



2021

Annual Comprehensive Financial Report

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

MEMPHIS, TENNESSEE

For the fiscal years ended June 30, 2021 and 2020

A COMPONENT UNIT OF THE CITY OF MEMPHIS

Memphis-Shelby County Airport Authority
MEMPHIS, TENNESSEE

A COMPONENT UNIT OF THE CITY OF MEMPHIS

**Annual
Comprehensive
Financial Report**

For the Fiscal Years Ended June 30, 2021 and 2020
PREPARED BY THE FINANCE DIVISION

Memphis-Shelby County Airport Authority

JUNE 30, 2021

BOARD OF COMMISIONERS

Pace Cooper, Chairman
Gregory Fletcher, Vice-Chairman
Pamela Z. Clary, Secretary
Michael E. Keeney
James J. Keras, Jr.
Jack Sammons
Darrell K. Thomas

OFFICERS AND KEY STAFF MEMBERS POSITION

MEMBERS POSITION

Scott A. Brockman, A.A.E. President and Chief Executive Officer
Forrest B. Artz, C.P.A. Vice President of Finance and Administration and Chief Financial Officer,
Authority Treasurer
Terry S. Blue, A.A.E..... Vice President Operations
Amber D. Floyd General Counsel and Authority Secretary
Janet Shipman Associate Airport Counsel and Authority Assistant Secretary
Jeffrey W. Hanley Director of Finance and Authority Assistant Treasurer
Phillip Florey Director of Maintenance
Michael Fulton Director of Public Affairs and Business Diversity Development
James A. Hay II..... Director of Development
Nathan Luce Director of Procurement
Jason S. McBride Director of Properties
J. Jarrett Morgan Director of Information Technology
Julie A. Stewart..... Director of Human Resources
Glen A. Thomas Director of Strategic Marketing and Communications
T. E. Wallace III, A.A.E. Director of Operations and Public Safety

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INTRODUCTORY SECTION

This Section Contains the Following:

Letter of Transmittal and Exhibits

Organizational Chart



October 29, 2021

To the Board of Commissioners of the
Memphis-Shelby County Airport Authority

The Annual Comprehensive Financial Report (“ACFR”) of the Memphis-Shelby County Airport Authority (the “Authority”) for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Finance Division of the Authority. To the best of our knowledge and belief, and as indicated by the opinion of our independent auditors, the enclosed data of the Authority is accurate in all material respects and reported in a manner designed to present fairly the financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States of America (“GAAP”). All disclosures necessary to enable the reader to gain an understanding of the Authority’s financial activities have been included.

In developing and evaluating the Authority’s accounting system, consideration is given to the adequacy of internal control. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management’s authorization and recorded properly to permit the preparation of financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management. We believe that the Authority’s internal control processes adequately safeguard assets and provide reasonable assurance that financial transactions are authorized and recorded properly.

The ACFR is presented in four sections: Introductory, Financial, Statistical and Compliance. Just prior to the Introductory Section is a list of principal officials and the table of contents. The Introductory Section includes this transmittal letter, the Authority’s organizational chart and a copy of the Certificate of Achievement for Excellence in Financial Reporting awarded to the Authority by the Government Finance Officers Association of the United States and Canada for the fiscal year ended June 30, 2020. The Financial Section includes the independent auditors’ report, Management’s Discussion and Analysis (“MD&A”) of the financial condition of the Authority, the Authority’s financial statements, and supplemental schedules. The Statistical Section includes select financial and demographic information, generally presented on a multi-year basis. The Compliance Section includes Schedule of Expenditures of Federal and State Awards, the related independent auditors’ reports and the Schedule of Findings and Questioned Costs.

Management is required by GAAP to provide a narrative introductory overview and analysis as an accompaniment to the financial statements in the form of MD&A. This letter of transmittal should be read in conjunction with MD&A, which is discussed in the preceding paragraph and can be found in the Financial Section of this report.

Pursuant to Article VII E. of the Agreement between the City of Memphis (“City”) and the Authority dated May 26, 1970, an audit of the financial statements has been completed by the Authority’s independent certified public accountants, Dixon Hughes Goodman LLP. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority’s financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent auditors’ report is presented as the first component of the Financial Section of this report.

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires the Authority to arrange for an annual audit in conformity with their provisions. Information related to a single audit, including the Schedule of Expenditures of Federal and State Awards, findings and recommendations, is reported in the Compliance Section of this report. The independent auditors’ reports on the internal control structure and compliance with applicable laws and regulations are also included in the Compliance Section of this report.

PROFILE OF THE MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

The Authority is established pursuant to the Metropolitan Airport Authority Act of Tennessee and all amendments thereto. The major purposes of the Authority are to plan, establish, acquire, construct, improve and operate one or more airports within the City and Shelby County (the “County”). The Authority has the power to issue bonds to accomplish any of the purposes authorized by the Metropolitan Airport Authority Act of Tennessee. All bonds shall be payable solely from the revenues, income, and charges of the Authority and such bonds shall not constitute an obligation of the City or County.

The Mayor of the City, with the Mayor of Shelby County nominating two, appoints all members of the seven-member Board of Commissioners (the “Board”) to govern the Authority. The Memphis City Council confirms these appointments for a seven-year term. A member of the Board may be removed from office by a two-thirds vote of the Memphis City Council, but only after notice of cause for the removal has been served and the member has been granted an opportunity for a public hearing on the matter.

The Board appoints the President, who is the chief executive officer of the Authority. The President appoints, and the Board confirms, the remaining officers. These officers manage and operate the Authority’s airports with a staff of approximately 300 employees, both permanent and temporary.

The Authority prepares an annual budget on the basis established by the 1973 General Revenue Bond Resolution dated June 15, 1973 for all accounts and funds established by those agreements and resolutions, except construction and debt service funds. The annual budget serves as the foundation for the Authority's financial planning and control. All appropriations, except open project account appropriations, lapse at the end of each fiscal year and must be reappropriated. Since there is no legal requirement to report on the budgetary basis, no budget information is presented in the accompanying financial statements.

The Authority owns Memphis International (the "Airport"), Charles W. Baker ("Baker"), and General DeWitt Spain ("Spain") Airports. Baker Airport is located south of Millington, Tennessee and Spain Airport is located just north of downtown Memphis. Both Baker and Spain Airports serve general aviation and are considered reliever airports for the Airport.

The Airport occupies about 4,600 acres of land in Shelby County and is 13 miles by road southeast of downtown Memphis. The Airport is 99.9% unaffected by impassable weather and handles all types of aircraft. The Airport has four runways equipped with precision instrument landing systems suitable for use by large aircraft and a surface movement guidance system allowing the Airport to operate down to a 300 foot runway visual range. Due to the Concourse B Modernization Project, Concourse B is currently closed (except for FIS facilities and two international gates operating in the southwest leg), and the airlines and other tenants are operating from Concourse A and Concourse C. During construction of the Concourse B Modernization Project, Concourse C will remain intact until the airlines are relocated back to Concourse B at which time nine gates at the south end of Concourse C will be demolished and the southeast leg of Concourse B will be reconfigured resulting in one less gate, decreasing the total gate count at MEM from 68 to 58. Upon completion of the Concourse B Modernization Project, 25 of the 58 gates will be active and all of Concourse A, the remaining portion of Concourse C, and 15 gates on the southwest leg of Concourse B will be decommissioned until demand dictates additional passenger capacity requirements.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Conditions and Outlook

The United States (US) National economy continues periods of economic expansion to economic recession and various levels of uncertainty. The CY 2020 US Gross Domestic Product (GDP) decreased by 3.4 percent compared to the 2.7 percent growth in CY 2019. Projected median GDP for CY 2021 is estimated at approximately 4.0 percent. The Memphis Metropolitan Statistical Area ("MMSA") unemployment rate for August 2021 was 6.5%, which was above the State of Tennessee rate of 4.6% and above the national rate of 5.2%. National unemployment for CY 2022 is projected to be in the range of 3.6 to 4.0 percent.

During FY 2021, over 98 percent of Airport enplanement activity was origination and destination (O&D) activity. Of the total FY 2021 enplanement activity at the Airport, American Airlines comprised approximately 38 percent, Delta Air Lines comprised approximately 26 percent of total enplanements, Southwest Airlines about 23 percent, United Airlines about 12 percent with all other airlines (Allegiant, Frontier and Air Canada) making up the remaining balance. The outlook for FY 2022 is relatively unknown due to the continued COVID-19 pandemic. The Authority projected, for budgetary purposes, a 65 percent reduction in enplanements for FY 2021. The Airport continues to seek additional routes for non-served and under-served markets at the Airport.

The Authority has developed multi-year financial projections, taking into account estimated impacts on the Airport's landed weight, non-airline revenues, amount of leased space in the terminal complex and operating expenses and projects a cost per enplaned passenger ("CPE") to be reasonable when compared to airports of similar size and activity levels.

Cargo air carriers, primarily FedEx Express, continue to have a significant positive impact at the Airport; accordingly, the Airport handled a total of 5.1 million U.S. tons of cargo in fiscal year 2021. The Airport is ranked #1 in the United States for total air cargo handled, and #1 in the world for total air cargo handled according to statistics reported by Airports Council International, Geneva, Switzerland. Over 84% of the cargo handled at Memphis International Airport was reported as domestic. FedEx Corporation ("FedEx"), the world's largest express transportation company, is headquartered in Memphis and operates its primary overnight package sorting facility at the Airport. FedEx continues to dominate the cargo business at the Airport, accounting for 99% of all cargo handled at the Airport in fiscal year 2021. FY 2022 cargo activity levels are expected to grow slightly over FY 2021 activity levels keeping the Airport active twenty-four hours a day.

Population and Employment

The MMSA encompasses an over 3,000-square-mile area comprised of Shelby, Fayette and Tipton Counties in Tennessee, Benton, Desoto, Marshall, Tate and Tunica Counties in Mississippi, and Crittenden County in Arkansas. Transportation and distribution services, tourism, technology, healthcare, trade, and construction help make the MMSA a richly diverse economic engine.

The MMSA population was 1,345,425 according to the United States 2020 Census, which is up 9% from 2010. Additionally, the population for the MMSA is expected to increase to 1,402,486 by 2025. Shelby County's population for 2020 was 929,744, which was higher than the 927,644 for 2010. More population information can be found in the Statistical Section.

The Airport and the Port of Memphis, as well as the seven federal highways, 15 state highways and two U. S. interstate systems, with a third one under construction, that cross the City, along with its central location in the United States, all contribute to Memphis' position as America's Distribution Center. Accordingly, transportation plays a major role in the economy of the MMSA. More metropolitan markets can be served overnight (within 600 miles) from Memphis than any other city in the central United States. Memphis offers multiple inter-modal transportation options such as air to truck or truck to air, water to truck or rail, or rail to truck. Memphis boasts the fourth busiest inland river port with enhanced inter-modal capabilities.

Visitors are also attracted to Memphis for sporting events such as the Grizzlies, a National Basketball Association team, the Redbirds, a AAA team affiliate with Major League Baseball's St. Louis Cardinals, Memphis 901 FC, a United Soccer League team, the AutoZone Liberty Bowl Football Classic and the World Golf Championship - FedEx St. Jude Invitational, to name a few. Gaming is also a contributor to the economy of the MMSA, with Southland Casino in West Memphis Arkansas only 7 miles from downtown Memphis and multiple casinos in Tunica County, Mississippi, just 30 miles from downtown Memphis. Memphis also attracts worldwide visitors to Graceland, home of Elvis Presley, St. Jude Children's Research Center, Stax Museum of American Soul Music and the National Civil Rights Museum.

LONG TERM FINANCIAL PLANNING

Master Plan/Strategic Plan

One of the tools the Authority uses for long term planning is the Airport Master Plan, which is updated every 7 to 10 years. The Authority issued a Master Plan update in January 2010. This document is prepared with the input of staff, the community, the signatory airlines, and other key tenants of the Airport. The Master Plan specifies the physical improvements that are needed to meet projections of future demand. It consists of a technical report that specifies the logic and reasoning for proposed capital improvements as well as large scale drawings that illustrate the physical layout of the improvements. The financial implications of a master plan are very important because it serves as the basis for requesting federal funds for the construction of capital improvements proposed in the plan. During FY 2018, the Authority began the process to issue an updated Master Plan that will serve as a flexible and cost-effective guide for the future development of the Airport for the next decade. Capital improvements recommended by the plan are demand-driven, only those that are needed as a result of actual increase in demand will be constructed. In Fiscal Year 2020 the negative impact of the COVID-19 pandemic to airport operations caused the Master Plan to be delayed in order to evaluate future enplanement activity levels and other airport demand metrics. The Master Plan is expected to be complete in the first quarter CY 2022.

The Authority has also developed a comprehensive Strategic Plan that is updated annually, which identifies and inventories strengths and weaknesses and guides the Authority's operating, capital and financial planning for the next 5-7 years. This Strategic Plan allows the Authority to set goals and to measure the progress in meeting these goals.

Multi-Year Financial Plan

The Authority prepares a Multi-Year Financial Plan, which is updated annually. This plan contains the first year of the proposed annual Operating Budget and the remaining two years reflecting fiscal projections developed through a combination of historical trends, contractual and other known commitments, anticipated changes to future revenues and expenditures, debt service and other reasonable assumptions. The five-year Capital Improvements Plan is updated annually and contains the current fiscal year and the ensuing four fiscal years.

RELEVANT FINANCIAL POLICIES

Cash and Investment Management

The Authority uses a portfolio manager to help direct the investment of the Authority's funds and to provide comparative investment market information. Allowable investments are limited to those authorized by the 1988 Bond Resolution. All investments were made in compliance with their applicable resolution or bond indenture.

The Authority invests temporarily idle cash in direct obligations of or obligations guaranteed by the United States Government, obligations of specific agencies of the United States Government, New Housing Authority Bonds or Project Notes issued by public agencies or municipalities and guaranteed by the United States Government, secured negotiable certificates of deposit, and secured repurchase agreements. Investments are insured, registered or held by a trustee in the Authority's name.

The Authority's primary objective under this policy is to preserve the principal of those funds within the portfolio. The portfolio is managed in such a manner that assures that funds are available as needed to meet immediate and/or future operating requirements and that it is managed to maximize the return of investments. At year-end, all Authority investments are presented in the basic financial statements at fair value.

Risk Management

It is the policy of the Authority to eliminate or transfer risk where possible. The Authority currently maintains approximately \$1.3 billion of total insurance coverage. For claims arising out of bodily injury or property damage at the Airport, the Authority carries approximately \$500 million of liability insurance. The Authority also has approximately \$800 million of property insurance on airport properties, which includes flood and earthquake coverage. The Authority or its tenants, within limits and with deductibles approved by the Authority, maintain fire insurance coverage on all buildings at the airports. Contractors and lessees are required to carry certain amounts of insurance. A schedule of insurance in force at June 30, 2021, can be found in the Statistical Section of this report.

In addition to the coverage discussed above, the Authority maintains an Owner Controlled Insurance Program ("OCIP"). OCIP is a method of assuring that all contractors and subcontractors of any tier performing work at a construction project jobsite are provided insurance for Tennessee Workers' Compensation, Employers Liability, and Commercial General Liability, including Completed Operations and Excess Liability. The Authority pays for the full cost of the OCIP and charges those costs back to the projects covered.

The Authority has also implemented various risk control techniques including employee safety and accident training. The Authority's general counsel reviews all contracts and leases.

Debt Management

As part of its strategic and long-term financial planning, the Authority strives to ensure that financial resources are adequate to meet long-term planning objectives. In managing its debt, the Authority strives to achieve the lowest cost of capital, ensure high credit quality, assure access to the capital credit markets, preserve financial flexibility, and manage interest rate risk exposure. See Note 7 of the notes to the basic financial statements in the Financial Section for Long-Term Debt information.

Pension and other Post-employment Benefits

The Authority participates in the City of Memphis Retirement System. A Board of Administration administers the plans under the direction of the City's Mayor. Substantially all full-time salaried employees are required to participate in one of the two plans. The plans provide retirement benefits as well as death and disability benefits. The Authority is required to contribute at a statutorily determined rate set by the City of Memphis Retirement System funding policy. This policy states "that beginning in the plan year commencing on July 1, 2015, the City will fund the actuarially determined contribution ("ADC") each year over a graduated progress percentage so that in a maximum of five (5) years the City will be funding 100% of the ADC each year. The ADC shall be recalculated each year and the percentage of funding shall be based on the most recent recalculation of the ADC".

See Note 11 of the notes to the basic financial statements and the required supplementary information in the Financial Section for more information.

The Authority also provides a supplemental retirement benefit to eligible Authority participants. It is a defined contribution plan under which the Authority makes contributions on a discretionary basis. See Note 12 of the notes to the basic financial statements in the Financial Section for more information.

In addition to the pension benefits, the Authority provides 80% of the cost of certain health care and life insurance coverage to active employees and provides post-retirement healthcare benefits to eligible employees who retire from the Authority under the provisions of the City's retirement plan. See Note 14 of the notes to the basic financial statements in the Financial Section for more information.

MAJOR INITIATIVES

Concourse B Modernization Project. The Authority's Concourse B Modernization Project construction began in October 2018. The project will create higher ceilings and wider corridors filled with natural light throughout the concourse, add moving walkways, create special purpose public use areas and enhance concession concept opportunities. The Concourse B Modernization Project and related enabling projects are expected to be finished in late 2021 or early 2022 at a total cost of approximately \$220 million.

Consolidated De-Ice Facility (CDF). The Consolidated De-Ice Facility will allow the Authority to address the need for a consolidated de-ice pad to meet regulatory requirements for the collection and management of glycol and related airfield improvements. The CDF Project is comprised of two Phases - Phase I (relocates an existing public street and the construction of a vehicle service road bridge) and Phase II (the construction of 12 De-Ice pads, a control tower, and the related collection system.) Construction bids for Phase I were received in July 2017 and was substantially completed in September 2020. Design for Phase II was completed in November 2019 and bids were received in February 2020 with an anticipated construction completion date of November 2022. The total combined cost for Phase I and II is estimated at \$311 million.

AWARDS AND ACKNOWLEDGMENTS

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. The Authority has received a Certificate of Achievement for thirty-two consecutive fiscal years from 1989-2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparations of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, the contents of which conform to program standards. The Annual Report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA for consideration.

Acknowledgements

The preparation of the financial statements would not have been possible without the efficient and dedicated services of the entire staff of the Finance Division. We would like to express our appreciation to all members of the Division for their help and contributions to its preparation.

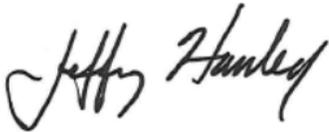
Respectfully submitted,



Scott A. Brockman, A.A.E.
President and Chief Executive Officer



Forrest B. Artz, C.P.A.
Vice President of Finance and Administration,
Authority Treasurer



Jeffrey W. Hanley
Director of Finance
Authority Assistant Treasurer



Government Finance Officers Association

Certificate of
Achievement for
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Presented to

**Memphis-Shelby County Airport Authority
Tennessee**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

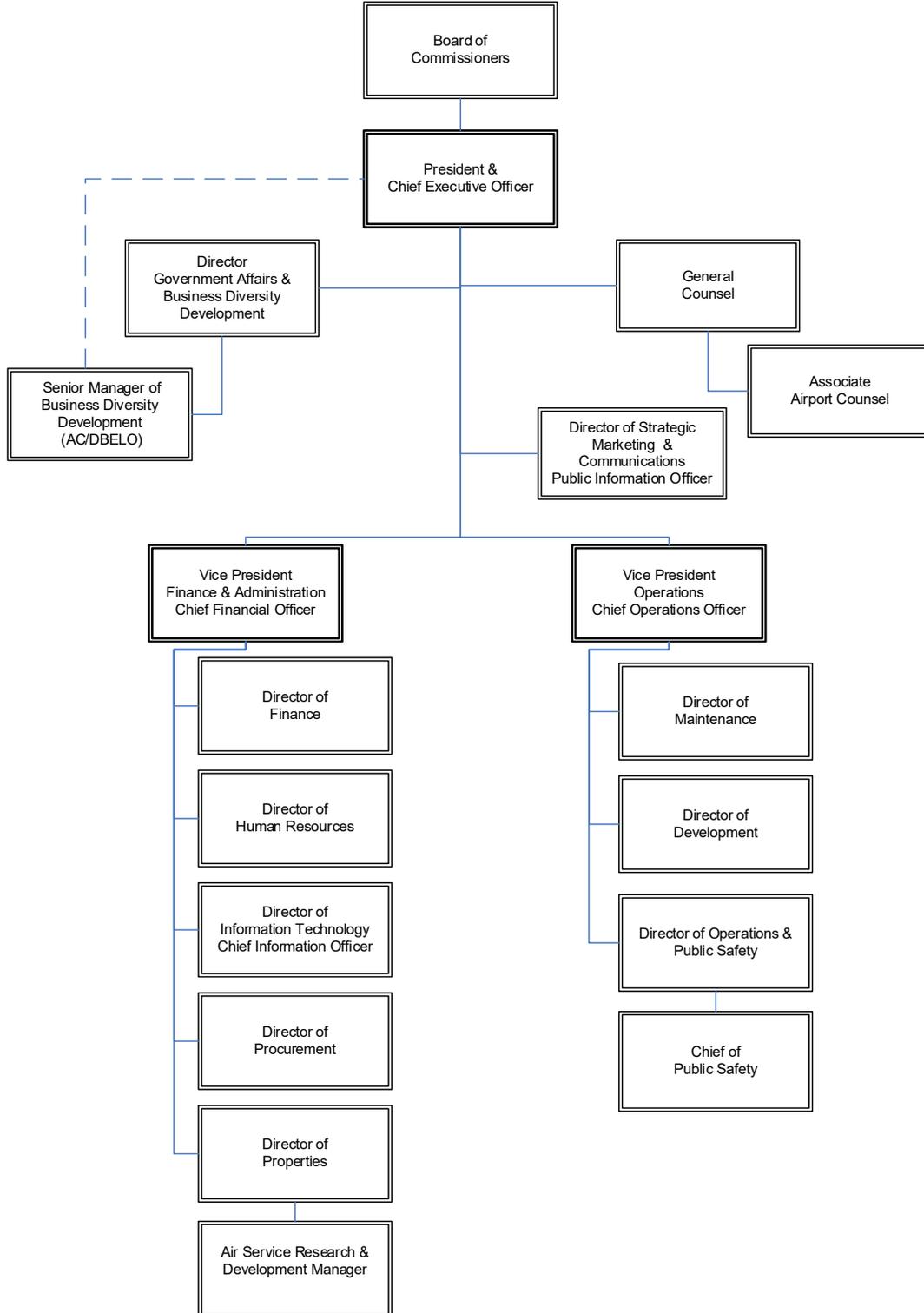
Christopher P. Morill

Executive Director/CEO



MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

Organizational Chart





FINANCIAL SECTION

This Section Contains the Following:

Independent Auditors' Report

Management's Discussion and Analysis

Financial Statements

Supplemental Schedules



Independent Auditors' Report

The Board of Commissioners and Management
Memphis-Shelby County Airport Authority
Memphis, Tennessee

Report of the Financial Statements

We have audited the accompanying financial statements of the Memphis-Shelby County Airport Authority (the "Authority"), a component unit of the City of Memphis, Tennessee, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority'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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension and OPEB liabilities and related ratios and the schedule of contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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.

Supplemental and Other Information

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

The supplemental schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules and the schedule of expenditures of federal and state 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 October 29, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Memphis, Tennessee
October 29, 2021

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

The following discussion and analysis of the Memphis-Shelby County Airport Authority's (the "Authority") financial performance provides an introduction and overview of the Authority's financial activities for the fiscal years ended June 30, 2021 and 2020. Please read this discussion in conjunction with the Authority's basic financial statements and the notes to the basic financial statements immediately following this discussion.

All dollar amounts, except per unit data, are expressed in thousands.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority owns and operates Memphis International Airport and two general aviation airports, Charles W. Baker and General DeWitt Spain. The Authority is presented as an enterprise fund with separate accounts for each of the three airports. The accounts of the Authority are reported using the flow of economic resources measurement focus. The financial statements are prepared on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred. All capital assets, except land, aviation easements, and construction-in-process are capitalized and depreciated over their useful lives. See Note 1 of the notes to the basic financial statements for a summary of the Authority's significant accounting policies.

The *Statements of Net Position* present all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Authority's financial position. However, the consideration of other non-financial factors, such as changes within the airline industry, may be necessary in the assessment of the overall financial position and health of the Authority.

The *Statements of Revenues, Expenses and Changes in Net Position* present all revenues and expenses of the Authority, regardless of when cash is received or paid, and the ensuing change in net position.

The *Statements of Cash Flows* report how cash was provided and used by the Authority's operating, capital financing, and investing activities. These statements are prepared on a cash basis and present the cash received and disbursed, the net increase or decrease in cash for the year, and the cash and balance at year-end.

In addition to the basic financial statements, this report includes a section for statistical information. This section presents certain unaudited information related to the Authority's historical financial and non-financial operating results, bonded debt activity, capital asset activity, and other demographic information.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2021

- Operating revenues of \$90,192 for fiscal year 2021 decreased by \$14,968 (14.2 percent) compared to fiscal year 2020 revenues of \$105,160.
- Operating expenses, before depreciation and amortization, of \$59,140 for fiscal year 2021 decreased by 9,931 (14.4 percent) compared to fiscal year 2020 operating expenses of \$69,071.
- The Authority's total net position at June 30, 2021 was \$770,954. This is an increase of \$65,398 (9.3 percent) over total net position of \$705,556 at June 30, 2020.
- Capital assets, net of accumulated depreciation increased by \$106,798 mainly due to fiscal year 2021 net capital additions of approximately \$164,594; offset by the current year change in accumulated depreciation of \$57,798.
- The Authority's total outstanding long-term bonds and notes payable, net at June 30, 2021 increased by \$110,006 (24.5 percent) compared to June 30, 2020 due to the issuance of the 2021 revenue bonds; offset scheduled principal payments made during fiscal year 2020 and the additional amounts paid towards notes payable.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2020

- Operating revenues of \$105,160 for fiscal year 2020 increased by \$2,957 (2.9 percent) compared to fiscal year 2019 revenues of \$102,203.
- Operating expenses, before depreciation and amortization, of \$69,071 for fiscal year 2020 increased by 9,358 (15.7 percent) compared to fiscal year 2019 operating expenses of \$59,713.
- The Authority's total net position at June 30, 2020 was \$705,556. This is an increase of \$21,213 (3.1 percent) over total net position of \$684,343 at June 30, 2019.
- Capital assets, net of accumulated depreciation increased by \$68,314 mainly due to fiscal year 2020 net capital additions of approximately \$125,636; offset by the current year change in accumulated depreciation of \$57,322.
- The Authority's total outstanding long-term bonds and notes payable, net at June 30, 2020 decreased by \$29,514 (6.2 percent) compared to June 30, 2019 due to the scheduled principal payments made during fiscal year 2020 and the additional amounts paid towards notes payable.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

SUMMARY OF CHANGES IN NET POSITION

FINANCIAL ANALYSIS

At June 30, 2021, the Authority's net position increased year over year with total assets and deferred outflows of \$1,484,045, total liabilities and deferred inflows of \$713,091 and total net position of \$770,954. A comparative combined condensed summary of the Authority's net position at June 30, 2021, 2020 and 2019 is as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets			
Current assets	\$326,044	\$336,370	\$397,334
Net capital assets	1,047,582	940,784	872,470
Other non-current assets	<u>104,548</u>	<u>36,296</u>	<u>35,977</u>
Total assets	<u>1,478,174</u>	<u>1,313,450</u>	<u>1,305,781</u>
Deferred outflows of resources	<u>5,871</u>	<u>10,530</u>	<u>7,369</u>
Liabilities			
Current liabilities	60,920	68,697	59,523
Long-term liabilities	<u>632,265</u>	<u>542,952</u>	<u>563,346</u>
Total liabilities	<u>693,185</u>	<u>611,649</u>	<u>622,869</u>
Deferred inflows of resources	<u>19,906</u>	<u>6,775</u>	<u>5,938</u>
Net position			
Net investment in capital assets	595,195	519,966	522,671
Restricted	149,593	164,911	128,433
Unrestricted	<u>26,166</u>	<u>20,679</u>	<u>33,239</u>
Total net position	<u>\$770,954</u>	<u>\$705,556</u>	<u>\$684,343</u>

Fiscal Year 2021

Current assets at June 30, 2021 decreased by \$10,326 (3.1 percent) when compared to current assets at June 30, 2020. This decrease was primarily due to a decrease of \$48,911 in cash and cash equivalents and investments and \$682 in prepaid expenses, offset by an increase of \$36,327 in capital contribution receivable, \$2,574 in accounts receivable, \$299 in materials and supplies inventory, \$52 in accrued interest receivable and \$15 in grants receivable. The decrease in cash and cash equivalents and investments was mainly due to maturities of current investments reinvested to non-current investments and an increase in funds used in capital projects offset partially by an issue of new Airport Revenue Bonds, Series 2021A. The decrease in prepaid expenses is due to the use of certain prepaid insurance coverages. These decreases were partially offset by increases in capital contribution receivable resulting from the timing of when capital expenditures were incurred (revenue recognized) and when related reimbursement were received from the grantor agency, in accounts receivable due to timing on receipt of certain year-end invoices, in material and supplies inventory due to increased cost of fuel and glycol, in accrued interest receivable is due to increased investments and an operating grant receivable.

Capital assets, net of depreciation increased by \$106,798 in fiscal year 2021 compared to fiscal year 2020 primarily due to the Authority's ongoing capital improvement program, offset partially by annual asset depreciation. Fiscal year 2021 net capital additions were \$164,594, offset by the current year change in accumulated depreciation of \$57,798.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUMMARY OF CHANGES IN NET POSITION (CONTINUED)

Non-current assets, other than capital assets, increased by \$68,252 due to an increase in maturities of current investments reinvested to non-current investments and increased debt service reserve investments related to the new issue Airport Revenue Bonds, Series 2021A.

The deferred outflows of resources at June 30, 2021 were \$5,871, a decrease of \$4,659 compared to June 30, 2020 of \$10,530. The deferred outflows of resources relates to the loss on bond refundings (the difference between the reacquisition price and the net carrying amount of the old debt) and deferred actuarial loss under GASB 68 and 75. The decrease in deferred losses under GASB 68 of \$4,571 was due mainly to a increase in investment gains as compared to the expected return on assets and an increase of \$252 in deferred losses under GASB 75. This was offset partially by an decrease of \$340 in deferred losses on bond refundings which is the systematic recognition of interest expense over the remaining life of the old debt or of the new debt, whichever is shorter.

Current liabilities decreased from \$68,697 in 2020 to \$60,920 in 2021. This decrease of \$7,777 (11.3 percent) is primarily due to the decreases in current maturities of long-term debt (\$7,682), construction contracts payable (\$7,271), accrued interest payable (\$1,165) and current portion-compensated absences (\$69), offset by an increase in unearned revenue (\$4,920), accrued expenses (\$2,087) and accounts payable (\$1,403). The decrease in current maturities of long-term debt is mainly due to the reclassification of long-term debt to current maturities based on the debt amortization. The decrease in construction contracts payable is due to the decreased construction activity at the airport due to entering the final phase of the modernization of concourse "B" and the completion of the airfield maintenance building. The decrease in accrued interest payable is due to the decrease in debt amortization schedules and the decrease in the current portion of compensated absences is due to the decrease in accrued leave from current to non-current. These decreases were partially offset by the increase in unearned revenue due to an increase in revenues received over budget, an increase in accrued expenses due mainly to when invoices are received and when they are paid and an increase in accounts payable due to increased expenses.

Long-term liabilities at June 30, 2021 were \$632,265 an increase of \$89,313 compared to June 30, 2020 of \$542,952. The increase in long-term liabilities was due to the net increase in bonds and notes payable (\$110,006) from the issuance of new Airport Revenue Bonds, Series 2021A (\$118,705), offset by the net of certain debt reclassified as a current liability and the refunding of Airport Revenue Bonds Series 2010A, Airport Revenue Bonds Refunding Series 2010B, 2011A-1, 2011B and 2011D with the issuance of Airport Revenue Bonds Refunding Series 2020A, 2020B, 2021B, 2021C and 2021D (\$8,699) and compensated absences (\$626) due to an increase in accrued leave from current to non-current, offset partially by the decrease in GASB 68 net pension liability (\$19,301) due to a higher investment yield than the assumed discount rate, lease revenue received in advanced due to the amortization to recognize rental revenue from FedEx Corporation related to the prior TnANG facility (\$1,540) and GASB 75 OPEB liability of (\$478).

The deferred inflows of resources at June 30, 2021 were \$19,906, an increase of \$13,131 compared to June 30, 2020 of \$6,775. The deferred inflows of resources related to the deferred gains on bond refundings increased by \$1,199 due to the gains on the Airport Revenue Bond Refunding issues 2020A, 2020B, 2021B, 2021C and 2021D. The deferred inflows of resources related to the actuarial gains in pension and OPEB, which are reported in

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

SUMMARY OF CHANGES IN NET POSITION (CONTINUED)

accordance with GASB 68 and 75 was \$11,932. This increase was due to the change in the Authority's share of the overall pension liability and OPEB liability.

The largest portion of the Authority's net position is the net investment in capital assets of \$595,195 (e.g. land, buildings, machinery and equipment). The Authority uses these assets to provide services to passengers, visitors and tenants of the airport; accordingly, these assets are not available for future spending or to service the related debt. Therefore, the resources needed to repay this debt must be provided from operations, since the capital assets themselves are not used to liquidate these liabilities.

Fiscal Year 2020

Current assets at June 30, 2020 decreased by \$60,964 (15.3 percent) when compared to current assets at June 30, 2019. This decrease was primarily due to a decrease of \$64,911 in cash and cash equivalents and investments, \$2,667 accounts receivable, \$1,657 in accrued interest receivable, \$256 in prepaid expenses, \$126 in materials and supplies inventory, and partially offset by an increase of \$8,653 in capital contributions receivable. The decrease in cash and cash equivalents and investments was mainly due to a decrease in unearned revenue and increased unrestricted cash transferred to restricted debt service reserves. The decrease in accounts receivable is due to timing on receipt of certain year-end invoices and decreased passenger enplanements due to COVID-19, accrued interest receivable is due to the decreased investments of bond proceeds. The decrease in prepaid expenses is due to the use of certain prepaid insurance coverages and supplies and materials due to a decrease in cost of fuel, glycol on hand and the release of obsolete inventory. These decreases were partially offset by a increase in capital contribution receivable resulting from the timing of when capital expenditures were incurred (revenue recognized) and when related reimbursement were received from the grantor agency.

Capital assets, net of depreciation increased by \$68,314 in fiscal year 2020 compared to restated fiscal year 2019 primarily due to the Authority's ongoing capital improvement program, offset partially by annual asset depreciation. Fiscal year 2020 net capital additions were \$125,636, offset by the current year change in accumulated depreciation of \$57,322.

Non-current assets, other than capital assets, increased by \$319 due to an increase in investments occurring from a fair value increase due to higher rates on investments held compared to current market rates.

The deferred outflows of resources at June 30, 2020 were \$10,530, an increase of \$3,161 compared to June 30, 2019 of \$7,369. The deferred outflows of resources relates to the loss on bond refundings (the difference between the reacquisition price and the net carrying amount of the old debt) and deferred actuarial loss under GASB 68 and 75. The increase in deferred losses under GASB 68 of \$3,437 was due mainly to an increase in investment losses as compared to the expected return on assets and an increase of \$112 in deferred losses under GASB 75. This was offset partially by a decrease of \$388 in deferred losses on bond refundings which is the systematic recognition of interest expense over the remaining life of the old debt or of the new debt, whichever is shorter.

Current liabilities increased from \$59,523 in 2019 to \$68,697 in 2020. This increase of \$9,174 (15.4 percent) is primarily due to the increases in construction contracts payable (\$15,506), current maturities of long-term debt

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

SUMMARY OF CHANGES IN NET POSITION (CONTINUED)

(\$1,356), accrued expenses (\$196) and current portion-compensated absences (\$75), offset by a decrease in unearned revenue (\$6,542), accounts payable (\$758) and accrued interest payable (\$659). The increase in construction contracts payable is due to the increased construction activity at the airport due to the modernization of concourse "B", consolidated deice facility and the airfield maintenance building. The increase in current maturities of long-term debt is mainly due to the reclassification of long-term debt to current maturities based on the debt amortization. The increase in accrued expenses is mainly due to when invoices are received and when they are paid. The increase in current portion-compensated absences is due to the increase in accrued leave. These increases were offset partially by the decrease in unearned revenue due to the reduction in revenues received, decreased account payable due to reduced expenses and accrued interest payable due the decrease in debt amortization schedules.

Long-term liabilities at June 30, 2020 were \$542,952 a decrease of \$20,394 compared to June 30, 2019 of \$563,346. The decrease in long-term liabilities was primarily due to the net decrease in bonds and notes payable of (\$29,514) resulting in the decreased amortization schedule and debt payments, lease revenue received in advanced due to the amortization to recognize rental revenue from FedEx Corporation related to the prior TnANG facility (\$1,540), offset partially by the increase in GASB 75 OPEB liability of (\$7,136), GASB 68 net pension liability (\$3,484) and compensated absences of (\$40).

The deferred inflows of resources at June 30, 2020 were \$6,775, an increase of \$837 compared to June 30, 2019 of \$5,938. The deferred inflows of resources relate to the deferred actuarial gains in pension and OPEB, which are reported in accordance with GASB 68 and 75, respectively. This increase was due to the change in the Authority's share of the overall pension liability and OPEB liability.

The largest portion of the Authority's net position is the net investment in capital assets of \$519,966 (e.g. land, buildings, machinery and equipment). The Authority uses these assets to provide services to passengers, visitors and tenants of the airport; accordingly, these assets are not available for future spending or to service the related debt. Therefore, the resources needed to repay this debt must be provided from operations, since the capital assets themselves are not used to liquidate these liabilities.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUMMARY OF CHANGES IN NET POSITION (CONCLUDED)

SUMMARY OF CHANGES IN NET POSITION

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues	\$90,192	\$105,160	\$102,203
Operating expenses	<u>(59,140)</u>	<u>(69,071)</u>	<u>(59,713)</u>
Operating income before depreciation	31,052	36,089	42,490
Depreciation	<u>(57,978)</u>	<u>(60,427)</u>	<u>(60,698)</u>
Operating loss	(26,926)	(24,338)	(18,208)
Non-operating income	27,944	20,208	24,294
Non-operating expense	<u>(17,720)</u>	<u>(19,722)</u>	<u>(21,206)</u>
Loss before capital contributions	(16,702)	(23,852)	(15,120)
Capital contributions	<u>82,100</u>	<u>45,065</u>	<u>47,734</u>
Increase in net position	65,398	21,213	32,614
Net position, beginning of year	<u>705,556</u>	<u>684,343</u>	<u>651,729</u>
Net position, end of year	<u><u>\$770,954</u></u>	<u><u>\$705,556</u></u>	<u><u>\$684,343</u></u>

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

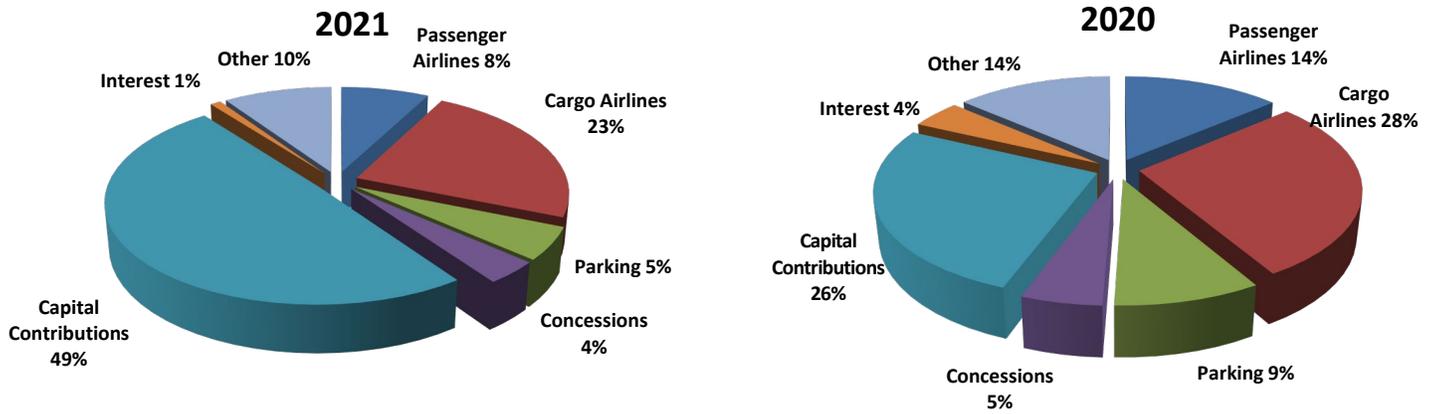
REVENUES BY MAJOR SOURCE

The following table presents revenue by major source for the years ended June 30, 2021, 2020 and 2019 and the pie charts show the percentage of revenues by source for the years ended June 30, 2021 and 2020. Due to the strong presence of cargo operations at Memphis International Airport (FedEx super-hub and the world's largest in total tonnage), airline revenues have been separated to reflect separate passenger and cargo categories.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues			
Passenger Airlines			
Passenger landing fee	\$1,145	\$4,527	\$3,484
Airline terminal rentals	13,826	18,174	13,574
Airline fee payments-FIS		5	15
Other rentals	490	650	625
Total Passenger Airlines	<u>15,461</u>	<u>23,356</u>	<u>17,698</u>
Cargo Airlines			
Cargo landing fees	31,579	32,200	28,890
Ground rents	13,186	12,915	12,650
Other rentals	2,361	2,390	2,345
Total Cargo Airlines	<u>47,126</u>	<u>47,505</u>	<u>43,885</u>
Non-Airline Rentals			
Concessions-terminal	1,111	1,832	2,369
Concessions-rental car	6,235	6,660	8,203
Public parking	10,084	14,763	19,145
Employee parking	464	599	619
GTC rentals	1,000	1,260	1,179
Other rentals	8,711	9,185	9,131
Total Non-Airline Rentals	<u>27,605</u>	<u>34,299</u>	<u>40,646</u>
Other Revenues			
Restricted rental income			(26)
Total other revenues			<u>(26)</u>
Total Operating Revenues	<u>90,192</u>	<u>105,160</u>	<u>102,203</u>
Non-operating Revenues			
Interest and investment income	1,883	7,522	10,222
Customer facility charges	4,059	5,306	6,578
Passenger facility charges	5,228	7,238	7,267
Operating grants and other	16,774	142	227
Total Non-Operating Revenues	<u>27,944</u>	<u>20,208</u>	<u>24,294</u>
Capital Contributions			
Total Revenues	<u>82,100</u>	<u>45,065</u>	<u>47,734</u>
	<u>\$200,236</u>	<u>\$170,433</u>	<u>\$174,231</u>

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

REVENUES



Fiscal Year 2021

Operating revenues of \$90,192 for fiscal year 2021 decreased by \$14,968 (14.2 percent) compared to fiscal year 2020 revenues of \$105,160. This decrease in operating revenues is primarily due to a decrease in public parking (\$4,679), airline terminal rentals (\$4,348), passenger landing fees (\$3,382), terminal concessions (\$720), cargo landing fees (\$621), other non-airline rentals (\$474), rental car concessions (\$425), ground transportation rentals (\$260), other passenger rentals (\$161), employee parking (\$135), cargo other rentals (\$29), and FIS fees (\$5), and offset by an increase in cargo ground rents (\$271). Such activity was due to the residual Airport Use Agreement that requires airline revenues to be recognized to the extent necessary to pay the Authority's operating and maintenance expenses and net debt service requirements, reduced by non-airline revenues.

Non-operating revenues for fiscal year 2021 are comprised of operating grants (\$16,715), passenger facility charges (PFC) (\$5,228), customer facility charges (CFC) (\$4,059), interest income (\$1,883) and gain on disposal of fixed assets (\$59). Total non-operating revenues increased by \$7,736 in fiscal year 2021 compared to fiscal year 2020 non-operating revenues. This increase was due to an increase in operating grants (\$16,663) which included CARES Act funds of \$16,685, offset partially by a decrease in investment earnings of (\$5,639), PFC revenues of (\$2,010), CFC revenues of (\$1,247) and gain on the disposal of assets (\$31).

Capital contributions, comprised primarily of Federal capital grants, increased from \$45,065 in fiscal year 2020 to \$82,100 in fiscal year 2021 due to increased capital expenditures related to the Consolidated Deicing Facility grants (\$62,600) and other capital project expenditures during the fiscal year.

Fiscal Year 2020

Operating revenues of \$105,160 for fiscal year 2020 increased by \$2,957 (2.9 percent) compared to fiscal year 2019 revenues of \$102,203. This increase in operating revenues is primarily due to an increase in airline terminal rentals (\$4,600), cargo landing fees (\$3,310), passenger landing fees (\$1,043), cargo ground rents (\$265), ground transportation rentals (\$81), other non-airline rentals (\$54), cargo other rentals (\$45), restricted rental income (\$26) and other passenger rentals (\$25), offset by a decrease in public parking (\$4,382), rental car concessions (\$1,543), terminal concessions (\$537), employee parking (\$20) and FIS fees (\$10). Such activity was due to the residual Airport Use Agreement that requires airline revenues to be recognized to the extent necessary to pay

SHELBY COUNTY AIRPORT AUTHORITY

REVENUES (CONTINUED)

the Authority's operating and maintenance expenses and net debt service requirements, reduced by non-airline revenues.

Non-operating revenues for fiscal year 2020 are comprised of interest income (\$7,522), customer facility charges (CFC) (\$5,306), passenger facility charges (PFC) (\$7,238), gain on disposal of fixed assets (\$90) and operating grants (\$52). Total non-operating revenues decreased by \$4,086 in fiscal year 2020 compared to fiscal year 2019 non-operating revenues. This decrease was due to a decrease in investment earnings of (\$2,700), CFC revenues of (\$1,272) PFC revenues of (\$29), gain on the disposal of assets (\$69) and operating grants (\$16).

Capital contributions, comprised primarily of Federal capital grants, decreased from \$47,734 in fiscal year 2019 to \$45,065 in fiscal year 2020, as a result of when capital expenditures were incurred (revenue recognized) and thus became eligible for the related reimbursement from the Federal government.

MEMPHIS-SHELBY COUNTY AIRPORTY AUTHORITY

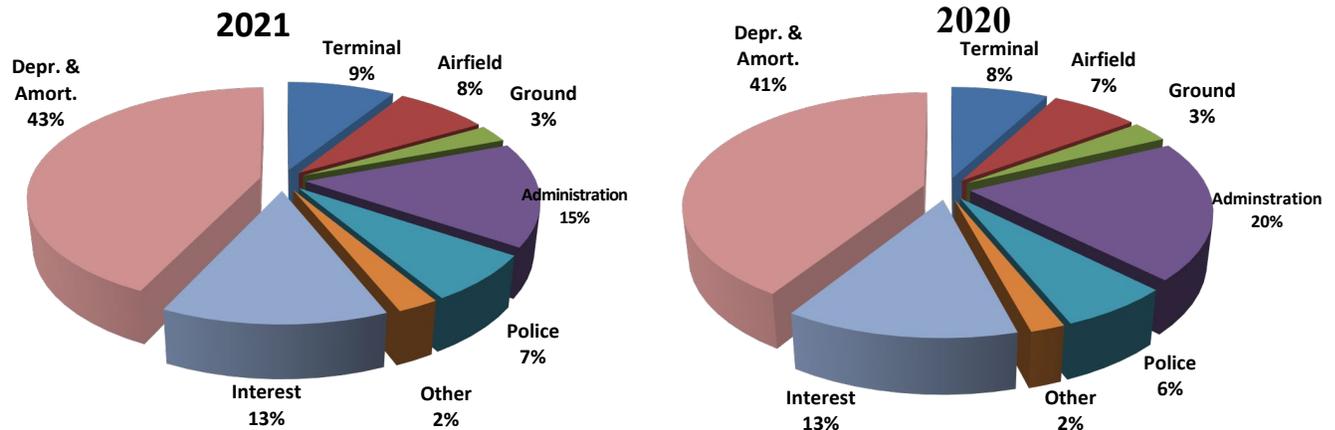
EXPENSES

The following table presents expenses by cost center for the years ended June 30, 2021, 2020 and 2019 and the pie charts show the percentage of expenses by cost center for the years ended June 30, 2021 and 2020.

EXPENSES BY COST CENTER

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Expenses			
Airfield area	\$10,385	\$10,616	\$11,664
Terminal area	12,006	11,690	11,901
Ground transportation area	3,484	4,537	4,629
Administration area	20,588	29,767	18,872
Police and operations area	9,397	9,518	9,585
Other areas	<u>3,280</u>	<u>2,943</u>	<u>3,062</u>
Total operating expenses	<u>59,140</u>	<u>69,071</u>	<u>59,713</u>
Non-operating Expenses			
Interest expense	<u>17,720</u>	<u>19,722</u>	<u>21,206</u>
Total expenses before depreciation and change in accounting principle	76,860	88,793	80,919
Depreciation	<u>57,978</u>	<u>60,427</u>	<u>60,698</u>
Total Expenses	<u><u>\$134,838</u></u>	<u><u>\$149,220</u></u>	<u><u>\$141,617</u></u>

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY EXPENSES (CONTINUED)



Fiscal Year 2021

In fiscal year 2021, the Authority's operating expenses of \$59,140 decreased compared to fiscal year 2020 operating expenses of \$69,071 by \$9,931 (14.4 percent). The decrease was mainly due to decreased general administration (\$9,179), ground transportation (\$1,053), airfield of (\$231) and police (\$121); offset by the increase in terminal building (\$316), field shop (\$292), other aviation (\$22) and non-aviation areas (23). The decrease in general administration costs was mainly due to the decrease in OPEB and pension expense, marketing and public relations, travel related expenses, dues and membership fees, programs and events, and training and registration, offset partially by an increase in accounting fees. The decrease in ground transportation costs are mainly due to a decrease in taxi, public parking security guard services, parking management fees, repairs and maintenance, utilities and landscaping expenses, offset by an increase in property insurance. The decrease in airfield costs was mainly due to the decrease in joint sealant repairs and maintenance and equipment repairs and maintenance offset partially by deicing chemicals, salaries and benefits, fire and ambulance protection contract services and utilities. The decrease in police and operations is mainly due to a decrease security guard services, training and registration, ID badges, regulatory compliance FAR part 139, and travel and entertainment offset partially by salaries and benefits. The increase in terminal building cost was due to increase in salaries and benefits, utilities and janitorial costs, offset partially by repairs and maintenance building and equipment, cleaning and sanitary supplies, mechanical and paint supplies, equipment parts and hand tools, program and events, repairs and maintenance security enhancements, garbage services and freight expense. The increase in field shop was mainly due an increase in salaries and benefits, janitorial contract services, supplies and equipment parts, offset partially by a decrease in motor vehicle body repairs maintenance and supplies and building and equipment repairs and maintenance. The increase in other aviation costs was mainly due to increased utilities, offset by decrease in repairs and maintenance and garbage collection fees. The increase in non-aviation cost was due to increase in lawn maintenance services, stormwater fees, janitorial contract services and contract services for democrat square offset partially by decreased in environmental compliance and regulatory compliance.

Depreciation expense decreased from \$60,427 in fiscal year 2020 to \$57,978 for fiscal year 2021. This decrease of \$2,449 is mainly due to a number of depreciable assets reaching the end of their depreciable life in fiscal year

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY EXPENSES (CONTINUED)

2020 and therefore reducing the amount of depreciation expense in 2021.

Non-operating expenses are comprised of interest expenses on outstanding debt. Fiscal year 2021 interest expense of \$17,720 decreased \$2,002 compared to fiscal year 2020 interest expense of \$19,722. This decrease in interest expense was due to a net decrease of \$4,306 in the bond interest expense from the bond amortization schedules combined with decreased interest from refunding the Airport Revenue Bonds Refunding Series 2010B, 2011A-1, 2011B and 2011D with the issuance of Airport Revenue Bonds Refunding Series 2020A, 2020B, 2021B, 2021C and 2021D, offset partially by the cost of issuance of \$2,304 related to these refunding issues and the Airport Revenue Bonds, Series 2021A new money issue.

Fiscal Year 2020

In fiscal year 2020, the Authority's operating expenses of \$69,071 increased compared to fiscal year 2019 operating expenses of \$59,713 by \$9,358 (15.7 percent). The increase was mainly due to increased general administration (\$10,895) and non-aviation of (\$5); offset by the decrease in airfield of (\$1,048), terminal building (\$211), ground transportation (\$92), field shop (\$71), police and operations (\$67) and other aviation (\$53). The increase in general administration costs was mainly due to the increase in salaries and benefits, repairs and maintenance, increased insurance fees, dues and membership fees and office supplies, offset partially by programs and events, legal fees, marketing and public relations costs and travel related expenses. The increase in non-aviation cost was due to increase in environmental compliance, stormwater fees and regulatory compliance, offset partially by decreased contract services for democrat square and lawn maintenance costs. The decrease in airfield costs was mainly due to the decrease runway rubber and paint removal, gas and fuel for resale, lime and cement supplies, salaries and benefits, deicing chemicals and utilities, offset partially by an increase in fire protection contract services and joint sealant repairs and maintenance. The decrease in terminal costs was mainly due to the decrease in utilities and elevator/escalator maintenance, offset partially by an increase in salaries and benefits, janitorial contract services, cleaning and sanitary supplies and telephone equipment local and long-distance costs. The decrease in ground transportation costs are mainly due to a decrease in taxi, parking management fees, utilities and landscaping expenses, offset by an increase in equipment repairs. The decrease in field shop was mainly due a decrease in supplies, gas and fuel usage, pest control and garbage collection fees, offset by an increase in salaries and benefits and janitorial contract services. The decrease in police and operations is mainly due to a decrease in fingerprinting, security guard services and dues and uniforms and clothing, offset by a reduction in salaries and benefits. The decrease in other aviation costs was mainly due to decreased utilities, repairs and maintenance, pest control and garbage collection fees.

Depreciation expense decreased from \$60,698 in fiscal year 2019 to \$60,427 for fiscal year 2020. This decrease of \$271 is mainly due to a number of depreciable assets reaching the end of their depreciable life in fiscal year 2019 and therefore reducing the amount of depreciation expense in 2020.

Non-operating expenses are comprised of interest expenses on outstanding debt. Fiscal year 2020 interest expense of \$19,722 decreased \$1,484 compared to fiscal year 2019 interest expense of \$21,206. This decrease in interest expense was due to not having expenses related to the 2018 revenue bonds cost of issuance and a decrease in the bond interest expense from the bond amortization schedule.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

CAPITAL ASSETS

The Authority's capital assets at June 30, 2021, 2020 and 2019 are summarized as follows:

NET CAPITAL ASSETS

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Avigation easements	\$46,679	\$46,679	\$46,679
Land and improvements	159,853	159,913	159,913
Buildings	626,867	611,311	609,952
Runways, taxiways, and airfield lighting	774,752	774,527	774,532
Facilities constructed for tenants	139,208	104,078	104,078
Roads, bridges, and fences	77,358	75,388	74,850
Equipment and utility systems	135,979	128,188	127,626
Construction in process	322,079	218,097	94,915
Total capital assets	2,282,775	2,118,181	1,992,545
Less accumulated depreciation	1,235,193	1,177,397	1,120,075
Net capital assets	<u>\$1,047,582</u>	<u>\$940,784</u>	<u>\$872,470</u>

Fiscal Year 2021

At the end of fiscal years 2021 and 2020, the Authority had \$1,047,582 and \$940,784 respectively, invested in net capital assets. During fiscal year 2021 the Authority had net additions of \$164,594 related to capital activities for runway and taxiway projects, building improvements, equipment and roads, bridges and fencing projects, offset by current year depreciation of \$57,978 less deletions of \$182.

During fiscal year 2021, completed projects totaling \$60,803 were transferred from construction in progress to applicable buildings and other facilities capital asset accounts. These major completed projects were related to), buildings (\$52,130), equipment and utility systems (\$6,601), runways, taxiways, aprons and airfield lighting (\$1,755), facilities constructed for tenants (\$219) and roads, bridges and fences (\$98).

The Authority's capital activities are funded through revenue bonds, Federal and State grants and airport revenues. Additional information on the Authority's capital assets is presented in Note 5 of the notes to the basic financial statements.

Fiscal Year 2020

At the end of fiscal years 2020 and 2019, the Authority had \$940,784 and \$872,470 respectively, invested in net capital assets. During fiscal year 2020 the Authority had net additions of \$125,636 related to capital activities for runway and taxiway projects, building improvements, equipment and roads, bridges and fencing projects, offset by current year depreciation of \$60,427 less deletions of \$3,105.

During fiscal year 2020, completed projects totaling \$5,564 were transferred from construction in progress to applicable buildings and other facilities capital asset accounts. These major completed projects were related to equipment and utility systems (\$3,651), buildings (\$1,374), and roads, bridges and fences (\$539).

The Authority's capital activities are funded through revenue bonds, Federal and State grants and airport revenues. Additional information on the Authority's capital assets is presented in Note 5 of the notes to the basic financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

DEBT ACTIVITY

The Authority's outstanding bonds and notes payable, net of any premiums or discounts, at June 30, 2021, 2020 and 2019 are summarized as follows:

BONDS AND NOTES PAYABLE

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Bonds:			
Airport Revenue	\$503,560	\$441,095	\$465,455
Unamortized bond premiums	57,854	15,676	17,198
Notes payable	17,642	19,961	22,237
Current portion of bonds and notes payable	<u>(20,312)</u>	<u>(27,994)</u>	<u>(26,638)</u>
Total long-term bonds and notes payable	<u>\$558,744</u>	<u>\$448,738</u>	<u>\$478,252</u>

Fiscal Year 2021

The Authority's June 30, 2021 total long-term bonds and note payable, net, of \$558,744 increased \$110,006 (24.5 percent) compared to the June 30, 2020 total of \$448,738. The increase in the total long-term bonds and note payable, net outstanding was mainly due to the issuance of new Airport Revenue Bonds, Series 2021A (\$118,705), offset by the net of certain debt reclassified as a current liability and the refunding of Airport Revenue Bonds Series 2010A, Airport Revenue Bonds Refunding Series 2010B, 2011A-1, 2011B and 2011D with the issuance of Airport Revenue Bonds Refunding Series 2020A, 2020B, 2021B, 2021C and 2021D (\$8,699). certain debt reclassified as a current liability as it is due within one year of \$20,312 and the amortization of \$4,983 for bond premium costs.

In February 2020, the Authority extended its revolving line of credit of \$20,000 with a bank. The purpose for this line of credit is to provide temporary funding for capital improvements and capital cash flow requirements. At June 30, 2021, the Authority had not drawn on this line of credit.

More detailed information related to long-term debt can be found in Note 7 of the notes to the basic financial statements.

Fiscal Year 2020

The Authority's June 30, 2020 total long-term bonds and note payable, net, of \$448,738 decreased \$29,514 (6.2 percent) compared to the June 30, 2019 total of \$478,252. The decrease in the total long-term bonds and note payable, net outstanding was mainly due to certain debt reclassified as a current liability as it is due within one year of \$27,994 and the amortization of \$1,522 for bond premium costs.

In February 2020, the Authority extended its revolving line of credit of \$20,000 with a bank. The purpose for this line of credit is to provide temporary funding for capital improvements and capital cash flow requirements. At June 30, 2020, the Authority had not drawn on this line of credit.

More detailed information related to long-term debt can be found in Note 7 of the notes to the basic financial statements.

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
DEBT ACTIVITY (CONCLUDED)**

DEBT SERVICE COVERAGE

Airport revenue bond resolution covenants require that revenues available to pay debt service, as defined in the bond resolution, are equal to a minimum of 125 percent of the debt service on airport revenue bonds. Coverage ratios for fiscal years 2021, 2020 and 2019 are as follows:

COVERAGE RATIO

	2021	2020	2019
Airport Revenue Bonds	147%	131%	141%

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT ACTIVITIES AND HIGHLIGHTS**

AIRLINE ACTIVITY

During fiscal year 2021, 2,449,186 passengers traveled through the Airport, a decrease of 28.9 percent over the 3,442,613 passengers in fiscal year 2020. Additionally, aircraft landed weight increased from 26,727,490 per thousand pound units in fiscal year 2020 to 27,031,992 per thousand pound units in fiscal year 2021. These changes in activity were realized due to the decrease in passenger airline activity and passenger traffic during the last four months of the year because of the worldwide COVID-19 pandemic.

Air Cargo activity increased in fiscal year 2021 by 6.7%, and Memphis remained the United States' largest cargo airport, and the world's largest cargo airport with approximately 5.1 million and 4.8 million U.S. tons of total cargo in fiscal years 2021 and 2020, respectively. Cargo activity at the Airport is dominated by FedEx Express, which has its corporate headquarters and operates its worldwide super-hub from Memphis.

The Authority's Airport Use and Lease Agreement, in effect with six airlines known collectively as the signatory airlines, establishes the rates and charges methodology for the signatory airlines and their affiliates each year. The current amendment expired on June 30, 2021 and the Airport and Airlines are utilizing the agreement's hold-over provision until the date of beneficial occupancy of the newly constructed Concourse B. Landing fees and rates for non-signatory and non-scheduled airlines are assessed at 115 percent and 125 percent, respectively, of the signatory rates.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT ACTIVITIES AND HIGHLIGHTS (CONTINUED)

RATES AND CHARGES

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Terminal Average Square Foot Rate	\$77.01	\$70.86	\$69.81	\$80.51
Cargo Building Square Foot Rate	\$12.00	\$12.00	\$12.00	\$12.00
Aircraft Loading Position				
Rate per Linear Foot	\$363.15	\$350.28	\$336.70	\$283.02
Signatory Landing Fee-per 1,000 lbs. unit	\$1.30	\$1.25	\$1.24	\$1.25

Cost per enplaned passenger ("CPE") is a measure used by the airline industry to reflect the relative costs a passenger airline pays to operate at an airport based upon the number of enplaned passengers for that airport. That measure, however, is not exact for comparison, as not all airports calculate the number in the same way and cautions should be taken when comparing individual or groups of airports.

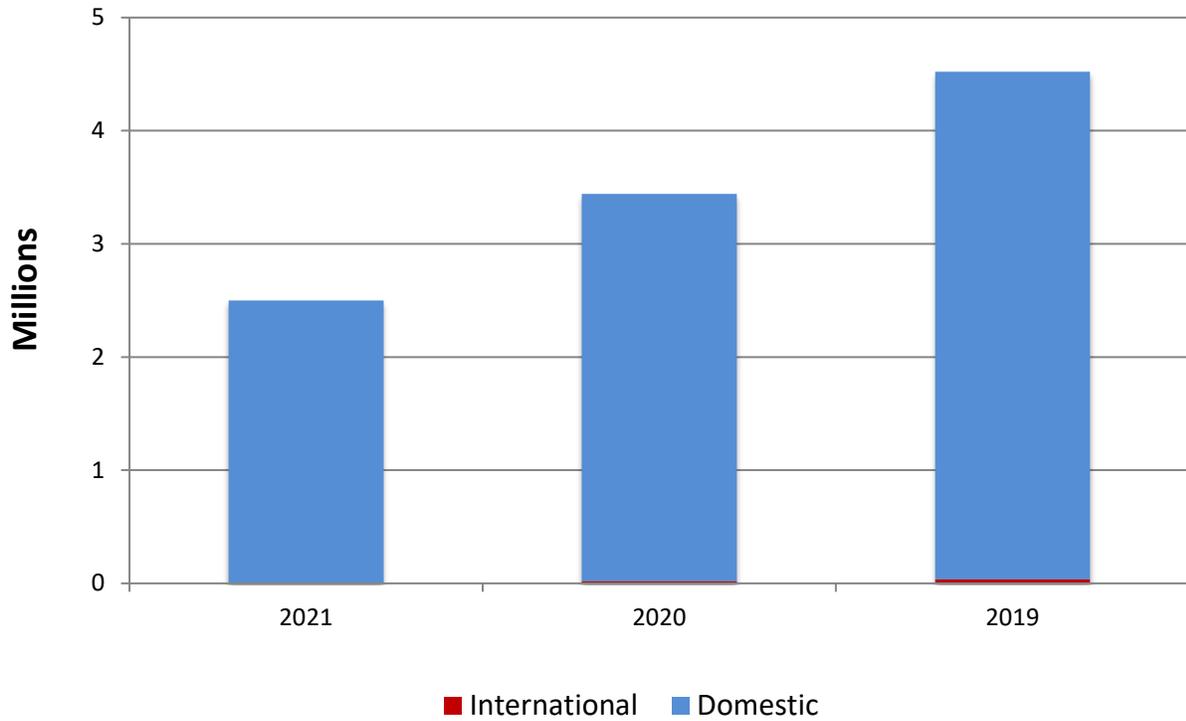
COST PER ENPLANED PASSENGER

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Average Cost Per Enplaned Passenger	\$14.17	\$11.32	\$5.52

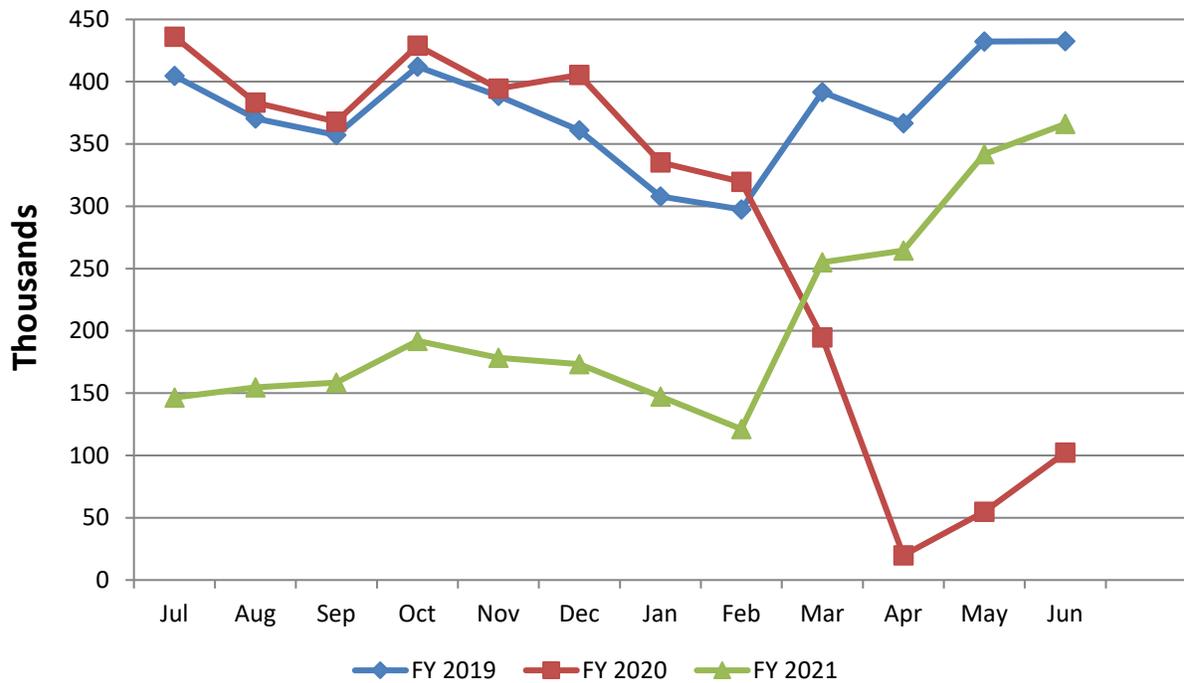
Selected statistical information about total passengers, total cargo, aircraft landed weight, and air carrier movements for the past three years is presented in the table and graphs below.

<u>FISCAL YEAR</u>	<u>TOTAL PASSENGERS</u>	<u>TOTAL CARGO HANDLED (U.S. TONS)</u>	<u>AIRCRAFT LANDED WEIGHT (1000 POUND UNITS)</u>	<u>AIR CARRIER MOVEMENTS</u>
2021	2,499,186	5,104,800	27,031,992	183,314
2020	3,442,613	4,785,659	26,727,490	188,494
2019	4,522,794	4,912,722	27,371,936	199,044

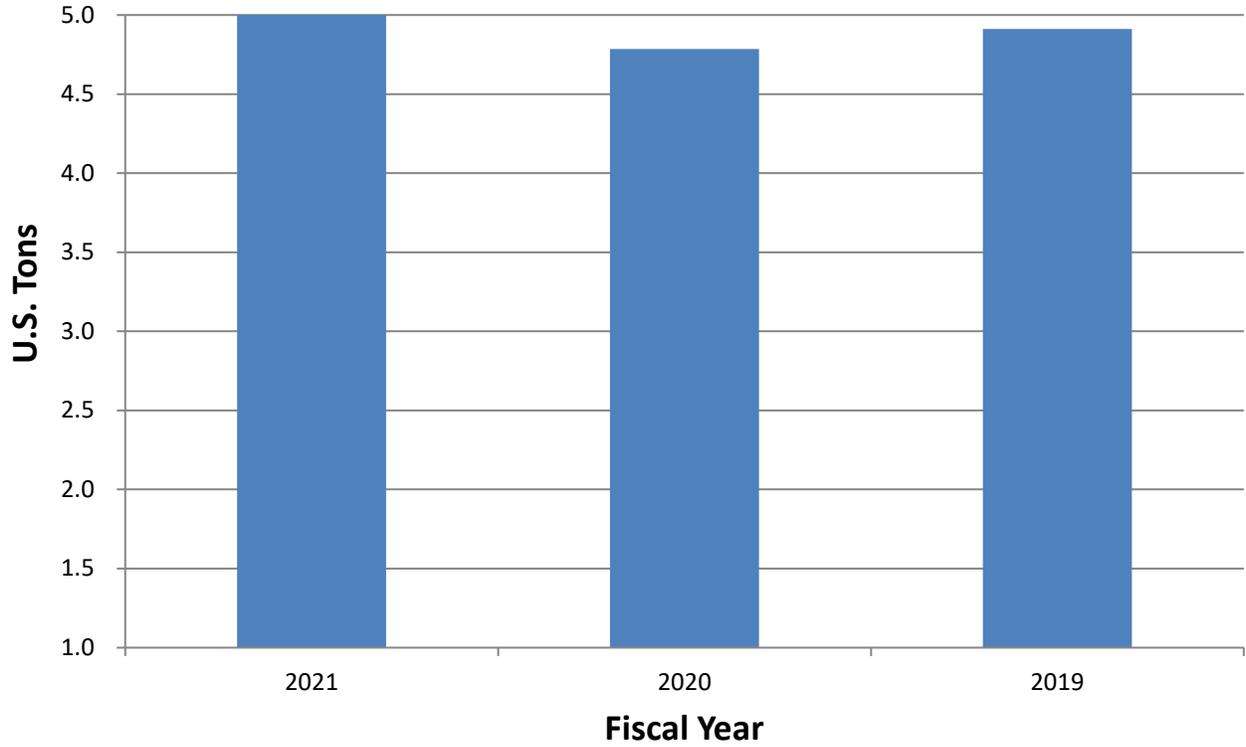
Total Passengers



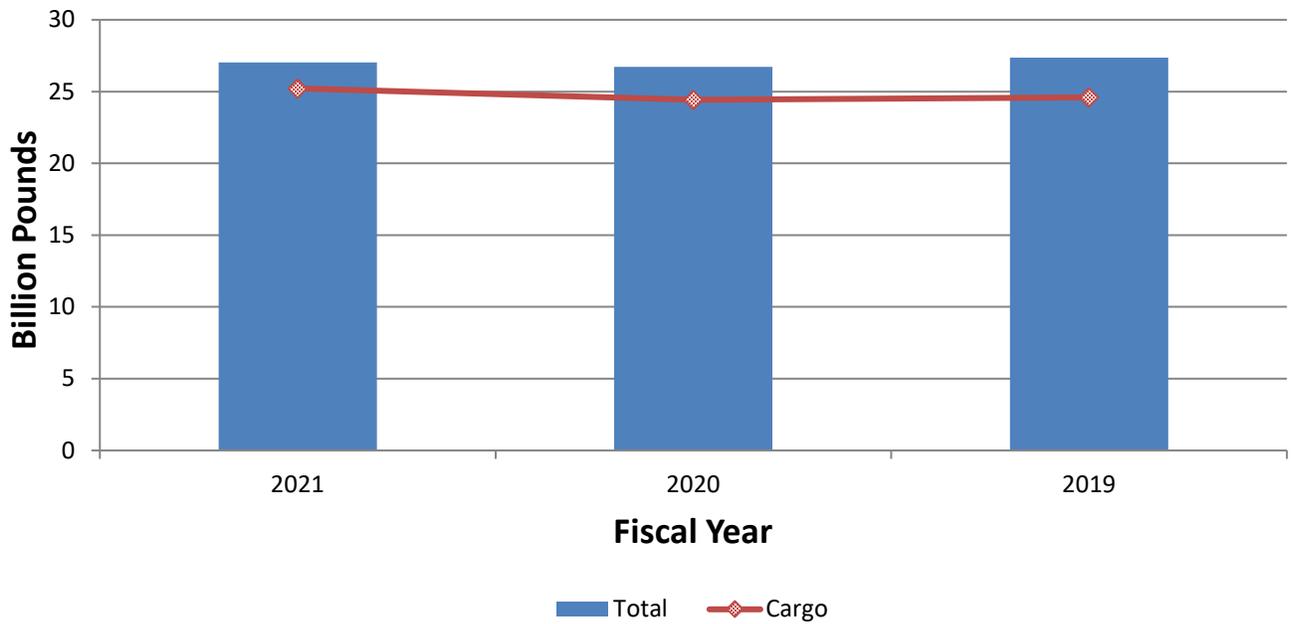
Monthly Passengers



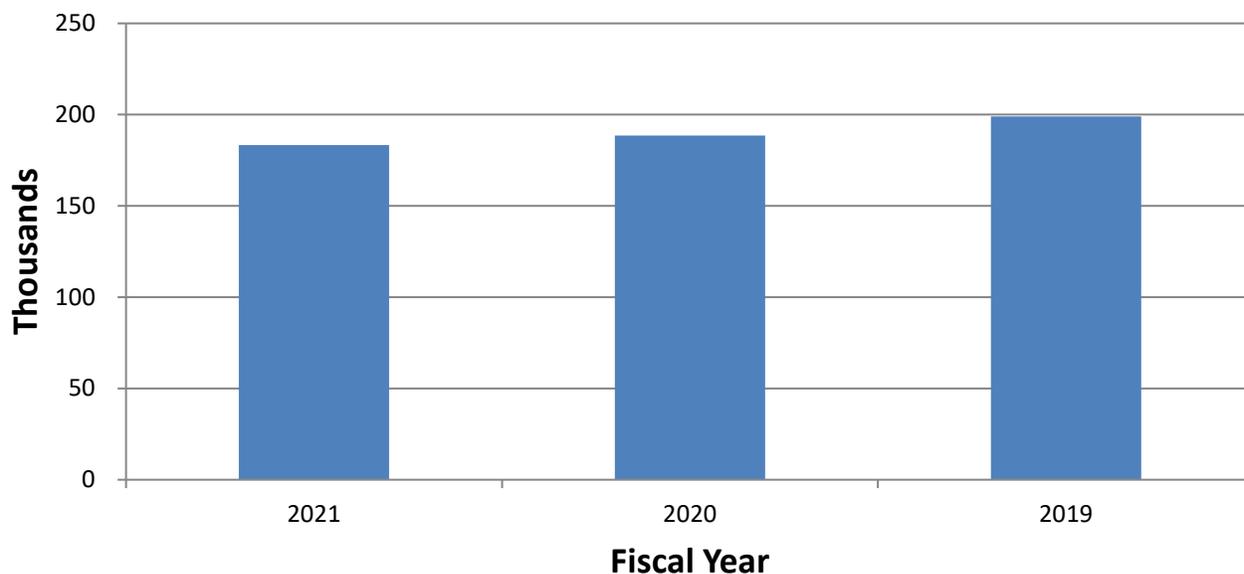
Cargo Handled



Landed Weights



Air Carrier Movements



MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY FUTURE OUTLOOK

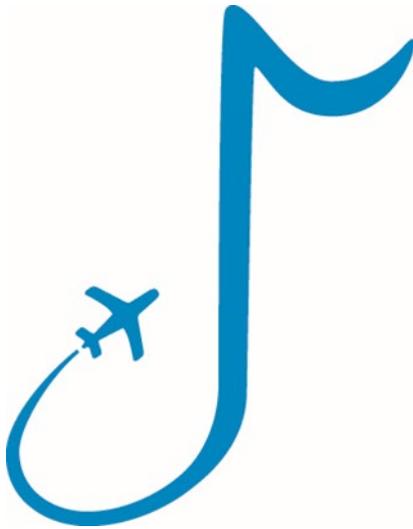
The COVID-19 outbreak has altered and will continue to alter the behavior of the traveling public in a manner that has had a detrimental impact to the airline industry and the Airport operations into future periods. There can be no assurance as to when the COVID-19 outbreak will abate, or to what extent and how soon the Airport will recover from the disruption of the pandemic.

The Authority has conservatively assumed that fiscal year 2022 enplanements will be 55% of fiscal year 2019 (the last full fiscal year with no COVID-19 impact) enplanements reducing projected future period non-airline revenues such as concession, rental car, and public parking revenues. Fiscal year 2022 projected cargo landed weight is assumed to increase by 2% and passenger landed weight is assumed to be reduced by approximately 30% compared to fiscal year 2019. As well, fiscal year 2022 operating and capital expenses, not related to safety and security, were strictly managed, and with the assistance of the Federal CARES Act Funds (\$24.6 million) and the Coronavirus Response and Relief Supplemental Appropriations Act (\$14.4 million) the Authority developed, on a budgetary basis, a net airline requirement and related Airport fees and charges that were materially consistent with the prior fiscal year 2021 budget.

The Airport continues to work with its existing passenger airline partners and other carriers not currently serving Memphis to identify new and existing air service enhancements opportunities.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information should be addressed to the Chief Financial Officer, Memphis-Shelby County Airport Authority, 2491 Winchester Road, Suite 113, Memphis, Tennessee 38116-3856.



MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**STATEMENTS OF NET POSITION**

JUNE 30, 2021 AND 2020 (\$ IN THOUSANDS)

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
UNRESTRICTED ASSETS		
Cash and cash equivalents	\$53,495	\$46,066
Accounts receivable	5,593	3,722
Materials and supplies inventory	2,213	1,914
Prepaid expenses	1,781	2,463
Grants receivable	15	
Total current unrestricted assets	<u>63,097</u>	<u>54,165</u>
RESTRICTED ASSETS		
Cash and cash equivalents	199,200	205,754
Investments	9,432	59,218
Accounts receivable - passenger facility charges	740	130
Accounts receivable - customer facility charges	93	
Accrued interest receivable	709	657
Capital contributions receivable	52,773	16,446
Total current restricted assets	<u>262,947</u>	<u>282,205</u>
TOTAL CURRENT ASSETS	<u>326,044</u>	<u>336,370</u>
NON-CURRENT ASSETS		
UNRESTRICTED ASSETS		
Net pension asset	85	
Total non-current unrestricted assets	<u>85</u>	
RESTRICTED ASSETS		
Investments	104,463	36,296
Total non-current restricted assets	<u>104,463</u>	<u>36,296</u>
CAPITAL ASSETS		
Land and improvements	159,853	159,913
Avigation easements	46,679	46,679
Depreciable capital assets		
(less accumulated depreciation of \$1,235,193 and \$1,177,397)	518,971	516,095
Construction in progress	322,079	218,097
Total capital assets, net	<u>1,047,582</u>	<u>940,784</u>
TOTAL NON-CURRENT ASSETS	<u>1,152,130</u>	<u>977,080</u>
TOTAL ASSETS	<u>\$1,478,174</u>	<u>\$1,313,450</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refundings	\$656	\$996
Deferred actuarial losses - pension	4,304	8,875
Deferred actuarial losses - OPEB	911	659
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$5,871</u>	<u>\$10,530</u>

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**STATEMENTS OF NET POSITION**

JUNE 30, 2021 AND 2020 (\$ IN THOUSANDS)

	<u>2021</u>	<u>2020</u>
LIABILITIES		
CURRENT LIABILITIES		
Payable from unrestricted assets		
Accounts payable	\$4,814	\$3,411
Accrued expenses	3,796	1,709
Current portion - compensated absences	390	459
Unearned revenue	7,903	2,983
Total payable from unrestricted assets	<u>16,903</u>	<u>8,562</u>
Payable from restricted assets		
Construction contracts payable	14,811	22,082
Accrued interest payable	8,894	10,059
Current maturities of long-term debt	20,312	27,994
Total payable from restricted assets	<u>44,017</u>	<u>60,135</u>
TOTAL CURRENT LIABILITIES	<u>60,920</u>	<u>68,697</u>
NON-CURRENT LIABILITIES		
Lease revenue received in advance	57,887	59,427
Compensated absences	2,184	1,558
Net pension liability		19,301
Net OPEB liability	13,450	13,928
Bonds and notes payable, net of current maturities	558,744	448,738
TOTAL NON-CURRENT LIABILITIES	<u>632,265</u>	<u>542,952</u>
TOTAL LIABILITIES	<u>\$693,185</u>	<u>\$611,649</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refundings	\$1,199	
Deferred actuarial gains - pension	16,351	4,701
Deferred actuarial gains - OPEB	2,356	2,074
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$19,906</u>	<u>\$6,775</u>
NET POSITION		
Net investment in capital assets	\$595,195	\$519,966
Restricted		
Net pension asset	85	
Capital acquisition	149,508	164,911
Unrestricted	26,166	20,679
TOTAL NET POSITION	<u>\$770,954</u>	<u>\$705,556</u>

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020 (\$ IN THOUSANDS)

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Airfield	\$46,996	\$50,701
Terminal building	16,978	22,213
Ground transportation	18,821	25,432
Other aviation areas	5,837	5,542
Non-aviation areas	1,560	1,272
Total operating revenues	<u>90,192</u>	<u>105,160</u>
OPERATING EXPENSES		
Airfield	10,385	10,616
Terminal building	12,006	11,690
Ground transportation	3,484	4,537
General administration	20,588	29,767
Police	9,397	9,518
Field shop	1,851	1,559
Other aviation areas	305	283
Non-aviation areas	1,124	1,101
Total operating expenses before depreciation	<u>59,140</u>	<u>69,071</u>
DEPRECIATION	<u>57,978</u>	<u>60,427</u>
OPERATING LOSS	<u>(26,926)</u>	<u>(24,338)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment income	1,883	7,522
Interest expense	(17,720)	(19,722)
Customer facility charges	4,059	5,306
Passenger facility charges	5,228	7,238
Operating grants	16,715	52
Gain on disposal/sale of capital assets	59	90
Total non-operating expenses, net	<u>10,224</u>	<u>486</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	(16,702)	(23,852)
CAPITAL CONTRIBUTIONS	82,100	45,065
CHANGE IN NET POSITION	<u>65,398</u>	<u>21,213</u>
TOTAL NET POSITION: BEGINNING OF YEAR	<u>705,556</u>	<u>684,343</u>
TOTAL NET POSITION, END OF YEAR	<u>\$770,954</u>	<u>\$705,556</u>

See notes to basic financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**STATEMENTS OF CASH FLOWS**

YEARS ENDED JUNE 30, 2021 AND 2020 (\$ IN THOUSANDS)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$88,088	\$106,698
Cash paid to suppliers for goods and services	(31,257)	(39,097)
Cash paid to employees for services	(23,453)	(30,039)
Net cash provided by operating activities	<u>33,378</u>	<u>37,562</u>
CASH FLOWS FROM NON-CAPITAL FINANCING		
Operating grants received	16,700	52
Net cash provided by non-capital financing	<u>16,700</u>	<u>52</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	59	90
Acquisition and construction of capital assets	(172,047)	(113,235)
Principal paid on long-term debt and notes payable	(207,373)	(28,158)
Proceeds from long-term debt	315,879	
Interest paid on long-term debt and notes payable	(23,528)	(19,993)
Capital contributions received	45,773	36,412
Customer facility charges	4,059	5,306
Passenger facility charges	4,525	8,193
Net cash provided by (used in) by capital and related financing activities	<u>(32,653)</u>	<u>(111,385)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(93,732)	(106,531)
Proceeds from sales and maturities of investment securities	74,327	292,892
Interest and dividends on investments	2,855	8,374
Net cash provided by (used in) in investing activities	<u>(16,550)</u>	<u>194,735</u>
NET CHANGE IN CASH	875	120,964
Beginning of year	251,820	130,856
End of year	<u>\$252,695</u>	<u>\$251,820</u>
CASH, END OF YEAR CONSISTS OF		
Unrestricted	\$53,495	\$46,066
Restricted	199,200	205,754
TOTAL CASH, END OF YEAR	<u>\$252,695</u>	<u>\$251,820</u>

See notes to basic financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**STATEMENTS OF CASH FLOWS (CONTINUED)**

YEARS ENDED JUNE 30, 2021 AND 2020 (\$ IN THOUSANDS)

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	(\$26,926)	(\$24,338)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	57,978	60,427
Provision for uncollectible accounts receivable	32	19
Decrease (increase) in assets:		
Receivables	(1,903)	1,693
Materials and supplies inventory	(299)	126
Prepaid expenses	682	256
Increase (decrease) in liabilities:		
Accounts payable	1,382	(759)
Accrued expenses	1,125	(1,228)
Net pension liability	(3,165)	1,394
Net OPEB liability	(448)	6,514
Unearned revenue	4,920	(6,542)
Net cash provided by operating activities	<u>\$33,378</u>	<u>\$37,562</u>

NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES AND INVESTING ACTIVITIES

Investments decreased by \$774 in fiscal year 2021 and decreased by \$19 in fiscal year 2020 due to the change in fair value.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020 (\$ IN THOUSANDS)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. **Organization** – The Memphis-Shelby County Airport Authority (the “Authority”) is a body politic and corporate of the State of Tennessee, created in 1969 pursuant to the Metropolitan Airport Authority Act. The Authority is governed by a seven-member Board of Commissioners (the “Board”), who is appointed by the Mayor of the City of Memphis (the “City”), with two members nominated by the Mayor of Shelby County (the “County”). The Memphis City Council confirms all members. The Authority owns and operates the Memphis International Airport (the “Airport”) and two general aviation reliever airports - Charles W. Baker Airport and General DeWitt Spain Airport. The Authority is reported as a component unit of the City.

B. **Basis of Accounting** – The Authority is presented as an enterprise fund with separate accounts for each of the three airports. The accounts of the Authority are reported using the flow of economic resources measurement focus. The financial statements are prepared on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Board is that the costs of providing services on a continuing basis be recovered through user charges.

Operating revenues and expenses – Revenues from landing fees, terminal area use charges, cargo building space rentals, parking revenues and concession revenues are reported as operating revenues. Transactions related to financing and investing activities are reported as non-operating revenues. Salaries and wages, repair and maintenance, professional and engineering services, and other expenses that relate to airport operations are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (“FASB”) Statements and Interpretations, Accounting Principles Board (“APB”) Opinions, and Accounting Research Bulletins (“ARBs”) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, which were codified into a single source for governmental standards.

C. **Budgets** – In accordance with the Metropolitan Airport Authority Act, the City entered into an agreement dated May 26, 1970 with the Authority, which transferred all airport properties, functions, and outstanding obligations to the Authority. Provisions of the agreement require the Authority to prepare an annual operating budget, which must be filed with the City. A five-year capital improvement program, including modifications and reasons for such modifications, is also required to be submitted each year. Even though the budgets are required to be filed with the City, the Board is responsible for approving the budget and any subsequent revisions.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Airline Airport Affairs Committee, composed of signatory airlines, reviews the proposed annual budget, which is the basis for rates and charges under basic airport leases. This committee and other users may present objections and, if not adequately addressed, force a public hearing. Once adopted and issued, users have sixty days to respond after which time the budget becomes effective.

The Authority is not required to demonstrate statutory compliance with its annual operating budget. Accordingly, budgetary data is not included in the basic financial statements. All budgets are prepared in accordance with the Airport Use and Lease Agreement and in conformance with requirements contained in bond resolutions. Unexpended appropriations lapse at year-end.

- D. **Investments** – Investments are reported at fair value with the exception of nonnegotiable investment contracts, which are reported at cost. The investment portfolio is managed to maintain the preservation of the principal of those funds within the portfolio, while maintaining enough liquidity to meet immediate and/or future operating requirements, and to maximize the return on investments while remaining within the context of these parameters.

Investments with a maturity date within three months of the date acquired, if any, are considered to be cash equivalents.

- E. **Materials and Supplies Inventory** – Inventory is valued at the lower of cost, determined on an average cost method, or net realizable value.
- F. **Restricted Assets** – The bond indentures and bond resolutions authorizing the issuance of bonds require segregation of cash and investments into restricted accounts. Additionally, certain assets are restricted by the Board or by regulatory agencies (Note 4).
- G. **Leases** – The Authority is lessor under numerous lease agreements. The leases are classified as operating leases, except for certain special facility leases, which are accounted for as direct financing leases.
- H. **Capital Assets** – Assets with a cost of five thousand dollars or more are capitalized. Capital assets are stated at cost when purchased or acquisition value when donated, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The estimated lives by general classification are as follows:

Asset Classification	Years
Runways, taxiways, aprons, and airfield lighting	15-30
Buildings	10-40
Facilities constructed for tenants	18
Roads, bridges, and fences	20
Equipment and utility systems	3-40

Avigation easements have an indefinite life and are not subject to amortization.

- I. **Original Issue Discount/Premium** – Original issue discounts and premiums are netted against the bond payable account and amortized over the lives of their respective bond issues using the interest method.
- J. **Capital Contributions** – Grants from Federal, State and local governments and private enterprises are received for payment of costs related to various property acquisitions and construction projects and for debt retirement. Grants are recorded when all applicable eligibility requirements are met.
- K. **Compensated Absences** – Substantially all employees receive compensation for vacations, holidays, illness, and certain other qualifying absences. Liabilities relating to these absences are recognized as incurred.
- L. **Retirement Systems** – The Authority currently funds pension costs, which are composed of normal cost and amortization of unfunded prior service costs (Note 11).
- M. **Taxes** – The Authority is exempt from payment of federal and state income, property, and certain other taxes.
- N. **Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

- O. **Risk Management** – The Authority purchases commercial insurance coverage for claims arising out of bodily injury or property damage as well as property insurance on airport properties, which includes earthquake and flood coverage. There were no significant reductions in insurance coverage in the current year. Additionally, there were no significant settlements, which exceeded insurance coverage for each of the past three years. The Authority is a member of both the City health insurance program and the self-insured fund for health and medical benefits. The City’s Health Insurance-Internal Service Fund charges premiums which are used to pay claims and fund the accrual for “incurred but not reported” claims and administrative costs of its health and medical benefits program.
- P. **Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as outflow of resources (expense) until then. In addition to liabilities, the statement of net position will sometimes report 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(s) and so will not be recognized as an inflow of resources (revenue) until that time.
- Q. **Net Position** – The Authority recognizes the difference between its assets plus deferred outflows of resources less liabilities and deferred inflows of resources as net position. Net position categories include:
- i. Net investment in capital assets – comprised of the Authority’s capital assets, net of depreciation, reduced by the outstanding balances of bonds and notes that are attributable to the acquisition, construction or improvement of those assets. Applicable deferred outflows of resources and deferred inflows of resources are also included in this component of net position, if any.
 - ii. Restricted for debt service – comprised of the Authority’s assets, mainly cash and investments, restricted by bond resolution to be used in paying debt service obligations.
 - iii. Restricted for capital acquisition – comprised of the Authority’s assets restricted by contributors, bond resolutions, and state and federal regulations to be used in purchasing or construction of capital items or improvements reduced by liabilities and deferred inflows of resources, if any, related to these assets.
 - iv. Restricted for net pension asset - comprised of the net pension asset which is not available for current expenditures.
 - v. Unrestricted – the remaining balance of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital or the restricted components of net position.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

R. **Net Position Flow Assumption** - Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

S. **Fair Value Measurement** - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities recorded at fair value in the statement of net position are categorized based on the level of judgement associated with the inputs used to measure their fair value. Level inputs are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Authority's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Fair value disclosures are provided in Note 3 of the notes to the basic financial statements.

T. Accounting Pronouncements

The Authority implemented GASB Statement No. 84, Fiduciary Activities, effective July 1, 2019. GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Authority determined that it does not have any fiduciary activities meeting the control criteria. Therefore, the implementation of this standard had no effect on the Authority's financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

GASB Statement No. 87, Leases, has the objective to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (the Company's fiscal year 2022).

2. DEPOSITS AND INVESTMENTS

A. **Deposits** – Cash deposits as of June 30, 2021 and 2020, had a carrying value of \$252,692 and \$221,500, respectively. These deposits consisted of interest bearing and non-interest bearing demand accounts. Petty cash as of June 30, 2021 and 2020 was \$3 and \$3, respectively. The Authority had cash equivalents, consisting primarily of liquid asset funds, at June 30, 2021 and 2020 of \$0 and \$30,317, respectively.

Custodial credit risk – In the case of deposits, this is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is for the deposits to be collateralized through the State of Tennessee collateral pool or for collateral to be pledged on such deposits held by the custodian. State statute requires cash deposits in excess of Federal Deposit Insurance Corporation insurance to be collateralized at 105 percent. At June 30, 2021 and 2020, all amounts were properly collateralized.

B. **Investments** – Investments consist of the following at June 30, 2021 and 2020:

	2021	2020	WEIGHTED AVERAGE MATURITY (YEARS) AT June 30, 2021
At fair value:			
U. S. Government agencies	\$90,055	\$71,674	1.94
At cost:			
Forward purchase agreement	23,840	23,840	3.68
Total Investments	\$113,895	\$95,514	

The investments made during fiscal years 2021 and 2020 were limited to the classifications above. Investments in U.S. Government agencies included the U.S. Treasury, Federal National Mortgage Association, Federal Home Loan Mortgage Company and Federal Home Loan Bank. With the exception of the discount note investments, which were rated P-1, all investments in U.S. Government agencies had a credit rating of Aaa by Moody's at June 30, 2021 and 2020.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

In 2000, the Authority entered into a forward purchase agreement to invest \$24,513 of bond reserve funds. Per the agreement, this amount was reduced to \$23,840 on March 1, 2012. Under the agreement, the trustee holds the investments until they are required for bond maturities or until the agreement is terminated. The Authority is paid a fixed return of 6.558 percent. If the agreement is terminated prior to the bond’s maturity, the Authority or the Trustee may be required to pay a termination amount. This termination amount would be determined by prevailing interest rates at the time of termination. The Authority records this nonnegotiable investment contract at cost. This investment represents 21 percent of the Authority’s portfolio at June 30, 2021. The issuer of this investment contract had a credit rating of Aa2 by Moody’s at June 30, 2021 and 2020.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest rate risk – In accordance with its investment policy, the Authority manages its exposure to declines in fair values by limiting the maturity of individual investments to no more than 5 years from the date of purchase unless the security is matched to a specific obligation or debt of the Authority.

Credit risk - Bond resolutions generally authorize the Authority to invest in direct obligations of or obligations guaranteed by the U.S. Government, obligations issued or guaranteed by specific agencies of the U.S. Government, secured certificates of deposit, secured repurchase agreements, and money market funds. The Authority may also invest in municipal bonds and investment agreements as long as the issuer is rated in one of the two highest rating categories by at least two nationally recognized rating agencies.

Concentration of credit risk – The Authority’s investment policy provides for certain maximum limits in each eligible security type to reduce the risk of loss from an over concentration in a specific class of security. The policy also does not allow for an investment in any one issuer that is in excess of 5 percent of the Authority’s total investments with the following exceptions:

<u>INVESTMENT TYPE</u>	<u>MAXIMUM</u>
U.S. Treasury Obligations	100%
Each Federal Agency	50%
Each Repurchase Agreement Counterparty	25%
Bank Deposits or Savings Accounts	80%
<u>Investment Agreements</u>	<u>50%</u>

Custodial Credit Risk – The Authority’s investment policy provides that all securities purchased by the Authority or held as collateral on either deposits or investments shall be held in third-party safekeeping at a qualified financial institution.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

2. DEPOSITS AND INVESTMENTS (CONCLUDED)

C. **Reconciliation of Deposits and Investments to the Statements of Net Position** – A reconciliation of cash and investments as shown in the accompanying statements of net position is as follows:

	2021	2020
Unrestricted current assets:		
Cash and cash equivalents	\$53,495	\$46,066
Short-term investments		
Restricted current assets:		
Cash and cash equivalents	199,200	205,754
Short-term investments	9,432	59,218
Restricted non-current assets:		
Investments	104,463	36,296
Total	<u>\$366,590</u>	<u>\$347,334</u>
Total deposits, cash equivalents and petty cash	\$252,695	\$251,820
Total investments	113,895	95,514
Total	<u>\$366,590</u>	<u>\$347,334</u>

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

3. FINANCIAL INSTRUMENTS REPORTED AT FAIR VALUE

Disclosures concerning financial instruments that are reported at fair value are presented below. Fair value has been determined based on the Authority’s assessment of available market information and appropriate valuation methodologies. The following table summarizes fair value disclosures and measurements at June 30, 2021 and 2020:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2021</u>				
Investments:				
U.S. Agencies	\$90,055		\$90,055	
<u>June 30, 2020</u>				
Investments:				
U.S. Agencies	\$71,674		\$71,674	

The following methods were used to estimate fair value of each class of significant financial instruments measured at fair value on a recurring basis:

U.S. Agencies - Prices for U.S. government and agency fixed income securities, collateralized debt obligations and mortgage-backed securities are determined on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets and are categorized as Level 2.

The fair value presented herein is based on pertinent information available to management as of June 30, 2021 and 2020. Although management is not aware of any factors that would significantly affect fair value amounts, future events or other valuation techniques for determining fair value may differ significantly from the amounts presented herein.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

4. RESTRICTED ASSETS

Restricted assets consist of the following at June 30, 2021 and 2020:

	Cash and Cash Equivalents	Investments	Accrued Interest Receivable	Other Receivables	2021 Total	2020 Total
Restricted by Bond Indentures:						
Debt service:						
Airport revenue bonds	\$37,472				\$37,472	\$44,329
General obligation bonds	307				307	307
Total	37,779				37,779	44,636
Bond reserves:						
Airport revenue bonds	10,711	\$51,689	\$524		62,924	54,410
Total	10,711	51,689	524		62,924	54,410
Construction and land acquisition and associated costs:						
Airport expansion	144,516	48,370	148	\$52,773	245,807	200,980
Contractor retainage	14				14	14
Total	144,530	48,370	148	52,773	245,821	200,994
Restricted by Regulatory Agency:						
Passenger facility charges	1,383			740	2,123	1,149
Total	1,383			740	2,123	1,149
Restricted by Contributors:						
Customer facility charges	4,797	13,836	37	93	18,763	17,312
Total	4,797	13,836	37	93	18,763	17,312
Total Restricted Assets	\$199,200	\$113,895	\$709	\$53,606	\$367,410	\$318,501

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

4. RESTRICTED ASSETS (CONCLUDED)

Revenues of the Authority are deposited to the Revenue Fund, which was created by the airport revenue bond resolution. Monies in the revenue fund are to be used and applied in the following order of priority:

First, there shall be applied each month the amount that the Authority determines to be required to pay costs of operation and maintenance;

Second, there shall be deposited each month into the Airport Improvement Bond Fund and the accounts therein the amounts by the resolution to be used for the purposes specified therein;

Third, so long as the Authority shall be required to make payments to the City or the County or other municipality for the payment by such city, county or other municipality of principal, interest and premiums on bonds, notes or other evidences of indebtedness issued by it for the Airport, there shall be set aside in the separate account of the Authority continued under the Basic Resolution that amount which, together with other monies credited to such account, if the same amount were set aside in such account in each month thereafter prior to the next date on which the Authority is required to make payments to the City or the County or other municipality, as the case may be, for the payment by the City, County or other municipality of principal and interest and premium on the bonds, notes or other evidences of indebtedness issued by it for the Airport, the aggregate of the amounts so set aside in such separate account will on such next date be equal to the payment required to be made on such date by the Authority to the City or the County or such other municipality, as the case may be; and

Fourth, the Authority may use any monies remaining for any lawful purpose of the Authority.

The Authority covenants in bond resolutions that it will impose, prescribe, and collect rates, rentals, fees, and charges for the use of the airports, and revise the same when necessary, to assure that the Authority will be financially self-sufficient and that revenues so produced will be sufficient to pay debt service when due; to pay all costs of operations and maintenance; and to pay any other claims payable when due. The Authority was in compliance with its debt covenant requirements at June 30, 2021 and 2020.

The construction and land acquisition accounts are to be used for construction projects and acquisition of land in connection with the Authority's noise compatibility and airport expansion programs. Withdrawals of money on credit in these accounts are made upon written requisition.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

5. CAPITAL ASSETS

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

	Balance July 1, 2020	Additions & Reclassifications	Less Deletions & Reclassifications	Balance June 30, 2021
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land and improvements	\$159,913		\$60	\$159,853
Avigation easements	46,679			46,679
Construction in progress	218,097	\$165,388	61,406	322,079
Total capital assets not being depreciated	424,689	165,388	61,466	528,611
CAPITAL ASSETS BEING DEPRECIATED				
Runways, taxiways, aprons and airfield lighting	774,526	1,755	1,529	774,752
Buildings	611,311	52,130	36,574	626,867
Facilities constructed for tenants	104,078	219	(34,911)	139,208
Roads, bridges and fences	75,389	98	(1,871)	77,358
Equipment and utility systems	128,188	6,601	(1,190)	135,979
Total capital assets being depreciated	1,693,492	60,803	131	1,754,164
ACCUMULATED DEPRECIATION				
Runways, taxiways, aprons and airfield lighting	570,581	23,637		594,218
Buildings	384,635	15,649		400,284
Facilities constructed for tenants	59,042	5,826		64,868
Roads, bridges and fences	56,275	9,181		65,456
Equipment and utility systems	106,864	3,685	182	110,367
Total accumulated depreciation	1,177,397	57,978	182	1,235,193
Total capital assets being depreciated, net	516,095	2,825	(51)	518,971
CAPITAL ASSETS, NET	\$940,784	\$168,213	\$61,415	\$1,047,582

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

5. CAPITAL ASSETS (CONCLUDED)

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

	Balance July 1, 2019	Additions & Reclassifications	Less Deletions & Reclassifications	Balance June 30, 2020
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land and improvements	\$159,913			\$159,913
Avigation easements	46,679			46,679
Construction in progress	94,915	\$126,519	\$3,337	218,097
Total capital assets not being depreciated	301,507	126,519	3,337	424,689
CAPITAL ASSETS BEING DEPRECIATED				
Runways, taxiways, aprons and airfield lighting	774,532		6	774,526
Buildings	609,952	1,374	15	611,311
Facilities constructed for tenants	104,078			104,078
Roads, bridges and fences	74,850	539		75,389
Equipment and utility systems	127,626	3,650	3,088	128,188
Total capital assets being depreciated	1,691,038	5,563	3,109	1,693,492
ACCUMULATED DEPRECIATION				
Runways, taxiways, aprons and airfield lighting	543,808	26,779	6	570,581
Buildings	364,758	19,887	10	384,635
Facilities constructed for tenants	56,241	2,801		59,042
Roads, bridges and fences	52,282	3,993		56,275
Equipment and utility systems	102,986	6,967	3,089	106,864
Total accumulated depreciation	1,120,075	60,427	3,105	1,177,397
Total capital assets being depreciated, net	570,963	(54,864)	4	516,095
CAPITAL ASSETS, NET	\$872,470	\$71,655	\$3,341	\$940,784

Substantially all capital assets are held by the Authority for the purpose of rental or related use.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. LEASE AND USE OF AIRPORT FACILITIES

The Authority leases terminal space, buildings, and airfield space on both a fixed-fee and contingent rental (percent of revenue) basis. Contingent rentals generally have fixed specified minimum rent provisions. Contingent rentals were \$43,039 and \$42,551 for fiscal years 2021 and 2020, respectively.

Substantially all the leases provide for periodic re-computation (based on a defined formula) of the rental amounts. Rates and fees charged by the Authority for the use of its facilities are required by terms of the individual leases to be sufficient to cover operating expenses, debt service and general obligation debt, but not depreciation and amortization.

Other fees are received from public parking and miscellaneous other sources. Non-aviation revenue consists primarily of commercial rentals. Site and building rentals from these tenants are governed by the terms of various leases.

The Authority has acquired equipment or constructed facilities for lease to others under agreements accounted for as operating leases. The cost of these leased properties was financed by the airport revenue bonds issued by the Authority (Note 7). The lease agreements provide for rentals equal to or exceeding principal and interest payments due on the related bonds and, in addition, call for certain ground rentals.

Minimum future rentals for leases are as follows:

YEAR	AMOUNT
2022	37,678
2023	20,176
2024	21,310
2025	20,161
2026	16,339
2027-2031	80,202
2032-2036	80,940
2037-2041	38,075
2042-2046	7,682
2047-2051	7,682
2052-2056	7,682
2057-2059	4,608
Total	\$342,535

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. LONG-TERM DEBT

Long-term debt information and activity for fiscal year 2021 is as follows:

	ORIGINAL ISSUE AMOUNT	INTEREST RATES	BALANCE JULY 1, 2020	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2021	AMOUNTS DUE WITHIN ONE YEAR
Airport Revenue Bonds:							
Series 2010A	30,290	4.46 - 5.02%	\$30,290		\$30,290		
Series 2010B	159,340	3.00 - 5.75%	98,705		98,705		
Series 2011A-1	57,825	3.00 - 6.00%	10,850		10,850		
Series 2011B	17,600	4.50 - 5.00%	17,600		17,600		
Series 2011C	22,040	5.00%	13,205		6,440	6,765	6,765
Series 2011D	41,170	4.00 - 5.25%	41,170		41,170		
Series 2016A	64,500	2.61%	110,000			110,000	
Series 2018	119,275	5.00%	119,275			119,275	
Series 2020A	24,230	4.00 - 5.00%		\$24,230		24,230	
Series 2020B	72,250	5.00%		72,250		72,250	11,150
Series 2021A	118,705	5.00%		118,705		118,705	
Series 2021B	2,605	5.00%		2,605		2,605	
Series 2021C	16,275	1.875 - 5.00%		16,275		16,275	
Series 2021D	33,455	5.00%		33,455		33,455	
Total	779,560		441,095	267,520	205,055	503,560	17,915
Note Payable	7,000	4.48%	4,888		432	4,456	451
Note Payable	20,000	3.03%	15,073		1,887	13,186	1,946
Unamortized bond premiums			15,676	48,359	6,181	57,854	
Total bonds and notes payable	806,560		476,732	315,879	213,555	579,056	20,312
Other liabilities:							
Compensated absences			2,017	735	178	2,574	390
Total other liabilities			2,017	735	178	2,574	390
Total long-term debt	\$806,560		\$478,749	\$316,614	\$213,733	\$581,630	\$20,702

Interest expense includes amortization of deferred charges on refunding for fiscal years 2021 and 2020 of \$340 and \$388, respectively, and amortization of the net premium of \$4,983 and \$1,521, respectively.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. LONG-TERM DEBT (CONTINUED)

Long-term debt information and activity for fiscal year 2020 is as follows:

	ORIGINAL ISSUE AMOUNT	INTEREST RATES	BALANCE JULY 1, 2019	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2020	AMOUNTS DUE WITHIN ONE YEAR
Airport Revenue Bonds:							
Series 2010A	\$30,290	4.46 - 5.02%	\$30,290			\$30,290	
Series 2010B	159,340	3.00 - 5.75%	113,210		\$14,505	98,705	\$15,305
Series 2011A-1	57,825	3.00 - 6.00%	14,570		3,720	10,850	3,930
Series 2011B	17,600	4.50 - 5.00%	17,600			17,600	
Series 2011C	22,040	5.00%	19,340		6,135	13,205	6,440
Series 2011D	41,170	4.00 - 5.25%	41,170			41,170	
Series 2016A	64,500	2.61%	110,000			110,000	
Series 2018	119,275	5.00%	119,275			119,275	
Total	512,040		465,455	0	24,360	441,095	25,675
Notes Payable	7,000	4.48%	5,332		444	4,888	431
Notes Payable	20,000	3.03%	16,905		1,832	15,073	1,888
Unamortized bond premiums			17,198		1,522	15,676	
Total bonds and notes payable	539,040		504,890	0	28,158	476,732	27,994
Other liabilities:							
Compensated absences			1,902	521	406	2,017	459
Total other liabilities			1,902	521	406	2,017	459
Total long-term debt	\$539,040		\$506,792	\$521	\$28,564	\$478,749	\$28,453

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. LONG-TERM DEBT (CONTINUED)

Airport Revenue Bonds – These bonds were issued for airfield and terminal building improvements and expansion of Airport parking capacity. The bond resolution contains a rate covenant which requires collection of rentals and charges for the use of the airports so that the Authority will be financially self-sufficient, and the revenues produced will be sufficient to pay principal, interest, and premium, if any, when due. The Authority may issue additional airport revenue bonds, subject to historical and future revenue tests.

On April 6, 2021, the Authority issued \$118,705 Airport Revenue Bonds, Series 2021A (AMT) and issued \$2,605, \$16,275 and \$33,455 Airport Revenue Refunding Bonds, Series 2021B, Series 2021C and 2021D, respectively at a \$34,100 premium. The bonds have a fixed interest rate of 5.00 percent, except for the 2021C issue which rates range from 1.875 percent to 5.00 percent. Maturity dates range from July 1, 2022 through July 1, 2049. The 2021A issue has certain net proceeds of \$146,464 of which \$126,029 was deposited into a trustee construction account, \$9,956 was used to fund the current debt service reserve, \$9,315 deposited as capitalized interest to pay interest due during construction and \$1,164 used to pay the cost of issuance. The 2021B refunding issue had certain net proceeds of \$2,752 together with \$4,403 of sinking funds that were deposited in escrow to defease the principal and interest on the remaining 2011A-1 bonds of \$7,128 and pay \$27 in cost of issuance fees. The 2021C refunding issue had certain net proceeds of \$17,759 together with \$426 of sinking funds that were deposited in escrow to defease the principal and interest of the remaining 2011B bonds of \$18,026 and \$159 in cost of issuance fees. The 2021D refunding issue had certain net proceeds of \$38,123 together with \$3,400 of sinking funds and \$4,275 of debt service reserve funds that were deposited in escrow to defease the principal and interest of the remaining 2011D bonds of \$42,150, fund the current debt service reserve of \$3,346 and pay cost of issuance of \$302. The 2021A issue is being used to finance the Consolidated Deicing Facility to meet the regulatory requirements imposed by the Tennessee department of Environment and Conservation. The 2021B, 2021C and 2021D refunding issues resulted in a net present value savings of \$6,000.

On September 17, 2020, the Authority issued \$96,480 Airport Revenue Refunding Bonds, Series 2020A (Private Activity, Non-AMT) and Series 2020B (AMT). The bonds have fixed interest rates ranging from 4.00 percent to 5.00 percent. Maturity dates range from July 1, 2021 through July 1, 2039. Certain net proceeds of \$110,780 together with \$2,838 from the debt service reserve account for the Airport Revenue Bonds, Series 2010A and additional sinking funds of \$4,682 were deposited in escrow to defease outstanding principal and interest or \$115,040 of the Airport Revenue Bonds, Series 2010A and 2010B, fund the current debt service reserve of \$2,423 and pay cost of issuance of \$837. The refunding resulted in a net present value savings of \$20,484.

If an Event of Default, as defined in the revenue bond agreements, has occurred and is continuing, the Trustee may, upon written request of the holders of not less than 25% in principal amount of the Airport Revenue Bonds Outstanding, by written notice to the Authority declare the principal and interest on all Airport Revenue bonds immediately due and payable. The Trustee may exercise any or all of the following remedies to the extent that they are legally available:

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

(a) The trustee may proceed to protect and enforce its rights and the rights of the holders of the Airport Revenue Bonds by suit or suits in equity for the performance of any covenant or agreement contained in the resolution.

(b) The trustee may proceed to obtain the appointment of a receiver for the Authority, for which the receiver may enter upon and take possession of the Authority and fix rates and charges and collect all revenues arising therefrom in as full a manner and to the same extent as the Authority itself might do.

Line of Credit – In February 2020, the Authority renewed its revolving line of credit with a bank in the amount of \$20,000. There was no outstanding balance on this line of credit at June 30, 2021 or June 30, 2020. The line of credit is renewable on December 31, 2022 and bears interest at a rate of 30 day LIBOR plus 1.83 percent. In the event of default, as defined in the agreement, all obligations become immediately due, including interest.

7. LONG-TERM DEBT (CONTINUED)

Notes Payable - On October 24, 2014, the Authority issued a \$7,000 Memphis-Shelby County Airport Authority Revenue Note, Subordinate Series ("Note"). The Note matures October 27, 2029 and bears interest at 4.48 percent. The Note was issued to reimburse costs related to the improvements to certain existing airport fueling facilities. The Note is secured by general airport revenues collected from airport operations. In the event of a default, all amounts outstanding, including interest are immediately due.

On September 13, 2017, the Authority issued a \$20,000 Memphis-Shelby County Airport Authority Customer Facility Charge ("CFC") Revenue Note ("Note"). The Note matures September 1, 2027 and bears interest an annual interest of 3.03 percent. This Note is payable solely from CFC revenues and is secured by a lien and charge on and a pledge and assignment of CFC revenues. The Note was issued to fund the construction of a rental car maintenance facility. In the event of a default, all amounts outstanding, including interest are immediately due.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. LONG-TERM DEBT (CONCLUDED)

Maturities of Bond Debt and Interest Payable – Maturities and interest payments of long-term debt are as follows:

YEAR	AIRPORT REVENUE BONDS	INTEREST PAYMENTS
2022	17,915	19,023
2023	25,790	19,614
2024	28,350	18,260
2025	29,990	16,802
2026	49,755	15,016
2027-2031	131,980	61,152
2032-2036	42,565	49,289
2037-2041	54,730	37,604
2042-2046	72,940	21,859
2047-2050	49,545	4,008
Total	\$503,560	\$262,627

The airport revenue bonds are subject to optional redemption at a premium over no greater than a five-year period prior to maturity. Bond resolutions provide that airport revenues are to be used to satisfy debt service requirements of the airport revenue bonds and general operation and maintenance costs of the airport, respectively. The airport revenue bonds are not an obligation of any other governmental unit.

Maturities of Notes and Interest Payable – Maturities and interest payments of long-term notes are as follows:

YEAR	NOTES	INTEREST PAYMENTS
2022	2,397	563
2023	2,477	483
2024	2,561	399
2025	2,647	314
2026	2,736	224
2027-2030	4,824	214
Total	\$17,642	\$2,197

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

8. CAPITAL CONTRIBUTIONS

The Authority has received capital contributions by means of Federal and State grants and other Federal agreements as follows:

	2021	2020
Federal grants	\$74,270	\$30,995
State grants	7,653	14,070
Other	177	
Total capital contributions	\$82,100	\$45,065

FEDERAL AIP GRANT FUNDS AWARDED FOR FEDERAL FISCAL YEARS 2016-2020

For federal fiscal years 2016 - 2020, the Authority was awarded the following entitlement and discretionary funds:

AIP Funds Awarded by Federal Fiscal Year

	2016	2017	2018	2019	2020
Entitlement Funds:					
Passenger	\$4,728	\$5,331	\$14,780	\$5,133	\$5,243
Cargo	7,667	32,805	28,587	16,779	15,581
Total Entitlement	12,395	38,136	43,367	21,912	20,824
Discretionary Funds	2,447	0	2,400	9,060	37,645
Supplemental Funds⁽¹⁾					29,295
Total AIP Funds	\$14,842	\$38,136	\$45,767	\$30,972	\$87,764

⁽¹⁾ Federal COVID-19 relief funds provided through the AIP grant program.

STATE GRANT FUNDS ALLOCATED FOR FISCAL YEARS 2017-2021

The Authority has been allocated the following state grant funds for fiscal years 2017 - 2021:

State Funds Allocated by Fiscal Year

	2017	2018	2019	2020	2021
State Grants	\$3,383	\$3,078	\$3,638	\$3,056	\$2,371

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

9. PASSENGER FACILITY CHARGES

On July 16, 2018, the Federal Aviation Administration (“FAA”) approved through Final Agency Decision the Authority’s application to impose PFC’s at Memphis International Airport (“MEM”) at the maximum rate of \$4.50 per qualifying passenger. PFC’s are fees imposed on qualifying passengers by airports to finance eligible airport-related projects that are approved by the FAA. On September 1, 2018, the airlines began collecting a PFC on those qualifying passengers at MEM. The Airport collected \$4,620 and \$8,218 in PFC’s for fiscal year 2021 and 2020, respectively. PFC revenue is reported as non-operating revenue and can only be collected and used with prior approval from the FAA for specific projects, collection limits and time periods.

10. CUSTOMER FACILITY CHARGES

All on-airport rental car companies who lease space at the Airport collect a daily customer facility charge (“CFC”) of \$4.00 per transaction day per vehicle. These rental car companies remit CFC’s that were collected or should have been collected from their customers to the Authority on a monthly basis. CFC revenue is reported as non-operating revenue and is restricted for use on expenses and capital associated with ground transportation operations.

The Authority recorded \$4,059 and \$5,306 in customer facility charges for the years ended June 30, 2021 and 2020, respectively.

11. DEFINED BENEFIT RETIREMENT PLANS

General Information about the Pension Plan

Plan Description. The Authority participates in the City of Memphis Retirement System (“City Plan”). The City Plan was 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 City Plan is a single employer, public employee retirement system and is included in the City of Memphis’ basic financial statements as a pension trust fund. Substantially all permanent full-time employees of the Authority are required to participate in one of the following plans:

- 1948 Plan – for salaried employees hired prior to July 1, 1978
- 1978 Plan – for salaried employees hired on or after July 1, 1978, but prior to July 1, 2016
- 2016 Plan – All regular salaried employees on their date of hire and hired on or after July 1, 2016. In addition, any non-grandfathered employee in the 1978 Plan will participate in the 2016 Plan as of July 1, 2016. For this purpose, a non-grandfathered employee is any employee with less than 7½ years of service as of July 1, 2016.

Normal Retirement. Under the 1948 Plan, General Employees may retire after completion of 25 years of service or, if earlier, after age 60 and the completion of 10 years of service. Safety and security employees may retire after completion of 25 years of service, or at age 55 and completion of 10 years of service.

Under the 1978 Plan, General Employees hired before July 1, 2012, may retire after the completion of 25 years of service, age 60 and the completion of 10 years of service, or age 65 and the completion of 5 years of service. Employees hired on or after June 30, 2012 may retire after the completion of 25 years of service or at age 65 and the completion of 5 years of service. Safety and security employees hired before July 1, 2012, may retire after the completion of 25 years of service, or age 55 and completion of 10 years of service. Fire and Police Employees

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

11. DEFINED BENEFIT RETIREMENT PLANS (CONTINUED)

hired on or after June 30, 2012, may retire after the completion of 25 years of service, or age 55 and completion of 10 years of service.

Under the 2016 Plan, General Employees may retire after the completion of 25 years of service or at age 65 and the completion of 5 years of service. Safety and security employees may retire after the completion of 25 years of service, or age 55 and completion of 10 years of service.

Benefits provided. Under the 1948 and 1978 Plans, employees who retire at or after normal retirement age, as defined, are entitled to a retirement benefit, payable monthly for life determined by a formula using average earnings multiplied by years of credited service up to a maximum benefit of 72.50%. Average monthly compensation is calculated as the highest average monthly compensation received for any five consecutive years of service or the most recent year's earnings, if greater. Credited service is the total number of years and completed one-half months of service from the date of hire to date of termination, adjusted for some certain periods of unpaid absence.

An employee in the 2016 Plan will be required to receive the normal form of annuity derived by both a market-rate cash balance account and a defined contribution account. The normal form of annuity is determined based on actuarial equivalence of 5.0% per annum and the applicable mortality table pursuant to IRC Section 417(e)(3) for the plan year. Annual allocations to the cash balance account are equal to a percentage of compensation that varies by years of service. Annual allocations to the defined contribution account are equal to 7.5% of compensation which consists of a 6.0% of compensation as an employee contribution and 1.5% of compensation as an employer contribution. Assets are participant directed and the investment earnings are included in the defined contribution account balance.

Disability retirement under the City Plan is retirement from service prior to the participant's normal retirement date for medical reasons. Participants taking disability retirement receive reduced benefits. There are also certain benefit provisions upon death.

Changes to the City Plan, including benefits provided thereunder can be made only by formal resolutions of the City of Memphis' City Council (the "City Council") based on recommendations from the Board of Administration. Benefit provisions are established and may be amended by the City Council.

Contributions. Authority employees are required to contribute a percentage of their Compensation, as defined, in accordance with the plan they belong to. Under the 1948 Plan, employees must contribute 5.00%. Under the 1978 Plan, employees are required to contribute 8.00%. Employees in the 2016 Plan must contribute 2% of compensation to the cash balance account and 6% of compensation to the IRC section 401(a) defined contribution account. The Authority is required to contribute at an actuarially determined rate set by the City of Memphis Retirement System funding policy. This policy states "that beginning in the plan year commencing on July 1, 2015, the City will fund the actuarially determined contribution ("ADC") each year over a graduated progress percentage so that in a maximum of five (5) years the City will be funding 100% of the ADC each year. The graduated progress percentage each year is at a minimum the percentage determined by calculating the difference between the percentage of the ADC paid in the plan year commencing July 1, 2014, subtracted from 100% and dividing by five (5). The ADC shall be recalculated each year and the percentage of funding shall be based on the most recent recalculation of the ADC". Contributions to the City Plan from the Authority were \$2,602 and \$2,362 for the years ended June 30, 2021 and 2020, respectively.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

11. DEFINED BENEFIT RETIREMENT PLANS (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the Authority reported an asset of \$85 and at June 30, 2020 a liability of \$19,301 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a proportion of the Authority's average contributions to the pension plan over the previous 5 years relative to the average of the total contributions of all participants in the City Plan over the same period. At July 1, 2021 and 2020, the Authority's proportion was 4.43 percent and 4.02 percent, respectively.

For the year ending June 30, 2021 and 2020, the Authority recognized pension expense/(income) of (\$563) and \$3,754, respectively and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021	2021	2020	2020
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
	of Resources	of Resources	of Resources	of Resources
Experience gains or losses	\$210	\$708	\$438	\$1,381
Change in assumptions	1,104	2,733	1,624	3,320
Net difference between projected and actual earnings on investments		12,815	4,160	
Changes in proportion	2,594		1,880	
Changes in contributions	396	95	773	
Total	\$4,304	\$16,351	\$8,875	\$4,701

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2021 will be recognized in pension expense as follows:

Year ended June 30:	
2022	(\$2,454)
2023	(\$2,239)
2024	(\$3,170)
2025	(\$4,184)

Actuarial Assumptions. In the prior year, the Valuation Date used was the same as the Measurement Date. In the current year, a Valuation Date that is 12 months earlier than the Measurement Date was used. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Yield	7.5%
Future Salary Increases	Scale that varies by age and service
Cost-of-Living Increases	None assumed
Measurement date	June 30, 2021
Valuation date	July 1, 2020

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

11. DEFINED BENEFIT RETIREMENT PLANS (CONTINUED)

Mortality Assumption Healthy General: Fully Generational PubG-2010 Public Sector Mortality table for general employees with MP-2020 projection scale from 2010 and adjusted by one year set forward.

Healthy Police and Fire: Fully Generational PubS-2010 Public Sector Mortality table for safety employees with MP-2020 projection scale from 2010 and adjusted by a one year set forward.

Disabled General: Fully Generational PubNS-2010 Public Sector Disabled Mortality Table for non-safety employees with MP-2020 projection scale from 2010 and adjusted by a three-year set back.

Disabled Fire and Police: Fully Generational PubS-2010 Public Sector Disabled Mortality Table for safety employees with MP-2020 projection scale from 2010 and adjusted by a three-year set back.

Survivors General: Fully Generational PubS-2010 Public Sector Contingent Survivor table for general employees with MP-2020 projection scale from 2010 and adjusted by a one year set forward.

Survivors Police and Fire: Fully Generational PubS-2010 Public Sector Contingent Survivor table for safety employees with MP-2020 projection scale from 2010 and adjusted by a one year set forward.

Experience Study Experience study based on 5 years of experience (2016-2020)

Discount rate The discount rate used to measure total pension liability is 7.5% as of June 30, 2021 and is equal to the long-term expected return on plan investments. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at actuarially calculated amount computed in accordance with the current funding policy adopted by the City of Memphis, and is applicable to the Authority, 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 Security Act of 2014, the City and Authority, 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

1% Decrease (6.5%) Current Rate (7.5%) 1% Increase (8.5%)

Net Pension Liability \$13,301 (\$85) (\$11,342)

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

11. DEFINED BENEFIT RETIREMENT PLANS (CONCLUDED)

Pension plan fiduciary net position. The City Plan issues a publicly available financial report that includes financial statements and required supplementary information. Detailed information on the pension plan's fiduciary net position is available in this separately issued financial report. This report may be found in the City of Memphis Annual Report under Fiduciary Funds section at <https://memphistn.gov/government/finance>.

12. DEFINED CONTRIBUTION PLAN

On July 1, 1999, the Authority established and is administrator of the Memphis-Shelby County Airport Authority Supplemental Defined Contribution Plan that was designed to meet the requirements of Code Section 401(a). The Metropolitan Airport Authority Act assigns the ability to establish and amend the provisions of the Supplemental Defined Contribution Plan. All participants in the Supplemental Defined Contribution Plan are also participants in the City Plan. The purpose of the supplemental plan is to provide supplemental retirement benefits to participants in addition to the benefits provided by the City Plan. The Authority makes contributions on a discretionary basis. The participants vest in the Authority's contributions after three years of employment and any forfeitures are added to the Authority's contributions. There were forfeitures of \$24 and \$21 in fiscal year 2021 and 2020, respectively. The amount of contributions expensed for fiscal years 2021 and 2020 was \$808 and \$813, respectively. Since the plan assets are held in trust for the benefit of the plan members and are controlled by the members, the related assets of the plan are not included in the accompanying statements of net position. At June 30, 2021 and 2020, the fair value of the plan assets was \$28,202 and \$21,457, respectively. There is no separate, audited postemployment benefit plan report available for the defined contribution postemployment plan.

13. DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, administered by the Authority and available to all Authority employees, permits the deferral of a portion of salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan has been amended to meet the enacted requirements of Internal Revenue Code Section 457. The amended plan provides that assets or income of the plan shall be used for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of administration of the plan. Since the assets of the amended plan are held in custodial and annuity accounts for the exclusive benefit of plan participants and are controlled by the participants, the related assets of the plan are not included in the accompanying statements of net position. At June 30, 2021 and 2020, the fair value of the plan assets was \$14,817 and \$10,810, respectively.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Spouse Eligibility for Benefits:

- Spouses of eligible retirees may receive postretirement medical benefits.
- Surviving widowed spouses are eligible if receiving a pension payment from the City of Memphis and coverage was in force prior to the retiree's death.
- Working spouses with available coverage elsewhere do not receive postretirement medical benefits.

Benefits provided (plan provisions).

Medical Plan Benefits Available

Pre-65 Line of Duty Disabled and Grandfathered Post-65 Retirees without Medicare

Postretirement medical and drug coverage through the City's self-insured Select or Choice Plans. The City pays for costs that exceed required retiree premiums.

All other Participants

Pre-65 and Post-65 retirees are provided with a set amount of money each year that goes into a Health Retirement Account (HRA). The amount depends on the type of retiree - Line of Duty (LOD) or other - and age of retirement, according to the table below:

		Annual HRA Amount	
		Retiree	Spouse
LOD	Pre-65	\$10,000	\$10,000
	Post-65	\$2,000	\$1,000
Other	Pre-65	\$5,000	\$5,000
	Post-65	\$1,000	\$500

Life Benefits Available to Retirees

The City provides a life insurance benefit of \$5,000 to all participants.

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

Contributions.

Funding Policy – Per Chapter 25, Code of Ordinances of the City of Memphis, Tennessee, contribution requirements of the participating component units of the City (of which the Authority is one), are established and may be amended by the City Board of Administration. The City pays for medical costs that exceed required

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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. As stated previously, in fiscal year 2009, the City of Memphis adopted and established an OPEB Trust for the exclusive purpose of pre-funding and providing for payment of OPEB benefits under the plan. Neither employees nor retirees are required to contribute to the OPEB trust fund.

The Authority’s contractually required contribution rate for the year ended June 30, 2021 and 2020 was 1.8 and 1.6 percent, respectively, of covered payroll actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the Authority were \$358 and \$288 for the year ended June 30, 2021 and 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021 and 2020, the Authority reported a liability of \$13,450 and \$13,928, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020. The Authority’s proportion of the net OPEB liability was based on a proportion of Authority’s average contributions to the OPEB plan over the previous 5 years relative to the average of the total contributions of all participants in the City Plan over the same period. At June 30, 2021 and 2020, the Authority’s proportion was 2.19 percent and 2.09 percent, respectively.

Change in benefit terms (plan provisions).

There has been no change in benefit plan provisions that affected the measurement of the total OPEB liability since the prior measurement date.

For the year ending June 30, 2021 and 2020, the Authority recognized OPEB income of \$90 and expense of \$6,801, respectively and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021 Deferred Outflows of Resources	2021 Deferred Inflows of Resources	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources
Difference between expected and actual experience	\$3	\$197	\$81	\$276
Change in assumptions	262	1,622	460	806
Net difference between projected and actual earnings on investments		21		9
Changes in proportion	549	510	53	932
Changes in contributions	97	6	65	51
Total	<u>\$911</u>	<u>\$2,356</u>	<u>\$659</u>	<u>\$2,074</u>

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2021 will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	(\$741)
2023	(\$412)
2024	(\$237)
2025	(\$55)
Thereafter	\$0

Changes in Accounting Assumptions and Methods from Prior Year.

The last actuarial valuation of the City of Memphis Retiree Health and Life Insurance Benefits was performed as of July 1, 2020. As requested by the City, the following changes were made since the prior valuation:

- 1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience and to reflect expected prescription drug rebates.
- 2) The mortality assumption was updated to reflect the MP-2020 projection scale which were released by the Society of Actuaries.
- 3) The discount rate assumption changed from 2.66% as of June 30, 2020 to 2.18% as of June 30, 2021 based on the change in the S&P Municipal Bond Rate Index at the measurement date.
- 4) The participation assumptions for commissioned police and fire, paramedics, and dispatchers ("restored") changed based on emerging experience and the City's best estimate of long-term enrollment rates under the new plan effective January 1, 2021:
 - 50% of current "restored" pre-65 retirees that have opted out of Retiree Exchange coverage as of July 1, 2020 will elect coverage for next year (down from 84%).
- 5) In the prior year, the Valuation Date used was the same as the Measurement Date. In the current year, a Valuation Date that is 12 months earlier than the Measurement Date was used.

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

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Assumptions.

Significant actuarial assumptions and other inputs used to measure the June 30, 2021 valuation were:

Measurement Date	June 30, 2021
Valuation Date	July 1, 2020
Investment Yield	N/A
Mortality Assumption	<p>Healthy General: Fully Generational PubG-2010 Public Sector Mortality Table for general employees with MP-2020 projection scale from 2010 forward and adjusted by a one year set forward.</p> <p>Healthy Police and Fire: Fully Generational PubS-2010 Public Sector Mortality Table for safety employees with MP-2020 projection scale from 2010 forward and adjusted by a one year set forward.</p> <p>Disabled General: Fully Generational PubNS-2010 Public Sector Disabled Mortality Table for non-safety employees with MP-2020 projection scale from 2010 and adjusted by a three-year set back.</p> <p>Disabled Police and Fire: Fully Generational PubS-2010 Public Sector Disabled Mortality table for safety employees with MP-2020 projection scale from 2010 and adjusted by a three-year set back.</p> <p>Survivors General: Fully Generational PubS-2010 Public Sector Contingent Survivor table forward with MP-2020 projection scale from 2010.</p> <p>Survivors Police and Fire: Fully Generational PubS-2010 Public Sector Contingent Survivor table for safety employees adjusted by a one year set forward with MP-2020 projection scale from 2010.</p>

Future Trend Assumption	Fiscal Year	Trend
	2022	6.06%
	2023	5.83%
	2024	5.61%
	2025	5.39%
	2026	5.17%
	2027	4.94%
	2028	4.72%
	2029+	4.50%

Experience Study Experience study based on 5 years of census data (between 2016 -2020)

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONCLUDED)

Discount Rate The discount rate used to measure the total OPEB liability was 2.18% as of June 30, 2021, which is equal to the single rate of return developed pursuant to GASB 75. GASB 75 requires that projected benefit payments expected to be satisfied by the plan's fiduciary net position (i.e. assets) be discounted using the long-term rate of return on OPEB plan investments and that projected benefit payments not expected to be satisfied by the plan's fiduciary net position be discounted using a yield or index rate of a 20-year tax-exempt general obligation municipal bond rated AA/Aa or higher.

Based on the City's current funding policy effective June 30, 2021, the Plan's fiduciary net position is not projected to be available to make all projected future benefit payments of current plan members. Additionally, paragraph 4.99 of Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting) states that the total of the benefit payments that are projected to occur in a period during which the OPEB plan's Fiduciary net position is projected to not be sufficient to make those benefit payments may be classified as unfunded. As determined by the City, the discount rate assumption for determining the total OPEB liability was based on the S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2021.

i. Discount and Healthcare Trend Sensitivity Rates

The following represent the Authority's proportionate share of the net OPEB liability, as well as what the Authority's proportionate share would be if it were calculated using a discount rate that is 1-percentage point lower (1.18%) or 1-percentage point higher (3.18%):

	<u>1% Decrease (1.18%)</u>	<u>Current Rate (2.18%)</u>	<u>Current Rate (3.18%)</u>
Net OPEB Liability	\$15,389	\$13,450	\$11,875

The following represent the Authority's proportionate share of the net OPEB liability, as well as what the Authority's proportionate share would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower 1-percentage point higher:

	<u>1% Decrease</u>	<u>Current Rate Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$12,000	\$13,450	\$15,225

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

15. RELATED PARTIES AND MAJOR CUSTOMERS

The City provided fire protection and other services to the Authority at a cost of \$4,266 and \$4,060 for fiscal years 2021 and 2020, respectively.

The Authority receives a large portion of its operating revenues from three airlines, FedEx Express, Delta Air Lines and American Airlines. Rentals, landing fees, and other revenues from these three airlines were approximately 63 percent and 58 percent of operating revenues for fiscal years 2021 and 2020, respectively.

16. COMMITMENTS AND CONTINGENCIES

The Authority's plan, design and construction projects are estimated at \$523,989, of which \$310,517 has been expended through June 30, 2021. Of the remaining \$213,472 expected to be spent, the outstanding commitments were \$137,299 and related primarily to the construction of the Consolidated Deicing Facility. The remaining commitments relate to projects to be funded from Airport Expansion funds included in restricted assets (Note 4) and Federal grants.

Amounts received or receivable from grantor agencies are subject to audit by the grantor agencies, principally the Federal government. Disallowed expenditures, if any, may constitute a liability of the applicable funds. The Authority is not currently aware of any disallowed expenditures.

It is the opinion of management that, based on the information presently available, no matters will have a material adverse effect upon the financial position or results of operations of the Authority.

17. PANDEMIC

The World Health Organization declared the outbreak and spread of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak has had far reaching and unpredictable impacts on the global economy, supply chains, financial markets, and global business operations of a variety of industries. Governments have taken substantial action to contain the spread of the virus including mandating social distancing, suspension of certain gatherings, and shuttering of certain nonessential businesses. Airports in the United States have been substantially impacted by the reductions in passenger volumes and flights, as well as by the broader economic shutdown resulting from the COVID-19 outbreak.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONCLUDED)

17. PANDEMIC (CONCLUDED)

While passenger activity has decreased significantly due to the pandemic, airlines have continued to operate at the Memphis International Airport where passenger volume has been rising incrementally since bottoming out in early April 2020. Retail concessionaires at the Memphis International Airport have either temporarily closed or have reported drastic declines in sales. The concession arrangements include gross sales payment mechanisms and, accordingly such reductions in sales can be expected to reduce Authority revenues from these concessionaires. In addition, the reduction in air travel has had an adverse impact on parking, transportation network companies, ground transportation and rental car revenues. In response to decreased activity levels and the reductions to certain operating revenues, the Authority implemented several cost-cutting measures.

Given the residual nature of the airline agreement, the required payments due from the signatory airlines operating at the Airport (the “airline requirement”) in any year is generally determined based on the sum of expenses, capital outlays, and debt service and coverage requirements, less credits applied for non-airline revenues, coverage carryforward or “rolling coverage” from the prior year, and any surplus revenues that may have been collected in the prior year. As such, the net airline requirement in any year be collected from the airlines such that it, along with other Revenues (less credits) of the Authority, satisfy the Rate Covenant requirement.

The CARES Act, approved by the United States Congress and signed by the President on March 27, 2020, is one of the federal actions to address the crisis created by the COVID-19 pandemic. The CARES Act includes among its relief measures direct aid for airports as well as direct aid, loans, and loan guarantees for passenger and cargo airlines. The CARES Act provides \$10 billion of assistance to United States commercial airports, which is apportioned among such airports based on formulas dependent on enplanements, liquidity and debt outstanding. The Federal Aviation Administration announced that the Authority is eligible to receive \$24.7 million of CARES Act funds. This excludes an estimated \$2,300 of additional CARES Act funding to pay the local share of capital projects. Management began drawing down these funds in the later part of calendar year 2020.

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), approved by the United States Congress and signed by the President on December 27, 2020, is one of the federal actions to address the crisis created by the COVID-19 pandemic. The CRRSAA provides \$2 billion of assistance to United States commercial airports. The Federal Aviation Administration announced that the Authority is eligible to receive \$14.4 million of CRRSAA funds. Management expects to begin draw down of these funds in the later part of calendar year 2021.

The COVID-19 pandemic has disrupted the operational and financial performance of the Authority and there is a substantial uncertainty in the nature and degree of its continued effects on our financial performance over time. The extent to which it will impact our financial performance going forward will depend on a variety of factors including the duration and continued spread of the outbreak, impact on our tenants, employees and vendors, regulatory and private sector responses. Further, the pandemic could have a significant impact on management’s accounting estimates and assumptions.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (\$ IN THOUSANDS)

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios under GASB 67 and 68 ⁽¹⁾

Net Pension Liability

(1) Year Ending June 30	(2) Proportion of the Net Liability (Asset) ⁽²⁾	(3) Proportionate Share of Net Pension Liability	(4) Actual Covered Payroll ⁽³⁾	(5) Net Pension Liability as a Percentage of Covered Payroll (3) ÷ (4)	(6) Fiduciary Net Position as % of Total Pension Liability
2015	3.85%	\$14,719	\$19,297	76.3%	85.2%
2016	3.22%	\$16,977	\$18,420	92.2%	79.9%
2017	3.31%	\$13,878	\$18,709	74.2%	84.4%
2018	3.53%	\$11,317	\$19,439	58.2%	88.0%
2019	3.63%	\$15,817	\$18,698	84.6%	84.3%
2020	4.02%	\$19,301	\$20,223	95.4%	82.5%
2021	4.43%	(\$85)	\$20,175	-0.4%	100.1%

(1) The information presented above is for those years for which it is available. It was prepared prospectively from the Plans's fiscal year ending June 30, 2015 for GASB 67 purposes and prospectively from fiscal year ending June 30, 2016 for GASB 68 purposes.

(2) Based on the cost sharing allocation percentage as of the measurement date.

(3) The actual covered payroll is defined under GASB 82 to be the payroll on which contributions to a pension plan are based. As pensionable pay is used for determining contributions under the plan, pensionable pay is shown above starting on June 30, 2016. Prior to June 30, 2016 the gross payroll is shown, consistent with the requirements prior to the release of GASB 82. Note, actual covered payroll is for the year immediately preceding the valuation date.

Schedule of Employer Contributions under GASB 68 ⁽¹⁾

(1) Year Ending June 30	(2) Actuarially Determined Contribution	(3) Actual Employer Contributions ⁽²⁾	(4) Contribution Excess/(Deficiency) (3) - (2)	(5) Actual Covered Payroll ⁽³⁾	(6) Contributions as a Percentage of Covered Payroll (3) ÷ (5)
2015	\$996	\$996		\$19,297	5.2%
2016	\$2,848	\$1,067	(\$1,781)	\$18,420	5.8%
2017	\$2,271	\$2,271		\$18,709	12.1%
2018	\$2,717	\$2,717		\$19,439	14.0%
2019	\$2,669	\$2,669		\$18,698	14.3%
2020	\$2,362	\$2,362		\$20,223	11.7%
2021	\$2,602	\$2,602		\$20,175	12.9%

(1) This schedule is prepared to satisfy the requirement to show information regarding the Net Pension Liability and Related Ratios for 10 years. The information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2015 for GASB 67 purposes and prospectively from fiscal year ending June 30, 2016 for GASB 68 purposes.

(2) Refer to the City of Memphis funding valuation report for the corresponding fiscal year. The Airport Authority's share is proportionate based on the share of actuarially accrued liability. Note: For fiscal year 2017 the ADC ws updated from the fiscal year 2017 accounting report to be \$2,271. This change is a disclosure item only and does not impact other areas of the financial statements.

(3) The *actual covered payroll* is defined under GASB 82 to be the payroll on which contributions to a pension plan are based. As pensionable pay is used for determining contributions under the plan, pensionable pay is shown above starting on June 30, 2016. Prior to June 30, 2016 the gross payroll is shown, consistent with the requirements prior to the release of GASB 82. Note, actual covered payroll is for the year immediately preceding the valuation date.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (\$ IN THOUSANDS) (CONCLUDED)

Schedule of Proportionate Share of the Net OPEB Liability and Related Ratios under GASB 75

Net OPEB Liability

(1) Year Ended June 30	(2) Proportion of the Net Liability (Asset) (2)	(3) Proportionate Share of Net OPEB Liability	(4) Actual Covered Payroll (3)	(5) Net OPEB Liability as a Percentage of Covered Payroll (3) ÷ (4)	(6) Fiduciary Net Position as a % of Total OPEB Liability
2017	2.35%	\$9,745	\$18,709	52.1%	0.8%
2018	2.39%	\$7,971	\$18,111	44.0%	1.2%
2019	2.26%	\$6,792	\$18,645	36.4%	1.3%
2020	2.09%	\$13,928	\$18,281	76.2%	0.6%
2021	2.19%	\$13,450	\$20,175	66.7%	0.6%

- (1) The information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.
- (2) Based on the cost sharing allocation percentage as of the measurement date.
- (3) The actual covered payroll represents the total covered payroll for the prior calendar year, increased by the salary scale. Where a salary amount was not provided, an average of the other participants for that year was assumed. For the calendar year 2021, the average salary was \$55,103.

Schedule of Employer OPEB Contributions under GASB 75

(1) Year Ended June 30	(2) Statutorily Required Contribution (2)	(3) Actual Employer Contributions	(4) Contribution Excess/(Deficiency) (3) - (2)	(5) Actual Covered Payroll (3)	(6) Fiduciary Net Position as a % of Total OPEB Liability (3) ÷ (5)
2017	\$211	\$211	\$0	\$18,709	1.1%
2018	\$303	\$303	\$0	\$18,111	1.7%
2019	\$356	\$356	\$0	\$18,645	1.9%
2020	\$288	\$288	\$0	\$18,281	1.6%
2021	\$358	\$358	\$0	\$20,175	1.8%

- (1) This schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years. The information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.
- (2) The City is contractually required to pay benefits as they come due and make HRA contributions to participants enrolled in retiree exchange or an allowable plan. Any difference between benefits paid and employer contributions is due to a timing difference plus retiree contributions.
- (3) The actual covered payroll represents the total covered payroll for the prior calendar year, increased by the salary scale. Where a salary amount was not provided, an average of the other participants for that year was assumed. For the calendar year 2021, the average salary was \$55,103.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of OPEB benefit terms. In the July 1, 2020 actuarial valuation there were no changes to benefit terms.

Changes of OPEB assumptions (accounting and methods).

In the July 1, 2021 actuarial valuation:

- 1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience and to reflect expected prescription drug rebates.
- 2) The mortality assumption was updated to reflect the MP-2020 projection scale which were released by the Society of Actuaries.
- 3) The discount rate assumption changed from 2.66% as of June 30, 2020 to 2.18% as of June 30, 2021 based on the change in the S&P Municipal Bond Rate Index at the measurement date.
- 4) The participation assumptions for commissioned police and fire, paramedics, and dispatchers ("restored") changed based on emerging experience and the City's best estimate of long-term enrollment rates under the new plan effective January 1, 2021:
 - 50% of current "restored" pre-65 retirees that have opted out of Retiree Exchange coverage as of July 1, 2020 will elect coverage for next year (down from 84%).
- 5) In the prior year, the Valuation Date used was the same as the Measurement Date. In the current year, a Valuation Date that is 12 months earlier than the Measurement Date was used.

In the July 1, 2020 actuarial valuation:

- 1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience and to reflect expected prescription drug rebates.
- 2) The mortality assumption was updated to reflect the MP-2019 projection scale which were released by the Society of Actuaries.
- 3) The retirement, turnover and salary scale assumptions were updated to reflect the recent experience study performed using data from July 1, 2015 through June 30, 2020.
- 4) The discount rate assumption changed from 2.79% as of June 30, 2019 to 2.66% as of June 30, 2020 based on the change in the S&P Municipal Bond Rate Index at the measurement date.
- 5) The participation assumptions for commissioned police and fire, paramedics and dispatchers ("restored") changed based on the City's best estimate of long-term enrollment rates under the new plan effective January 1, 2021:
 - 100% of future "restored" retirees are assumed to elect pre-65 coverage (up from 10%)
 - 84% of current "restored" pre-65 retirees that have opted out of Retiree Exchange coverage as of July 1, 2020 will elect coverage for next year (up from 0%).
 - 75% of current "restored" retirees will elect post-65 coverage (up from 55%).

In the July 1, 2019 actuarial valuation:

- 1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience and to reflect expected prescription drug rebates.
- 2) The mortality assumption was updated to reflect the Public Sector Mortality tables and MP-2018 projection scale which were released by the Society of Actuaries. See Section V for further details on the change in the mortality assumption.
- 3) The initial annual health care trend rate was changed from using 6.28% in FYE 2019, grading down to 4.50% by FYE 2027, to 6.50% in FYE 2020, grading down to 4.50% by FYE 2029.
- 4) The participation assumptions changed based on plan experience under the current plan designs and the City's best estimate of long-term enrollment rates:
 - 10% of future retirees are assumed to elect pre-65 coverage (down from 30%)
 - 0% of current pre-65 retirees that have opted out of Retiree Exchange coverage as of July 1, 2019 will elect coverage for next year (down from 20%).
- 6) The discount rate assumption changed from 2.98% as of June 30, 2018 to 2.79% as of June 30, 2019 based on the change in the S&P Municipal Bond Rate Index at the measurement date.

In the July 1, 2018 actuarial valuation:

- 1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience.
- 2) The healthy mortality assumption was changed from the Fully Generational RP-2014 Mortality Table with MP-2016 projection scale adjusted by a 1 year set forward to the Fully Generational RP-2014 Mortality Table adjusted to 2006 with MP-2017 projection scale adjusted by a 1 year set forward.
- 3) The disabled mortality assumption was changed from the Fully Generational RP-2014 Disabled Mortality Table with MP-2016 projection scale by a 3-year set back to the Fully Generational RP-2014 Disabled Mortality Table adjusted to 2006 with MP-2017 projection scale adjusted by a 3-year set back.
- 4) The participation assumptions changed based on recent plan experience under the new plan designs and the City's best estimate of long-term enrollment rates:
 - 30% of future retirees are assumed to elect pre-65 coverage (down from 80%)
 - 20% of current pre-65 retirees and 0% of current post-65 retirees that have opted out of Retiree Exchange coverage as of July 1, 2018 will elect coverage for next year (down from 67% and 10%)
- 5) The discount rate assumption changed from 3.13% as of June 30, 2017 to 2.98% as of June 30, 2018 based on the change in the S&P Municipal Bond Rate Index at the measurement date.

In the July 1, 2017 actuarial evaluation:

- 1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience.
- 2) The initial health care trend rate was updated from 6.35% for Pre-65 and 6.33% for Post-65 to 6.50% for all ages based on plan experience and industry trend projections.
- 3) The healthy mortality assumption was changed from the Fully Generational RP-2014 Mortality Table with MP-2014 projection scale adjusted by a 1 year set forward to the Fully Generational RP-2014 Mortality Table adjusted to 2006 with MP-2016 projection scale adjusted by a 1 year set forward.
- 4) The disabled mortality assumption was changed from the Fully Generational RP-2014 Disabled Mortality Table with MP-2014 projection scale by a 3-year set back to the Fully Generational RP-2014 Disabled Mortality Table adjusted to 2006 with MP-2016 projection scale adjusted by a 3-year set back.
- 5) The participation assumptions changed based on recent plan experience under the new plan designs and the City's best estimate of long-term enrollment rates:
 - 80% of future retirees are assumed to elect pre-65 coverage (down from 100%)
 - 55% of future retirees are assumed to elect post-65 coverage (down from 100%)
 - 67% of current pre-65 retirees and 10% of current post-65 retirees that have opted out of HRA coverage as of July 1, 2017 will elect coverage for next year.
- 6) The assumption for the percentage of future retirees that will cover a spouse after retirement was updated from 49%/10%/46% to 56%/15%/46% for General Males, General Females, and Police and Fire, respectively, based on recent plan experience.
- 7) The persistency assumption was changed from assuming all inactive participants continue their medical election coverage for their lifetime to assuming that 55% of all pre-65 retirees eligible for HRA coverage will elect coverage upon reaching age 65 based on recent plan experience of participants over age 65 who elected post-65 HRA coverage.
- 8) The percentage of current pre-65 retirees assumed to be Medicare eligible at age 65 changed from 84% to 92% based on recent plan experience.
- 9) The discount rate assumption changed from 2.71% as of June 30, 2016 to 3.13% as of June 30, 2017 based on the change in the S&P Municipal Bond Rate Index at the measurement date.

There were no other changes in assumptions or methods since the prior year. However, the City of Memphis elected to early adopt GASB 75 (adopted in June 2017). Therefore, the accounting and disclosure changed from the requirements of GASB 43/45 to GASB 74/75 in the City's report.

SUPPLEMENTAL SCHEDULES

Supplemental schedules, although not necessary for fair presentation of financial position and results of operation in conformity with generally accepted accounting principles, are often included to provide additional information.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF NET POSITION
INFORMATION BY AIRPORT

JUNE 30, 2021, WITH COMPARATIVE TOTALS FOR 2020

(\$ IN THOUSANDS)

				2021	2020
	Memphis International Airport	Charles W. Baker Airport	General De Witt Spain Airport	Total	Total
ASSETS					
CURRENT ASSETS					
UNRESTRICTED ASSETS					
Cash and cash equivalents	\$53,488	\$1	\$6	\$53,495	\$46,066
Accounts receivable	5,586	3	4	5,593	3,722
Materials and supplies inventory	2,144	38	31	2,213	1,914
Prepaid expenses	1,729	29	23	1,781	2,463
Grants receivable			15	15	
Total current unrestricted assets	62,947	71	79	63,097	54,165
RESTRICTED ASSETS					
Cash and cash equivalents	199,200			199,200	205,754
Investments	9,432			9,432	59,218
Accounts receivable - passenger facility charges	740			740	130
Accounts receivable - customer facility charges	93			93	
Accrued interest receivable	709			709	657
Capital contribution receivable	52,738	3	32	52,773	16,446
Total current restricted assets	262,912	3	32	262,947	282,205
TOTAL CURRENT ASSETS	325,859	74	111	326,044	336,370
NON-CURRENT ASSETS					
UNRESTRICTED ASSETS					
Net pension asset	85			85	
Total non-current unrestricted assets	85			85	
RESTRICTED ASSETS					
Investments	104,463			104,463	36,296
Total non-current restricted assets	104,463			104,463	36,296
CAPITAL ASSETS					
Land and improvements	158,173	479	1,201	159,853	159,913
Avigation easements	46,679			46,679	46,679
Depreciable capital assets (less accumulated depreciation of \$1,235,193 and \$1,177,397)	511,642	3,065	4,264	518,971	516,095
Construction in progress	322,079			322,079	218,097
Total capital assets, net	1,038,573	3,544	5,465	1,047,582	940,784
TOTAL NON-CURRENT ASSETS	1,143,121	3,544	5,465	1,152,130	977,080
TOTAL ASSETS	\$1,468,980	\$3,618	\$5,576	\$1,478,174	\$1,313,450
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refundings	\$656			\$656	\$996
Deferred actuarial losses - pension	4,304			4,304	8,875
Deferred actuarial losses - OPEB	911			911	659
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$5,871			\$5,871	\$10,530

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF NET POSITION
INFORMATION BY AIRPORT

JUNE 30, 2021, WITH COMPARATIVE TOTALS FOR 2020

(\$ IN THOUSANDS)

				2021	2020
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
LIABILITIES					
CURRENT LIABILITIES					
Payable from unrestricted assets					
Accounts payable	\$4,780	\$5	\$29	\$4,814	\$3,411
Accrued expenses	3,769	16	11	3,796	1,709
Due to (from) other airports	(6,483)	3,175	3,308		
Current portion - compensated absences	384	3	3	390	459
Unearned revenue	7,903			7,903	2,983
Total payable from unrestricted assets	10,353	3,199	3,351	16,903	8,562
Payable from restricted assets					
Construction contracts payable	14,811			14,811	22,082
Accrued interest payable	8,894			8,894	10,059
Current maturities of long-term debt	20,312			20,312	27,994
Total payable from restricted assets	44,017			44,017	60,135
TOTAL CURRENT LIABILITIES	54,370	3,199	3,351	60,920	68,697
NON-CURRENT LIABILITIES					
Lease revenue received in advance	57,887			57,887	59,427
Compensated absences	2,163	11	10	2,184	1,558
Net pension liability					19,301
Net OPEB liability	13,450			13,450	13,928
Bonds and notes payable, net of current maturities	558,744			558,744	448,738
TOTAL NON-CURRENT LIABILITIES	632,244	11	10	632,265	542,952
TOTAL LIABILITIES	\$686,614	\$3,210	\$3,361	\$693,185	\$611,649
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on refundings	\$1,199			\$1,199	
Deferred actuarial gains - pension	16,351			16,351	\$4,701
Deferred actuarial gains - OPEB	2,356			2,356	\$2,074
TOTAL DEFERRED INFLOWS OF RESOURCES	\$19,906			\$19,906	\$6,775
NET POSITION					
Net investment in capital assets	\$586,186	\$3,544	\$5,465	\$595,195	\$519,966
Restricted					
Net pension asset	85			85	
Capital acquisition	149,473	3	32	149,508	164,911
Unrestricted	32,587	(3,139)	(3,282)	26,166	20,679
	\$768,331	\$408	\$2,215	\$770,954	\$705,556

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION INFORMATION BY AIRPORT
YEAR ENDED JUNE 30, 2021, WITH COMPARATIVE TOTALS FOR 2020
(\$ IN THOUSANDS)

				2021	2020
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
OPERATING REVENUES					
Airfield	\$45,986	\$229	\$781	\$46,996	\$50,701
Terminal building	16,978			16,978	22,213
Ground transportation	18,821			18,821	25,432
Other aviation areas	5,479	191	167	5,837	5,542
Non-aviation areas	1,558	2		1,560	1,272
Total operating revenues	88,822	422	948	90,192	105,160
OPERATING EXPENSES					
Airfield	9,533	228	624	10,385	10,616
Terminal building	12,006			12,006	11,690
Ground transportation	3,484			3,484	4,537
General administration	20,163	217	208	20,588	29,767
Police	9,397			9,397	9,518
Field shop	1,851			1,851	1,559
Other aviation areas	305			305	283
Non-aviation areas	1,124			1,124	1,101
Total operating expenses before depreciation	57,863	445	832	59,140	69,071
DEPRECIATION	57,093	395	490	57,978	60,427
OPERATING LOSS	(26,134)	(418)	(374)	(26,926)	(24,338)
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment income	1,883			1,883	7,522
Interest expense	(17,720)			(17,720)	(19,722)
Customer facility charges	4,059			4,059	5,306
Passenger facility charges	5,228			5,228	7,238
Operating grants	16,685	15	15	16,715	52
Gain on sale of capital assets	51	8		59	90
Total non-operating revenues (expenses), net	10,186	23	15	10,224	486
LOSS BEFORE CAPITAL CONTRIBUTIONS	(15,948)	(395)	(359)	(16,702)	(23,852)
CAPITAL CONTRIBUTIONS	80,768	28	1,304	82,100	45,065
CHANGE IN NET POSITION	64,820	(367)	945	65,398	21,213
TOTAL NET POSITION: BEGINNING OF YEAR	703,511	775	1,270	705,556	684,343
TOTAL NET POSITION, END OF YEAR	\$768,331	\$408	\$2,215	\$770,954	\$705,556

**SUPPLEMENTAL SCHEDULE OF
CASH FLOWS INFORMATION BY AIRPORT**

YEAR ENDED JUNE 30, 2021, WITH COMPARATIVE TOTALS FOR 2020

(\$ IN THOUSANDS)

				2021	2020
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	86,704	424	960	\$88,088	\$106,698
Cash paid to suppliers for goods and services	(30,622)	(326)	(309)	(31,257)	(39,097)
Cash paid to employees for services	(23,090)	(181)	(182)	(23,453)	(30,039)
Net cash provided by (used in) operating activities	32,992	(83)	469	33,378	37,562
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Operating grants received	16,685	15		16,700	52
Net cash provided by non-capital financing activities	16,685	15		16,700	52
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the sale of capital assets	51	8		59	90
Acquisition and construction of capital assets	(170,293)	(1)	(1,753)	(172,047)	(113,235)
Principal paid on long-term debt and notes payable	(207,373)			(207,373)	(28,158)
Proceeds from long-term debt	315,879			315,879	
Interest paid on long-term debt and notes receivable	(23,528)			(23,528)	(19,993)
Capital contributions received	44,428	61	1,284	45,773	36,412
Customer facility charges	4,059			4,059	5,306
Passenger facility charges	4,525			4,525	8193
Net cash provided by (used in) capital and related financing activities	(32,252)	68	(469)	(32,653)	(111,385)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(93,732)			(93,732)	(106,531)
Proceeds from sales and maturities of investment securities	74,327			74,327	292,892
Interest and dividends on investments	2,855			2,855	8,374
Net cash provided by (used in) investing activities	(16,550)			(16,550)	194,735
NET CHANGE IN CASH	875			875	120,964
CASH, BEGINNING OF YEAR	251,813	1	6	251,820	130,856
CASH, END OF YEAR	\$252,688	\$1	\$6	\$252,695	\$251,820
CASH, END OF YEAR CONSISTS OF					
Unrestricted	\$53,488	\$1	\$6	\$53,495	\$46,066
Restricted	199,200			199,200	205,754
CASH, END OF YEAR	\$252,688	\$1	\$6	\$252,695	\$251,820

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF
CASH FLOWS INFORMATION BY AIRPORT (CONTINUED)

YEAR ENDED JUNE 30, 2021, WITH COMPARATIVE TOTALS FOR 2020
(\$ IN THOUSANDS)

				2021	2020
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
RECONCILIATION OF OPERATING LOSS TO NET					
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating loss	(\$26,134)	(\$418)	(\$374)	(\$26,926)	(\$24,338)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	57,093	395	490	57,978	60,427
Provision for uncollectible accounts receivable	32			32	19
(Increase) decrease in assets:					
Receivables	(1,917)	2	12	(1,903)	1,693
Materials and supplies inventory	(282)	(6)	(11)	(299)	126
Prepaid expenses	685	(2)	(1)	682	256
Increase (decrease) in liabilities:					
Accounts payable	1,382			1,382	(759)
Accrued expenses	1,124	(11)	12	1,125	(1,228)
Net pension liability	(3,165)			(3,165)	1,394
Net OPEB liability	(448)			(448)	6,514
Unearned revenue	4,920			4,920	(6,542)
Transfer between airports for operating activities	(298)	(43)	341		
Net cash provided by (used in) operating activities	\$32,992	(\$83)	\$469	\$33,378	\$37,562

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF OPERATING REVENUES
BY SOURCE BY AIRPORT

YEAR ENDED JUNE 30, 2021, WITH COMPARATIVE TOTALS FOR 2020

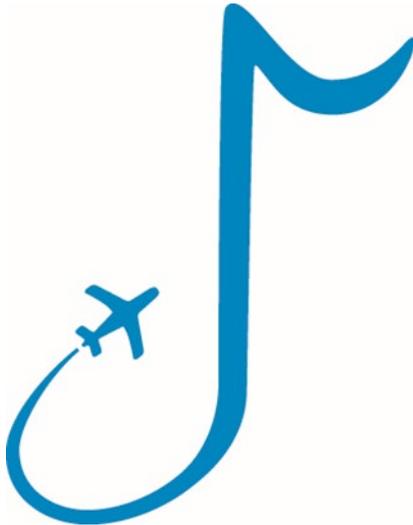
(\$ IN THOUSANDS)

				2021	2020
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
AIRFIELD					
Landing fees - cargo	\$31,579			\$31,579	\$32,200
Landing fees - passenger	1,145			1,145	4,527
Apron fees		3	5	8	8
Fuel flow fees - fixed base operations	216	219	765	1,200	1,189
Ground rentals - fixed base operations	1,297	7	11	1,315	1,309
Ground rentals - airlines	11,749			11,749	11,468
Total	45,986	229	781	46,996	50,701
TERMINAL BUILDING					
Space rental - airlines	11,122			11,122	15,633
Concessionaires - food and beverages	345			345	898
Concessionaires - other	821			821	1,007
Shared tenant - telephone system	68			68	65
Other commissions, fees, etc.	1,446			1,446	1,434
Debt service rental	3,176			3,176	3,176
Total	16,978			16,978	22,213
GROUND TRANSPORTATION					
Public parking	10,084			10,084	14,763
Employee parking	464			464	599
Rental car agencies and other	8,273			8,273	10,070
Total	18,821			18,821	25,432
OTHER AVIATION AREAS					
Building rentals - fixed base operations					3
Building rentals - others	690	175	134	999	704
Cargo building rentals - airlines	552			552	592
Cargo building rentals - other	591			591	532
Fuel farm - airlines	683			683	677
Fuel farm - others					8
Ground rentals - airlines	1,387			1,387	1,388
Ground rentals - others	1,576	16	33	1,625	1,638
Total	5,479	191	167	5,837	5,542
NON-AVIATION AREAS					
Rental - commercial sites	304			304	186
Other	1,254	2		1,256	1,086
Total	1,558	2		1,560	1,272
TOTAL OPERATING REVENUES	\$88,822	\$422	\$948	\$90,192	\$105,160

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF OPERATING EXPENSES
BY SOURCE BY AIRPORT

YEAR ENDED JUNE 30, 2021, WITH COMPARATIVE TOTALS FOR 2020
(\$ IN THOUSANDS)

				2021	2020
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
AIRFIELD					
Airfield maintenance and operations	\$6,214	\$228	\$624	\$7,066	\$7,511
Salaries and employee benefits	3,319			3,319	3,105
Total	9,533	228	624	10,385	10,616
TERMINAL BUILDING					
Terminal shop maintenance and operations	5,199			5,199	5,200
Steam and refrigeration	177			177	275
Salaries and employee benefits	6,295			6,295	5,870
Shared tenant - telephone systems	334			334	312
Customer service operations	1			1	33
Total	12,006			12,006	11,690
GROUND TRANSPORTATION					
Public parking - operations	2,711			2,711	3,804
Employee parking - operations	109			109	141
Taxicab operations	119			119	456
Salaries and employee benefits	545			545	136
Total	3,484			3,484	4,537
GENERAL ADMINISTRATION					
General - non-departmental	4,636	47	40	4,723	14,318
General - departmental	6,825			6,825	2,365
Telephone	155	3	1	159	170
Salaries and employee benefits	8,547	167	167	8,881	12,914
Total	20,163	217	208	20,588	29,767
POLICE					
Airport police operations	1,333			1,333	1,758
Salaries and employee benefits	7,930			7,930	7,449
Operation coordinators	134			134	311
Total	9,397			9,397	9,518
FIELD SHOP					
Field and paint shop maintenance and operations	795			795	701
Salaries and employee benefits	1,056			1,056	858
Total	1,851			1,851	1,559
OTHER AVIATION AREAS					
Cargo building complexes	76			76	77
Other aviation areas	229			229	206
Total	305			305	283
NON-AVIATION AREAS					
	1,124			1,124	1,101
Total Operating Expenses Before Depreciation					
DEPRECIATION	57,863	445	832	59,140	69,071
	57,093	395	490	57,978	60,427
TOTAL OPERATING EXPENSES	\$114,956	\$840	\$1,322	\$117,118	\$129,498



MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF DEBT SERVICE
REQUIREMENTS – CASH BASIS
YEAR ENDED JUNE 30, 2021 (\$ IN THOUSANDS)

AIRPORT REVENUE BONDS

Fiscal Year	Series 2011C	Series 2016A	Series 2018	Series 2020A	Series 2020B	Series 2021A
2022	6,934	2,288	5,964	1,101	14,484	4,369
2023		1,760	5,964	1,101	18,519	5,935
2024		1,760	5,964	1,101	18,501	5,935
2025		1,760	5,964	1,101	18,477	5,935
2026		8,813	8,133	1,101	11,377	21,535
2027		24,229	8,802	1,101		7,232
2028		27,773	7,973	2,446		5,028
2029		28,041	7,967	2,446		5,028
2030		26,223	7,968	2,442		5,028
2031			7,962	2,444		7,992
2032			7,964	2,437		7,991
2033			7,953	2,441		7,987
2034			7,956	2,435		7,980
2035			7,946	2,435		7,975
2036			7,943	2,441		7,971
2037			7,942	2,443		7,967
2038			7,936	2,436		7,963
2039			7,937	2,431		7,958
2040			7,927	2,433		7,948
2041			11,067			7,946
2042			11,057			7,938
2043			11,047			7,931
2044			11,036			7,926
2045			11,024			7,917
2046			11,015			7,909
2047			11,001			7,905
2048			10,988			7,894
2049						7,887
2050						7,877
Total	6,934	122,647	232,400	38,316	81,358	224,887
Less interest	169	12,647	113,125	14,086	9,108	106,182
Principal payments	\$6,765	\$110,000	\$119,275	\$24,230	\$72,250	\$118,705

The schedule of debt service requirements presents principal and interest when due.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF DEBT SERVICE
REQUIREMENTS – CASH BASIS
YEAR ENDED JUNE 30, 2021 (\$ IN THOUSANDS)

			NOTES		
Series 2021B	Series 2021C	Series 2021D	Total Airport Revenue Bonds	Notes	Total Long-Term Debt
96	471	1,231	36,938	2,960	39,898
2,670	1,601	7,854	45,404	2,960	48,364
	5,120	8,229	46,610	2,960	49,570
	5,332	8,223	46,792	2,961	49,753
	5,597	8,214	64,770	2,960	67,730
		5,007	46,371	2,960	49,331
			43,220	1,221	44,441
			43,482	642	44,124
			41,661	214	41,875
			18,398		18,398
			18,392		18,392
			18,381		18,381
			18,371		18,371
			18,356		18,356
			18,355		18,355
			18,352		18,352
			18,335		18,335
			18,326		18,326
			18,308		18,308
			19,013		19,013
			18,995		18,995
			18,978		18,978
			18,962		18,962
			18,941		18,941
			18,924		18,924
			18,906		18,906
			18,882		18,882
			7,887		7,887
			7,877		7,877
2,766	18,121	38,758	766,187	19,838	786,025
161	1,846	5,303	262,627	2,196	264,823
\$2,605	\$16,275	\$33,455	\$503,560	\$17,642	\$521,202

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF CHANGES IN
LONG-TERM DEBT
YEAR ENDED JUNE 30, 2021 (\$ IN THOUSANDS)

Description of Indebtedness	Original		Date of Issue	Last Maturity Date	Outstanding July 1, 2020	Issued During Period	Paid and/or		Outstanding June 30, 2021
	Amount of Issue	Interest Rate					Matured During Period	Refunded During Period	
Airport Revenue Bonds:									
Series 2010A	30,290	4.46 - 5.02%	2/4/2010	7/1/2039	\$30,290			\$30,290	
Series 2010B	159,340	3.00 - 5.75%	3/1/2010	7/1/2025	98,705		\$15,305	83,400	
Series 2011A-1	57,825	3.00 - 6.00%	3/3/2011	7/1/2022	10,850		3,930	6,920	
Series 2011B	17,600	4.50 - 5.00%	6/22/2011	7/1/2025	17,600			17,600	
Series 2011C	22,040	5.00%	6/22/2011	7/1/2021	13,205		6,440		\$6,765
Series 2011D	41,170	4.00 - 5.25%	6/22/2011	7/1/2026	41,170			41,170	
Series 2016A	64,500	2.61%	3/1/2017	7/1/2029	110,000				110,000
Series 2018	119,275	5.00%	8/30/2018	7/1/2047	119,275				119,275
Series 2020A	24,230	4.00 - 5.00%	9/17/2020	7/1/2039		\$24,230			24,230
Series 2020B	72,250	5.00%	9/17/2020	7/1/2025		72,250			72,250
Series 2021A	118,705	5.00%	4/6/2021	7/1/2049		118,705			118,705
Series 2021B	2,605	5.00%	4/6/2021	7/1/2022		2,605			2,605
Series 2021C	16,275	1.875 - 5.00%	4/6/2021	7/1/2025		16,275			16,275
Series 2021D	33,455	5.00%	4/6/2021	7/1/2026		33,455			33,455
Total	\$779,560				\$441,095	\$267,520	\$25,675	\$179,380	\$503,560



STATISTICAL SECTION

This part of the Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

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Operating Information

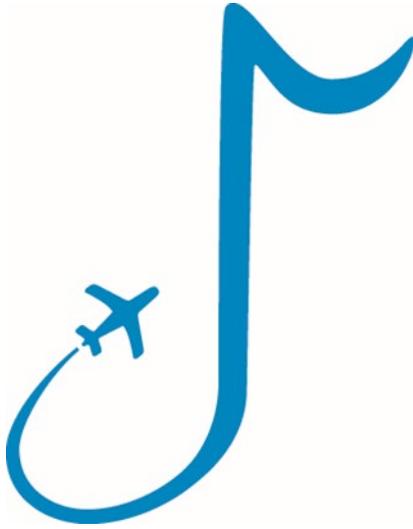
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MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
OPERATING REVENUES, EXPENSES AND CHANGES IN NET POSITION
LAST TEN YEARS (\$ IN THOUSANDS)

	2021	2020	2019	2018
OPERATING REVENUES				
Airfield	\$46,996	\$50,701	\$46,591	\$47,995
Terminal	16,978	22,213	18,052	23,170
Ground transportation	18,821	25,432	31,085	29,316
Other aviation areas	5,837	5,542	4,745	4,631
Non-aviation areas	1,560	1,272	1,730	2,054
TOTAL	90,192	105,160	102,203	107,166
OPERATING EXPENSES				
Airfield	10,385	10,616	11,664	11,569
Terminal building	12,006	11,690	11,901	13,217
Ground transportation	3,484	4,537	4,629	4,374
General administration	20,588	29,767	18,872	15,952
Police	9,397	9,518	9,585	9,397
Field shop	1,851	1,559	1,630	1,642
Other aviation areas	305	283	336	325
Non-aviation areas	1,124	1,101	1,096	1,095
TOTAL	59,140	69,071	59,713	57,571
DEPRECIATION AND AMORTIZATION⁽¹⁾	57,978	60,427	60,698	62,644
OPERATING INCOME (LOSS)	(26,926)	(24,338)	(18,208)	(13,049)
NON-OPERATING REVENUE (EXPENSE)				
Interest and investment income	1,883	7,522	10,222	3,221
Customer facility charge	4,059	5,306	6,578	6,400
Passenger facility charge	5,228	7,238	7,267	
Insurance proceeds				
Operating grants	16,715	52	68	28
Gain (loss) on disposal/sale of capital assets	59	90	159	48
Total Non-Operating Revenue	27,944	20,208	24,294	9,697
Interest expense	(17,720)	(19,722)	(21,206)	(14,822)
TOTAL	10,224	486	3,088	(5,125)
LOSS BEFORE CONTRIBUTIONS, AND EXTRAORDINARY ITEM	(16,702)	(23,852)	(15,120)	(18,174)
CAPITAL CONTRIBUTIONS	82,100	45,065	47,734	28,228
EXTRAORDINARY ITEM				
CHANGE IN NET POSITION	\$65,398	\$21,213	\$32,614	\$10,054

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
OPERATING REVENUES, EXPENSES AND CHANGES IN NET POSITION
LAST TEN YEARS (\$ IN THOUSANDS)

Restated 2017	2016	2015	2014	2013	2012
\$45,757	\$44,107	\$43,411	\$46,511	\$44,828	\$44,728
23,020	24,958	25,760	30,976	32,795	31,336
28,830	27,183	23,632	22,431	20,421	19,593
4,671	4,713	4,331	4,225	4,840	4,911
1,898	3,859	3,408	9,309	9,582	10,239
104,176	104,820	100,542	113,452	112,466	110,807
10,131	10,006	9,945	10,278	10,338	9,936
12,895	12,804	12,435	12,991	14,622	14,713
4,364	4,167	3,850	3,904	4,411	4,523
10,310	17,808	16,902	17,376	18,549	16,119
8,727	8,770	8,004	8,146	7,337	7,172
1,504	1,509	1,594	1,701	1,638	1,592
263	238	235	249	171	183
990	1,008	958	972	983	939
49,184	56,310	53,923	55,617	58,049	55,177
64,357	62,176	65,587	65,370	59,600	57,707
(9,365)	(13,666)	(18,968)	(7,535)	(5,183)	(2,077)
2,064	2,158	2,115	2,495	2,012	2,261
6,371	6,392	5,703	5,330	5,119	5,151
67	67	19	48	269	1,388
72	62	137	(1,025)	48	116
8,574	8,679	7,974	6,848	21	124
(14,914)	(16,386)	(17,972)	(21,425)	7,469	9,040
(6,340)	(7,707)	(9,998)	(14,577)	(22,705)	(23,536)
(15,705)	(21,373)	(28,966)	(22,112)	(15,236)	(14,496)
23,491	15,781	27,389	24,919	(20,419)	(16,573)
7,786	(5,592)	(\$1,577)	\$2,807	37,979	49,831
					(873)
				\$17,560	\$32,385



MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**NET POSITION**

LAST TEN YEARS (\$ IN THOUSANDS)

	<u>FY2021</u>	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2014</u>	<u>FY2013</u>	<u>FY 2012</u>
Net investment in capital assets	\$595,195	\$519,966	\$522,671	\$496,445	\$541,400	\$579,291	\$587,325	\$593,252	\$588,115	\$546,075
Restricted for:										
Net pension asset	85									
Capital Acquisitions	149,508	164,911	128,433	132,220	83,524	56,960	66,037	61,599	69,153	93,457
Total Restricted	149,593	164,911	128,433	132,220	83,524	56,960	66,037	61,599	69,153	93,457
Unrestricted	26,166	20,679	33,239	23,064	16,751	14,632	15,328	30,908	25,684	25,860
Total Net Position	<u>\$770,954</u>	<u>\$705,556</u>	<u>\$684,343</u>	<u>\$651,729</u>	<u>\$641,675</u>	<u>\$650,883</u>	<u>\$668,690</u>	<u>\$685,759</u>	<u>\$682,952</u>	<u>\$665,392</u>

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
PASSENGER ENPLANEMENTS MARKET SHARE
LAST TEN YEARS

AIRLINE	FY 2021		FY 2020		FY 2019		FY 2018	
	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share
DOMESTIC								
Southwest Airlines	258,771	20.8%	292,967	17.2%	387,577	17.1%	352,394	16.4%
American Eagle ⁽¹⁾	239,305	19.1%	220,768	13.0%	330,224	14.5%	339,161	15.8%
Delta Air Lines	232,771	18.6%	408,563	24.0%	555,355	24.6%	548,396	25.4%
American Airlines	181,614	14.5%	338,747	19.9%	360,666	16.0%	305,109	14.2%
United Express ⁽²⁾	131,324	10.5%	167,701	9.8%	215,203	9.5%	222,562	10.3%
Allegiant Air	106,117	8.5%	93,910	5.5%	117,113	5.2%	108,131	5.0%
Delta Connection ⁽³⁾	57,060	4.6%	90,945	5.3%	117,193	5.2%	106,739	5.0%
Frontier Airlines	36,444	2.9%	39,039	2.3%	70,108	3.1%	89,588	4.2%
Other ⁽⁵⁾	5,488	0.4%	3,199	0.2%	1,872	0.1%	743	0.0%
United Airlines	594	0.0%	39,301	2.3%	87,461	3.9%	57,064	2.7%
Compass Airlines		0.0%		0.0%		0.0%	1,969	0.1%
US Airways Express		0.0%		0.0%		0.0%		0.0%
US Airways		0.0%		0.0%		0.0%		0.0%
Continental Express		0.0%		0.0%		0.0%		0.0%
Mesaba Airlines		0.0%		0.0%		0.0%		0.0%
TOTAL DOMESTIC	1,249,488	99.9%	1,695,140	99.5%	2,242,772	99.2%	2,131,856	99.1%
INTERNATIONAL								
Other ⁽⁴⁾	743	0.1%	9,408	0.5%	17,870	0.8%	18,679	0.9%
Delta Airlines		0.0%		0.0%		0.0%		0.0%
Jazz Air		0.0%		0.0%		0.0%		0.0%
TOTAL INTERNATIONAL	743	0.1%	9,408	0.5%	17,870	0.8%	18,679	0.9%
TOTAL ENPLANEMENTS	1,250,231	100.0%	1,704,548	100.0%	2,260,642	100.0%	2,150,535	100.0%
Percent of Total								
U. S. Enplanements ⁽⁵⁾	N.A.		0.46%		0.24%		0.24%	

Source: Memphis-Shelby County Airport Authority, Activity Reports and U.S. Bureau of Transportation

(1) For FY 2021 Envoy Air, Mesa Airlines, Piedmont Airlines, PSA Airlines, Republic Airlines and SkyWest Airlines operated for American Eagle. Previous years totals include America West and Virgin Atlantic.

(2) For FY 2021 Air Wisconsin, CommutAir, ExpressJet, GoJet, Mesa Airlines, Republic Airlines and Skywest Airlines operated for United Express.

(3) For FY 2021 Endeavor Air, Republic Airlines and Skywest Airlines operated for Delta Connection.

(4) May include activity by airlines no longer serving Memphis.

(5) Source: FAA, based upon calendar year.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
PASSENGER ENPLANEMENTS MARKET SHARE
LAST TEN YEARS

FY 2017		FY 2016		FY 2015		FY 2014		FY 2013		FY 2012	
Enplanements	Share										
347,818	17.1%	335,902	17.1%	280,727	15.7%	238,715	12.2%	152,667	5.5%	141,192	3.6%
327,054	16.1%	394,878	20.1%	106,934	6.0%	56,192	2.9%	49,417	1.8%	51,216	1.3%
537,944	26.4%	540,063	27.3%	499,084	27.9%	684,134	35.0%	1,052,442	37.9%	1,362,642	34.8%
295,060	14.5%	170,508	8.7%	153,950	8.6%	142,470	7.3%	100,687	3.6%	91,992	2.3%
194,073	9.5%	218,437	11.1%	220,364	12.3%	173,925	8.9%	160,714	5.8%	102,186	2.6%
87,428	4.3%	79,584	4.0%	5,437	0.3%		0.0%		0.0%		0.0%
109,171	5.4%	121,664	6.2%	192,677	10.8%	440,400	22.5%	1,072,225	38.6%	1,728,524	44.0%
56,116	2.8%	55,451	2.8%	62,557	3.5%	10,214	0.5%		0.0%		0.0%
4,761	0.2%	48,882	2.5%	7,291	0.4%	6,372	0.3%	6,519	0.2%	7,048	0.2%
67,021	3.3%										
4,777	0.2%	1,911	0.1%	410	0.0%	264	0.0%	309	0.0%	2,291	0.1%
	0.0%		0.0%	185,308	10.4%	158,856	8.1%	154,448	5.6%	111,627	2.8%
	0.0%		0.0%	69,913	3.9%	42,191	2.2%	18,335	0.7%	42,705	1.1%
	0.0%		0.0%		0.0%		0.0%		0.0%	59,929	1.5%
	0.0%		0.0%		0.0%		0.0%		0.0%	176,824	4.5%
2,031,223	99.8%	1,967,280	99.9%	1,784,652	99.8%	1,953,733	99.9%	2,767,763	99.7%	3,878,176	98.8%
4,147	0.2%	1,332	0.1%	2,291	0.1%	1	0.0%		0.0%		0.0%
43	0.0%	249	0.0%	1,862	0.1%	1,131	0.1%	7,105	0.2%	37,952	1.0%
	0.0%		0.0%		0.0%		0.0%	2,090	0.1%	8,453	0.2%
4,190	0.2%	1,581	0.1%	4,153	0.2%	1,132	0.1%	9,195	0.3%	46,405	1.2%
2,035,413	100.0%	1,968,861	100.0%	1,788,805	100.0%	1,954,865	100.0%	2,776,958	100.0%	3,924,581	100.0%
	0.24%		0.24%		0.22%		0.26%		0.38%		0.54%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
ORIGINATING AND DESTINATION (O&D) AIRLINE PASSENGERS
 LAST TEN YEARS (IN THOUSANDS OF PASSENGERS)

FISCAL YEAR	O&D PASSENGERS	TOTAL ENPLANED PASSENGERS ⁽¹⁾	O&D PERCENTAGE
2021	1,227	1,250	98.16%
2020	1,680	1,705	98.53%
2019	2,242	2,261	99.16%
2018	2,132	2,150	99.16%
2017	2,032	2,035	99.85%
2016	1,964	1,969	99.75%
2015	1,769	1,789	98.88%
2014	1,754	1,955	89.72%
2013	1,681	2,777	60.53%
2012	1,860	3,925	47.39%

Source: Memphis-Shelby County Airport Authority Finance Division

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
COST PER ENPLANED PASSENGER
LAST TEN YEARS

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Average Cost per Enplaned Passenger	\$14.17	\$11.32	\$5.52	\$8.68	\$9.18	\$11.37	\$13.34	\$11.76	\$10.48	\$6.75

Fiscal year 2017 has been restated to correct an error in calculation from \$9.27 to \$9.18.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

CARGO MARKET SHARE ENPLANED

LAST TEN YEARS (IN THOUSANDS OF POUNDS)

AIRLINE	FY2021		FY2020		FY2019		FY2018	
	Cargo Weight	Share						
DOMESTIC FREIGHT								
FedEx Express	4,433,944	84.7%	4,184,516	85.3%	4,303,730	85.2%	4,256,749	85.2%
United Parcel Service	36,965	0.7%	35,255	0.7%	36,826	0.7%	34,923	0.7%
Atlas Air	5,407	0.1%	18,870	0.4%	660	0.0%	149	0.0%
Other (1)	1,265	0.0%	459	0.0%	800	0.0%	3,587	0.1%
Baron Aviation	505	0.0%	783	0.0%	892	0.0%	968	0.0%
Delta Air Lines	444	0.0%	203	0.0%	554	0.0%	631	0.0%
Air Transport Int'l	294	0.0%	5,886	0.1%	8,605	0.2%	7,300	0.2%
Mountain Air	194	0.0%	176	0.0%	155	0.0%	451	0.0%
ABX	81	0.0%	81	0.0%	128	0.0%	53	0.0%
Capital Cargo International Airlines								
DHL								
Total Domestic Freight	4,479,099	85.5%	4,246,229	86.5%	4,352,350	86.1%	4,304,811	86.2%
INTERNATIONAL FREIGHT								
FedEx Express	746,477	14.3%	655,314	13.3%	690,023	13.7%	679,899	13.6%
Other (1)	154	0.0%	40	0.0%	646	0.0%	365	0.0%
Atlas Air								
Total International Freight	746,631	14.3%	655,354	13.3%	690,669	13.7%	680,264	13.6%
AIR MAIL								
Kalitta Air	9,582	0.2%	9,097	0.2%	10,760	0.2%	10,075	0.2%
Delta Air Lines	147	0.0%	86	0.0%	199	0.0%	386	0.0%
Other (1)		0.0%		0.0%	7	0.0%		
FedEx Express								
Total Air Mail	9,730	0.2%	9,183	0.2%	10,966	0.2%	10,460	0.2%
TOTAL CARGO ENPLANED	5,235,459	100.0%	4,910,766	100.0%	5,053,985	100.0%	4,995,535	100.0%

Source: Memphis-Shelby County Airport Authority, Activity Reports

(1) May include activity by airlines no longer servicing Memphis.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

CARGO MARKET SHARE ENPLANED

LAST TEN YEARS (IN THOUSANDS OF POUNDS)

FY2017		FY2016		FY2015		FY2014		FY2013		FY2012	
Cargo Weight	Share										
4,229,256	86.5%	4,536,524	92.7%	4,564,810	94.2%	4,508,238	93.6%	4,334,362	93.8%	4,146,509	92.6%
35,389	0.7%	35,269	0.7%	37,195	0.8%	32,929	0.7%	32,548	0.7%	35,022	0.8%
				1,168	0.0%		0.0%	1,581	0.0%	1,784	0.0%
1,447	0.0%	1,320	0.0%	659	0.0%	338	0.0%	190	0.0%	227	0.0%
643	0.0%	547	0.0%	525	0.0%	577	0.0%	616	0.0%	825	0.0%
702	0.0%	896	0.0%	1,026	0.0%	1,228	0.0%	1,345	0.0%	1,440	0.0%
8,514	0.2%	8,372	0.2%	7,341	0.2%	769	0.0%		0.0%	325	0.0%
5,449	0.1%	5,742	0.1%	3,544	0.1%	3,244	0.1%	2,814	0.1%	6,064	0.1%
236	0.0%			1,157	0.0%	5,920	0.1%	3,278	0.1%	5	0.0%
								3,171	0.1%	5,412	0.1%
										174	0.0%
4,281,636	87.5%	4,588,670	93.6%	4,617,425	95.3%	4,553,243	94.5%	4,379,905	94.8%	4,197,787	93.6%
603,261	12.3%	311,023	6.4%	219,327	4.5%	258,257	5.4%	240,092	5.2%	286,484	6.4%
124	0.0%	170	0.0%	301	0.0%	47	0.0%	264	0.0%	1,375	0.0%
			0.0%	2,654	0.1%	1,740	0.0%	900	0.0%	1,006	0.0%
603,385	12.3%	311,193	6.4%	222,282	4.6%	260,044	5.4%	241,256	5.2%	288,865	6.4%
9,119	0.2%			6,629	0.1%	3,965	0.1%				
386	0.0%			537	0.0%	157	0.0%	536	0.0%	522	0.0%
		342	0.0%	26	0.0%	8	0.0%	3	0.0%	18	0.0%
		1,515	0.0%								
9,505	0.2%	1,515	0.0%	7,192	0.1%	4,130	0.1%	539	0.0%	540	0.0%
4,894,525	100.0%	4,901,378	100.0%	4,846,899	100.0%	4,817,417	100.0%	4,621,700	100.0%	4,487,192	100.0%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

LANDED WEIGHTS

LAST TEN YEARS (IN THOUSANDS OF POUNDS)

AIRLINE	FY 2021		FY 2020		FY 2019		FY 2018	
	Landed Weight	Share						
MAJOR/NATIONAL								
Delta Air Lines	398,998	1.6%	521,507	1.9%	659,494	2.5%	630,755	2.4%
Southwest Airlines	391,397	1.4%	424,672	1.6%	475,914	1.7%	423,464	1.6%
American Airlines	253,590	0.9%	492,641	1.8%	470,894	1.7%	371,502	1.4%
Allegiant Air	130,300	0.5%	101,555	0.4%	113,135	0.4%	104,253	0.4%
Other ⁽¹⁾	40,499	0.1%	98,312	0.4%	193,753	0.7%	166,565	0.6%
US Airways		0.0%		0.0%		0.0%		0.0%
Continental		0.0%		0.0%		0.0%		0.0%
TOTAL MAJOR/NATIONAL	1,214,784	4.5%	1,638,687	6.1%	1,913,190	7.0%	1,696,539	6.4%
REGIONAL								
American Eagle	302,090	1.1%	302,270	1.1%	443,602	1.6%	431,527	1.6%
United Express	174,340	0.6%	211,824	0.8%	242,845	0.9%	250,489	0.9%
Delta Connection	107,781	0.4%	124,346	0.5%	151,136	0.6%	138,280	0.5%
Other ⁽¹⁾	11,244	0.0%	23,597	0.1%	27,888	0.1%	24,340	0.1%
Compass		0.0%		0.0%		0.0%	2,255	0.0%
SeaPort Airlines		0.0%		0.0%		0.0%		0.0%
US Airways Express		0.0%		0.0%		0.0%		0.0%
Pinnacle Airlines		0.0%		0.0%		0.0%		0.0%
Mesaba		0.0%		0.0%		0.0%		0.0%
Continental Express		0.0%		0.0%		0.0%		0.0%
TOTAL REGIONAL	595,455	2.2%	662,037	2.5%	865,471	3.2%	846,891	3.1%
CARGO								
FedEx Express	24,908,799	92.2%	24,044,929	90.0%	24,250,375	88.6%	23,858,455	89.3%
United Parcel Service	162,740	0.6%	152,422	0.6%	137,167	0.5%	123,931	0.5%
Kalitta Air	67,636	0.3%	60,636	0.2%	82,494	0.3%	90,302	0.4%
Atlas Air	35,801	0.1%	80,014	0.3%	7,802	0.0%	7,714	0.0%
Mountain Air Cargo	35,053	0.1%	30,265	0.1%	24,238	0.1%	26,090	0.1%
Other ⁽¹⁾	8,593	0.0%	7,879	0.0%	9,018	0.0%	8,704	0.0%
Air Transport Int'l	2,282	0.0%	49,500	0.2%	79,880	0.3%	53,347	0.2%
ABX	849	0.0%	1,121	0.0%	2,301	0.0%	555	0.0%
DHL		0.0%		0.0%		0.0%		0.0%
Capital Cargo International Airlines		0.0%		0.0%		0.0%		0.0%
TOTAL CARGO	25,221,753	93.3%	24,426,766	91.4%	24,593,275	89.8%	24,169,098	90.5%
TOTAL LANDED WEIGHTS	27,031,992	100.0%	26,727,490	100.0%	27,371,936	100.0%	26,712,528	100.0%

(1) May include activity by airlines no longer serving Memphis.

Source: Finance Division

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

LANDED WEIGHTS

LAST TEN YEARS (IN THOUSANDS OF POUNDS)

FY 2017		FY 2016		FY 2015		FY 2014		FY 2013		FY 2012	
Landed Weight	Share										
646,712	2.5%	619,490	2.4%	606,744	2.4%	860,822	3.5%	1,311,874	5.3%	1,728,281	6.8%
424,892	1.6%	411,192	1.6%	320,804	1.3%	266,256	1.1%	169,552	0.7%	149,272	0.6%
383,156	1.5%	209,198	0.8%	191,089	0.8%	205,238	0.8%	171,615	0.7%	164,922	0.6%
84,697	0.3%	81,267	0.3%	4,937	0.0%		0.0%		0.0%		0.0%
146,693	0.6%	120,757	0.5%	65,849	0.3%	11,276	0.0%		0.0%		0.0%
	0.0%		0.0%	96,516	0.4%	54,453	0.2%	26,498	0.1%	65,867	0.3%
	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
1,686,150	6.5%	1,441,904	5.6%	1,285,939	5.2%	1,398,045	5.6%	1,679,539	6.8%	2,108,342	8.3%
426,986	1.6%	484,805	1.9%	134,969	0.5%	68,326	0.3%	65,346	0.3%	67,914	0.3%
222,923	0.8%	239,863	0.9%	240,988	1.0%	191,264	0.8%	191,758	0.8%	123,459	0.5%
142,200	0.5%	155,877	0.6%	265,310	1.1%	595,916	2.4%	711,160	2.9%	1,159,341	4.3%
16,927	0.1%	13,028	0.1%	7,156	0.0%	4,215	0.0%	6,077	0.0%	20,723	0.1%
5,946	0.0%	2,553	0.0%	601	0.0%	601	0.0%	671	0.0%	3,143	0.0%
2,310	0.0%	12,539	0.0%	21,053	0.1%	16,681	0.1%	16,896	0.1%	19,650	0.1%
	0.0%		0.0%	222,895	0.9%	178,709	0.7%	185,167	0.7%	125,387	0.5%
	0.0%		0.0%		0.0%		0.0%	604,896	2.4%	887,230	3.5%
	0.0%		0.0%		0.0%		0.0%		0.0%	219,909	0.9%
	0.0%		0.0%		0.0%		0.0%		0.0%	72,070	0.3%
817,292	3.0%	908,665	3.5%	892,972	3.6%	1,055,712	4.3%	1,781,971	7.2%	2,698,826	10.5%
23,477,449	89.3%	23,141,889	89.9%	22,268,910	89.9%	22,082,525	88.8%	21,043,094	84.8%	20,417,765	80.0%
180,131	0.7%	159,731	0.6%	193,940	0.8%	194,184	0.8%	201,225	0.8%	196,229	0.8%
75,928	0.3%	64,380	0.2%	40,262	0.2%	20,790	0.1%		0.0%	630	0.0%
	0.0%		0.0%	23,976	0.1%	10,656	0.0%	15,984	0.1%	15,750	0.1%
10,160	0.0%	2,132	0.0%	4,979	0.0%	14,706	0.1%	14,763	0.1%	22,934	0.1%
7,293	0.0%	7,293	0.0%	7,378	0.0%	8,422	0.0%	6,973	0.0%	7,759	0.0%
52,470	0.2%	51,534	0.2%	52,540	0.2%	5,488	0.0%		0.0%	6,119	0.0%
1,937	0.0%	272	0.0%	9,895	0.0%	63,672	0.3%	37,456	0.1%	283	0.0%
	0.0%		0.0%		0.0%		0.0%		0.0%	3,025	0.0%
	0.0%		0.0%		0.0%		0.0%	21,607	0.1%	46,900	0.2%
23,805,368	90.5%	23,427,231	90.9%	22,601,880	91.2%	22,400,443	90.1%	21,341,102	86.0%	20,717,394	81.2%
26,308,810	100.0%	25,777,800	100.0%	24,780,791	100.0%	24,854,200	100.0%	24,802,612	100.0%	25,524,562	100.0%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**AIRCRAFT OPERATIONS (1)**

LAST TEN YEARS

FISCAL YEAR	MAJOR/ NATIONALS	REGIONAL	CARGO	GENERAL AVIATION	MILITARY	TOTAL
2021	17,194	16,862	149,258	23,625	1,337	208,276
2020	24,398	20,260	143,836	24,631	1,273	214,398
2019	28,818	25,856	144,370	30,544	1,664	231,252
2018	25,822	24,664	142,016	29,403	1,923	223,828
2017	25,302	25,800	138,170	31,486	1,978	222,736
2016	21,864	32,500	136,028	30,904	2,102	223,398
2015	19,466	35,306	131,102	30,172	2,413	218,459
2014	20,994	42,634	128,746	28,683	1,925	222,982
2013	25,340	70,396	125,364	26,236	1,292	248,628
2012	32,190	106,014	125,526	27,491	1,562	292,783

Source: Memphis-Shelby County Airport Authority, Activity Reports

(1) Takeoffs and Landings

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

DEBT SERVICE COVERAGE

LAST TEN YEARS (\$ IN THOUSANDS)

	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014	FY 2013	FY 2012
REVENUES (as defined in bond indenture)										
Airfield	\$46,996	\$50,701	\$46,591	\$47,995	\$45,757	\$44,107	\$43,411	\$46,511	\$44,828	\$44,728
Terminal building (a)	16,978	22,213	18,052	23,170	23,020	24,958	25,760	30,976	32,795	31,336
Ground transportation	18,821	25,432	31,085	29,316	28,830	27,183	23,632	22,431	20,421	19,593
Other aviation areas	5,837	5,542	4,745	4,631	4,671	4,713	4,331	4,225	4,840	4,911
Non-aviation areas	1,560	1,272	1,730	2,054	1,898	3,859	3,408	9,309	9,534	10,239
Application of prior year surplus	2,983	9,525	6,230	9,863	10,001	12,215	14,090	6,192	4,832	4,793
Coverage carryforward	9,541	8,928	8,688	9,306	9,631	12,471	12,390	12,207	11,201	9,651
TOTAL	102,716	123,613	117,121	126,335	123,808	129,506	127,022	131,851	128,451	125,251
OPERATING EXPENSES										
Airfield	10,385	10,616	11,664	11,569	10,131	10,006	9,945	10,278	10,338	9,936
Terminal building	12,006	11,690	11,901	13,217	12,895	12,804	12,435	12,991	14,622	14,713
Ground transportation	3,484	4,537	4,629	4,374	4,364	4,167	3,850	3,904	4,411	4,523
General administration	20,588	29,767	18,872	15,952	10,310	17,808	16,902	17,376	18,549	16,119
Police	9,397	9,518	9,585	9,397	8,727	8,770	8,004	8,146	7,337	7,172
Field shop	1,851	1,559	1,630	1,642	1,504	1,509	1,594	1,701	1,638	1,592
Other aviation areas	305	283	336	325	263	238	235	249	171	183
Non-aviation areas	1,124	1,101	1,096	1,095	990	1,008	958	972	983	939
TOTAL	59,140	69,071	59,713	57,571	49,184	56,310	53,923	55,617	58,049	55,177
Net Revenues										
Before Adjustment	43,576	54,542	57,408	68,764	74,624	73,196	73,099	76,234	70,402	70,074
Restricted interest earnings and other (b)	1,678	3,350	3,711	2,276	1,864	1,912	1,935	2,282	1,789	1,961
Other revenue	30	52	68	28	67	67	19	48	317	1,504
Federal CARES funds	16,685									
Capital outlay	(4,704)	(5,277)	(8,604)	(8,638)	(6,433)	(2,684)	(1,508)	(822)	(1,326)	(2,302)
Debt service on 1993 special facilities bonds & FedEx/ANG rent	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(5,815)	(5,815)	(5,815)
Notes payable principal and interest	(642)	(695)	(588)	(641)	(3,604)	(9,297)	(659)	(232)	(297)	(198)
Net Revenues (c)	55,083	50,432	50,455	60,249	64,978	61,654	\$71,346	\$71,695	\$65,070	\$65,224
DEBT SERVICE REQUIREMENT										
Airport Revenue Bonds (d)	37,805	38,394	35,710	34,752	37,223	38,524	\$49,884	\$47,256	\$49,121	\$48,525
General Obligation Bonds										
TOTAL DEBT SERVICE (e)	\$37,805	\$38,394	\$35,710	\$34,752	\$37,223	\$38,524	\$49,884	\$47,256	\$49,121	\$48,525
Coverage ratio - general and airport revenue bonds	146%	131%	141%	173%	175%	160%	143%	152%	132%	134%
Coverage ratio - all bonds (f)	N/A									

Source: Financial statements of the Authority and revenue bond official statements

- (a) FY 2015 originally reported \$27,760 on this schedule, restated to correct amount of \$25,760.
- (b) Restricted interest earnings represent earnings on current debt service fund and operating funds. Other includes operating grant income.
- (c) FY 2018 amount of \$2,380 originally included CFC notes principal and interest of \$1,739, restated to correct amount of \$641.
- (d) Net revenues have been calculated in accordance with definitions in the basic revenue bond resolutions.
- (e) Debt service portion payable from net revenues.
- (f) Excludes amounts paid with capitalized interest.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
RATIO OF ANNUAL BOND DEBT SERVICE TO TOTAL EXPENSES
EXCLUDING DEPRECIATION AND AMORTIZATION
LAST TEN YEARS (IN THOUSANDS)

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Principal	\$24,530	\$25,675	\$24,360	\$23,740	\$22,230	\$31,247	\$31,787	\$30,142	\$28,733	\$27,782
Interest (1)	13,454	12,719	13,406	13,856	14,993	7,277	18,097	17,114	20,388	20,743
TOTAL DEBT SERVICE (2)	\$37,984	\$38,394	\$37,766	\$37,596	\$37,223	\$38,524	\$49,884	\$47,256	\$49,121	\$48,525
Total Expenses	\$134,838	\$149,220	\$141,617	\$135,037	\$128,455	\$134,872	\$137,482	\$143,437	\$140,333	\$137,169
Less Depreciation and Amortization and Gain or Loss on Property Disposals	(57,920)	(60,306)	(60,539)	(62,596)	(64,285)	(62,114)	(65,450)	(66,395)	(59,579)	(57,583)
Add Principal	24,530	25,675	24,360	23,740	22,230	31,247	31,787	30,142	28,733	27,782
Add Net Capitalized Interest				264	96		106	106	242	710
TOTAL GENERAL EXPENDITURES	\$101,448	\$114,589	\$105,438	\$96,445	\$86,496	\$104,005	\$103,925	\$107,290	\$109,729	\$108,078
RATIO OF DEBT SERVICE TO EXPENDITURES	37.4%	33.5%	35.8%	39.0%	43.0%	37.0%	48.0%	44.0%	44.8%	44.9%

Source: Authority bond amortization scheduled and audited financial statements

(1) Excludes capitalized interest paid from bond proceeds during construction.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT DEBT PER ENPLANED PASSENGER
LAST TEN YEARS (IN THOUSANDS)

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Airport Debt (1)	\$580,254	\$476,732	\$504,890	\$352,428	\$320,420	\$318,617	\$361,118	\$386,134	\$416,537	\$444,809
Enplaned Passengers	1,250	1,705	2,261	2,151	2,035	1,969	1,789	1,955	2,777	3,925
Airport Debt per Enplaned Passenger	\$464	\$280	\$223	\$164	\$157	\$162	\$202	\$198	\$150	\$113

(1) Debt reported for FY 2011 - FY 2013 was restated to include all debt net of related premiums, excluding Special Facilities Bonds.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

USE OF BOND PROCEEDS

Descriptions of the uses of proceeds from the Authority's outstanding bond issues are summarized below.

AIRPORT REVENUE BONDS - OUTSTANDING

Series 2021A - The bonds were issued to fund a portion of the costs of construction of the Consolidated Deice Facility.

Refunding Series 2021B, C and D - The bonds were issued to provide funds for the purpose of refunding the 2011A-1, 2011B and 2011D bonds outstanding (\$6,920, \$17,600 and \$41,170 respectively).

Refunding Series 2020A and B - The bonds were issued to provide funds for the purpose of refunding the 2010A and 2010B bonds outstanding (\$30,290 and \$83,400 respectively). See Series 2020A and 2020B below.

Series 2016A - The bonds were issued to provide funds for the design and construction of the glycol collection management program and an airfield maintenance and airport operations facility.

Refunding Series 2011C – The bonds were issued to provide funds for the purpose of refunding portions of the 2001A bonds outstanding (\$21,490). See Series 2001A below.

AIRPORT REVENUE BONDS - REFUNDED

Refunding Series 2011A and B – The bonds were issued to provide funds for the purpose of refunding portions of the 1999D and 2001B bonds outstanding (\$17,080 and \$42,380 respectively). See Series 1999D and 2001B below.

Refunding Series 2011A-1 and A-2 - The bonds were issued to provide funds for the purpose of refunding portions of the 1999E and 2001A bonds outstanding (\$60,085 and \$38,700 respectively). See Series 1999E and 2001A below.

Series 2010A – The bonds were issued to fund a portion of the costs of construction, acquisition and equipping of Checkpoint B Renovations and the GTC.

Refunding Series 2010B – The bonds were issued to provide funds for the purpose of refunding portions of the 1999D and 1999E bonds outstanding (\$160,525 and \$1,455 respectively). See Series 1999D and 1999E below.

Series 2001A and B – The proceeds of this bond issue were used to finance the construction, reconstruction and extension of runways and taxiways, acquisition of property for noise mitigation, replacement of airport signage, property acquisition and clearing, expansion of the parking garage and employee parking lot, the acquisition and implementation of an automated vehicle identification system, roadway improvements, construction of terminal improvements, a walkway connector, baggage system improvements and other airline tenant finishes at the Airport, construction of facilities for air cargo and airline ground service equipment and other associated projects

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY USE OF BOND PROCEEDS (CONCLUDED)

at the Airport including the replacement and upgrade of two cooling plants and the relocation of an airport maintenance shop.

Series 1999E - The bonds were issued to provide funds for the purpose of refunding the Series 1991 Bonds. The proceeds of the Series 1991 Bonds were used to finance the completion of certain taxiway construction projects and the installation of an improved access control system to enhance Airport security.

Series 1999D - The proceeds of this bond issue were used to finance the extension of Taxiway N to the south end of Runway 18R-36L, construction of an aircraft apron at the south end of Taxiway N, reconstruction of Taxiway M as a temporary runway and connecting taxiways, reconstruction of Taxiway Z and T, construction of high-speed exits from Runway 9-27, enlarge the airfield maintenance facility and to acquire property for airport development in the airfield area. Repairs in the parking garage and upper level terminal drive were projects for the ground transportation area. Terminal projects include constructing a walkway connecting Concourses B and C, additional gates to accommodate regional jets, space for airline clubs and concessions and other tenant improvements.

Funds were also used for the following airline-related improvements: finish and equip 23 regional jet gates on Concourses A and C, upgrade the flight information display system and gate check-in facilities on Concourse B, finish and equip the new Northwest World Club, renovate and expand the apron control, upgrade passenger check-in computers, expand baggage sort system and install and equip additional ticket counters for Northwest Airlines. For other airline tenants, renovate existing ticket and baggage claim facilities in Terminal C for joint use, expand hold room space and install some jet bridges in Concourse C.

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
TEN LARGEST EMPLOYERS – METROPOLITAN STATISTICAL AREA(1)
CURRENT YEAR AND TEN YEARS AGO**

Name of Employer ⁽²⁾	Number of	Percentage of	Number of	Percentage of
	Employees ⁽²⁾	Largest Employees	Employees ⁽²⁾	Largest Employees
	Year 2021		Year 2012	
FedEx Corporation	30,000	25.03%	30,000	31.91%
Shelby County Schools	15,500	12.93%	5,200	5.53%
Tennessee State Government	15,500	12.93%	8,600	9.14%
U. S. Government	13,600	11.34%	15,375	16.35%
Methodist Le Bonheur Health Care Corp.	13,235	11.04%	8,700	9.25%
City of Memphis	8,200	6.84%	16,119	17.14%
Baptist Memorial Healthcare Corp.	7,436	6.20%		0.00%
Naval Support Activity Mid-South	6,500	5.42%	4,076	4.33%
Shelby County Government	5,371	4.48%	5,971	6.35%
St. Jude Children's Research Hospital	4,552	3.80%		0.00%
Total	119,894	100.00%	94,041	100.00%

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
POPULATION – METROPOLITAN STATISTICAL AREA (1)**

Year ⁽²⁾	Shelby County	Memphis MSA ⁽¹⁾	Tennessee	United States
1970	722,100	856,800	3,926,000	203,302,000
1980	777,100	938,500	4,591,100	226,546,000
1990	826,300	1,007,300	4,877,200	249,402,000
2000	897,500	1,135,600	5,689,300	281,422,000
2010 Census	927,644	1,239,292	6,346,105	309,050,816
2020 Census	929,744	1,345,425	6,910,840	331,449,281
Forecast 2030	905,818	1,563,900	7,397,302	359,402,000

(1) Metropolitan Statistical Area consists of Fayette, Shelby and Tipton Counties, Tennessee; Crittenden County, Arkansas; and Benton, DeSoto, Marshal, Tate and Tunica Counties, Mississippi

Source: Memphis Chamber of Commerce

(2) Source: Tennessee Department of Economic and Community Development, U.S. Department of Commerce, Bureau of the Census, Current Population Reports, 2000, 2010, 2020 Census, 2030 Estimates and Projections

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRLINES SERVING MEMPHIS INTERNATIONAL AIRPORT
JUNE 30, 2021

CARGO AIRLINES

ABX Air
Air Transport International
Atlas Air
Baron Aviation Services
FedEx Express
Kalitta Air
Mountain Air Cargo
United Parcel Service

PASSENGER AIRLINES

MAJOR

Allegiant Air
American Airlines, Inc.
Delta Air Lines
Frontier Airlines
Southwest Airlines
United Airlines

CHARTER

Mid-South Jets
Swift Airlines dba Vacation Express
Volaris dba Vacation Express

REGIONAL/COMMUTER

Air Wisconsin dba United Express
CommutAir dba United Express
Endeavor Air dba Delta Connection
Envoy Air dba American Eagle
ExpressJet dba United Express
GoJet dba United Express
Mesa Airlines dba American Eagle
Mesa Airlines dba United Express
Piedmont Airlines dba American Eagle
PSA Airlines dba American Eagle
Republic Airlines dba American Eagle
Republic Airlines dba Delta Connection
Republic Airlines dba United Express
Skywest Airlines dba American Eagle
Skywest Airlines dba Delta Connection
Skywest Airlines dba United Express

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

EMPLOYERS LOCATED ON AIRPORT PROPERTY

JUNE 30, 2021

CONCESSIONAIRES AND TENANTS

Airport Fast Park
Alamo Rent-A-Car
Anton Airfood
ARC Inc
Avis Rent-A-Car
Budget Rent-A-Car
CTN
Dealer's Auction
Dollar Thrifty Automotive Group
Enterprise Rent-A-Car
Flight Support Solutions/Global AMS
Hertz Corporation
Interstate Barbeque
KC Eatery, LLC
Lenny's
Lyft, Inc.
MEM Fuel
MobileQubes
Idemia Identity & Security USA, LLC
National Car Rental
Paradies-Memphis, LLC
Payless Rent A Car
Primeflight Aviation
Regions Bank
SITA
SKB Facilities Maintenance
Starbucks
Surewx, Inc.
Swissport Fueling
Textron Ground Support Equipment
Trego/Dugan Aviation
Tricopian, LLC
Tug Technologies Corporation
Uber
Zoom Systems

CARGO AIRLINES

ABX Air
Air Transport International
Atlas Air
Baron Aviation Services
FedEx Express
Mountain Air
United Parcel Service

PASSENGER AIRLINES

Air Wisconsin dba American Eagle
Allegiant Air
American Airlines
CommutAir dba United Express
Delta Air Lines
Endeavor Air dba Delta Connection
Envoy Air dba American Eagle
ExpressJet dba United Express
Frontier Airlines
GoJet dba United Express
Mesa Airlines dba American Eagle
Mesa Airlines dba United Express
Mid South Jets
Piedmont Airlines dba American Eagle
PSA Airlines dba American Eagle
Republic Airlines dba American Eagle
Republic Airlines dba Delta Connection
Republic Airlines dba United Express
Skywest Airlines dba American Eagle
Skywest Airlines dba Delta Connection
Skywest Airlines dba United Express
Southwest Airlines
Swift Airlines dba Vacation Express
United Airlines
Viva Aerobus

OTHER EMPLOYERS

City of Memphis Fire Department
David Moore, Inc.
Exelis
Federal Aviation Administration
GAT Airline Ground Support
Global Signal
Menzies Aviation (Airserv)
Richards Aviation
Signature Flight Support (WFS)
Tennessee Air National Guard
Tennessee Technology Center
Transportation Security Administration
Wilson Air Center

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
FULL-TIME EQUIVALENT EMPLOYEES BY COST CENTER
LAST TEN YEARS

Cost Center	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014	FY2013	FY2012
Terminal Maintenance	68	68	68	67	67	67	67	75	75	72
Airfield Maintenance	60	60	60	59	59	59	59	65	64	63
Administration	68	68	67	68	66	63	62	69	65	66
Police & Operations										
Officers	98	98	98	95	95	94	94	96	95	94
Support Staff	11	11	11	11	9	9	9	9	9	8
General Aviation Airports										
Maintenance	7	7	6	6	6	5	5	5	5	5
Total	312	312	310	306	302	297	296	319	313	308

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

INSURANCE IN FORCE

JUNE 30, 2021

Type of Policy	Amount of Policy	Policy Expiration Date	Name of Insurer	Risks Covered
Airport Liability (Comprehensive general liability, contractual liability, personal injury liability, and hangar keeper's liability)	\$500,000,000 Each Occurrence Limit \$5,000,000 Damage to Premises Rented to You \$0 Medical Expense Limit \$50,000,000 Personal & Advertising Injury \$500,000,000 Products/Completed Ops Aggregate \$500,000,000 Hangarkeepers Each Aircraft Limit \$500,000,000 Hangarkeepers Each Loss Limit \$150,000,000 Garagekeepers Per Vehicle Limit \$250,000,000 Garagekeepers Per Occurrence Limit \$50,000,000 Excess Liability over Auto & EL \$5,000 Each Occurrence Deductible \$100,000 Annual Aggregate Deductible Additional sublimits apply. Please refer to policy.	April 1, 2022	Starr Indemnity & Liability Co.	Personal injury and property damage
Aircraft non-ownership liability	\$500,000,000 Each Occurrence \$2,500 Deductible	April 1, 2022	Starr Indemnity & Liability Co.	Personal injury and property damage
Employee Benefits Liability	\$1,000,000 Each Employee/Aggregate \$2,500 Deductible	April 1, 2022	Starr Indemnity & Liability Co.	Negligent act, error or omission damages
Automobile Liability	\$1,000,000 Each Occurrence CSL Bodily Injury /Property Damage \$1,000 Comp /Coll Deductible All Vehicles	April 1, 2022	Selective Insurance Company of South Carolina	Bodily injury and property damage
Property	\$800,000,000 Policy Limit \$50,000,000 Earth Movement Limit \$50,000,000 Flood Limit \$5,000,000 Terrorism Limit \$25,000 Per Occurrence Deductible, All Other Perils \$250,000 + 5% of Values Earth Movement Deductible \$500,000 Flood Deductible al sublimits & deductibles apply. Please refer t	April 1, 2022	FM Global	Building - All risks property damage including business interruption
Crime	\$5,000,000 Limit \$50,000 Retention	April 1, 2022	Federal Insurance Company Chubb	Employee theft, forgery, and computer fraud
Fiduciary Liability	\$5,000,000 Limit \$5,000 Retention	April 1, 2022	Federal Insurance Company Chubb	Violation of any of the responsibilities, duties or obligations of Fiduciaries
Employment Practices Liability	\$10,000,000 Limit. Shared with Public Ofi \$75,000 Retention	April 1, 2022	ACE American Insurance Company Chubb	Wrongful termination, discrimination, sexual harassment and workplace torts
Public Officials Liability	\$10,000,000 Limit. Shared with EPL \$100,000 Retention	April 1, 2022	ACE American Insurance Company Chubb	Board of Commissioners, management and professional liability
Cyber Liability	\$5,000,000 Aggregate Limit \$100,000 Retention	April 1, 2022	Homeland Insurance Company of NY	Cyber protection, hacking business interruption, extortion & breach
Excess Cyber Liability	\$5,000,000 Aggregate Limit	April 1, 2022	Lloyd's	Excess Cyber
Workers Compensation	Statutory State of TN	April 1, 2022	Starr Specialty Insurance Company	Workers' compensation for on-the-job bodily injuries
Employers Liability	\$1,000,000 Bodily Injury by Accident Each Employee \$1,000,000 Bodily Injury by Disease Each Employee \$1,000,000 Bodily Injury by Disease Policy Limit			
OWNER CONTROLLED INSURANCE PROGRAM - (CONSTRUCTION INSURANCE)				
General Liability	\$4,000,000 General Aggregate Limit \$4,000,000 Products Completed/Ops Aggregate \$2,000,000 Personal & Advertising Injury \$2,000,000 Each Occurrence Limit \$250,000 Fire Legal Liability (Any One Fire) \$10,000 Medical Expense Limit \$250,000 Each Occurrence Deductible	April 1, 2022	Zurich American Insurance	Personal injury and property damage
Workers Compensation	Statutory State of TN	April 1, 2022	Zurich American Insurance	Workers' compensation
Employers Liability	\$1,000,000 Bodily Injury by Accident Each Employee \$1,000,000 Bodily Injury by Disease Each Employee \$1,000,000 Bodily Injury by Disease Policy Limit \$250,000 Each Occurrence Deductible			
Excess Liability	\$100,000,000 Each Occurrence Limit \$100,000,000 Aggregate Limit	April 1, 2022	Combination of ACE, AWAC, Endurance & Westchester	Personal injury and property damage



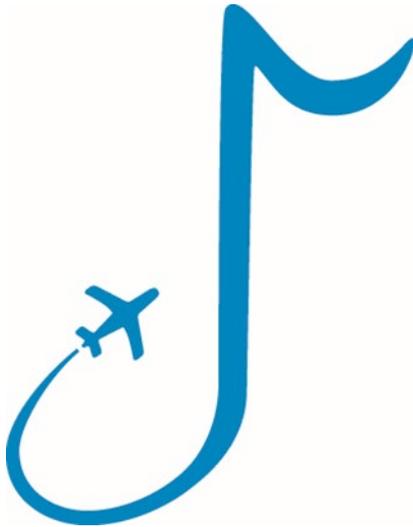
COMPLIANCE SECTION

This Section Contains the Single Audit Information,

Which Consists of the Following:

Schedule of Expenditures of Federal and State Awards

Independent Auditors' Report



MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2021 (\$ IN THOUSANDS)

Grantor/Program	Federal Assistance Listings Number	Grant/Contract Number	State Grant Contract Number	Project Description
FEDERAL AWARDS				
U.S. Department of Transportation Federal Aviation Administration (FAA):				
Airport Improvement Programs	20.106	3-47-0049-92-2016 3-47-0049-93-2016 3-47-0049-94-2017 3-47-0049-95-2017 3-47-0049-98-2018 3-47-0049-99-2018 3-47-0049-100-2019 3-47-0049-101-2019 3-47-0049-102-2019 3-47-0049-106-2020 3-47-0049-107-2020 3-47-0049-108-2020 3-47-0049-109-2020 3-47-0049-110-2020 3-47-0049-111-2021		Inbound Roadway Drainage Improvements, Perimeter Fence and Intrusion Detection System Improvements, AGIS Survey and Mapping Program Jet Bridge Electrification (VALE) De-Icing/Glycol Collection Facility - Construction Phase I (Bridge Package) Improve Terminal A & B Concourses - Design Phase II Improve Terminal B - Passenger Boarding Bridges and Fuel Hydrant System VALE Grant - Ground Power and Pre-Conditioned Air for 14 Gates Master Plan & Disparity Study Update Construct Taxiway Yankee Bridge, Jet Bridge Program, Electrical Substation De-Icing/Glycol Collection Facility - Construction Phase II (De-Icing Pads) Glycol Management Program Glycol Management Program, Jet Bridge Program, Electrical Switchgear Glycol Management Program Glycol Management Program Glycol Management Program Glycol Management Program
COVID-19 - Funding for Airports Provided Through the FAA AIP Grant Program	20.106	3-47-0049-105-2020 3-47-0049-112-2021 3-47-0049-113-2021		CARES Act Operating Funds Airport Coronavirus Relief Grant Program (ACRGP) (ACRGP) - Concessions Rent Relief
Total Direct Federal Awards				
FAA through TN Dept of Transportation Airport Improvement Programs	20.106	3-47-SBGP-50 3-47-SBGP-50 3-47-SBGP-54 3-47-SBGP-57, 59 3-47-SBGP-59 3-47-SBGP-61 3-47-SBGP-61	AERO-17-250-00 AERO-19-172-00 AERO-20-189-00 AERO-20-284-00 AERO-21-298-00 AERO-21-213-00 AERO-21-214-00	Charles Baker - Sanitary Lift Station Replacement (2) DeWitt Spain - Runway Overlay (2) Charles Baker - Pavement Restoration (2) Charles Baker - Land Acquisition Phase 1 DeWitt Spain - Pavement Study & Design Baker 2020 CARES Act Part 4 - Operational Expenses DeWitt Spain 2020 CARES Act Part 4 - Operational Expenses
Total Subrecipient (of Federal Funds) Awards				
Total Federal Awards				
STATE AWARDS				
Tennessee Department of Transportation		79-555-0762-17 79-555-0764-17 79-555-0755-19 79-555-0774-19 79-555-0273-19 79-555-0781-21 79-555-0782-21 79-555-0776-19	AERO-17-249-00 AERO-17-251-00 AERO-19-265-00 AERO-19-266-00 AERO-19-253-00 AERM-21-147-00 AERM-21-148-00 AERO-19-264-00	Charles Baker - 2017 Pavement Crack Sealing DeWitt Spain - 2017 Pavement Crack Sealing MEM - Concourse B Improvements Charles Baker - Obstruction Clearing MEM - Maintenance Repair and Overhaul Facility (MRO) Baker - 2021 Maintenance Spain - 2021 Maintenance 2020 Passenger Boarding Bridge Related Construction
State Participation on Pass-Through Federally Funded Projects,		79-555-0163-17 79-555-0569-19 79-555-0179-20	AERO-17-250-00 AERO-19-172-00 AERO-20-189-00	Charles Baker - Sanitary Lift Station Replacement (2) DeWitt Spain - Runway Overlay (2) Charles Baker - Pavement Restoration (2)
Total State Awards				
TOTAL FEDERAL AND STATE AWARDS				

(1) Grant Expenditures include \$5,928 from prior years; \$234 Federal and \$5,694 State.
(2) Projects with both State and Federal Funding.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2021 (\$ IN THOUSANDS)

Participation Percentage	Grants as Amended 6/30/2020	Grants Awarded (Reduced)	Grants Total 6/30/2021	Grants Receivable 6/30/2020	Expenditures (1)	Cash Receipts	Grants Receivable 6/30/2021
90%	12,396	0	12,396	581	73	654	0
90%	2,447	55	2,502	116	56	171	1
90%	25,024	0	25,024	2,382	1,450	1,160	2,672
90%	2,307	0	2,307	1	261	1	261
90%	14,780	0	14,780	5,209	5,061	8,755	1,515
90%	2,400	359	2,759	0	2,665	1,941	724
90%	5,084	0	5,084	734	706	852	588
90%	11,286	0	11,286	793	2,848	955	2,686
90%	14,602	0	14,602	6,100	7,031	12,711	420
90%	0	6,000	6,000	0	5,400	5,400	0
100%	0	45,636	45,636	0	38,154	4,848	33,306
100%	0	2,362	2,362	0	2,079	0	2,079
90%	0	10,588	10,588	0	8,486	0	8,486
100%	0	20,573	20,573	0	0	0	0
100%	0	16,667	16,667	0	0	0	0
	90,326	102,240	192,566	15,916	74,270	37,448	52,738
100%	24,688	0	24,688	0	16,685	16,685	0
100%	0	14,384	14,384	0	0	0	0
100%	0	497	497	0	0	0	0
	24,688	14,881	39,569	0	16,685	16,685	0
	115,014	117,121	232,135	15,916	90,955	54,133	52,738
90%	130	0	130	1	0	1	0
9%	170	0	170	1	121	122	0
90%	56	0	56	33	23	56	0
100%	51	0	51	0	3	0	3
100%	70	0	70	0	28	0	28
100%	69	0	69	0	0	0	0
100%	69	0	69	0	0	0	0
	615	0	615	35	175	179	31
	115,629	117,121	232,750	15,951	91,130	54,312	52,769
95%	38	0	38	0	0	0	0
95%	60	0	60	0	0	0	0
95%	12,635	5,682	18,317	0	5,682	5,682	0
95%	18	0	18	0	0	0	0
95%	3,000	0	3,000	0	0	0	0
50%	0	15	15	0	15	15	0
50%	0	15	15	0	15	0	15
95%	4,398	-	4,398	482	640	1,122	0
5%	8	0	8	0	0	0	0
86%	1,540	0	1,540	11	1,155	1,162	4
5%	6	0	6	2	1	3	0
	21,703	5,712	27,415	495	7,508	7,984	19
	\$137,332	\$122,833	\$260,165	\$16,446	\$98,638	\$62,296	\$52,788

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AND STATE AWARDS
YEAR ENDED JUNE 30, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Memphis-Shelby County Airport Authority (the "Authority") and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

2. CONTINGENCY

The grant revenue amounts received and expensed are subject to audit and adjustment. If any expenditures are disallowed by the grantor as a result of such an audit, any claim for reimbursement to the grantor would become a liability of the Authority. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.



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*

The Board of Commissioners and Management
Memphis-Shelby County Airport Authority
Memphis, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Memphis-Shelby County Airport Authority (the "Authority"), a component unit of the City of Memphis, Tennessee, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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*.

There were no prior findings reported.

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.

Dixon Hughes Goodman LLP

Memphis, Tennessee

October 29, 2021



Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Commissioners and Management
Memphis-Shelby County Airport
Authority Memphis, Tennessee

Report on Compliance for the Major Federal Program

We have audited Memphis-Shelby County Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2021. The Authority's major federal program is identified in the summary of auditors' 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 program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority'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 the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.



Report on Internal Control Over Compliance

Management of the Authority 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Memphis, Tennessee
October 29, 2021

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION I - SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the schedule of expenditures of federal awards audited were prepared in accordance with accounting principles generally accepted in the United States of America: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified not considered to be material weaknesses? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified not considered to be material weaknesses? yes x none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance yes x no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: \$2,734,000

Auditee qualified as low-risk auditee? x yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

A. Significant Deficiencies in Internal Control

None reported

B. Compliance Findings

None reported

C. Prior Year Findings

None reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

SECTION IV - PRIOR YEAR AUDIT FINDINGS

None reported

