.0%	20,000
State Loans [5]	4,749	100.0%	4,749
Total direct government indebtedness [3]	2,249,427		2,249,427
Overlapping bonded indebtedness:			
Shelby County debt	1,153,259	61.9%	713,867
Total overlapping bonded indebtedness	1,153,259		713,867
Total direct and overlapping debt [4]	$ 3,402,686		$ 2,963,294

(1) Determined by ratio of assessed valuation of property subject to taxation in City of Memphis to valuation of property subject to taxation in Shelby County.

(2) Amount in debt outstanding column multiplied by percentage applicable.

(3) Has not been adjusted for the $22,742 which is available for payment of principal and interest in the debt service fund.

(4) The City of Memphis has no legal debt margin.

(5) Bond premiums, revenue bonds/premiums, guarantee obligations/premiums and state loans are related to a change in presentation for 2015.

Refer to Notes to Financial Statements for detail of debt and obligations.

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

CITY OF MEMPHIS, TENNESSEE
Exhibit X-14

	Fiscal Year									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Debt capacity limit	$ 1,338,731	$ 1,364,375	$ 1,367,108	$ 1,481,011	$ 1,446,402	$ 1,417,977	$ 1,406,468	$ 1,406,468	$ 1,378,018	$ 1,337,070
Total net debt applicable to limit	1,009,532	1,033,129	1,114,247	1,190,665	1,213,947	1,259,298	1,230,060	1,163,755	1,271,320	-
Legal debt capacity margin balance	$ 329,199	$ 331,246	$ 252,861	$ 290,346	$ 232,455	$ 158,679	$ 176,408	$ 242,713	$ 106,698	$ 1,337,070
Total net debt applicable to the limit as a percentage of debt limit	75.41%	75.72%	81.50%	80.40%	83.93%	88.81%	87.46%	82.74%	92.26%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2015

Total assessed value (1)	$ 11,142,251
Debt capacity limit **(12% of total assessed value)** (2)	1,337,070
Debt applicable to limit:	
Total bonded debt	$ -
Total net debt applicable to limit (3)	-
Legal debt capacity margin balance	$ 1,337,070

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

(2) Source: City of Memphis Debt Management Policy

(3) Bond premiums included in 2015 not included in prior years

PLEDGED REVENUE COVERAGE - MLGW AND SEWER COLLECTION AND TREATMENT FUND
Last Ten Fiscal Years
(Thousands of Dollars)

CITY OF MEMPHIS, TENNESSEE
Exhibit X-15

Year	Total Income	Operating and Maintenance Expenses	Net Revenue Available for Debt Service	Total Debt Service		Debt Service Coverage
			ELECTRIC DIVISION (1)			
2005	1,076,882	886,428	190,454	138,202		1.38
2006	1,180,252	990,437	189,815	138,796		1.37
2007	1,217,396	1,025,267	192,129	140,301		1.37
2008	1,296,758	1,144,136	152,622	140,820	**(3)**	1.08
2009	1,284,863	1,134,821	150,042	140,796		1.07
2010	1,348,346	1,193,617	154,729	610,778		0.25
2011	1,385,433	1,247,530	137,903	131,619		1.05
2012	1,331,536	1,221,769	109,767	132,217		0.83
2013	1,303,319	1,181,316	122,003	131,990		0.92
2014	1,336,440	1,201,760	134,680	131,682		1.02
			GAS DIVISION (1)			
2005	486,503	450,367	36,136	-		N/A
2006	435,679	417,510	18,169	-		N/A
2007	448,258	430,325	17,933	-		N/A
2008	527,102	470,593	56,509	6,255	**(4)**	9.03
2009	361,271	314,213	47,058	20,674		2.28
2010	341,350	292,481	48,869	15,126		3.23
2011	288,409	250,812	37,597	-		N/A
2012	226,395	200,483	25,912	-		N/A
2013	284,362	255,229	29,133	-		N/A
2014	333,596	293,100	40,496	-		N/A
			WATER DIVISION (1)			
2005	75,279	55,158	20,121	6,565		3.06
2006	79,559	58,606	20,953	3,554		5.90
2007	81,175	63,471	17,704	3,546		4.99
2008	82,433	65,470	16,963	3,545		4.79
2009	80,295	65,676	14,619	5,133		2.85
2010	84,957	71,908	13,049	1,706		7.65
2011	86,887	72,029	14,858	43		345.53
2012	85,265	74,395	10,870	1,668		6.52
2013	85,430	69,457	15,973	-		N/A
2014	86,903	70,379	16,524	253		65.31
			SEWER COLLECTION AND TREATMENT FUND (2)			
2006	50,278	30,782	19,496	14,920		1.31
2007	54,218	31,210	23,008	14,216		1.62
2008	54,123	32,774	21,349	14,927		1.43
2009	54,443	38,646	15,797	14,899		1.06
2010	56,810	35,972	20,838	15,587		1.34
2011	100,931	39,919	61,012	17,384		3.51
2012	106,910	42,244	64,666	16,880		3.83
2013	106,993	44,546	62,447	16,806		3.72
2014	105,258	43,929	61,329	16,817		3.65
2015	104,592	50,944	53,648	16,028		3.35

(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) Amount represents total debt service net of $100,479 in proceeds from issuance of long-term debt to refund existing bonds.
(4) Amount represents total debt service net of $35,000 in proceeds from issuance of long-term debt.

DEMOGRAPHIC AND ECONOMICS STATISTICS
Last Ten Fiscal Years

Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2005	672,277	42,720,000	33,880	33.4	119,021	5.7
2006	677,345	44,758,000	35,113	33.6	120,162	6.2
2007	674,028	45,107,701	35,470	33.4	120,275	6.4
2008	669,651	47,515,739	37,147	33.4	117,349	5.2
2009	676,640	50,093,990	38,577	33.8	107,041	10.0
2010	646,889	50,613,401	35,775	33.5	106,656	10.9
2011	652,050	49,519,474	37,569	34.5	102,798	9.9
2012	657,457	38,116,646	37,546	33.4	101,696	9.5
2013	653,450	39,896,975	42,409	33.1	149,928	9.3
2014	656,861	40,594,551	43,210	34.3	141,814	8.7

Source - United States Census, Bureau of Economic Analysis, Bureau of Labor Statistics, Shelby County Schools and Greater Memphis Chamber

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

CITY OF MEMPHIS, TENNESSEE
Exhibit X-17

	2015			2006	
Name of Employer	Employees	*Percentage of Total City Employment	Name of Employer	Employees	Percentage of Total City Employment
Federal Express Corporation	30,000	4.92%	Federal Express Corporation	30,000	6.05%
Shelby County Schools	14,500	2.38%	Memphis City Schools	16,000	3.23%
United States Government	13,100	2.15%	United States Government	14,800	2.98%
Tennessee State Government	12,700	2.08%	Methodist Healthcare	10,000	2.02%
Methodist LeBonheur Healthcare	10,784	1.77%	Baptist Memorial Healthcare Corp.	8,000	1.61%
Naval Support Activity Mid-South	7,500	1.23%	Shelby County Government	7,183	1.45%
Baptist Memorial Health Care Corp.	6,654	1.09%	Memphis City Government	6,680	1.35%
City of Memphis	6,476	1.06%	Wal-Mart Stores, Inc.	6,500	1.31%
Wal-Mart Stores Inc.	5,300	0.87%	Naval Support Activity Mid-South	6,500	1.31%
Shelby County Government	5,194	0.85%	Tennessee State Government	5,247	1.06%
Total	112,208	18.40%	Total	110,910	22.36%

Source - City of Memphis Comprehensive Annual Financial Report FY 2006, Memphis Business Journal, *August 2015 Preliminary Civilian Labor Force

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

CITY OF MEMPHIS, TENNESSEE
Exhibit X-18

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function and Activity										
General government	859	828	1,231	1,340	1,261	1,147	1,147	724	669	640
Public safety										
Police										
Officers	2,024	2,018	2,385	2,273	2,444	2,550	2,550	2,554	2,521	2,299
Civilians	578	667	483	482	447	478	478	478	411	397
Fire										
Firefighters and officers	1,668	1,553	1,721	1,729	1,758	1,678	1,740	1,709	1,616	1,576
Civilians	140	255	168	147	116	184	122	122	218	213
Highways and streets										
Engineering	186	186	186	152	146	124	124	120	117	117
Maintenance	277	301	311	309	287	274	274	389	382	391
Sanitation	654	653	653	653	611	604	604	621	619	619
Culture and recreation	326	318	346	264	261	240	240	510	507	508
Sewer	293	289	290	290	290	289	289	299	299	305

Source - City of Memphis Operating Budget Book FY 2015

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

CITY OF MEMPHIS, TENNESSEE
Exhibit X-19

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function										
Police										
Physical arrests	51,871	48,746	57,304	65,734	61,322	82,003	48,357	46,116	89,478	58,247
Parking violations	119,017	90,005	86,497	97,554	92,433	89,374	77,398	87,536	62,595	62,916
Traffic violations	233,961	222,745	217,766	250,284	224,647	222,435	215,658	178,934	179,599	152,773
Fire										
Number of calls answered	66,357	27,597	24,974	24,974	24,974	23,892	24,522	126,789	131,542	118,928
Inspections	N/A	N/A	N/A	N/A	N/A	N/A	206,142	206,881	53,980	51,159
Highways and streets										
Street resurfacing (miles)	193.93	101.00	144.88	123.25	99.12	137.93	147.04	131.60	139.05	113.90
Potholes repaired	1,052	993	1,499	1,230	946	982	973	39,280	47,504	76,482
Sanitation										
Refuse collected (tons/day)	1,295	1,174	1,086	1,005	1,121	1,161	1,131	1,117	1,401	928
Recyclables collected (tons/day)	464	466	377	488	435	374	429	407	495	392
Culture and recreation										
Athletic field permits issued	1,527	892	1,054	1,093	1,465	1,786	999	982	1,445	1,129
Community center admissions	392,125	1,561,281	1,725,798	1,419,032	1,472,891	1,653,610	1,798,532	1,929,348	1,899,388	1,818,094
Water										
Average daily consumption (thousands of gallons)	124,676	128,149	125,972	122,267	115,519	118,768	115,295	112,216	108,564	104,620
Wastewater										
Average daily sewage treatment (thousands of gallons)	155,400	151,000	172,400	154,000	169,000	172,950	175,900	150,000	150,000	146,000

Source: City of Memphis Operating Budget Book FY 2015 and /or Internal Division Operating Reports

CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

CITY OF MEMPHIS, TENNESSEE
Exhibit X-20

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function and Activity										
Public Safety:										
Police:										
Stations	9	9	10	10	10	10	10	9	9	9
Community policing offices	15	15	14	14	14	14	14	14	9	9
Patrol units	800	800	800	825	800	1,056	877	730	692	741
Fire:										
Stations	59	55	56	56	56	57	57	57	57	56
Trucks (ladder)	27	26	27	27	27	27	27	27	21	21
Solid Waste Management:										
Collection trucks	296	296	296	296	253	253	227	227	227	227
Solid waste disposed (tons)	451,472	420,306	396,606	389,762	406,191	424,025	405,686	396,309	364,159	343,114
Streets and Highways:										
Streets (miles)	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,818	6,818
Curb & gutter (miles)	3,590	3,590	3,590	3,590	3,950	3,950	3,950	3,590	6,306	6,306
Streetlights	73,684	77,689	80,570	81,900	82,640	82,706	82,774	83,750	83,000	83,437
Traffic signals	830	821	825	825	830	770	769	771	770	772
Roadside ditches	580	580	580	580	580	580	580	580	512	512
Community Services:										
Parks acreage	5,387	5,387	5,387	5,387	5,387	5,387	5,387	3,219	3,219	3,219
Parks	187	187	187	187	187	187	187	166	166	166
Golf courses	8	8	8	8	8	8	8	8	8	8
Community centers	28	28	24	24	24	24	24	24	24	24
Tennis courts	7	7	7	7	7	7	7	7	7	7
Swimming pools	17	18	18	18	18	17	17	17	17	17
Water:										
Water mains (miles)	6,680	3,672	3,700	3,710	3,716	3,716	3,716	3,716	3,874	3,877
Fire hydrants	22,000	29,665	29,050	30,221	30,423	30,423	30,423	30,423	30,819	30,937
Daily storage capacity (millions of gallons)	437.5	437.5	437.5	437.5	437.5	437.5	437.5	437.5	437.5	437.5
Sanitary Sewer and Storm:										
Miles of sewer lines	3,605	3,610	3,615	3,620	3,625	3,630	3,635	2,400	2,400	2,400
Miles of storm drainage	3,988	3,988	3,988	3,988	3,988	3,988	3,995	3,900	1,997	1,997

Source - City of Memphis Operating Budget Book FY 2015 and/or Internal Division Operating Reports.

GENERAL FUND EXPENDITURES ON STATE STREET AID
For the fiscal year ended June 30, 2015
(Thousands of Dollars)

CITY OF MEMPHIS, TENNESSEE
Exhibit X-21

	2015
Revenues	
State taxes (local share)	$ 15,159
Total revenues	15,159
Expenditures	
Traffic engineering	1,632
Street signs and markings	2,329
Mass transit	25,481
Traffic signal maintenance	2,718
Street maintenance	6,322
Grounds maintenance	2,474
Total expenditures	40,956
Excess of expenditures over revenues	$ 25,797

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

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CITY OF MEMPHIS

T E N N E S S E E

SINGLE AUDIT

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the fiscal year ended June 30, 2015

CITY OF MEMPHIS, TENNESSEE
Exhibit Y-1

	Federal CFDA Number		Grant Number	Receivable (Deferral) June 30, 2014	Receipts FY' 15	Expenditures FY' 15	Receivable (Deferral) June 30, 2015
FEDERAL GOVERNMENT AWARDS							
DEPARTMENT OF HOMELAND SECURITY							
Urban Search and Rescue Task Force	97.025	0205	EMW-2006-CA0230	$ -	$ 8,301	$ -	$ (8,301)
Urban Search and Rescue Task Force	97.025	0205	EMW-2007-CA-0178	(177,959)	145,418	-	(323,377)
Urban Search and Rescue Task Force	97.025	0205	2009-SR-24-K021	44,647	67,531	-	(22,884)
Urban Search and Rescue Task Force	97.025	0205	EMW-2013-CA-K00065-S01,2010-SR-24-K044,EMW-2011-CA-APP-00060,EMW-2012-(	450,520	966,011	659,265	143,774
Urban Search and Rescue Task Force	97.025	0205	EMW-2014-CA-K00004-S01	-	401,731	607,438	205,707
Subtotal (97.025)				$ 317,208	$ 1,588,992	$ 1,266,703	$ (5,081)
Hazard Mitigation - Airways Bridge	97.039	0671	1909-0078	-	1,398,813	1,372,202	(26,611)
Community Emergency Response Team Training	97.053	0205	Z0301551500	12,012	-	-	12,012
Port Security Grant	97.056	0205	2005-GB-T5-0108,2008-GB-T8-5074,2009-PU-T9-K045,2008-GB-T8-K074	78,215	31,184	37,870	84,901
Metro Medical Response System	97.067	0205	MMRS 2009, MMRS 2010	(318,842)	-	318,842	-
Metro Medical Response System	97.071	0205	DHS-11-GPD-067-000-02	-	260,485	-	(260,485)
Passed through Tennessee Department of Military							
Severe Storms , Tornados, Straight-Line Winds and Flooding	97.036	0111	34101-0000006297	$ 719,876	$ -	$ -	$ 719,876
Severe Storms , Tornados, Straight-Line Winds and Flooding	97.036	0111,0204	34101-0000008732	506,576	-	-	506,576
Severe Storms , Tornados, Straight-Line Winds and Flooding	97.036	0111,0204	34101-00000010457	3,097,589	-	-	3,097,589
Severe Storms , Tornados, Straight-Line Winds and Flooding	97.036	0111,0204	34101-0000009230	462,133	-	-	462,133
Subtotal (97.036)				$ 4,786,174	$ -	$ -	$ 4,786,174
TOTAL DEPARTMENT OF HOMELAND SECURITY				$ 4,874,767	$ 3,279,474	$ 2,995,617	$ 4,590,910
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Entitlement Grants Cluster:							
Community Development Block Grant	14.218	0221	B01MC470006,B03MC470006,B05MC470006,B06MC470006,B07MC470006,B08MC47(	$ 7,560,823	$ 8,851,273	$ 9,834,964	$ 8,544,514
Neighborhood Stabilization Program HERA	14.218	0221	B08MN470003	2,516,692	501,588	301,742	2,316,846
ARRA Community Development Block Grant Recovery	14.253	0221	B-09-MY-47-0006	(10,840)	-	-	(10,840)
Total Entitlement Grants Cluster				$ 10,066,675	$ 9,352,861	$ 10,136,706	$ 10,850,520
Lead Based Paint	14.900	0221	TNLHB017200,TNLHD000603,TNLHD0135-05,TNLHD0191-08	$ (71,190)	$ -	$ 3,955	$ (67,235)
Lead Based Paint	14.905	0221	TNLHD0227-0227-11	(230,137)	465,070	355,853	(339,354)
Lead Hazard Reduction	14.905	0221	TNLHD0258-13	-	497,943	629,171	131,228
Emergency Shelter	14.231	0221	S02,03MC4-70002,S04MC470002,S05MC470002,S06MC470002,S08MC470002,S09MC	463,008	618,967	475,930	319,971
Home Program	14.239	0221	M02,03MC470202,M98MC470202,M99MC470202,M00MC470202,M04MC470202,M02M	2,624,136	3,269,642	2,391,820	1,746,314
Housing Opportunities for Persons with Aids	14.241	0221	TN37H9-7F040,8F001,TNH04F001,TNH05F001,TNH06F001,TNH07F001,TNH08F001,T	719,210	2,305,211	2,278,318	692,317
Shelter Plus Care	14.238	0221	TN37C970105,TN37C101001,TN37C301001,TN37C701021,TN0016CAJ010801,TN0024	144,173	-	-	144,173
SPC Aloysius Commons FY15	14.238	0221	TN0016L4J011306	-	105,569	105,569	-
SPC Breaking the Cycle FY15	14.238	0221	TN0111L4J011305	-	201,187	201,187	-

(Continued)

	Federal CFDA Number		Grant Number	Receivable (Deferral) June 30, 2014	Receipts FY' 15	Expenditures FY' 15	Receivable (Deferral) June 30, 2015
SPC Home Plus FY15	14.238	0221	TN0024L4J011306	-	326,274	326,274	-
Fair Housing	14.408	0221	FH400G01028,FH400G03058	(84,731)	-	-	(84,731)
Brownsfields Economic Dev Initiative	14.246	0221	B-98-BD-47-0009	(1,854,850)	-	-	(1,854,850)
Brownsfields Economic Dev Initiative - Crosstown	14.246	0221	B-98-BD-47-9004	-	2,000,000	2,000,000	-
Section 108 Loan	14.248	0400	B-98-BD-47-0009,B-10-MC470006-108	(3,761,808)	-	26,575	(3,735,233)
Section 108 Loan - Crosstown	14.248	0221	B-B10BMC-47-0006	-	3,999,930	3,999,930	-
ARRA Homeless Prevention/Rapid Re-Housing	14.257	0221	S09MY470002	(37,935)	-	-	(37,935)
CDBG Supplemental Disaster, EDI Special Project	14.225	0221	B08MN470003,B-10-MF-0001	(2,214,869)	83,475	24,665	(2,273,679)
NSP-3	14.256	0221	B-11-MN-47-0003	(85,371)	-	1,378	(83,993)
Community Challenge Grant Program	14.704	0205	CCPTN0023-10	122,355	121,128	-	1,227
Passed through Shelby County State of Tennessee							
Enhanced Bicycle Facilities Through Low-Stress Network Analysis	14.703	0400	CA1516934	-	10,000	9,900	(100)
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				$ 5,798,666	$ 23,357,257	$ 22,967,231	$ 5,408,640
DEPARTMENT OF JUSTICE							
Equitable Sharing Forfeitures	16.000	0216	TNMPD0000	(2,193,584)	634,804	996,332	(1,832,056)
OCS: COOR Le Initiative	16.753	0205	2008-D-BX-0282, 2009-D1-BX-0178	(44,018)	-	11,112	(32,906)
COPS Interoperable	16.710	0205	2005INWX0019	416,296	-	1,134	417,430
Project Safe Neighborhood Housing Demo	16.609	0205	2004-GP-CX-0704,2003-GP-CX-0515,Z-04-015253-00,2009-GP-BX-0069,2010-GP-BX-0	(13,494)	1,554	9,927	(5,121)
Project Safe Neighborhoods	16.609	0205	2014-GP-BX-0001	-	-	3,041	3,041
PSN - Gun Crime Reduction	16.609	0205	2013-GP-BX-0014	-	37,604	115,279	77,675
Subtotal (16.609)				$ (13,494)	$ 39,158	$ 128,247	$ 75,595
Safeways: Old Allen	16.751	0205	2009-DG-BX-0033	(238,458)	-	635	(237,823)
BulletProof Vests 08-10	16.607	0205	2010-bobx-10054591, 2009BOBX08044854, 2009BOBX09049194	(41,774)	40,809	-	(82,583)
Encourage Arrest Policies	16.590	0205	2004-WE-AX-0031,2008-WE-AX-0037	(600,085)	-	341,630	(258,455)
Second Chance Act BJA	16.812	0205	2009-CZ-2010,2009-CZ-BX-0044	-	-	159	159
Juvenile Justice and Delinquency Program	16.541	0205	2012-NY-FX-0024	76,190	83,898	37,374	29,666
Youth Violence Prevention	16.541	0205	2012-NY-FX-0024	-	11,036	48,369	37,333
Subtotal (16.541)				$ 76,190	$ 94,934	$ 85,743	$ 66,999
Passed through Shelby County State of Tennessee							
JAG Program Cluster:							
JAG 07-11	16.738	0205	2007-F2834-TN-DJ	$ (256)	$ -	$ -	$ (256)
JAG 08	16.738	0205	2008-D-J-BX-0465	(5,310)	-	1,263	(4,047)
JAG 09	16.738	0205	2009-G9418-TN-DJ	(12,104)	-	207	(11,897)
JAG 10	16.738	0205	2010-DJ-BX-1563,BJA-2013-3599	(564,545)	41,681	607,431	1,205

(Continued)

	Federal CFDA Number		Grant Number	Receivable (Deferral) June 30, 2014	Receipts FY' 15	Expenditures FY' 15	Receivable (Deferral) June 30, 2015
JAG 14	16.738	0205	BJA-2014-3879	-	419,166	-	(419,166)
Sexual Assault Kit Reduction	16.738	0205	NONE	-	305,042	450,000	144,958
Subtotal (16.738)				$ (582,215)	$ 765,889	$ 1,058,901	$ (289,203)
ARRA JAG FY09 RECOVERY	16.804	0205	2009-F2956-TN-SU,2009-SB-B9-2466	-	-	74,929	74,929
Total JAG Program Cluster				$ (582,215)	$ 765,889	$ 1,133,830	$ (214,274)
TOTAL DEPARTMENT OF JUSTICE				$ (3,221,142)	$ 1,575,594	$ 2,698,822	$ (2,097,914)
DEPARTMENT OF LABOR							
Passed through Tennessee Department of Labor							
WIA Cluster:							
Workforce Investment Act - Adult	17.258	0211	DA0400062,07-13-PY6-113-ADMIN,0913FY9213ADULT,LW13ST91ADULT09,LW13P09	$ 484,139	$ 1,393,501	$ 31,594	$ (877,768)
Workforce Investment Act - Adult	17.258	0211	LW13P141ADULT15	-	155,382	177,360	21,978
Workforce Investment Act - Adult	17.258	0211	LW13F151ADULT15	-	1,010,490	1,645,464	634,974
ARRA Workforce Investment Act - Adult	17.258	0211	DA0400062,LW13ST91ADULT09	39,841	-	-	39,841
Workforce Investment Act - Youth	17.259	0211	LW13P141YOUTH15	-	330,450	631,725	301,275
Workforce Investment Act - Youth	17.259	0211	LW13P141YUSWA15	-	-	8,213	8,213
ARRA Workforce Investment Act - Youth	17.259	0211	DA0400062,LW13ST91YOUTH09	(1,373,787)	-	-	(1,373,787)
Workforce Investment Act - Youth	17.259	0211	LW13P131YOUTH14	2,155,021	1,119,101	961,504	1,997,424
Workforce Investment Act - Title I Incentive Funds	17.267	0211	LW13P12NCNTV13	-	22,835	1,581	(21,254)
Workforce Investment Act - Title I Incentive Funds	17.267	0211	LW13P122NCNTV13	-	-	13,170	13,170
Workforce Investment Act - Dislocated	17.278	0211	DA0400062,06-13-FY6-413-DSLWK,09-13-PY8-413-DSLWK,09-13-FY9-413-DSLWK, L\	1,066,212	7,914	424,839	1,483,137
Workforce Investment Act - Dislocated	17.278	0211	LW13F141DSLWK14	-	1,602,367	992,447	(609,920)
Workforce Investment Act - Dislocated	17.278	0211	LW13P131DSLW14	-	92,139	53,372	(38,767)
Workforce Investment Act - Dislocated	17.278	0211	LW13F133IWRSP13	-	25,100	50,100	25,000
Workforce Investment Act - Dislocated	17.278	0211	LW13F122DWRSP12	-	80,153	39,538	(40,615)
Workforce Investment Act - Dislocated	17.278	0211	09-13-FY9-413-DSLWK	-	-	22,735	22,735
Workforce Investment Act - Dislocated	17.278	0211	LW13P141DSLWK15	-	131,529	181,840	50,311
Workforce Investment Act - Dislocated	17.278	0211	LW13F151DSLWK15	-	250,535	743,976	493,441
ARRA Workforce Investment Act - Dislocated	17.278	0211	DA0400062,LW13ST91DSLWK09	(12,678)	-	-	(12,678)
Total WIA Cluster				$ 2,358,748	$ 6,221,496	$ 5,979,458	$ 2,116,710
Workforce Investment Act - Title 1 Hurricane Katrina	17.261	0211	DA040062	$ (7,160)	$ -	$ -	$ (7,160)
Second Chance Connection	17.261	0211	EA-18574-09-60-A-47	(47,136)	-	-	(47,136)
Youth Services	17.261	0211	EA-20266-10-60-A-47	(137,743)	-	-	(137,743)
Subtotal (17.261)				$ (192,039)	$ -	$ -	$ (192,039)
Workforce Investment Act- TDOL	17.207	0211	DA040062,33710-74012,LW13P111ADDEI12	$ 58,216	$ 153,354	$ 90,787	$ (4,351)
YouthBuild	17.274	0211	YB-24715-13-60-A-47	77,834	-	467,643	545,477
Ticket to Work	96.009	0211	NONE	(8,682)	28,328	24,209	(12,801)
Child Support Enforcement	93.564	0211	NONE	30,000	-	-	30,000
Workforce Investment Act- NEG	17.277	0211	DA040062,LW13F111DWNEG11	186,904	-	-	186,904
Workforce Investment Act - Disability	17.266	0211	DA040062	(31,042)	-	-	(31,042)
TOTAL DEPARTMENT OF LABOR				$ 2,479,939	$ 6,403,178	$ 6,562,097	$ 2,638,858

(Continued)

	Federal CFDA Number	Grant Number		Receivable (Deferral) June 30, 2014	Receipts FY' 15	Expenditures FY' 15	Receivable (Deferral) June 30, 2015
DEPARTMENT OF TRANSPORTATION							
Passed through Tennessee Department of Transportation							
Highway Planning and Construction Cluster:							
Biomedical Sidewalk	20.205	0400	PIN 070149,HPP-9409(103), PIN 108676	$ 37,998	$ 91,176	$ -	$ (53,178)
Congestion Mitigation Air Quality MVIS	20.205	0205,0400	STP-M-9409,CM-STP-9409 (54) (82),GG980770	1,228,331	-	-	1,228,331
Memphis Early Deployment Grant	20.205	0205,	CM-ITS-9547(601)	66,416	-	-	66,416
Restoration	20.205	0205	CM-STP-9409-44 (040716)	62,829	56,931	86,250	92,148
Transportation Improvement 25	20.205	0205	CM-STP-9409(59) (040723)	206,628	620,307	616,059	202,380
Traffic Signal System	20.205	0205	CM-STP-9409(42),(47),CM-STP-9409-42 (040714)	294,904	22,172	66,567	339,299
Beale Street Landing	20.205	0400	PIN-102617-00,STP-EN-9409 (111)	(177,012)	-	-	(177,012)
Enhanced Traffic Signal Implementation	20.205	0205,0400	CM-STP-9409(41)-040713,(48)-040718,(141)-112905,(142)-113006,(145)-112875,(47)-04	2,570,416	4,494,931	4,464,363	2,539,848
STP Repaving	20.205	0400	STP-M-9409(128,132,133),STP-EN-7900(20,79)41798	1,951,506	976,611	222,398	1,197,293
STP Guardrail Attenuators	20.205	0400	STP-M-9409(124)-112613	(3,539)	-	-	(3,539)
STP ADA Curb ramp	20.205	0400	STP-M-9409(144)-112843	36,980	-	-	36,980
Elvis Presley/Shelby/Winchester	20.205	0400	STP-EN-09TN(003)-113028	163,055	523,675	233,026	(127,594)
ARRA Winchester Tun Repair	20.205	0400	STP-M-2813(9)-112836	(129,514)	-	-	(129,514)
ARRA Sam Cooper RR	20.205	0400	STP-M-4032(7)	127,027	-	-	127,027
ARRA Bridge Guardrail	20.205	0400	STP-M-9409(150)	2,487	-	-	2,487
Winchester/Perkins	20.205	0400	STP-M-9409(96,36)	20,071	613	733	20,191
Walnut Bend	20.205	0400	STP-M-9409(98)-010620	(2,135)	5,369	4,990	(2,514)
Holmes/Milbranch	20.205	0400	STP-M-9409(97)	142,648	93,019	46,160	95,789
Holmes Road East	20.205	0400	PIN-108701-00,STP-M-9409(99)	19,534	23,568	3,717	(317)
Forest Hill	20.205	0400	STP-M-9409(90)	29,827	21,580	5,275	13,522
Safe Routes to School, Frayser	20.205	0400	SAFETEA-LU 110687.00	18,617	3,741	-	14,876
Safe Routes to School, Rozelle	20.205	0400	NONE	1,409	67,074	110,806	45,141
STP Curb Ramp Improvement	20.205	0400	STP 79LPLM-F3-212 P#114576(159	125,759	265,753	59,944	(80,050)
TDOT Enhancement Grant	20.205	0205	STP-EN-9409(95)	(3,214)	-	-	(3,214)
Poplar/Sweetbriar Interchange	20.205	0400	PIN-110296-00,STP-M-NHE-57(42)-110296	12,381	65,673	19,164	(34,128)
U of M Crosswalk	20.205	0400	STP-EN-9409(74)	225,487	916,595	692,169	1,061
Memphis Bicycle Facilities	20.205	0400	79LPLM-F3-262 (118411)	23,468	63,094	71,358	31,732
STP Sidewalk Program	20.205	0400	79LPLM-F3-267 (118412)	44,577	56,135	263,177	251,619
STP Group 5 Resurfacing	20.205	0400	STP-EN-9409 (111) PIN 119539	472	5,481	15,110	10,101
STP Group 6 Resurfacing	20.205	0400	79LPLM-F0-417-419 PIN 120588	-	-	15,304	15,304
STP Isolated Traffic Signal Improvements-Grp 1	20.205	0400	STP-M-NH-14(56) PIN 119540.00	-	1,888	174,153	172,265
STP Isolated Traffic Signal Improvements-Grp 2	20.205	0400	STP-EN-9409 (111) PIN 119541	472	15,721	67,862	52,613
STP Isolated Traffic Signal	20.205	0400	STP-EN-9409 (111) PIN 119542	472	2,072	37,886	36,286
Repair 14 Bridges on/over Sam Cooper B20.205lvd	20.205	0400	STP-EN-9409 (111) PIN 119544	173	641	1,979	1,511
Repair Brooks Rd. Bridge over Days Creek	20.205	0400	STP-M-9409(182) 119543	-	1,114	4,115	3,001
Chelsea Ave Greenline from Washington Park to Evergreen St	20.205	0400	79LPLM-F0-365, 79LPLM-F0-366, 79LPLM-F0-367, 79LPLM-F0-368	-	-	3,118	3,118
TDOT-CMAQ (TN) Main to Main Multimodel Connector	20.205	0400	79961-3516-94	-	144,668	252,455	107,787
TDOT-CMAQ (AR) Main to Main Multimodel Connector	20.205	0400	79961-3516-94	-	294,446	567,443	272,997
Mississippi River Cycling Corridor	20.219	0400	EN-STP-7900(16)	(2,728)	-	-	(2,728)
Total Highway Planning and Construction Cluster				$ 7,095,802	$ 8,834,048	$ 8,105,581	$ 6,367,335
GHSO FY07 Multiple Violation	20.600	0205	Z07035691	$ (1,466)	$ -	$ -	$ (1,466)
GHSO FY09 CARD	20.600	0205	Z09214633	136	-	-	136
Governor Highway Network FY10	20.600	0205	PT-10-31	2,130	-	-	2,130
GHSO Network Coordinator Law FY11	20.600	0205	Z11GHS265,Z13GHS209	(2,830)	12,226	18,589	3,533
Highway Safety FY2013	20.600	0205	Z15GHS235	-	1,355	4,796	3,441
Subtotal (20.600)				$ (2,030)	$ 13,581	$ 23,385	$ 7,774

(Continued)

	Federal CFDA Number		Grant Number	Receivable (Deferral) June 30, 2014	Receipts FY' 15	Expenditures FY' 15	Receivable (Deferral) June 30, 2015
Governor Highway Network	20.601	0205	Z0802398600	$ 1,067	$ -	$ -	$ 1,067
GHSO FY09 Network Law	20.601	0205	Z09214366	746	-	-	746
GHSO FY10 CARD	20.601	0205	K8-10-80,Z13GHS209	(41,144)	-	-	(41,144)
Subtotal (20.601)				$ (39,331)	$ -	$ -	$ (39,331)
GHSO FY08 Alcohol Award	20.607	0205	Z-08-024037-00	$ 3,915	$ -	$ -	$ 3,915
GHSO Alcohol Saturation	20.607	0205	Z11GHS004,Z12GHS197,Z12GHS198,2012-Z13GHS208	(336,036)	795,541	437,138	(694,439)
GHSO Alcohol Saturation FY15	20.607	0205	Z15GHS234	-	75,732	29,939	(45,793)
Card FY15	20.607	0205	Z15GHS232	-	15,301	-	(15,301)
Subtotal (20.607)				$ (332,121)	$ 886,574	$ 467,077	$ (751,618)
Governor Highway Network	20.600,20.607	0205	Z0802367600	$ (731)	$ -	$ -	$ (731)
GHSO FY09 Alcohol Saturation	20.600,20.607	0205	Z09214632	10,639	-	-	10,639
Subtotal (20.600, 20.607)				$ 9,908	$ -	$ -	$ 9,908
Passed through Shelby County State of Tennessee							
Governor Highway Network	20.600,20.601	0205	Z-08-023692-00	$ (46,078)	$ -	$ -	$ (46,078)
Governor Highway Network	20.606	0205	Z12GHS196	(9,670)	-	-	(9,670)
GHSO: CARD	20.616	0205	Z14GHS230	1,050	105,802	104,752	-
Tiger Grant -Main to Main	20.932	0400,0671	79961-3516-94	272,774	1,388,049	2,185,305	1,070,030
TOTAL DEPARTMENT OF TRANSPORTATION				$ 6,950,304	$ 11,228,054	$ 10,886,100	$ 6,608,350
DEPARTMENT OF INTERIOR NATIONAL PARK SERVICE							
Aquatic Facilities Major Maintenance	15.406	0400	47-CTY-1620-0101	(43,940)	-	-	(43,940)
TOTAL DEPARTMENT OF INTERIOR				$ (43,940)	$ -	$ -	$ (43,940)
INSTITUTE OF MUSEUM AND LIBRARY SERVICES							
Library State Grant	45.310	0205	30504-00812	$ (144)	$ -	$ -	$ (144)
State Collection Fed	45.310	0205	NONE	-	5,284	6,400	1,116
2015 Tech Grant Cycle	45.310	0205	NONE	-	13,011	12,643	(368)
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES				$ (144)	$ 18,295	$ 19,043	$ 604
EXECUTIVE OFFICE OF THE PRESIDENT							
HIDTA	95.001	0205	G10GC0005A,G11GC0005A	$ (84,474)	$ 2,285	$ -	$ (86,759)
HIDTA	95.001	0205	G12GC0005A	(25,183)	23,887	-	(49,070)
HIDTA	95.001	0205	G13GC005A	-	13,032	-	(13,032)
HIDTA FY14	95.001	0205	NONE	-	1,955	-	(1,955)
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT				$ (109,657)	$ 41,159	$ -	$ (150,816)
NATIONAL ENDOWMENT FOR THE HUMANITIES							
National Endowment for the Humanities	45.129	0205	LB-50019-12	1,600	2,500	302	(598)
TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES				$ 1,600	$ 2,500	$ 302	$ (598)
NATIONAL ENDOWMENT FOR THE ARTS							
National Endowment for the Arts	45.024	0205	14-4292-7096	-	-	65,860	65,860
TOTAL NATIONAL ENDOWMENT FOR THE ARTS				$ -	$ -	$ 65,860	$ 65,860

(Continued)

	Federal CFDA Number	Grant Number		Receivable (Deferral) June 30, 2014	Receipts FY' 15	Expenditures FY' 15	Receivable (Deferral) June 30, 2015
ENVIRONMENTAL PROTECTION AGENCY, OFFICE OF WATER							
Passed through Tennessee Department of Environment and Conservation							
Capitalization Grant for Clean Water State Revolving Fund	66.458	0601	SRF 2013-311, SRF-195, & SRF-196	-	4,748,884	4,748,884	-
TOTAL ENVIRONMENT PROTECTION AGENCY, OFFICE OF WATER				$ -	$ 4,748,884	$ 4,748,884	$ -
TOTAL FEDERAL GRANTS				**$ 16,730,393**	**$ 50,654,395**	**$ 50,943,956**	**$ 17,019,954**
STATE GOVERNMENT GRANTS							
Memphis Fire Division In-service Training Supplement		0205	NONE	$ 63,306	$ -	$ -	$ 63,306
Memphis Fire Division In-service Training Supplement 05		0205	NONE	(9,450)	-	-	(9,450)
Memphis Fire Division In-service Training Supplement 06		0205	NONE	(1,400)	-	-	(1,400)
Memphis Fire Division In-service Training Supplement		0205	NONE	(2,570)	-	-	(2,570)
Memphis Fire Division In-service Training Supplement		0205	NONE	-	-	852,000	852,000
Memphis Police Division In-service Training Supplement		0205	NONE	(35,306)	-	-	(35,306)
Memphis Police Division In-service Training		0205	NONE	(2,400)	18,000	-	(20,400)
Local Emergency Planning Committee		0205	GG0209756	211,281	-	-	211,281
Stop Violence Against Women		0205	Z00001451,Z00001432-01	23,797	-	-	23,797
Landmarks Commission Training - Historic Zoning		0205	GG0511346	(3,600)	-	-	(3,600)
Landmarks Commission Training - Historic Zoning		0205	GG11309	2,235	-	-	2,235
Landmarks Commission Training - Historic Zoning		0205	GG-09-26765-00	3,388	-	-	3,388
Memphis Landmarks Commission Training		0205	GG0712649	1,728	-	-	1,728
Enterprise Zone		0205	GG000860300	27,474	-	-	27,474
Help Care		0205	Z03010557,Z04015720,Z05020309	(58,707)	-	-	(58,707)
TIIP Project - Cleveland Track Material		0205	Z-02-008520-00	(569)	-	-	(569)
Planning Grant		0205	FHWA-PL-112	212,012	6,033	6,033	212,012
Memphis Survey Grant		0205	GG0209746	53,267	-	-	53,267
Memphis Survey Grant FY06		0205	GG0612176	(27,716)	-	10,000	(17,716)
Plough Boulevard		0205,0400	STP-EN-9409(61)	(228,554)	-	-	(228,554)
Plough Blvd Landscape Phase I		0400	STP-EN-7900(21)	(92,228)	-	-	(92,228)
Raleigh Lagrange-Sycamore		0400	BR-STP-2878(2,1)	(345,881)	-	-	(345,881)
Cobblestone Walkway		0400	SBC5290000296	(710,637)	-	-	(710,637)
Martyrs Park Riverwalk Improvement		0400	STP-EN-9409(63)	(97,745)	-	-	(97,745)
Parkways Maintenance/Renovation		0205	STP-EN-7900(20,79)-41798	232,993	-	-	232,993
Bicycling Network Phase I		0400	STP-EN-9409(73)	33,485	-	-	33,485
Fast Track - KTG Substation		0400	NONE	212,067	-	-	212,067
Deploy Traffic Signal Systems FY07		0205	010764.00	3,311	-	-	3,311
Backyard Wildlife		0205	Z02005120	363	-	-	363
Highway Safety		0205	Z04016777	(245)	-	-	(245)
Victims of Crime FY06-FY09		0205	Z07033198	119,156	-	-	119,156
STOP FY06-FY09		0205	Z07033057	(20,067)	-	-	(20,067)
Household Hazardous Waste		0205	GG0712743,GG-09-25326-00,GG1339302	2,917	82,574	70,200	(9,457)
Enhancement Grant Program		0205	STP-EN-7900(24)	41,067	-	-	41,067
Internet Crimes Against Children		0205	GG082393100	(167,728)	33,248	12,174	(188,802)
SYEP & EMT Training		0205	NONE	2,623	-	-	2,623
Workforce Development MOU		0205	GG0712740	(4,050)	-	-	(4,050)
Workforce Development MOU		0205	GR0822660	1,170	-	-	1,170
Rape Prevention and Education Proj		0205	RFS 343.52-893-09	(1,471)	-	-	(1,471)
Severe Storms, Tornados, Straight-Line Winds	97.036-State	0111	34101-0000003054	(1)	-	-	(1)
Severe Storms, Tornados, Straight-Line Winds	97.036-State	0111	34101-0000006297	71,120	-	-	71,120
Severe Storms, Tornados, Straight-Line Winds	97.036-State	0111,0204	34101-0000008732	81,636	-	-	81,636
Severe Storms, Tornados, Straight-Line Winds	97.036-State	0111,0204	34101-0000010457	526,779	-	-	526,779
Severe Storms, Tornados, Straight-Line Winds	97.036-State	0111,0204	34101-0000009230	74,515	-	-	74,515
Riviana Foods Fast Track		0400	GG-09-27651	(1,777,739)	-	-	(1,777,739)
Nucor Steel Memphis Fast Track		0400	GG-08-24188-00	(1,463,976)	-	875	(1,463,101)
Illinois Central Fast Track Infrastructure		0400	GG-07-21564-00	(21,993)	-	-	(21,993)
Walnut Grove		0400	STP-M-9409(98)-010620	8,739	-	-	8,739
Parks Community Enhancement		0400	NONE	177,475	99,346	-	78,129
FY08 Project Safe Neighborhoods		0205	2008-GP-CX-0056	57,344	-	-	57,344
Fast Track Mitsubishi		0400	GG1136259	1,872,641	-	-	1,872,641

(Continued)

	Federal CFDA Number	Grant Number		Receivable (Deferral) June 30, 2014	Receipts FY' 15	Expenditures FY' 15	Receivable (Deferral) June 30, 2015
U of M Crosswalk State		0400	NONE	183,418	478,892	406,969	111,495
HMGP Airways Bridge	97.039-State	0671	1909-0078	-	233,135	228,700	(4,435)
Main to Main State		0400	NONE	103,957	627,575	620,317	96,699
Fast Track Infrastructure NIKE Grant		0400	NONE	-	-	283,496	283,496
Mallory Neely Historic Structures Report	15.904-State	0400	NONE	-	-	1,800	1,800
Greenprint Subplanning		0221	TNRIP0069-11	28,475	-	1,525	30,000
Landmarks Commission Training		0205	NONE	-	4,500	5,810	1,310
Internet Crimes		0205	31701-06185	-	135,617	81,979	(53,638)
State Collections FY14		0205	NONE	-	45,500	45,497	(3)
Household Hazardous Waste		0205	NONE	-	70,949	84,999	14,050
In-Service Training FY14		0205	NONE	-	1,338,600	1,334,400	(4,200)
Fire In-Service 2014		0205	NONE	-	708,000	703,800	(4,200)
ICAC FY16		0205	31701-06206	-	-	4,405	4,405
AmeriCorprs VISTA	94.013-State	0205	NONE	-	33,332	36,667	3,335
TOTAL STATE GRANTS				$ (640,294)	$ 3,915,301	$ 4,791,646	$ 236,051
TOTAL GRANTS				**$ 16,090,099**	**$ 54,569,696**	**$ 55,735,602**	**$ 17,256,005**

(Continued)

City of Memphis
Notes to the Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2015

NOTE 1 - Basis of Presentation

The accompanying schedule of expenditures of federal and state awards 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts 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 awards 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 and state awards 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.

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, $1,059,539, includes proceeds during the year and the outstanding loan balance from prior years.

The City of Memphis was approved by the Environmental Protection Agency, Office of Water, to receive a loan totaling $7,000,000 (SRF 06-195) to improve its sewer system. The amount listed for this loan, $3,689,345, 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.

Both the current and prior year loans are also reported on the City of Memphis's Statement of Net Position for Proprietary Funds [see Exhibit A-9].

NOTE 4 - Contingencies

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

NOTE 5 - Sub Recipients

Of the federal expenditures presented in the schedule, the City of Memphis provided federal awards to sub-recipients as follows:

Program Title	Federal CFDA No.	Amount Provided To Sub-recipients
Community Development Block Grant Entitlement Grants	14.218	1,149,586
Home Investment Partnership Program	14.239	407,557
Housing Opportunities for Persons with AIDS	14.241	2,018,512
Shelter Plus Care	14.238	609,777
Brownsfields Economic Dev Initiative - Crosstown	14.246	2,000,000
Section 108 Loan - Crosstown	14.248	3,999,930
Workforce Investment Act - Youth	17.259	512,618
Juvenile Justice and Delinquency Program	16.541	37,374

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BANKS, FINLEY,
WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Memphis, Tennessee ("the City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Memphis, Tennessee's basic financial statements and have issued our report thereon dated December 28, 2015. Our report includes a reference to other auditors who audited the financial statements of the Memphis-Shelby County Airport Authority, the Memphis Zoological Society 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies, #2015-01 through #2015-07, and #2014-02, which is described in the accompanying summary schedule of prior audit findings.

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.*

We noted other matters involving internal control and its operation that we have reported to management of the City in a separate letter dated December 28, 2015.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Banks, Finley, White & Co.

Memphis, Tennessee
December 28, 2015

BANKS, FINLEY,
WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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's compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

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 OMB Circular A-133, 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Banks, Finley, White & Co.

Memphis, Tennessee
December 28, 2015

CITY OF MEMPHIS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1.	Type of auditor's report issued on the financial statements.	Unmodified
2.	Material noncompliance relating to the financial statements.	No
3.	Internal control over financial reporting:	
	a. Material weaknesses identified?	No
	b. Significant deficiencies identified that are not considered to be material weaknesses?	Yes

Federal Awards:

4.	Type of auditor's report issued on compliance for major federal programs.	Unmodified
5.	Internal control over major programs:	
	a. Material weaknesses identified?	No
	b. Significant deficiencies identified that are not considered to be material weaknesses?	None noted
6.	Any audit findings reported as required by Section __.510(a) of Circular A-133?	No
7.	Federal programs identified as major programs:	

WIA Cluster

17.258	Workforce Investment Act – Adult Program
17.259	Workforce Investment Act – Youth Activities
17.278	Workforce Investment Act – Dislocated Workers

Other Programs

14.218	Community Development Block Grant
14.241	Housing Opportunities for Persons with AIDS
14.246	Brownfields Economic Dev Initiative - Crosstown
14.248	Section 108 Loan - Crosstown
20.932	TIGER Grant – Main to Main

8.	The dollar threshold used to distinguish between type A and type B programs:	$1,385,555
9.	Auditee qualified as a low-risk auditee?	No

SECTION II: FINDINGS – FINANCIAL STATEMENT AUDIT

Significant Deficiency

2015-01

CONDITION: On December 18, 2014 a fraud was reported to the State of Tennessee Comptroller concerning the City Court Clerk's Office. An employee of the City Court Clerk Office, a Senior Deputy Court Records Clerk, entered a citation into the eTims system without the tag number for a fellow City Court Clerk Office employee, also a Senior Deputy Court Records Clerk. Additionally, the citation information entered into the eTims system did not match the physical ticket.

CRITERIA (Required for financial audits performed under *Government Auditing Standards*): Per the State of Tennessee Department of Audit's Audit Manual, the Comptroller Office's requires that all instances of fraud, regardless of materiality, be communicated to those charged with governance in the report on internal control over financial reporting and on compliance.

CAUSE OF CONDITION: An employee, whose job duties did not require them to enter citations into the eTims system, was able to key a citation into the system on behalf on a fellow employee. Additionally, the citation keyed into the system did not match the physical ticket that was issued.

POTENTIAL EFFECT OF CONDITION: Because of a lack of segregation of duties, an employee was able manipulate the system for their personal benefit through collusion.

RECOMMENDATION: We recommended that the ability to enter citations into the eTims systems be limited to those employees whose job descriptions state that entering citations into the eTims is part of their job responsibilities.

CLIENT RESPONSE: The employee who entered the incomplete citation on behalf of his colleague was terminated. The colleague who benefited from that deception was suspended for three months.

2015-02

CONDITION: On February 10, 2015, a fraud was reported to the State of Tennessee Comptroller concerning the Memphis Police Department – South Main Station. An employee of the Memphis Police Department was embezzling money by submitting false payroll time records.

CRITERIA (Required for financial audits performed under *Government Auditing Standards*): Per the State of Tennessee Department of Audit's Audit Manual, the Comptroller Office's requires that all instances of fraud, regardless of materiality, be communicated to those charged with governance in the report on internal control over financial reporting and on compliance.

CAUSE OF CONDITION: Management oversight over overtime records and pay was ineffective and inconsistent.

POTENTIAL EFFECT OF CONDITION: Because of the lack of management oversight, the Memphis Police Department was unable to protect public money.

RECOMMENDATION: We recommend that the appropriate policies and procedures be put into place to ensure management oversight is consistently done along with the weekly review of payroll exception reports.

CLIENT RESPONSE: Internal Audit is conducting a Police payroll audit. At its conclusion, a detailed listing of findings, recommendations and corrective actions will be provided. On September 2, interim guidance for overtime accountability and documentation was circulated to the City's division directors from the CAO.

2015-03

CONDITION: On March 3, 2015, a fraud was reported to the State of Tennessee Comptroller concerning the City of Memphis Public Works Division. Two employees of the Public Works Division were reported to have frequently requested money from citizens while performing their duties.

CRITERIA (Required for financial audits performed under *Government Auditing Standards*): Per the State of Tennessee Department of Audit's Audit Manual, the Comptroller Office's requires that all instances of fraud, regardless of materiality, be communicated to those charged with governance in the report on internal control over financial reporting and on compliance.

CAUSE OF CONDITION: Unsure

POTENTIAL EFFECT OF CONDITION: As a public entity, the City of Memphis faces public pressure to ensure that the services it provides is done with integrity and excellence. Accordingly, its employees are required to serve their citizens with honesty, integrity and excellence. Violations led to dis-satisfied citizens.

RECOMMENDATION: We recommend that policies and procedures are enforced regarding violations that violate the public's trust and for illegally requesting money to perform their public, and contracted, duties.

CLIENT RESPONSE: A fact finding letter and the fact finding hearing was conducted on March 2, 2015. Disciplinary action has not been issued yet pending the outcome of the police investigation. After the fact finding hearing, additional complaints were received. The case has been referred to the Attorney General's office.

2015-04

CONDITION: On March 27, 2015, a fraud was reported to the State of Tennessee Comptroller concerning the Memphis City Beautiful Commission. 250 cases of bottled water and other miscellaneous items were missing from the supply room.

CRITERIA (Required for financial audits performed under *Government Auditing Standards*): Per the State of Tennessee Department of Audit's Audit Manual, the Comptroller Office's requires that all instances of fraud, regardless of materiality, be communicated to those charged with governance in the report on internal control over financial reporting and on compliance.

CAUSE OF CONDITION: Unsecured supply room

POTENTIAL EFFECT OF CONDITION: Unsecure supply rooms present opportunities for the misappropriation of public resources to occur

RECOMMENDATION: We recommend that policies and procedures be put into place to ensure that all supply rooms are secured and that the appropriate controls (including segregation of duties) are put into place regarding the use and custody of the assets that are stored in supply rooms.

CLIENT RESPONSE: Management did not file a police report. Additionally, Inspectional Services Bureau (ISB) did not conduct an investigation. The police report would have triggered the ISB investigation. Currently, management does not store any items in the storage location. They currently maintain inventory of all items.

2015-05

CONDITION: On March 27, 2015, a fraud was reported to the State of Tennessee Comptroller concerning the City of Memphis – East Shelby Library. An employee of the East Shelby Library was reported to have told a citizen that that they owed fines in the amount of $50. The citizen was advised that giving the employee $20 would satisfy the $50 fine. The citizen later called the main library branch about the incident and found out that their fine was actually only $1.80.

CRITERIA (Required for financial audits performed under *Government Auditing Standards*): Per the State of Tennessee Department of Audit's Audit Manual, the Comptroller Office's requires that all instances of fraud, regardless of materiality, be communicated to those charged with governance in the report on internal control over financial reporting and on compliance.

CAUSE OF CONDITION: Unsure

POTENTIAL EFFECT OF CONDITION: Violation of public duties by a library employee causes the public to lose trust in the management of the library system, which can lead to reduced use of the library system.

RECOMMENDATION: We recommend that policies and procedures be put in place to ensure that library employees handling/receiving monies are being recorded by live video.

CLIENT RESPONSE: ISB completed an investigation. The case was not presented to the AG since the victim declined to prosecute. The employee resigned shortly after the incident.

2015-06

CONDITION: On April 16, 2015, a fraud was reported to the State of Tennessee Comptroller concerning the City of Memphis Public Works Division – Neighborhood Improvement. An employee of the Public Works Division was improperly and illegally retrieving materials from properties scheduled to be demolished.

CRITERIA (Required for financial audits performed under *Government Auditing Standards*): Per the State of Tennessee Department of Audit's Audit Manual, the Comptroller Office's requires that all instances of fraud, regardless of materiality, be communicated to those charged with governance in the report on internal control over financial reporting and on compliance.

CAUSE OF CONDITION: An employee colluded with her boyfriend to retrieve "valuable" materials before a property due to be demolished.

POTENTIAL EFFECT OF CONDITION: Undue influence results in the abuse and misappropriation of public duties.

RECOMMENDATION: We recommend policies and procedures are put into place to ensure that conflicts of interest are disclosed and if material, that they be discontinued. Policies should also ensure that collusion by a demolition/department contractor will result in their inability to conduct future business with the City.

CLIENT RESPONSE: MPD Inspectional Services Bureau completed an investigation. However, the case was not submitted to the Attorney General. The allegation was unsubstantiated. The investigation noted "a lack of written language as it relates to internal controls." Management has not yet updated the policy and procedures to include the language needed to address the internal controls.

2015-07

On July 10, 2015, a fraud was reported to the State of Tennessee Comptroller concerning the City of Memphis Public Works. An employee, a ROW Foreman, of the Public Works stole City-owned gasoline from the City fuel facility located at 79 S. Flicker for their personal use.

CRITERIA (Required for financial audits performed under *Government Auditing Standards*): Per the State of Tennessee Department of Audit's Audit Manual, the Comptroller Office's requires that all instances of fraud, regardless of materiality, be communicated to those charged with governance in the report on internal control over financial reporting and on compliance.

CAUSE OF CONDITION: Unsure

POTENTIAL EFFECT OF CONDITION: Ineffective internal controls (which include the lack of management oversight and the absence of appropriate safeguards) can result in the misappropriation of public resources.

RECOMMENDATION: We recommend that the policy and procedures manual for Public Works be updated with more effective internal controls concerning a Row Foreman's ability to obtain gas.

CLIENT RESPONSE: A criminal investigation was conducted. As Row Foreman, the employee had authority to obtain gas during work hours (6:30AM to 2:30PM Monday thru Friday). In the ROW Foreman's job description, they have the ability to obtain gas. As a result of this incident, management has collected all key fobs. No one can get gas from any other facility location other than the Street Maintenance facility.

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

None

2014-01

Condition:

On January 17, 2014, a fraud was reported to the State of Tennessee Comptroller concerning the City Court Clerk Office. An employee of the City Court Clerk Office, a clerk with expanded privileges, embezzled money by making adjustments/modifications to cash payments for traffic tickets made by customers who had been issued motor vehicle citations by the City of Memphis Government. Those expanded privileges allowed this employee to access, adjust and approve transactions inputted into the Electronic Ticket Information System (ETIS).

Current Status: Closed

Significant Deficiency

2014-02

Condition:

On October 8, 2014, a fraud was reported to the State of Tennessee Comptroller concerning the Memphis Police Department Payroll Office. An employee of the Memphis Police Department Payroll Office, a payroll clerk, deposited missing payroll checks into her personal account.

Current Status: Open (see 2015-02)