



# Annual Comprehensive Financial Report

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**

**MEMPHIS, TENNESSEE**

For the fiscal years ended June 30, 2023 and 2022

**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, 2023 and 2022  
PREPARED BY THE FINANCE DIVISION

# Memphis-Shelby County Airport Authority

## JUNE 30, 2023

### BOARD OF COMMISSIONERS

Michael E. Keeney, Chairman  
Pamela Z. Clary, Vice-Chairman  
Jack Sammons, Secretary  
Belinda Anderson  
Pace Cooper  
Gregory Fletcher  
Albert Glenn

### OFFICERS AND KEY STAFF MEMBERS POSITION

#### MEMBERS ..... POSITION

Scott A. Brockman, A.A.E. .... President and Chief Executive Officer  
Sylvester Lavender, 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  
Jeffrey W. Hanley ..... Director of Finance and Authority Assistant Treasurer  
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  
David Ritter ..... Director of Information Technology  
Zachary Shaw ..... Director of Maintenance  
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 31, 2023

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, 2023, 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 Department 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, 2022. The Financial Section includes the independent auditor’s 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 auditor’s reports, the Schedule of Findings and Questioned Costs and Management’s Corrective Action Plan.

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, FORVIS, 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, 2023, 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, 2023, are fairly presented in conformity with GAAP. The independent auditor’s 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 auditor’s 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. With the completion of the Concourse B Modernization Project, 25 of the 58 gates remain active and all of Concourse A, the remaining portion of Concourse C, and 15 gates on the southwest leg of Concourse B have been 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 2022 US Gross Domestic Product (GDP) increased by 2.1 percent compared to the 5.9 percent decrease in CY 2021. Projected median GDP for CY 2023 is estimated at approximately 2.4 percent. The inflation rate in June 2023 was 3.0% with the federal reserve intending to slow the pace of increasing the fed funds rate in an attempt to bring down inflation. The Memphis Metropolitan Statistical Area ("MMSA") unemployment rate for August 2023 was 4.4%, which was above the State of Tennessee rate of 3.1% and above the national rate of 3.9%. National unemployment for CY 2024 is projected to be in the range of 4.1 to 4.7 percent.

During FY 2023, over 95 percent of Airport enplanement activity was origination and destination (O&D) activity. Of the total FY 2023 enplanement activity at the Airport, American Airlines comprised approximately 35 percent, Delta Air Lines comprised approximately 27 percent of total enplanements, Southwest Airlines about 15 percent, United Airlines about 12 percent with all other airlines (Allegiant, Frontier, Spirit and Avelo) making up the remaining balance. With actual FY 2023 enplanements increasing 9.5 percent over FY 2022 levels, the Authority has projected a further increase in enplanements of 4.4 percent in FY 2024. 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 4.3 million U.S. tons of cargo in fiscal year 2023. The Airport is ranked #1 in the United States for total air cargo handled, and #2 in the world for total air cargo handled according to statistics reported by Airports Council International, Geneva, Switzerland. Over 82% of the cargo handled at Memphis International Airport was reported as domestic. FedEx Corporation (“FedEx”), the world’s second 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 2023. FY 2024 cargo activity levels are expected to grow slightly over FY 2022 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 three U. S. interstate systems 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 Memphis 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 PGA tour’s FedEx St. Jude Championship, 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. 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. 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. After public comments were received this summer, the final document is being finalized for submission to the FAA by the end of 2023. This 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 and only those that are needed as a result of the actual increase in demand will be constructed.

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 and included in the Investment Policy updated in October 2021. All investments were made in compliance with their applicable resolution or bond indenture.

The Authority invests temporarily idle cash based on their recently updated investment policy which allows for investments 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, commercial paper, secured repurchase agreements and the Tennessee local government investment pool. 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, 2023, 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**

**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 the project was substantially completed in September 2020. Design for Phase II was completed in November 2019 and bids were received in February 2020. The deice pads and collection was operational in November 2022 with deice dispensing and full operations anticipated in November 2023. The total combined cost for Phase I and II is estimated at \$311 million.

**Terminal Modernization Seismic Program (TMSP).** The project objective is to rehabilitate, improve, & seismically protect MEM's terminal. The existing terminal is over 60 years old, does not meet code, and no longer supports current operations. This will include (1) reconfigure vertical circulation to improve overall access/passenger flow, increase capacity and improve ADA access, (2) reconfigure ticket counters and install common use ticketing technology, (3) expand queue area for the SSCP (4) seismically protect the building, (5) upgrade aging Mechanical/Electrical/Plumbing (MEP) and installation of sprinkler fire suppression and (6) replace the existing glass with energy efficient and seismically resilient glass or glazing.

Passenger accessibility (ADA) and overall circulation improvements, enhanced wayfinding, additional space for the security screening checkpoint and common use technology for ticketing/passenger processing are all essential to the terminal meeting current future passenger demand levels. Located in the New Madrid Fault Zone and constructed in 1962, MEM's terminal is aged, does not meet current code, is seismically at risk and is operationally/environmentally inefficient. This project will ensure it can meet the future needs of the Airport by replacing MEP systems within the building and seismically protecting it structurally, all while preserving its architectural character. Additionally, modernization of the aging terminal enables the MEM to design/construct the facility in a manner that will lay the foundation for energy efficient certification and carbon-neutrality in the future. Specifically, the project will improve energy efficiency. New glass/glazing, upgraded MEP systems and upgrading of the vestibules will all reduce energy consumption significantly.

This project will be delivered in numerous phases. Phase 1 includes the initial enabling work that will allow subsequent Phases to be completed. The most critical and time sensitive component of Phase 1 is the reconstruction and reconfiguration of the outer drive. The reconstruction of the outer drive allows the inner drive to be closed and building façade to relocate north, allowing the expanded vertical circulation to be installed. In doing so, the MSCAA accomplishes a primary goal of the Terminal Modernization and Seismic Program – to improve overall access/passenger flow and improve ADA access.

## 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, 2022. The Authority has received a Certificate of Achievement for thirty-four consecutive fiscal years from 1989-2022. 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



Sylvester Lavender, 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 Excellence  
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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, 2022

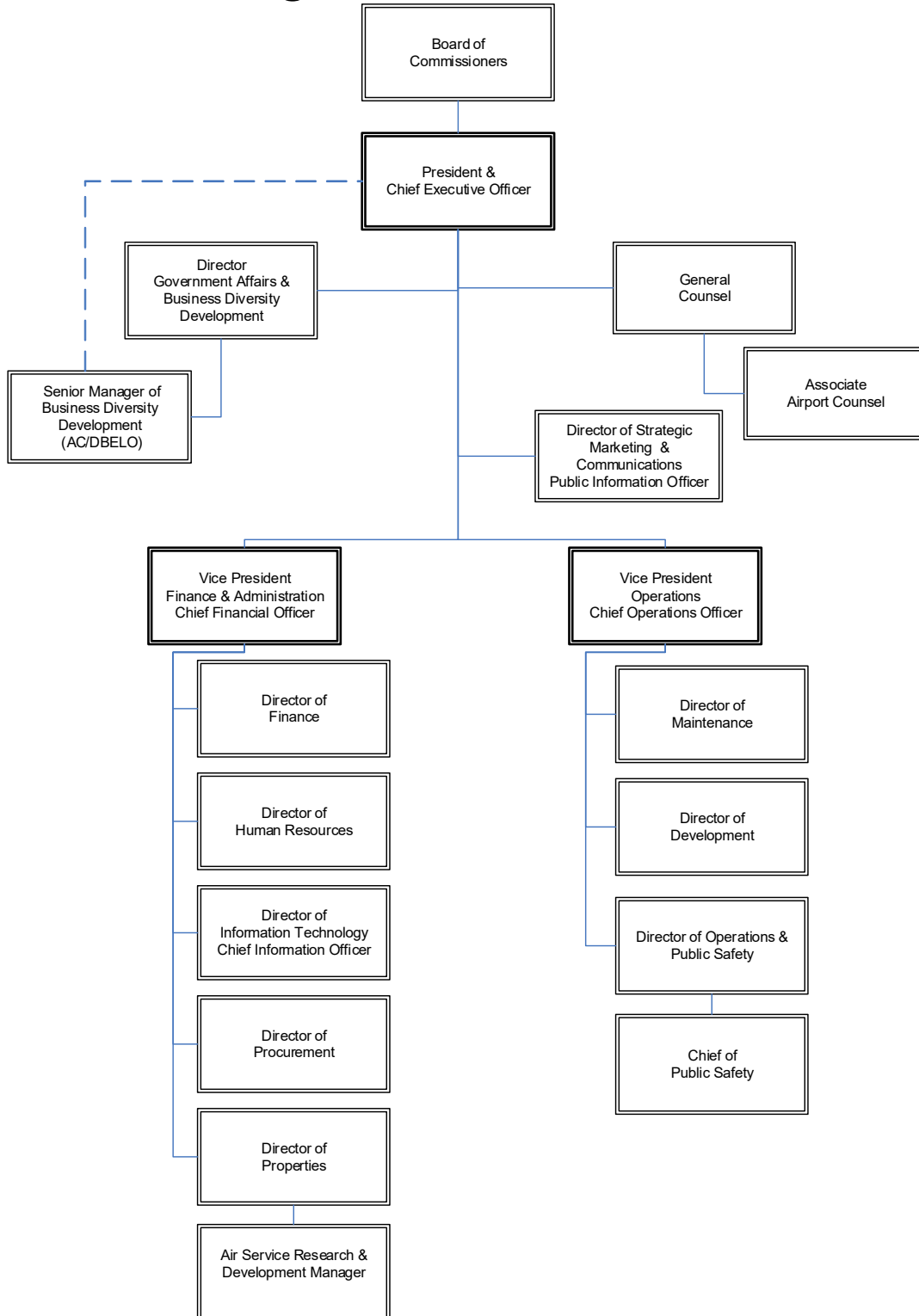
*Christopher P. Morill*

Executive Director/CEO



## MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

# Organizational Chart





# **FINANCIAL SECTION**

*This Section Contains the Following:*

Independent Auditor's Report

Management's Discussion and Analysis

Financial Statements

Supplemental Schedules

## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited 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 years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and OPEB information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

## ***Supplementary 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 accompanying supplemental schedules and schedule of expenditures of federal awards, 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, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

## ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, 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.

**FORVIS, LLP**

**Memphis, Tennessee  
October 31, 2023**



# MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2023**

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, 2023 and 2022. 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 2023**

- Operating revenues of \$115,278 for fiscal year 2023 increased by \$14,147 (14 percent) compared to restated fiscal year 2022 revenues of \$101,131.
- Operating expenses, before depreciation and amortization, of \$76,008 for fiscal year 2023 increased by (19 percent) compared to restated fiscal year 2022 operating expenses of \$63,767.
- The Authority's total net position at June 30, 2023 was \$943,626. This is an increase of \$81,453 (9.4 percent) over total net position of \$862,173 at June 30, 2022.
- Capital assets, net of accumulated depreciation increased by \$14,332 mainly due to fiscal year 2023 net capital additions of approximately \$73,489; offset by the current year change in accumulated depreciation of \$59,157.
- The Authority's total outstanding long-term bonds and notes payable, net at June 30, 2023 decreased by \$37,167 (6.3 percent) compared to June 30, 2022 due to the scheduled principal payments made during fiscal year 2023 and the additional amounts paid towards notes payable.

#### **FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2022**

- Operating revenues of \$101,131 for fiscal year 2022 increased by \$17,934 (21.6 percent) compared to restated fiscal year 2021 revenues of \$83,197.
- Operating expenses, before depreciation and amortization, of \$63,767 for fiscal year 2022 increased by (8 percent) compared to restated fiscal year 2021 operating expenses of \$59,140.
- The Authority's total net position at June 30, 2022 was \$862,173. This is an increase of \$88,240 (11.4 percent) over total net position of \$773,933 restated at June 30, 2021.
- Capital assets, net of accumulated depreciation increased by \$77,974 mainly due to fiscal year 2022 net capital additions of approximately \$129,112; offset by the current year change in accumulated depreciation of \$51,138.
- The Authority's total outstanding long-term bonds and notes payable, net at June 30, 2022 decreased by \$35,622 (6.3 percent) compared to June 30, 2021 due to the scheduled principal payments made during fiscal year 2022 and the additional amounts paid towards notes payable.

# MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

## SUMMARY OF CHANGES IN NET POSITION

### FINANCIAL ANALYSIS

At June 30, 2023, the Authority's net position increased year over year with total assets and deferred outflows of \$1,805,626 total liabilities and deferred inflows of \$862,000 and total net position of \$943,626. A comparative combined condensed summary of the Authority's net position at June 30, 2023, 2022 and restated 2021 is as follows:

	<u>2023</u>	<u>2022</u>	<u>Restated 2021</u>
Assets			
Current assets	\$396,922	\$331,638	\$329,953
Net capital assets	1,139,888	1,125,556	1,047,582
Other non-current assets	258,387	293,371	316,831
Total assets	<u>1,795,197</u>	<u>1,750,565</u>	<u>1,694,366</u>
Deferred outflows of resources	<u>10,429</u>	<u>13,315</u>	<u>5,871</u>
Liabilities			
Current liabilities	58,525	64,252	60,920
Long-term liabilities	527,663	561,179	574,378
Total liabilities	<u>586,188</u>	<u>625,431</u>	<u>635,298</u>
Deferred inflows of resources	<u>275,812</u>	<u>276,276</u>	<u>291,006</u>
Net position			
Net investment in capital assets	710,281	666,275	595,195
Restricted	264,342	218,361	149,593
Unrestricted	(30,997)	(22,463)	29,145
Total net position	<u>\$943,626</u>	<u>\$862,173</u>	<u>\$773,933</u>

### Fiscal Year 2023

Current assets at June 30, 2023 increased by \$66,837 (20.1 percent) when compared to current assets at June 30, 2022. This increase was primarily due to an increase of \$74,980 in cash and cash equivalents and investments, \$2,818 in material and supplies inventory, \$935 in accounts receivable, \$252 in lease receivable, \$114 in prepaid expenses offset by a decrease of \$12,182 in capital contribution receivable, \$50 in accrued interest receivable of and \$30 in grants receivable. The increase in cash and cash equivalents and investments was mainly due to the receipt of grant proceeds including federal American Rescue Plan funds partially offset by funds used in capital projects. The increase in material and supplies inventory is due to the addition of aircraft deice fluid to our new deice facility, plus the increased cost of our inventoried items. The increase in accounts receivable is due to the timing of certain receipts. The increase in lease receivable is due to the addition of certain leases. The increase in prepaid expenses is due to an increase in prepaid insurance due to the addition of certain insured capital assets and increased insurance costs. The increase in grants receivable is due to a state maintenance grant that was yet to be drawn. These increases were partially offset by a decrease 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 and in accounts receivable due to timing on receipt of certain year-end invoices. The decrease in accrued interest receivable was mainly due to fewer long-term investments. The decrease in grants receivable was due to grant funds being received prior to year-end.

## **MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**

### **SUMMARY OF CHANGES IN NET POSITION (CONTINUED)**

Capital assets, net of depreciation increased by \$14,332 in fiscal year 2023 compared to fiscal year 2022 primarily due to the Authority's ongoing capital improvement program, offset partially by annual asset depreciation. Fiscal year 2023 net capital additions were \$73,489, offset by the current year change in accumulated depreciation of \$59,157.

Non-current assets, other than capital assets, decreased by \$36,537 due to a decrease in non-current investments from maturities offset partially by an increase in lease receivable due to the addition of certain long-term leases.

The deferred outflows of resources at June 30, 2023 were \$10,429, a decrease of \$2,886 compared to June 30, 2022 of \$13,315. The deferred outflows of resources relate 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 75 of \$1,197 was due mainly to changes in assumptions and experience. This was offset partially by the decrease in deferred losses under GASB 68 of \$3,898 due mainly to a decrease in investment losses as compared to the expected return on assets combined with a change in assumptions and by a decrease of \$185 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 \$64,252 in 2022 to \$58,525 in 2023. This decrease of \$5,727 (8.9 percent) is primarily due to the decrease in unearned revenue \$5,221, construction contracts payable \$4,674 and accrued interest payable \$537, offset partially by an increase in current maturities of long-term debt \$2,643, accounts payable \$1,053, accrued expenses \$848 and current portion-compensated absences \$161. The decrease in unearned revenue is due to a decrease in revenue received. The decrease in construction contracts payable is due to a reduction in major projects activity. The decrease in accrued interest payable is due to a decrease in debt amortization schedules. The increase in current maturities of long-term debt is mainly due to the reclassification of long-term debt to current maturities based on debt amortization. The increase in accounts payable is due to the timing of invoices and their respective payments. The increase in accrued expenses is due to an increase in payroll payable at year-end and the addition of GASB 96. The increase in the current portion-compensated absences is due to an increase in accrued leave. The increase in the current portion-compensated absences is due to an increase in leave not yet taken by fiscal year end.

Long-term liabilities at June 30, 2023 were \$527,663 a decrease of \$33,516 compared to June 30, 2022 of \$561,179. The decrease in long-term liabilities was due to the net decrease in bonds and notes payable \$37,167 from the decreasing amortization schedules and debt payments, a decrease in GASB 68 net pension liability \$79 due to a decrease in investment losses as compared to the expected return on assets combined with a change in assumptions and a decrease in compensated absences \$159 due to employment terminations. These were offset partially by an increase in other liabilities due to GASB 96 subscription-based IT arrangements of \$2,375 and an increase under GASB 75 OPEB liability \$1,514 due to changes in assumptions and experience.

The deferred inflows of resources at June 30, 2023 were \$275,812, a decrease of \$464 compared to June 30, 2022 of \$276,276. The deferred inflows of resources related to the actuarial gains in OPEB, which are reported in accordance with GASB 75 had a decrease of \$693. The decrease was due to a change in the Authority's share of

## **MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**

### **SUMMARY OF CHANGES IN NET POSITION (CONTINUED)**

the overall OPEB liability. The deferred inflows of resources related to the actuarial gains in pension, which are reported in accordance with GASB 68 had a decrease of \$657. This decrease was due to the change in the Authority's share of the overall pension liability. The deferred inflows of resources related to the deferred gains on bond refundings decreased by \$234 due to the continued amortization of the existing gains. These decreases were offset partially by an increase in the deferred inflow on leases per the GASB 87 calculation of \$1,120.

The largest portion of the Authority's net position is the net investment in capital assets of \$710,281 (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 2022**

Current assets at June 30, 2022 increased by \$1,685 (0.5 percent) when compared to current assets restated at June 30, 2021. This increase was primarily due to an increase of \$17,531 in cash and cash equivalents and investments, \$1,949 in prepaid expenses, \$482 in material and supplies inventory, \$89 in lease receivable, \$171 in accrued interest receivable and \$15 in grants receivable offset by a decrease of \$18,436 in capital contribution receivable and \$116 in accounts receivable. The increase in cash and cash equivalents and investments was mainly due to the receipt of grant proceeds partially offset by funds used in capital projects. The increase in prepaid expenses is due to an increase in prepaid insurance due to the start of a new owner-controlled insurance program for upcoming capital projects. The increase in material and supplies inventory is due to the increased cost of these items including increased inventory related to the newly opened concourse. The increase in lease receivable is due to the addition of certain leases. The increase in accrued interest receivable is due to increased investment yields. The increase in grants receivable is due to a state maintenance grant that was yet to be drawn. These increases were partially offset by decreases 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 and in accounts receivable due to timing on receipt of certain year-end invoices.

Capital assets, net of depreciation increased by \$77,974 in fiscal year 2022 compared to restated fiscal year 2021 primarily due to the Authority's ongoing capital improvement program, offset partially by annual asset depreciation. Fiscal year 2022 net capital additions were \$129,112, offset by the current year change in accumulated depreciation of \$50,686.

Non-current assets, other than capital assets, decreased by \$23,460 due to an increase in lease receivable due to the addition of certain long-term leases, offset by a decrease in non-current investments as they were moved to current investments.

The deferred outflows of resources at June 30, 2022 were \$13,315, an increase of \$7,444 compared to restated June 30, 2021 of \$5,871. 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 \$7,605 was due mainly to an increase in investment losses as compared to the expected return on assets combined with a change in assumptions and an

## **MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**

### **SUMMARY OF CHANGES IN NET POSITION (CONTINUED)**

increase of \$126 in deferred losses under GASB 75. This was offset partially by a decrease of \$287 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 \$60,920 in restated 2021 to \$64,252 in 2022. This increase of \$3,332 (5.5 percent) is primarily due to the increase in current maturities of long-term debt \$7,956, accrued interest payable \$1,235, unearned revenue \$937 and current portion-compensated absences \$171, offset by a decrease in construction contracts payable \$4,756, accrued expenses \$1,868 and accounts payable \$343. 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 interest payable is due to the increase in debt amortization schedules mainly from the 2021A bonds. The increase in unearned revenue is due to an increase in revenues received. The increase in the current portion-compensated absences is due to an increase in accrued leave. The decrease in construction contracts payable is due to the decreased construction activity at the airport due to the completion of the modernization of concourse "B" and entering the final phase of the consolidated deice facility. The decrease in accrued expenses is due to a reduction in payroll payable at year-end and the decrease in accounts payable is due to decreased large expenses.

Long-term liabilities at June 30, 2022 were \$561,179 a decrease of \$13,199 compared to June 30, 2021 of \$574,378. The decrease in long-term liabilities was due to the net decrease in bonds and notes payable (\$35,622) from the decreasing amortization schedules and debt payments. There is a decrease under GASB 75 OPEB liability (\$1,743) due to experience. These are offset partially by the increase in GASB 68 net pension liability (\$23,914) due to investment losses and changes in assumptions and compensated absences (\$252) due to an increase in accrued leave from current to non-current.

The deferred inflows of resources at June 30, 2022 were \$276,276, a decrease of \$14,730 compared to restated June 30, 2021 of \$291,006. The deferred inflows of resources related to the actuarial gains in pension, which are reported in accordance with GASB 68 had a decrease of \$14,075. This decrease was due to the change in the Authority's share of the overall pension liability. The deferred inflow on leases per the GASB 87 calculation had a decrease of \$700. The deferred inflows of resources related to the deferred gains on bond refundings decreased by \$675 due to the continued amortization of the existing gains. These decreases were offset partially by an increase in deferred inflows of resources of \$720, related to the actuarial gains in OPEB, which are reported in accordance with GASB 75 due to the change in the Authority's share of the overall OPEB liability.

The largest portion of the Authority's net position is the net investment in capital assets of \$666,275 (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**

	<b>2023</b>	<b>2022</b>	<b>Restated 2021</b>
Operating revenues	\$115,278	\$101,131	\$83,197
Operating expenses	(76,008)	(63,767)	(59,140)
Operating income before depreciation	39,270	37,364	24,057
Depreciation	(59,157)	(51,138)	(57,978)
Operating loss	(19,887)	(13,774)	(33,921)
Non-operating income	43,545	32,689	37,918
Non-operating expense	(13,383)	(13,185)	(17,720)
Income(Loss) before capital contributions	10,275	5,730	(13,723)
Capital contributions	71,178	82,510	82,100
Increase in net position	81,453	88,240	68,377
Net position, beginning of year	862,173	773,933	705,556
Net position, end of year	<u>\$943,626</u>	<u>\$862,173</u>	<u>\$773,933</u>

# MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

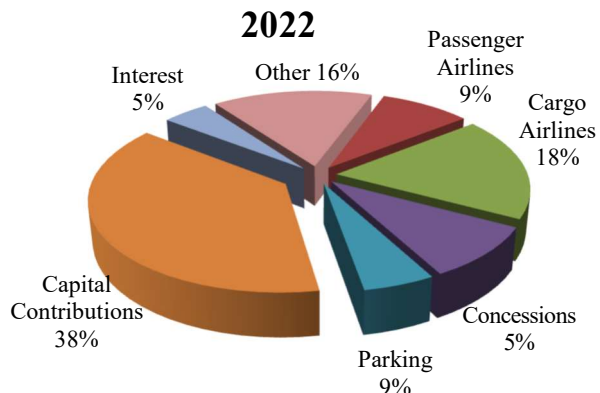
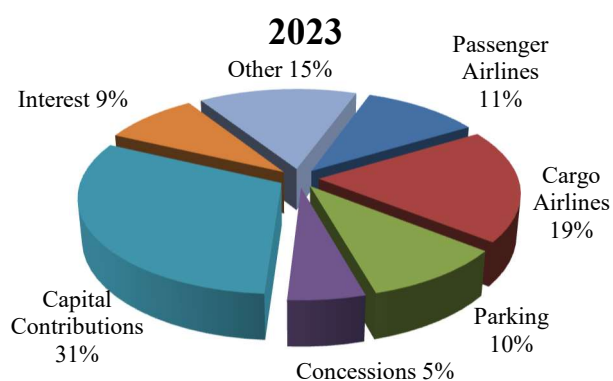
## REVENUES BY MAJOR SOURCE

The following table presents revenue by major source for the years ended June 30, 2023, 2022 and restated 2021 and the pie charts show the percentage of revenues by source for the years ended June 30, 2023 and 2022. Due to the strong presence of cargo operations at Memphis International Airport (FedEx super-hub and the world's second largest in total tonnage), airline revenues have been separated to reflect separate passenger and cargo categories.

	<b>2023</b>	<b>2022</b>	<b>Restated 2021</b>
<b>Operating Revenues</b>			
<b>Passenger Airlines</b>			
Passenger landing fee	\$5,132	\$2,858	\$1,145
Airline terminal rentals	18,909	15,588	13,820
Other rentals	992	692	490
Total Passenger Airlines	<u>25,033</u>	<u>19,138</u>	<u>15,455</u>
<b>Cargo Airlines</b>			
Cargo landing fees	34,680	30,578	31,579
Ground rents	7,050	6,841	6,945
Other rentals	2,483	2,347	2,361
Total Cargo Airlines	<u>44,213</u>	<u>39,766</u>	<u>40,885</u>
<b>Non-Airline Rentals</b>			
Concessions-terminal	2,735	1,992	1,111
Concessions-rental car	9,643	9,211	6,235
Public parking	22,378	19,527	10,084
Employee parking	569	545	464
GTC rentals	1,313	1,252	1,000
Other rentals	9,394	9,700	7,963
Total Non-Airline Rentals	<u>46,032</u>	<u>42,227</u>	<u>26,857</u>
Total Operating Revenues	<u>115,278</u>	<u>101,131</u>	<u>83,197</u>
<b>Non-operating Revenues</b>			
Interest and investment income	20,445	9,889	11,857
Customer facility charges	10,439	5,428	4,059
Passenger facility charges	9,351	9,259	5,228
Operating grants and other	3,310	8,113	16,774
Total Non-Operating Revenues	<u>43,545</u>	<u>32,689</u>	<u>37,918</u>
<b>Capital Contributions</b>	<u>71,178</u>	<u>82,510</u>	<u>82,100</u>
Total Revenues	<u>\$230,001</u>	<u>\$216,330</u>	<u>\$203,215</u>

# MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

## REVENUES



### Fiscal Year 2023

Operating revenues of \$115,278 for fiscal year 2023 increased by \$14,147 (14 percent) compared to fiscal year 2022 revenues of \$101,131. This increase in operating revenues is primarily due to an increase in cargo landing fees (\$4,102), airline terminal rentals (\$3,321), public parking (\$2,851), passenger landing fees (\$2,273), terminal concessions (\$743), rental car concessions (\$432), other passenger rentals (\$300), ground rents (\$210), cargo other rentals (\$136), ground transportation rentals (\$61) and employee parking (\$24), offset by a decrease in other non-airline rentals (\$306). 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 2023 are comprised of interest income (\$20,445), customer facility charges (CFC) (\$10,439), passenger facility charges (PFC) (\$9,351), operating grants (\$3,166), and gain on disposal of assets (\$144). Total non-operating revenues increased by \$10,856 in fiscal year 2023 compared to fiscal year 2022 non-operating revenues. This increase was due to an increase in investment earnings (\$10,556), in CFC revenues of (\$5,011), PFC revenues of (\$92), and gain on the disposal of assets (\$63) offset partially by a decrease in operating grants (\$4,866).

Capital contributions, comprised primarily of Federal capital grants, decreased from \$82,510 in fiscal year 2022 to \$71,178 in fiscal year 2023 due to decreased capital expenditures related to the Consolidated Deicing Facility grants and other capital project expenditures during the fiscal year, offset by increase in Coronavirus related relief grants.

### Fiscal Year 2022

Operating revenues of \$101,131 for fiscal year 2022 increased by \$17,934 (21.6 percent) compared to fiscal year 2021 revenues of \$83,197. This increase in operating revenues is primarily due to an increase in public parking (\$9,443), rental car concessions (\$2,976), airline terminal rentals (\$1,768), other non-airline rentals (\$1,737), passenger landing fees (\$1,713), terminal concessions (\$881), ground transportation rentals (\$252), other passenger rentals (\$202), and employee parking (\$81) offset by a decrease in cargo landing fees (\$1,001), ground rents (\$104) and cargo other rentals (\$14). Such activity was due to the residual Airport Use Agreement that

## SHELBY COUNTY AIRPORT AUTHORITY

### REVENUES (CONTINUED)

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 2022 are comprised of interest income (\$9,889), passenger facility charges (PFC) (\$9,259), operating grants (\$8,032), customer facility charges (CFC) (\$5,428), and gain on disposal of assets (\$81). Total non-operating revenues decreased by \$5,229 in fiscal year 2022 compared to fiscal year 2021 non-operating revenues. This decrease was due to a decrease in operating grants (\$8,683) which included CARES Act funds of \$8,002 and a decrease in investment earnings (\$1,968), offset partially by an increase in PFC revenues of (\$4,031), CFC revenues of (\$1,369) and gain on the disposal of assets (\$22).

Capital contributions, comprised primarily of Federal capital grants, increased from \$82,100 in fiscal year 2021 to \$82,510 in fiscal year 2022 due to increased capital expenditures related to the Consolidated Deicing Facility grants (\$79,600) and other capital project expenditures during the fiscal year.

## MEMPHIS-SHELBY COUNTY AIRPORTY AUTHORITY

### EXPENSES

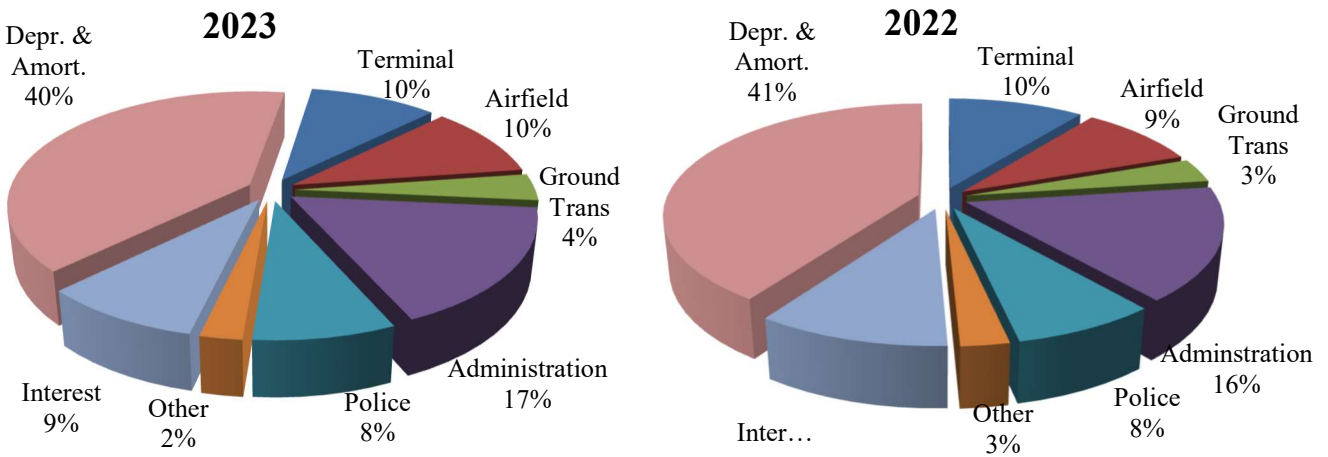
The following table presents expenses by cost center for the years ended June 30, 2023, 2022 and 2021 and the pie charts show the percentage of expenses by cost center for the years ended June 30, 2023 and 2022.

#### EXPENSES BY COST CENTER

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Operating Expenses</b>			
Airfield area	\$14,999	\$11,691	\$10,385
Terminal area	15,037	13,337	12,006
Ground transportation area	5,617	4,467	3,484
Administration area	25,004	20,964	20,588
Police and operations area	11,820	9,962	9,397
Other areas	3,531	3,346	3,280
Total operating expenses	<u>76,008</u>	<u>63,767</u>	<u>59,140</u>
<b>Non-operating Expenses</b>			
Interest expense	<u>13,383</u>	<u>13,185</u>	<u>17,720</u>
Total expenses before depreciation and change in accounting principle	89,391	76,952	76,860
Depreciation	59,157	51,138	57,978
<b>Total Expenses</b>	<u><u>\$148,548</u></u>	<u><u>\$128,090</u></u>	<u><u>\$134,838</u></u>

## MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

### EXPENSES (CONTINUED)



#### Fiscal Year 2023

In fiscal year 2023, the Authority's operating expenses of \$76,008 increased compared to fiscal year 2022 operating expenses of \$63,767 by \$12,241 (19.2 percent). The increase was mainly due to increased general administration (\$4,040), airfield (\$3,308), police (\$1,858), terminal building (\$1,700), ground transportation (\$1,150), field shop (\$133) and non-aviation of (\$68); offset by the decrease in other aviation areas (\$16). The increase in general administration cost was due to increase in pension expense, OPEB expense, salaries and benefits, insurance, repairs and maintenance, marketing, professional fees, travel and training, accounting fees, taxes and licenses, offset by a decrease in utilities, contract services, program and events, dues and memberships and supplies. The increase in airfield costs is mainly due to an increase in joint sealant, deicing chemicals, salaries and benefits, professional fees, contract services, repairs and maintenance, supplies, fuel resale at Baker and Spain Airport, snow operation expenses offset by a decrease in utilities and equipment parts and rental. The increase in police and operations is mainly due to an increase in salaries and benefits, security guard services, travel and training, supplies, uniforms and fingerprinting, offset by a decrease in repairs and maintenance. The increase in terminal building costs was mainly due to the increase in janitorial costs, elevator, escalator and moving walkways, repairs and maintenance, salaries and benefits, supplies, utilities and training and registration, offset by a decrease in equipment parts and rental and dues and memberships. The increase in ground transportation costs was mainly due to the increase in contract services for parking management, security guard services, contract employees, credit card processing fees, repairs and maintenance, utilities, salaries and benefits, insurance costs, ground maintenance, shuttle services, supplies, janitorial costs and pest control. The increase in field shop was mainly due to an increase in fuel costs, equipment parts, in salaries and benefits, supplies, janitorial contract, garbage collection fees and training and registration fees, offset by a decrease in utilities, repair and maintenance, and tools and minor equipment. The increase in non-aviation cost was due to an increase in utilities at democrat square, environmental compliance, janitorial costs, garbage collection fees and repairs and maintenance, offset by a decrease in contract services for democrat square, stormwater fees, regulatory compliance and lawn maintenance services. The decrease in other aviation costs was mainly due to decreased garbage collection fees, and repairs and maintenance, offset by an increase in pest control, supplies and utilities.

## **MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**

### **EXPENSES (CONTINUED)**

Depreciation expense increased from \$51,138 in fiscal year 2022 to \$59,157 for fiscal year 2023. This increase of \$8,019 is mainly due to a greater depreciation expense related to the increase of depreciable Authority assets year over year.

Non-operating expenses are comprised of interest expenses on outstanding debt and GASB 96 subscription-based IT arrangements. Fiscal year 2023 interest expense of \$13,383 increased \$198 compared to fiscal year 2022 interest expense of \$13,185. This increase in interest expense was due to the issuance of GASB 96 of \$236 offset with a decrease from the bond amortization schedules.

#### **Fiscal Year 2022**

In fiscal year 2022, the Authority's operating expenses of \$63,737 increased compared to fiscal year 2021 operating expenses of \$59,140 by \$4,627 (7.8 percent). The increase was mainly due to increased terminal building (\$1,331), airfield (\$1,306), ground transportation (\$983), police (\$565), general administration (\$376), field shop (\$110) and other aviation of (\$17); offset by the decrease in non-aviation areas (\$61). The increase in terminal building costs was mainly due to the increase in utilities, elevator, escalator and moving walkways, janitorial costs, repairs and maintenance, supplies and garbage collection fees, offset by a decrease in salaries and benefits. The increase in airfield costs is mainly due to an increase in joint sealant, fuel resale at Baker and Spain Airport, salaries and benefits, repairs and maintenance, offset by a decrease in deicing chemicals, consulting fees, equipment rental, supplies and snow operation expenses. The increase in ground transportation costs was mainly due to the increase in credit card processing fees, contract services for parking management and security, repairs and maintenance, utilities, insurance costs, supplies and salaries for contract employees. The increase in police and operations is mainly due to an increase in security guard services, salaries and benefits, supplies, travel, uniforms and repairs and maintenance. The increase in general administration cost was due to increase in pension expense, insurance, utilities, dues and memberships, travel and training, program and events, professional fees, marketing, taxes and licenses, supplies, offset by a decrease in accounting fees, OPEB expense, repairs and maintenance and salaries and benefits. The increase in field shop was mainly due to an increase in fuel costs, janitorial contract, garbage collection fees, supplies and repair and maintenance, offset by a decrease in salaries and benefits and utilities. The increase in other aviation costs was mainly due to increased garbage collection fees and repairs and maintenance, offset by a decrease in utilities. The decrease in non-aviation cost was due to a decrease in environmental compliance and regulatory compliance and lawn maintenance services, offset by an increase contract services for democrat square and stormwater fees.

Depreciation expense decreased from \$57,978 in fiscal year 2021 to \$51,138 for fiscal year 2022. This decrease of \$6,840 is mainly due to a number of depreciable assets reaching the end of their depreciable life in fiscal year 2021 and therefore reducing the amount of depreciation expense in 2022.

Non-operating expenses are comprised of interest expenses on outstanding debt. Fiscal year 2022 interest expense of \$13,185 decreased \$4,535 compared to fiscal year 2021 interest expense of \$17,720. This decrease in interest expense was due to a net decrease of \$2,336 in the bond interest expense from the bond amortization schedules combined with a decrease in cost of issuance of \$2,199 related to the Airport Revenue Bonds Refunding Series 2020A, 2020B, 2021B, 2021C and 2021D and the Airport Revenue Bonds, Series 2021A a new money issue.



# MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

## CAPITAL ASSETS

The Authority's capital assets at June 30, 2023, 2022 and 2021 are summarized as follows:

### NET CAPITAL ASSETS

	2023	2022	2021
Avigation easements	\$58,913	\$58,913	\$46,679
Land and improvements	146,554	146,554	159,853
Buildings	800,678	782,443	626,867
Runways, taxiways, and airfield lighting	1,046,228	776,532	774,752
Facilities constructed for tenants	139,411	139,411	139,208
Roads, bridges, and fences	77,358	77,358	77,358
Equipment and utility systems	188,192	183,423	135,979
Subscription-based IT arrangements	3,539		
Construction in process	23,812	246,802	322,079
Total capital assets	2,484,685	2,411,436	2,282,775
Less accumulated depreciation	1,344,797	1,285,880	1,235,193
Net capital assets	\$1,139,888	\$1,125,556	\$1,047,582

### Fiscal Year 2023

At the end of fiscal years 2023 and 2022, the Authority had \$1,139,888 and \$1,125,556 respectively, invested in net capital assets. During fiscal year 2023 the Authority had net additions of \$73,489 related to capital activities for runway and taxiway projects, building improvements, equipment and roads, bridges and fencing projects, offset by current year depreciation of \$59,157.

During fiscal year 2023, completed projects totaling \$292,942 were transferred from construction in progress to applicable buildings and other facilities capital asset accounts. These major completed projects were related to runways, taxiways, aprons and airfield lighting (\$269,696) buildings (\$18,236) and equipment and utility systems (\$5,010).

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 2022

At the end of fiscal years 2022 and 2021, the Authority had \$1,125,556 and \$1,047,582 respectively, invested in net capital assets. During fiscal year 2022 the Authority had net additions of \$128,661 related to capital activities for runway and taxiway projects, building improvements, equipment and roads, bridges and fencing projects, offset by current year depreciation of \$51,138 less deletions of \$451.

During fiscal year 2022, completed projects totaling \$205,455 were transferred from construction in progress to applicable buildings and other facilities capital asset accounts. The major completed projects were related to buildings (\$155,576), equipment and utility systems (\$47,896), runways, taxiways, aprons and airfield lighting (\$1,780) and facilities constructed for tenants (\$203).

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, 2023, 2022 and 2021 are summarized as follows:

#### **BONDS AND NOTES PAYABLE**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Bonds:			
Airport Revenue	\$459,855	\$485,645	\$503,560
Unamortized bond premiums	44,244	50,500	57,854
Notes payable	12,767	15,245	17,642
Current portion of bonds and notes payable	<u>(30,911)</u>	<u>(28,268)</u>	<u>(20,312)</u>
Total long-term bonds and notes payable	<u>\$485,955</u>	<u>\$523,122</u>	<u>\$558,744</u>

#### **Fiscal Year 2023**

The Authority's June 30, 2023 total long-term bonds and note payable, net, of \$485,954 decreased \$37,168 (7.1 percent) compared to the June 30, 2022 total of \$523,122. The decrease in the total long-term bonds and note payable, net outstanding was mainly due to certain debt reclassified as current liability as it is due within one year of \$30,911 and the amortization of \$6,257 for bond premium costs.

In December 2022, 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, 2023, 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 2022**

The Authority's June 30, 2022 total long-term bonds and note payable, net, of \$523,122 decreased \$35,622 (6.4 percent) compared to the June 30, 2021 total of \$558,744. The decrease in the total long-term bonds and note payable, net outstanding was mainly due to certain debt reclassified as current liability as it is due within one year of \$28,268 and the amortization of \$7,354 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, 2022, 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 2022, 2021 and 2020 are as follows:

#### **COVERAGE RATIO**

	<b>2023</b>	<b>2022</b>	<b>2021</b>
Airport Revenue Bonds	137%	154%	146%

## **MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**

### **AIRPORT ACTIVITIES AND HIGHLIGHTS**

#### **AIRLINE ACTIVITY**

During fiscal year 2023, 4,555,996 passengers traveled through the Airport, an increase of 9.42 percent over the 4,163,683 passengers in fiscal year 2022. Additionally, aircraft landed weight decreased from 26,588,464 per thousand-pound units in fiscal year 2022 to 25,838,898 per thousand-pound units in fiscal year 2023. These changes in activity were realized due to the increase in passenger traffic and the decrease in cargo airline activity.

Air Cargo activity decreased in fiscal year 2023 by 7.56%, and Memphis remained the United States' largest cargo airport, and the world's second largest cargo airport with approximately 4.3 million and 4.7 million U.S. tons of total cargo in fiscal years 2023 and 2022, 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 seven 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 expires on June 30, 2024 with the option to extend one year. 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

	2023	2022	2021	2020
Terminal Average Square Foot Rate	\$71.24	\$69.99	\$77.01	\$70.86
Cargo Building Square Foot Rate	\$12.00	\$12.00	\$12.00	\$12.00
Aircraft Loading Position				
Rate per Linear Foot	\$556.09	\$484.28	\$363.15	\$350.28
Signatory Landing Fee-per 1,000 lbs. unit	\$1.44	\$1.27	\$1.29	\$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.

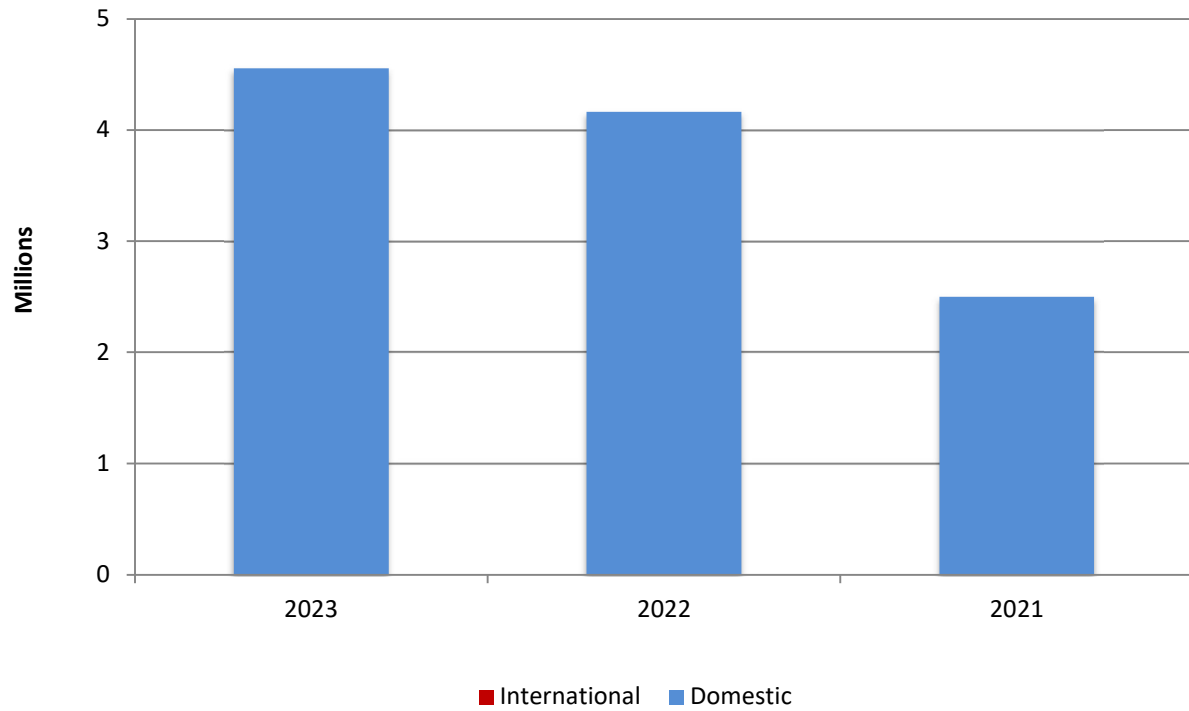
### COST PER ENPLANED PASSENGER

	2023	2022	2021
Average Cost Per Enplaned Passenger	\$9.86	\$7.89	\$14.17

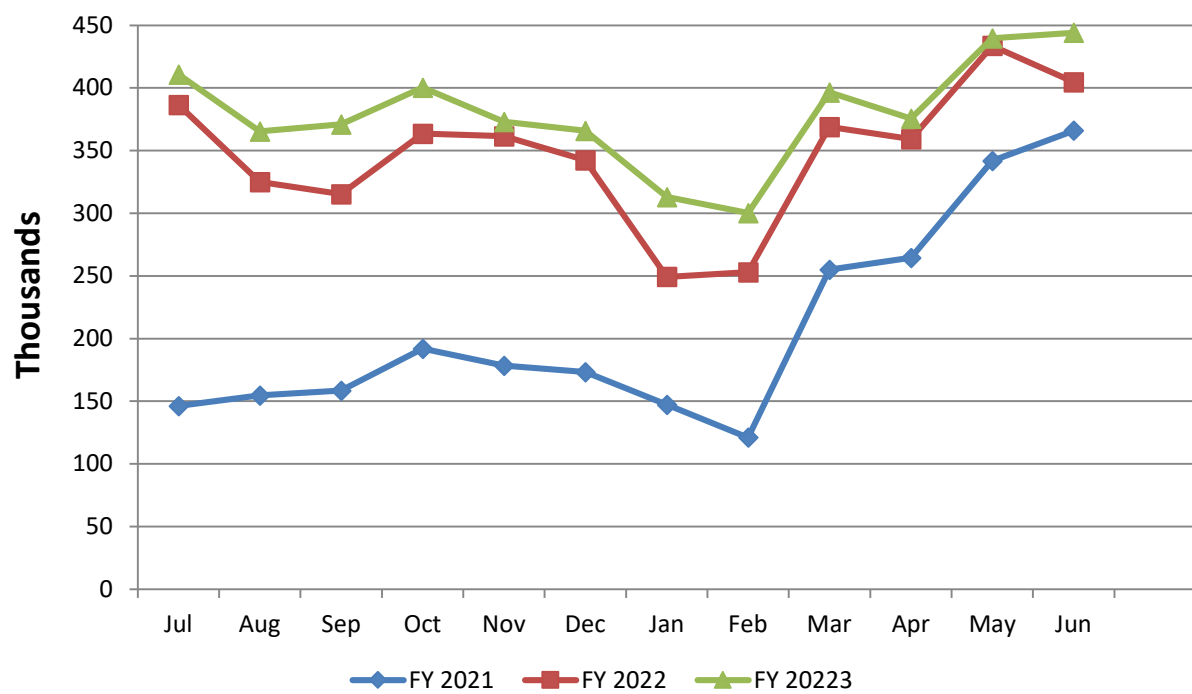
Selected statistical information about total passengers, total cargo, aircraft landed weight, and air carrier movements for the past three years is presented in the table and graphs below.

FISCAL YEAR	TOTAL PASSENGERS	TOTAL CARGO HANDLED (U.S. TONS)	AIRCRAFT LANDED WEIGHT (1000 POUND UNITS)	AIR CARRIER MOVEMENTS
2023	4,555,996	4,343,172	25,838,898	182,730
2022	4,163,683	4,698,115	26,588,464	185,800
2021	2,499,186	5,104,800	27,031,992	183,314

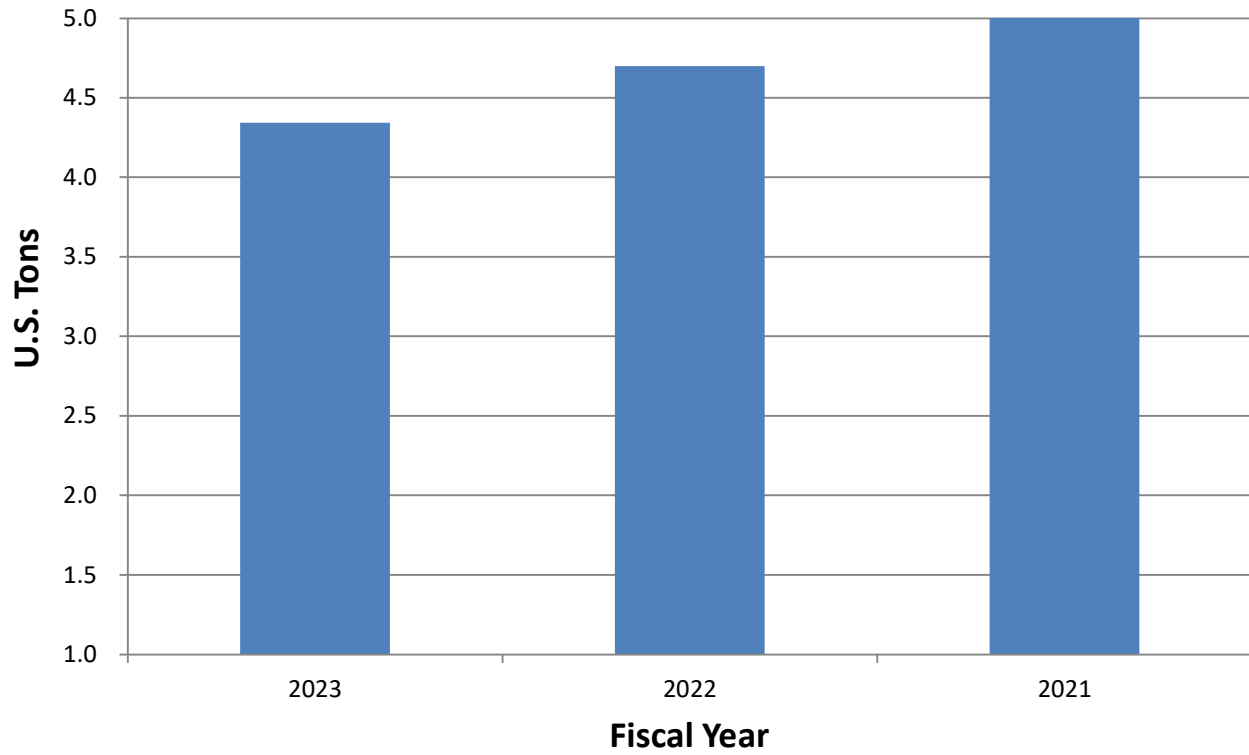
## Total Passengers



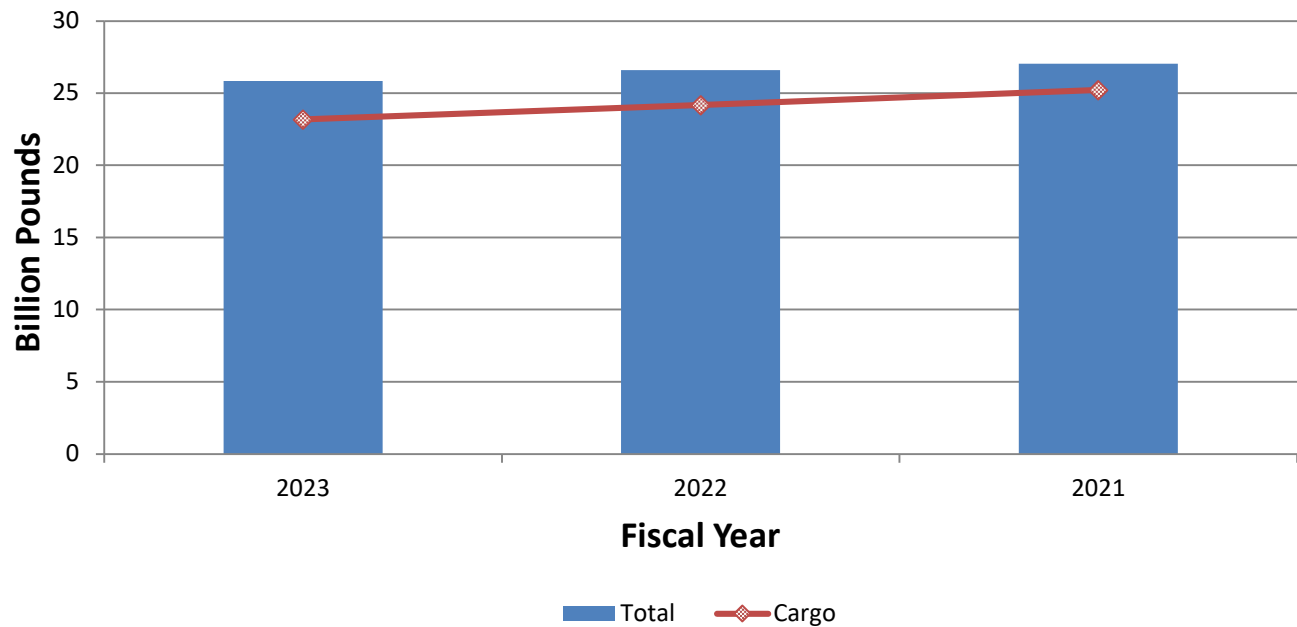
## Monthly Passengers



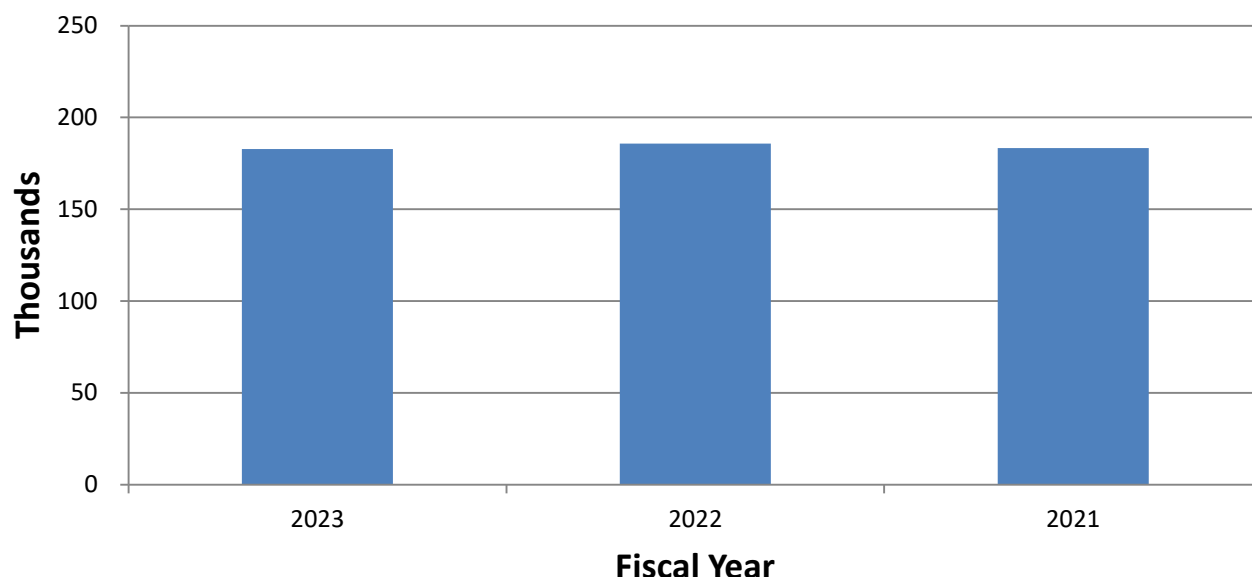
## Cargo Handled



## Landed Weights



## Air Carrier Movements



### MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY FUTURE OUTLOOK

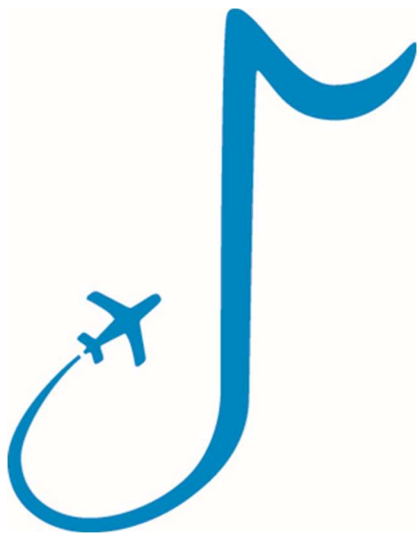
Through the end of fiscal year 2023 and beginning of fiscal year 2024, MEM has experienced a surge of passenger traffic that has exceeded pre-pandemic levels. Peak travel periods during Spring Break, summer, and Labor Day all exceeded those of 2019, when MEM experienced a record number of origin and destination traffic. For example, in early September, TSA checkpoint totals fueled the busiest Labor Day Weekend travel period at MEM in its history. While leisure travel dominated MEM's pandemic-era traffic, the robust return of business travel has contributed greatly to the current passenger levels. Based on passenger survey data of more than 8500 travelers, 48% identified as business travelers, 37% were leisure and 15% said both business and leisure. Tourism remains a vital component for MEM's success, with Memphis Tourism reporting 11 million Memphis visitors in 2022.

The Authority has conservatively budgeted that fiscal year 2024 enplanements will be 105% of fiscal year 2019 (the last full fiscal year with no COVID-19 impact) enplanements and increasing projected future period non-airline revenues such as concession, rental car, and public parking revenues as per passenger spend continues to increase along with passenger growth. As well, fiscal year 2023 with the assistance of the Coronavirus Response and Relief Supplemental Appropriations Act funds (\$5.9 million) the Authority developed, on a budgetary basis, terminal and airfield rates and charges with increases over fiscal year 2023.

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 opportunities. The significant demand bodes well for the addition of new routes and expansion of existing routes and MEM.

### 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, 2023 AND 2022 (\$ IN THOUSANDS)

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
<b>UNRESTRICTED ASSETS</b>		
Cash and cash equivalents	\$48,611	\$49,384
Investments	517	11,940
Accounts receivable	4,808	5,291
Lease receivable	2,697	3,998
Accrued interest receivable	3	4
Materials and supplies inventory	5,513	2,695
Prepaid expenses	3,844	3,730
Grants receivable		30
Total current unrestricted assets	<u>65,993</u>	<u>77,072</u>
<b>RESTRICTED ASSETS</b>		
Cash and cash equivalents	146,868	68,033
Investments	158,642	150,301
Accounts receivable - passenger facility charges	1,610	809
Accounts receivable - customer facility charges	827	210
Accrued interest receivable	827	876
Capital contributions receivable	22,155	34,337
Total current restricted assets	<u>330,929</u>	<u>254,566</u>
<b>TOTAL CURRENT ASSETS</b>	<u>396,922</u>	<u>331,638</u>
<b>NON-CURRENT ASSETS</b>		
<b>UNRESTRICTED ASSETS</b>		
Lease receivable	224,467	216,792
Total non-current restricted assets	<u>224,467</u>	<u>216,792</u>
<b>RESTRICTED ASSETS</b>		
Investments	33,920	76,579
Total non-current restricted assets	<u>33,920</u>	<u>76,579</u>
<b>CAPITAL ASSETS</b>		
Land and improvements	146,554	146,554
Avigation easements	58,913	58,913
Depreciable capital assets (less accumulated depreciation and amortization of \$1,344,797 and \$1,285,193)	910,609	673,287
Construction in progress	23,812	246,802
Total capital assets, net	<u>1,139,888</u>	<u>1,125,556</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>1,398,275</u>	<u>1,418,927</u>
<b>TOTAL ASSETS</b>	<u>\$1,795,197</u>	<u>\$1,750,565</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refundings	\$184	\$369
Deferred actuarial losses - pension	8,011	11,909
Deferred actuarial losses - OPEB	2,234	1,037
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$10,429</u>	<u>\$13,315</u>

*See notes to basic financial statements.*

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

JUNE 30, 2023 AND 2022 (\$ IN THOUSANDS)

	<u>2023</u>	<u>2022</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Payable from unrestricted assets		
Accounts payable	\$5,524	\$4,471
Accrued expenses	2,776	1,928
Current portion - compensated absences	722	561
Accrued interest payable	108	
Unearned revenue	3,619	8,840
Total payable from unrestricted assets	<u>12,749</u>	<u>15,800</u>
Payable from restricted assets		
Construction contracts payable	5,381	10,055
Accrued interest payable	9,484	10,129
Current maturities of long-term debt	30,911	28,268
Total payable from restricted assets	<u>45,776</u>	<u>48,452</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>58,525</u>	<u>64,252</u>
<b>NON-CURRENT LIABILITIES</b>		
Compensated absences	2,277	2,436
Other liabilities	2,375	
Net pension liability	23,835	23,914
Net OPEB liability	13,221	11,707
Bonds and notes payable, net of current maturities	485,955	523,122
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>527,663</u>	<u>561,179</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$586,188</u></u>	<u><u>\$625,431</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred gain on refundings	\$290	\$524
Deferred actuarial gains - pension	1,619	2,276
Deferred actuarial gains - OPEB	2,383	3,076
Deferred inflow on leases	271,520	270,400
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$275,812</u>	<u>\$276,276</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$710,281	\$666,275
Restricted		
Capital acquisition	264,342	218,361
Unrestricted	(30,997)	(22,463)
<b>TOTAL NET POSITION</b>	<u><u>\$943,626</u></u>	<u><u>\$862,173</u></u>

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
YEARS ENDED JUNE 30, 2023 AND 2022 (\$ IN THOUSANDS)

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Airfield	\$48,198	\$41,603
Terminal building	24,464	20,081
Ground transportation	35,615	31,948
Other aviation areas	6,133	5,780
Non-aviation areas	868	1,719
Total operating revenues	<u>115,278</u>	<u>101,131</u>
<b>OPERATING EXPENSES</b>		
Airfield	14,999	11,691
Terminal building	15,037	13,337
Ground transportation	5,617	4,467
General administration	25,004	20,964
Police	11,820	9,962
Field shop	2,094	1,961
Other aviation areas	306	322
Non-aviation areas	1,131	1,063
Total operating expenses before depreciation	<u>76,008</u>	<u>63,767</u>
<b>DEPRECIATION</b>	<u>59,157</u>	<u>51,138</u>
<b>OPERATING LOSS</b>	<u>(19,887)</u>	<u>(13,774)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and investment income	20,445	9,889
Interest expense	(13,383)	(13,185)
Customer facility charges	10,439	5,428
Passenger facility charges	9,351	9,259
Operating grants	3,166	8,032
Gain on disposal/sale of capital assets	144	81
Total non-operating revenues, net	<u>30,162</u>	<u>19,504</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	10,275	5,730
<b>CAPITAL CONTRIBUTIONS</b>	<u>71,178</u>	<u>82,510</u>
<b>CHANGE IN NET POSITION</b>	<u>81,453</u>	<u>88,240</u>
<b>TOTAL NET POSITION: BEGINNING OF YEAR</b>	<u>862,173</u>	<u>773,933</u>
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$943,626</u>	<u>\$862,173</u>

*See notes to basic financial statements.*

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
YEARS ENDED JUNE 30, 2023 AND 2022 (\$ IN THOUSANDS)

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$108,072	\$98,242
Cash paid to suppliers for goods and services	(41,775)	(33,533)
Cash paid to employees for services	(36,436)	(34,453)
Net cash provided by operating activities	<u>29,861</u>	<u>30,256</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING</b>		
Operating grants received	<u>3,196</u>	<u>8,017</u>
Net cash provided by non-capital financing	<u>3,196</u>	<u>8,017</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of capital assets	144	81
Acquisition and construction of capital assets	(74,532)	(133,868)
Principal paid on long-term debt and notes payable	(28,266)	(20,312)
Proceeds from long-term debt		
Interest paid on long-term debt and notes payable	(20,227)	(19,692)
Interest received on lease receivable	11,000	10,905
Capital contributions received	83,278	100,946
Customer facility charges	9,822	5,359
Passenger facility charges	<u>8,550</u>	<u>9,142</u>
Net cash used in capital and related financing activities	<u>(10,231)</u>	<u>(47,439)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	(173,318)	(196,410)
Proceeds from sales and maturities of investment securities	221,201	67,065
Interest and dividends on investments	<u>7,353</u>	<u>3,233</u>
Net cash provided by(used in) investing activities	<u>55,236</u>	<u>(126,112)</u>
<b>NET CHANGE IN CASH</b>	78,062	(135,278)
Beginning of year	<u>117,417</u>	<u>252,695</u>
End of year	<u><u>\$195,479</u></u>	<u><u>\$117,417</u></u>
<b>CASH, END OF YEAR CONSISTS OF</b>		
Unrestricted	\$48,611	\$49,384
Restricted	<u>146,868</u>	<u>68,033</u>
<b>TOTAL CASH, END OF YEAR</b>	<u><u>\$195,479</u></u>	<u><u>\$117,417</u></u>

See notes to basic financial statements.

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
YEARS ENDED JUNE 30, 2023 AND 2022 (\$ IN THOUSANDS)

	<u>2023</u>	<u>2022</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating loss	(\$19,887)	(\$13,774)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	59,157	51,138
Provision for uncollectible accounts receivable	62	31
Decrease (increase) in assets:		
Receivables	421	271
Lease Receivable	(5,254)	(5,298)
Materials and supplies inventory	(2,818)	(482)
Prepaid expenses	(114)	(1,949)
Increase (decrease) in liabilities:		
Accounts payable	336	(448)
Accrued expenses	393	(1,340)
Net pension liability	3,162	2,319
Net OPEB liability	(376)	(1,149)
Unearned revenue	(5,221)	937
Net cash provided by operating activities	<u>\$29,861</u>	<u>\$30,256</u>

**NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES AND INVESTING ACTIVITIES**

Investments increased by \$1,173 in fiscal year 2023 and decreased by \$3,277 in fiscal year 2022 due to the change in fair value. Capital assets increased by \$3,539 during fiscal year 2023 due to obligations from subscription-based information technology arrangements.

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022 (\$ 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 Authority recognizes a lease receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

# MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

- H. **Capital Assets** – Assets with a cost of ten 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.

*Subscription Based Information Technology Arrangements (SBITA)* - SBITAs are contracts that convey the control of the right to use software, alone or in combination with tangible assets, as specified in a contract for the subscription term in an exchange or exchange-like transaction. The subscription term is the period of time that the Authority has a noncancellable right to use the underlying asset. SBITA assets and liabilities are reported at present value using the Authority's incremental borrowing rate unless otherwise noted in the contract terms. SBITA assets are recorded within capital assets and SBITA liabilities are reported with accrued expenses and other liabilities on the Statements of Net Position. The amortization of the discount is recorded as Accrued Interest Payable on the Statements of Net Position with the offset to Interest Expense on the Statements of Revenue, Expenses and Changes in Net Position.

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
Subscription-based information technology arrangements	3-10

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.



# MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

- 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.
- 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 assets that applies to future periods 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 assets that applies to future periods 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.

# MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

- 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.

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.

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

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

- T. **Change in Accounting Principles** - GASB issued Statement No. 96, *Subscription Based Information Technology Arrangements*, in May 2020, effective for reporting periods beginning after June 15, 2022. The objective of this statement is to better meet the information needs of the financial statement users by establishing uniform accounting and financial reporting requirements for subscription-based IT arrangements (SBITA), improving the comparability of financial statements among governments that have entered into subscription-based IT arrangements, and enhancing the understandability, reliability, relevance, and consistency of information about subscription-based IT arrangements. The effect on prior year financial statements was not deemed material by management.

# MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### 2. DEPOSITS AND INVESTMENTS

- A. **Deposits** – Cash deposits as of June 30, 2023 and 2022, had a carrying value of \$69,258 and \$116,035, respectively. These deposits consisted of interest bearing and non-interest bearing demand accounts. Petty cash as of June 30, 2023 and 2022 was \$3 and \$3, respectively. The Authority had cash equivalents, consisting primarily of liquid asset funds, at June 30, 2023 and 2022 of \$126,218 and \$1,379, 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, 2023 and 2022, all amounts were properly collateralized.

- B. **Investments** – Investments consist of the following at June 30, 2023 and 2022:

	2023	2022	WEIGHTED AVERAGE MATURITY (YEARS) AT June 30, 2023
At fair value:			
U. S. Government agencies	\$169,239	\$214,980	0.87
At cost:			
Forward purchase agreement	23,840	23,840	1.68
Total Investments	\$193,079	\$238,820	

The investments made during fiscal years 2023 and 2022 included the classifications above along with Commercial Paper (A-1/P-1 or equivalent) and Certificates of Deposit. 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, 2023 and 2022.

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

# MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### 2. DEPOSITS AND INVESTMENTS (CONTINUED)

nonnegotiable investment contract at cost. This investment represents 12 percent of the Authority's portfolio at June 30, 2023. The issuer of this investment contract had a credit rating of Aa2 by Moody's at June 30, 2023 and 2022.

*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. The maximum maturity of investments is 270 days for commercial paper, one year for repurchase agreements, two years for municipal obligations, certificates of deposit, interest bearing time deposits and savings accounts, no time maximum on Tennessee Local Investment Pool and four years for all other authorized investments.

*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 following are the investment requirements and allocation limits on security types, issuers and maturities that are authorized for purchase by the Authority. The percentage allocations requirements for investment types and issuers are calculated based on the original cost of each investment at the time of purchase. Investments not listed in the policy are prohibited.

<b>INVESTMENT TYPE</b>	<b>MAXIMUM</b>
U.S. Treasury Obligations	100%
Government National Mortgage Association	40%
U.S. Government Guaranteed AID and GTC	10%
Federal Agency (40% per agency for FNMA, FHLMC, FHLB, FFCB and 10% others)	75%
Agency Mortgage-Backed Securities	20%
Municipal Obligations (5% per issuer)	25%
Interest Bearing Time Deposit or Savings Accounts	50%
Certificates of Deposit (20% per issuer)	50%
Commercial Paper (5% per issuer)	35%
Each Repurchase Agreements (20% per issuer)	25%
<u>Tennessee Local Governments Investment Pool</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:

	2023	2022
Unrestricted current assets:		
Cash and cash equivalents	\$48,611	\$49,384
Short-term investments	517	11,940
Restricted current assets:		
Cash and cash equivalents	146,868	68,033
Short-term investments	158,642	150,301
Restricted non-current assets:		
Investments	33,920	76,579
Total	\$388,558	\$356,237
Total deposits, cash equivalents and petty cash	\$195,479	\$117,417
Total investments	193,079	238,820
Total	\$388,558	\$356,237

# 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, 2023 and 2022:

		Fair Value Measurements at Reporting Date Using		
		Prices in Active	Significant Other	Significant
		Markets for	Observable Inputs	Unobservable Inputs
		Identical Assets	(Level 2)	(Level 3)
		(Level 1)		
	Fair Value			
<u>June 30, 2023</u>				
Investments:				
U.S. Agencies	\$169,239		\$169,239	
<u>June 30, 2022</u>				
Investments:				
U.S. Agencies	\$214,980		\$214,980	

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, 2023 and 2022. 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, 2023 and 2022:

	<b>Cash and Cash Equivalents</b>	<b>Investments</b>	<b>Accrued Interest Receivable</b>	<b>Other Receivables</b>	<b>2023 Total</b>	<b>2022 Total</b>
Restricted by Bond Indentures:						
Debt service:						
Airport revenue bonds	\$37,842				\$37,842	\$37,902
General obligation bonds	306				306	307
Total	38,148				38,148	38,209
Bond reserves:						
Airport revenue bonds	10,446	\$51,389	\$524		62,359	61,693
Total	10,446	51,389	524		62,359	61,693
Construction and land acquisition and associated costs:						
Airport expansion	86,897	128,418	253	\$22,155	237,723	214,134
Total	86,897	128,418	253	22,155	237,723	214,134
Restricted by Regulatory Agency:						
Passenger facility charges	161			1,610	1,771	819
U.S. Treasury Dept of Justice	133				133	80
Total	294			1,610	1,904	899
Restricted by Contributors:						
Customer facility charges	11,083	12,755	50	827	24,715	16,210
Total	11,083	12,755	50	827	24,715	16,210
Total Restricted Assets	\$146,868	\$192,562	\$827	\$24,592	\$364,849	\$331,145



# **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 operations 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, 2023 and 2022.

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, 2023, was as follows:

	Balance July 1, 2022	Additions & Reclassifications	Less Deletions & Reclassifications	Balance June 30, 2023
<b>CAPITAL ASSETS NOT BEING DEPRECIATED</b>				
Land and improvements	\$146,554			\$146,554
Avigation easements	58,913			58,913
Construction in progress	246,802	\$70,320	\$293,310	23,812
Total capital assets not being depreciated	452,269	70,320	293,310	229,279
<b>CAPITAL ASSETS BEING DEPRECIATED</b>				
Runways, taxiways, aprons and airfield lighting	776,532	269,696		1,046,228
Buildings	782,443	18,235		800,678
Facilities constructed for tenants	139,411			139,411
Roads, bridges and fences	77,358			77,358
Equipment and utility systems	183,423	5,010	241	188,192
Subscription-based IT arrangements		3,539		3,539
Total capital assets being depreciated	1,959,167	296,480	241	2,255,406
<b>ACCUMULATED DEPRECIATION</b>				
Runways, taxiways, aprons and airfield lighting	615,252	19,947		635,199
Buildings	415,618	18,419		434,037
Facilities constructed for tenants	69,128	4,262		73,390
Roads, bridges and fences	69,142	3,325		72,467
Equipment and utility systems	116,740	12,452	240	128,952
Subscription-based IT arrangements		752		752
Total accumulated depreciation	1,285,880	59,157	240	1,344,797
Total capital assets being depreciated, net	673,287	237,323		910,610
<b>CAPITAL ASSETS, NET</b>	<b>\$1,125,556</b>	<b>\$307,643</b>	<b>\$293,311</b>	<b>\$1,139,888</b>

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

**5. CAPITAL ASSETS (CONCLUDED)**

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions & Reclassifications	Less Deletions & Reclassifications	Balance June 30, 2022
<b>CAPITAL ASSETS NOT BEING DEPRECIATED</b>				
Land and improvements	\$159,853		\$13,299	\$146,554
Avigation easements	46,679	12,234		58,913
Construction in progress	322,079	\$130,576	205,853	246,802
Total capital assets not being depreciated	528,611	142,810	219,152	452,269
<b>CAPITAL ASSETS BEING DEPRECIATED</b>				
Runways, taxiways, aprons and airfield lighting	774,752	1,780		776,532
Buildings	626,867	155,576		782,443
Facilities constructed for tenants	139,208	203		139,411
Roads, bridges and fences	77,358			77,358
Equipment and utility systems	135,979	47,895	451	183,423
Total capital assets being depreciated	1,754,164	205,454	451	1,959,167
<b>ACCUMULATED DEPRECIATION</b>				
Runways, taxiways, aprons and airfield lighting	594,218	21,034		615,252
Buildings	400,284	15,334		415,618
Facilities constructed for tenants	64,868	4,260		69,128
Roads, bridges and fences	65,456	3,686		69,142
Equipment and utility systems	110,367	6,824	451	116,740
Total accumulated depreciation	1,235,193	51,138	451	1,285,880
Total capital assets being depreciated, net	518,971	154,316		673,287
<b>CAPITAL ASSETS, NET</b>	<b>\$1,047,582</b>	<b>\$297,126</b>	<b>\$219,152</b>	<b>\$1,125,556</b>

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 and contingent rental (percent of revenue) to various third parties who use the space to conduct their operations on the Airport grounds, the terms of which expire 2024 through 2059. Payments for most leases increase periodically based on reappraisals or a defined formula. The formulas that utilize the Consumer Price Index (Index), are based upon the index at lease commencement. In addition, the Authority has leases with concessionaires that have a portion of their rent based on the higher of a percentage of receipts for the year or a minimum annual guarantee. The Authority bases the payments for these leases on the required minimum annual guarantee. The Authority leases certain equipment and property to third parties that conduct operations at airport owned facilities where lease payments are based on usage. The lease receivable measurement excludes usage-based leases because they are not fixed in substance.

Revenue recognized under lease contracts during the years ended June 30, 2023, and 2022, was \$18,724 and \$18,314 respectively, which includes both lease revenue and interest. The Authority recognized lease revenue of \$12,189 and \$9,813 for the years ended June 30, 2023, and 2022, respectively, for variable (usage based) payments not previously included in the measurement of the lease receivable.

The following is a schedule by year of future minimum payments for the Authority's leases included in the measurement of the lease receivable as of June 30, 2023:

Years	Principal	Interest	Total
2024	\$2,697	\$11,317	\$14,014
2025	4,337	11,121	15,458
2026	4,274	10,907	15,181
2027	4,380	10,691	15,071
2028	4,144	10,478	14,622
2029-2033	20,311	49,342	69,653
2034-2038	23,700	43,930	67,630
2039-2043	28,522	37,472	65,994
2044-2048	36,603	29,390	65,993
2049-2053	40,990	19,614	60,604
2053-2058	51,332	8,258	59,590
2059	5,874	87	5,961
<b>Total</b>	<b>\$227,164</b>	<b>\$242,607</b>	<b>\$469,771</b>

# MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### 6. LEASE AND USE OF AIRPORT FACILITIES (CONTINUED)

#### REGULATED LEASES

The Authority leases a portion of its property to air carriers and other aeronautical users, whose leases meet the definition of a regulated lease as defined in GASB Statement No. 87 and therefore, are only subject to disclosure requirements. The terms of the regulated leases expire 2024 through 2038. Payments for most leases increase periodically based on a defined formula. Rates and fees charged by the Authority for the use of its facilities are sufficient to cover operating expenses, debt service and general obligation debt but not depreciation and amortization (as required by the terms of individual leases). The Authority leases certain equipment and property to air carriers and other aeronautical users where lease payments are based on usage. The future minimum payments exclude usage-based payments that are not "fixed in substance". Most leases allow the lessee the exclusive use of the premises. However, aircraft and vehicles may traverse the space and the Authority has the right to grant third party privileges at their discretion.

Revenue recognized for fixed payment under regulated lease contracts during the years ended June 30, 2023, and 2022, was \$20,637 and \$19,965. The Authority also recognized lease revenue of \$37,494 and \$34,202 for the years ended June 30, 2023, and 2022, respectively, for variable payments not previously included in the future minimum payments. The variable payments are primarily passenger and cargo flight fees based on usage.

The following is a schedule by year of expected future minimum payments for the Authorities regulated leases as of June 30, 2023:

<u>Years</u>	<u>Total Future Payments</u>
2024	\$20,722
2025	3,669
2026	1,219
2027	1,189
2028	1,189
2029-2033	5,943
2034-2038	5,943
Total	<u>\$39,874</u>

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

**6. LEASE AND USE OF AIRPORT FACILITIES (CONCLUDED)**

Exclusive use of certain spaces, including ticket counters, office space, operations space, apron storage space, etc. are given to air carriers to conduct their operations as defined in the agreements. As of June 30, 2023, and 2022, the Authority provides exclusive use to air carriers to lease 153,885 and 158,068 square feet. Also as of June 30, 2022, and 2021, the Authority provides exclusive use to air carriers to lease 1,737 and 1,616 linear feet respectively, certain assets at the Airport as described below:

	<u>2023</u>	<u>2022</u>
Ticket counter	4,388	4,031
Second level office	3,834	3,556
Outbound baggage	46,558	46,558
Operations	27,081	26,471
Holding area	37,049	34,319
Baggage claim	26,752	26,752
M&O office and ticket counter	<u>8,223</u>	<u>8,223</u>
<b>Total terminal building</b>	153,885	149,910
 Ground equipment storage		 8,158
 <b>Total square feet</b>	 <u><u>153,885</u></u>	 <u><u>158,068</u></u>
 <b>Total apron (linear feet)</b>	 1,737	 1,616

# MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### 7. LONG-TERM DEBT

Long-term debt information and activity for fiscal year 2023 is as follows:

	ORIGINAL ISSUE AMOUNT	INTEREST RATES	BALANCE JULY 1, 2022	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2023	AMOUNTS DUE WITHIN ONE YEAR
Airport Revenue Bonds:							
Series 2016A	110,000	1.60%	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%	61,100		15,860	45,240	16,655
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		985	15,290	4,645
Series 2021D	33,455	5.00%	33,455		6,340	27,115	7,050
Total	496,795		485,645		25,790	459,855	28,350
Note Payable	7,000	4.48%	4,005		472	3,533	494
Note Payable	20,000	3.03%	11,240		2,006	9,234	2,067
Unamortized bond premiums			50,500		6,256	44,244	
Total bonds and notes payable	523,795		551,390		34,524	516,866	30,911
Other liabilities:							
Compensated absences			2,999	768	768	2,999	722
Subscription-based IT arrangements				3,539	762	2,777	402
Total other liabilities			2,999	4,307	1,530	5,776	1,124
Total long-term debt	\$523,795		\$554,389	\$4,307	\$36,054	\$522,642	\$32,035

Interest expense includes amortization of deferred charges on refunding for fiscal years 2023 and 2022 of \$48 and \$389, respectively, and amortization of the net premium of \$6,257 and \$7,354, 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 2022 is as follows:

	ORIGINAL ISSUE AMOUNT	INTEREST RATES	BALANCE JULY 1, 2021	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2022	AMOUNTS DUE WITHIN ONE YEAR
Airport Revenue Bonds:							
Series 2011C	22,040	5.00%	6,765		6,765		
Series 2016A	110,000	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		11,150	61,100	15,860
Series 2021A	118,705	5.00%	118,705			118,705	
Series 2021B	2,605	5.00%	2,605			2,605	2,605
Series 2021C	16,275	1.875 - 5.00%	16,275			16,275	985
Series 2021D	33,455	5.00%	33,455			33,455	6,340
Total	518,835		503,560		17,915	485,645	25,790
Note Payable	7,000	4.48%	4,456		451	4,005	473
Note Payable	20,000	3.03%	13,186		1,946	11,240	2,005
Unamortized bond premiums			57,854		7,354	50,500	
Total bonds and notes payable	545,835		579,056		27,666	551,390	28,268
Other liabilities:							
Compensated absences			2,574	716	291	2,999	561
Total other liabilities			2,574	716	291	2,999	561
Total long-term debt	\$545,835		\$581,630	\$716	\$27,957	\$554,389	\$28,829



## **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 have an aggregated debt service of \$59,646 compared to prior debt service of \$67,036.

The refunding resulted in a net present value savings and economic gain of \$6,000. At June 30, 2021, \$65,690 of refunded debt is outstanding but is in-substance defeased, and therefore properly excluded from the Authority's long-term obligations.

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 of \$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 2020A and 2020B refunding issues have an aggregated debt service of \$121,000 compared to prior debt service of \$143,900. The refunding resulted in a net present value savings and economic gain of \$20,484.

## MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

#### 7. LONG-TERM DEBT (CONTINUED)

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:

(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 December 2022, 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, 2023 or June 30, 2022. The line of credit is renewable on December 31, 2023 and bears an interest rate based upon an independent index which is the one month Bloomberg Short-Term Bank Yield Index Rate plus 1.90%. In the event of default, as defined in the agreement, all obligations become immediately due, including interest.

**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:

<b>YEAR</b>	<b>AIRPORT REVENUE BONDS</b>	<b>INTEREST PAYMENTS</b>
2024	28,350	18,260
2025	29,990	16,802
2026	49,755	15,016
2027	32,825	13,546
2028	30,415	12,806
2029-2033	84,535	55,777
2034-2038	46,865	44,903
2039-2043	61,695	31,925
2044-2048	80,420	14,196
2049-2050	15,005	759
<b>Total</b>	<b>\$459,855</b>	<b>\$223,990</b>

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:

<b>YEAR</b>	<b>NOTES</b>	<b>INTEREST PAYMENTS</b>
2024	2,561	399
2025	2,647	314
2026	2,736	224
2027	2,828	132
2028	1,166	55
2029-2030	829	27
<b>Total</b>	<b>\$12,767</b>	<b>\$1,151</b>

# MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**Subscription-based Information Technology Arrangements (SBITA)** - As disclosed in Note 5, subscription assets are recorded initially at the initial measurement of the subscription liability, as disclosed in the table above, plus subscription payments made at or before the commencement of the SBITA term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

The Authority has SBITAs for software-related assets with contract terms ranging from 3 to 10 years, including applicable extensions. There were no fixed payments recorded in the current period that were not included in the measurement of the SBITA liability, no commitments prior to the commencement of the SBITA contracts, and no SBITA impairments as of June 30, 2023, and 2022.

The Authority has various SBITAs, the terms of which expire in various years through 2031. The subscriptions were measured based upon the incremental borrowing rate at commencement of the SBITA term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not “fixed in substance”. There are no commitments under SBITAs before the commencement of the subscription term.

During the years ended June 30, 2023, and 2022, the Authority recognized \$59 and \$29 respectively, of subscription expense for variable payments not previously included in the measurement of the subscription liability.

The following table summarizes the SBITA principal and interest payments as of June 30, 2023:

<b>Maturity Analysis</b>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2024	\$402	\$142	\$544
2025	347	122	469
2026	369	104	473
2027	372	85	457
2028	401	66	467
2029-3033	886	93	979
Total Future Payments	<u>\$2,777</u>	<u>\$612</u>	<u>\$3,389</u>

**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:

	<b>2023</b>	<b>2022</b>
Federal grants	\$70,600	\$81,483
State grants	528	863
Other	50	164
<b>Total capital contributions</b>	<b>\$71,178</b>	<b>\$82,510</b>

**FEDERAL AIP GRANT FUNDS AWARDED FOR FEDERAL FISCAL YEARS 2017-2021**

For federal fiscal years 2018 - 2022, the Authority was awarded the following entitlement and discretionary funds:

	<b>AIP Funds Awarded by Federal Fiscal Year</b>				
	2018	2019	2020	2021	2022
<b>Entitlement Funds:</b>					
Passenger	\$14,780	\$5,133	\$5,243	\$5,348	\$1,337
Cargo	28,587	16,779	15,581	14,900	13,789
<b>Total Entitlement</b>	<b>43,367</b>	<b>21,912</b>	<b>20,824</b>	<b>20,248</b>	<b>15,126</b>
<b>Discretionary Funds</b>	2,400	9,060	37,645	37,288	
<b>Supplemental Funds<sup>(1)</sup></b>			29,295	21,277	51,040
<b>Total AIP Funds</b>	<b>\$45,767</b>	<b>\$30,972</b>	<b>\$87,764</b>	<b>\$78,813</b>	<b>\$66,166</b>

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

**STATE GRANT FUNDS ALLOCATED FOR FISCAL YEARS 2019-2023**

The Authority has been allocated the following state grant funds for fiscal years 2019 - 2023:

	<b>State Funds Allocated by Fiscal Year</b>				
	2019	2020	2021	2022	2023
<b>State Grants</b>	\$3,638	\$3,056	\$2,371	\$10,352	\$21,519

## **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 \$8,551 and \$9,190 in PFC’s for fiscal year 2023 and 2022, 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 collected a daily customer facility charge (“CFC”) of \$4.00 per transaction day per vehicle. This rate was increased to \$8.50 per transaction day per vehicle on October 15, 2022. 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 \$10,439 and \$5,428 in customer facility charges for the years ended June 30, 2023 and 2022, 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 \$2,249 and \$2,209 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, the Authority reported a liability of \$23,835 and \$23,914, respectively for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the pension liability was determined by an actuarial valuation as of June 30, 2022. 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, 2023 and 2022, the Authority's proportion was 4.19 percent and 4.38 percent, respectively.

For the year ending June 30, 2023 and 2022, the Authority recognized pension expense of \$5,411 and \$4,527, respectively and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023 Deferred Outflows of Resources	2023 Deferred Inflows of Resources	2022 Deferred Outflows of Resources	2022 Deferred Inflows of Resources
Experience gains or losses	\$798	\$41	\$134	\$180
Change in assumptions	1,825	703	3,229	1,678
Net difference between projected and actual earnings on investments	4,583		6,802	
Changes in proportion	778	591	1,607	127
Changes in contributions	27	284	137	291
Total	\$8,011	\$1,619	\$11,909	\$2,276

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2023 will be recognized in pension expense as follows:

Year ended June 30:

2024	\$1,725
2025	\$733
2026	\$4,023
2027	(\$89)

*Actuarial Assumptions.* The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement date	June 30, 2023
Valuation date	June 30, 2022
Investment Yield	7.25%
Future Salary Increases	Merit and promotion scale that varies by age and service, plus inflation (reflecting known payroll increase effective on July 1, 2023)
Cost-of-Living Increases	None assumed



# MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### 11. DEFINED BENEFIT RETIREMENT PLANS (CONTINUED)

Mortality Assumption	<p>Healthy General: Fully Generational PubG-2010 Public Sector Mortality table for general employees adjusted by a one year set forward with MP-2021 projection scale from 2010.</p> <p>Healthy Police and Fire: Fully Generational PubS-2010 Public Sector Mortality table for safety employees adjusted by a one year set forward with MP-2021 projection scale from 2010.</p> <p>Disabled General: Fully Generational PubNS-2010 Public Sector Disabled Mortality Table for non-safety employees adjusted by a three year set back with MP-2021 projection scale from 2010.</p> <p>Disabled Fire and Police: Fully Generational PubS-2010 Public Sector Disabled Mortality Table for safety employees adjusted by a three-year set back with MP-2021 projection scale from 2010.</p> <p>Survivors General: Fully Generational PubS-2010 Public Sector Contingent Survivor table for general employees adjusted by a one year set forward with MP-2021 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-2021 projection scale from 2010.</p>		
Experience Study	Experience study based on 5 years of experience (2016-2020)		
Discount rate	The discount rate used to measure total pension liability is 7.25% as of June 30, 2023 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 would 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 Financial Security Act of 2014, the City and Authority, will phase into funding 100% of the actuarially calculated amount over a 5-year period that began 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			
	<u>1% Decrease (6.25%)</u>	<u>Current Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Net Pension Liability	\$37,422	\$23,835	\$12,376

## **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 \$22 and \$37 in fiscal year 2023 and 2022, respectively. The amount of contributions expensed for fiscal years 2023 and 2022 was \$887 and \$811, 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, 2023 and 2022, the fair value of the plan assets was \$26,098 and \$23,209, 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, 2023 and 2022, the fair value of the plan assets was \$15,191 and \$13,762, respectively.

# MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

#### *General Information about the OPEB Plan* *Plan Description.*

The Authority employees are provided with other post-employment benefits (OPEB) through the City of Memphis' OPEB plan. The City's OPEB Plan was established as part of the City's retirement plan under Chapter 25, Code of Ordinances of the City of Memphis, Tennessee. The plan is administered by a Board of Administration under the direction of the Mayor. Per GASB accounting rules, the Authority is considered a cost-sharing employer that is participating in a defined benefit OPEB plan administered by the City of Memphis. The Authority provides post-retirement health care benefits to eligible employees who retire from the Authority under the provisions of the City's retirement plan. 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. The City of Memphis does not issue a separate report for the OPEB trust plan. However, information about the City's OPEB plan is included in the City of Memphis' basic financial statements as an OPEB trust fund. The financial report on the OPEB plan can be found in the Annual Report of the City of Memphis at <https://memphistn.gov/government/finance>.

Plan Year                                      All benefits have plan year January 1 – December 31.

Employee Eligibility                      Eligibility for OPEB benefits are based on two retirement pension options: normal retirement or disability retirement. The applicable pension plans are:

	Normal	Disability
<i>General Employees</i> 1948 Plan Participants	Age 60 & 10 years of service, or 25 years of service	Non-Line of Duty: 5 years of service
<i>General Employees</i> 1978 Plan Participants	Age 60 & 10 years of service, or Age 65 & 5 years of service, or 25 years of service	
<i>General Employees</i> 2012 and 2016 Plan Participants	Age 65 & 5 years of service, or 25 years of service	
<i>Police &amp; Fire</i> 1948 Plan Participants	Age 55 & 10 years of service, or 25 years of service	Line-of-Duty: No service requirement
<i>Police &amp; Fire</i> 1978, 2012 and 2016 Plan Participants	Age 55 & 10 years of service 25 years of service	

# 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 of commissioned police and fire, paramedics and dispatchers may receive post-retirement medical benefits provided that they pay a fee of \$150 per month. For all other participants, 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/Commissioned Police and Fire/Paramedics/Dispatchers and Grandfathered Post-65 Retirees without Medicare

Postretirement medical and drug coverage through the City's self-insured Select Plan. 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
	Post-65	\$2,000
Other	Pre-65	\$5,000
	Post-65	\$1,000

#### 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

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

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

may be amended by the City Board of Administration. The City pays for medical costs that exceed required retiree premiums and may elect through adoption of the City's annual budget ordinance to contribute an amount in excess of the total annual benefit payments to a qualified trust for the purpose of funding future OPEB benefits. 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, 2023 and 2022 was 2.1 and 1.8 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 \$391 and \$355 for the year ended June 30, 2023 and 2022.

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

At June 30, 2023 and 2022, the Authority reported a liability of \$13,221 and \$11,707, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. 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, 2023 and 2022, the Authority's proportion was 2.10 percent and 2.24 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, the Authority recognized OPEB expense of \$14 in 2023 and an income of \$794 in 2022, and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023	2023	2022	2022
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience (gains) and losses	\$126	\$39	\$204	\$82
Change in assumptions	1,716	1,491	155	2,639
Net difference between projected and actual earnings on investments		6		2
Changes in proportion	368	707	620	259
Changes in contributions	24	140	58	94
Total	<u>\$2,234</u>	<u>\$2,383</u>	<u>\$1,037</u>	<u>\$3,076</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, 2023 will be recognized in OPEB expense as follows:

**Year ended June 30:**

2024	(\$324)
2025	(\$102)
2026	\$279
2027	(\$2)
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, 2022. 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 trend assumptions were updated based on plan experience and healthcare industry trend projections.
- 3) The discount rate assumption changed from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023 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:  
-65% of active employees and current Pre-65 retirees are assumed to elect Post-65 Retiree Exchange coverage (down from 75%).
- 5) The participation assumptions for all other participants changed based on emerging experience and the City's best estimate of long-term enrollment rates:  
-45% of active employees and current Pre-65 retirees are assumed to elect Post-65 Retiree Exchange coverage (down from 55%).
- 6) The future spouse assumption was changed from 56% for general male retirees, 15% for general female retirees and 46% for police and fire retirees to 60% for all future participating male retirees and 15% for all future female participating retirees, based on emerging experience and the City's best estimate of long-term enrollment rates.
- 7) The percentage of current pre-65 retirees assumed to enroll in Medicare at age 65 was updated from 99% of all pre-65 retirees as of June 30, 2022 to 90% of only pre-65 retirees hired prior to 1986 as of June 30, 2023 and 100% for all other pre-65 retirees based on recent plan experience.
- 8) Per the City, the valuation will reflect the known salary increase ranging from 2% to 14% effective July 1, 2023.

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, 2023 valuation were:

Measurement Date	June 30, 2023
Valuation Date	June 30, 2022
Investment Yield	N/A
Mortality Assumption	<p>Healthy General: Fully Generational PubG-2010 Public Sector Mortality Table for general employees adjusted by one year set forward with MP-2021 projection scale from 2010.</p> <p>Healthy Police and Fire: Fully Generational PubS-2010 Public Sector Mortality Table for safety employees adjusted by a one year set forward with MP-2021 projection scale from 2010.</p> <p>Disabled General: Fully Generational PubNS-2010 Public Sector Disabled Mortality Table for non-safety employees adjusted by a three year set back with MP-2021 projection scale from 2010.</p> <p>Disabled Police and Fire: Fully Generational PubS-2010 Public Sector Disabled Mortality table for safety employees adjusted by a three year set back with MP-2021 projection scale from 2010.</p> <p>Survivors General: Fully Generational PubS-2010 Public Sector Contingent Survivor table for general employees adjusted by a one year set forward with MP-2021 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-2021 projection scale from 2010.</p>

Future Trend Assumption	Fiscal Year	Trend
	2024	7.00%
	2025	6.72%
	2026	6.44%
	2027	6.17%
	2028	5.89%
	2029	5.61%
	2030	5.33%
	2031	5.06%
	2032	4.78%
	2033+	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 4.13% as of June 30, 2023, 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, 2023, 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, 2023.

#### Discount Rate Sensitivity

	<u>1% Decrease (3.13%)</u>	<u>Current Rate (4.13%)</u>	<u>Current Rate (5.13%)</u>
Net OPEB Liability	\$14,560	\$13,221	\$12,046

#### Healthcare Trend Sensitivity

	<u>1% Decrease</u>	<u>Current Rate Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$12,011	\$13,221	\$14,625



## **MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**

### **NOTES TO BASIC FINANCIAL STATEMENTS (CONCLUDED)**

#### **15. RELATED PARTIES AND MAJOR CUSTOMERS**

The City provided fire protection and other services to the Authority at a cost of \$4,400 and \$4,219 for fiscal years 2023 and 2022, 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 52 percent and 49 percent of operating revenues for fiscal years 2023 and 2022, respectively.

#### **16. COMMITMENTS AND CONTINGENCIES**

The Authority's plan, design and construction projects are estimated at \$437,533, of which \$338,195 has been expended through June 30, 2023. Of the remaining \$99,338 expected to be spent, the outstanding commitments were \$40,250 and related primarily to the construction of the Consolidated Deicing Facility and the terminal apron reconstruction. 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.

In the ordinary course of operations, the Authority is subject to litigation and claims. 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.

# 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 <sup>(1)</sup>

#### Net Pension Liability

(1)	(2)	(3)	(4)	(5)	(6)
Year Ending	Proportion of	Proportionate	Actual Covered	Net Pension	Fiduciary Net
June 30	the Net	Share of Net	Payroll <sup>(2)</sup>	Liability as a	Position as
	Liability (Asset) <sup>(1)</sup>	Pension Liability		Percentage of	% of Total
				Covered Payroll	Pension Liability
				(3) ÷ (4)	
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%
2022	4.38%	\$23,914	\$20,486	116.7%	81.5%
2023	4.19%	\$23,835	\$20,846	114.3%	81.2%

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

(2) 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 Pension Contributions under GASB 68 <sup>(1)</sup>

(1)	(2)	(3)	(4)	(5)	(6)
Year Ending	Actuarially	Actual	Contribution	Actual	Contributions as a
June 30	Determined	Employer	Excess/(Deficiency)	Covered	Percentage of
	Contribution	Contributions <sup>(2)</sup>		Payroll <sup>(3)</sup>	Covered Payroll
			(3) - (2)		(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%
2022	\$2,209	\$2,209		\$20,486	10.8%
2023	\$2,249	\$2,249		\$20,846	10.8%

(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 was 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)	(2)	(3)	(4)	(5)	(6)
Year Ended June 30	Proportion of the Net Liability (Asset) <sup>2</sup>	Proportionate Share of Net OPEB Liability	Actual Covered Payroll <sup>3</sup>	Net OPEB Liability as a Percentage of Covered Payroll (3) ÷ (4)	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%	1.3%
2021	2.19%	\$13,450	\$20,175	66.7%	1.3%
2022	2.24%	\$11,707	\$20,272	57.7%	0.6%
2023	2.10%	\$13,221	\$19,004	69.6%	1.7%

(1) The schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years. At the City's request, the information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.

(2) 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.

### Schedule of Employer OPEB Contributions under GASB 75

(1)	(2)	(3)	(4)	(5)	(6)
Year Ended June 30	Statutorily Required Contribution (2)	Actual Employer Contributions	Contribution Excess/(Deficiency) (3) - (2)	Actual Covered Payroll (3)	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%
2022	\$355	\$355	\$0	\$20,272	1.8%
2023	\$391	\$391	\$0	\$19,004	2.1%

(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.

## **MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

*Changes of OPEB assumptions (accounting and methods).*

#### **In the July 1, 2023 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 trend assumptions were updated based on plan experience and healthcare industry trend projections.
- 3) The discount rate assumption changed from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023 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:  
-65% of active employees and current Pre-65 retirees are assumed to elect Post-65 Retiree Exchange coverage (down from 75%).
- 5) The participation assumptions for all other participants changed based on emerging experience and the City’s best estimate of long-term enrollment rates:  
-45% of active employees and current Pre-65 retirees are assumed to elect Post-65 Retiree Exchange coverage (down from 55%).
- 6) The future spouse assumption was changed from 56% for general male retirees, 15% for general female retirees and 46% for police and fire retirees to 60% for all future participating male retirees and 15% for all future female participating retirees, based on emerging experience and the City’s best estimate of long-term enrollment rates.
- 7) The percentage of current pre-65 retirees assumed to enroll in Medicare at age 65 was updated from 99% of all pre-65 retirees as of June 30, 2022 to 90% of only pre-65 retirees hired prior to 1986 as of June 30, 2023 and 100% for all other pre-65 retirees based on recent plan experience.
- 8) Per the City, the valuation will reflect the known salary increase ranging from 2% to 14% effective July 1, 2023.

#### **In the July 1, 2022 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 trend assumptions were updated based on plan experience and healthcare industry trend projections.
- 3) The mortality assumption was updated to reflect the MP-2021 projection scale which was released by the Society of Actuaries.
- 4) The discount rate assumption changed from 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022 based on the change in the S&P Municipal Bond Rate Index at the measurement date.
- 5) The percentage of pre-65 retirees assumed to enroll in Medicare at age 65 was updated from 92% as of June 30, 2021 to 99% as of June 30, 2022 based on recent plan experience.
- 6) Inflation assumption was updated from 2.00% to 2.25% based on current economic projections.

## **MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**

#### **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%).

## **MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**

#### **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%)

  - a. 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, 2023, WITH COMPARATIVE TOTALS FOR 2022  
(\$ IN THOUSANDS)

				2023	2022
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
<b>UNRESTRICTED ASSETS</b>					
Cash and cash equivalents	\$48,591	\$5	\$15	\$48,611	\$49,384
Investments	517			517	11,940
Accounts receivable	4,784	12	12	4,808	5,291
Lease receivable	2,697			2,697	3,998
Accrued interest receivable	3			3	4
Materials and supplies inventory	5,434	46	33	5,513	2,695
Prepaid expenses	3,769	38	37	3,844	3,730
Grants receivable					30
Total current unrestricted assets	65,795	101	97	65,993	77,072
<b>RESTRICTED ASSETS</b>					
Cash and cash equivalents	146,868			146,868	68,033
Investments	158,642			158,642	150,301
Accounts receivable - passenger facility charges	1,610			1,610	809
Accounts receivable - customer facility charges	827			827	210
Accrued interest receivable	827			827	876
Capital contribution receivable	21,977	131	47	22,155	34,337
Total current restricted assets	330,751	131	47	330,929	254,566
<b>TOTAL CURRENT ASSETS</b>	<b>396,546</b>	<b>232</b>	<b>144</b>	<b>396,922</b>	<b>331,638</b>
<b>NON-CURRENT ASSETS</b>					
<b>UNRESTRICTED ASSETS</b>					
Lease receivable	224,467			224,467	216,792
Total non-current unrestricted assets	224,467			224,467	216,792
<b>RESTRICTED ASSETS</b>					
Investments	33,920			33,920	76,579
Total non-current restricted assets	33,920			33,920	76,579
<b>CAPITAL ASSETS</b>					
Land and improvements	144,874	479	1,201	146,554	146,554
Avigation easements	58,913			58,913	58,913
Depreciable capital assets (less accumulated depreciation and amortization of \$1,344,797 and \$1,285,880)	904,320	2,443	3,846	910,609	673,287
Construction in progress	23,795		17	23,812	246,802
Total capital assets, net	1,131,902	2,922	5,064	1,139,888	1,125,556
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,390,289</b>	<b>2,922</b>	<b>5,064</b>	<b>1,398,275</b>	<b>1,418,927</b>
<b>TOTAL ASSETS</b>	<b>\$1,786,835</b>	<b>\$3,154</b>	<b>\$5,208</b>	<b>\$1,795,197</b>	<b>\$1,750,565</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refundings	\$184			\$184	\$369
Deferred actuarial losses - pension	8,011			8,011	11,909
Deferred actuarial losses - OPEB	2,234			2,234	1,037
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$10,429</b>			<b>\$10,429</b>	<b>\$13,315</b>

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**  
**SUPPLEMENTAL SCHEDULE OF NET POSITION**  
**INFORMATION BY AIRPORT**  
JUNE 30, 2023, WITH COMPARATIVE TOTALS FOR 2022  
(\$ IN THOUSANDS)

				2023	2022
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Payable from unrestricted assets					
Accounts payable	\$5,440	\$34	\$50	\$5,524	\$4,471
Accrued expenses	2,713	42	21	2,776	1,928
Due to (from) other airports	(6,480)	3,018	3,462		
Current portion - compensated absences	722			722	561
Accrued interest payable	108			108	
Unearned revenue	3,619			3,619	8,840
Total payable from unrestricted assets	6,122	3,094	3,533	12,749	15,800
Payable from restricted assets					
Construction contracts payable	5,381			5,381	10,055
Accrued interest payable	9,484			9,484	10,129
Current maturities of long-term debt	30,911			30,911	28,268
Total payable from restricted assets	45,776			45,776	48,452
<b>TOTAL CURRENT LIABILITIES</b>	<b>51,898</b>	<b>3,094</b>	<b>3,533</b>	<b>58,525</b>	<b>64,252</b>
<b>NON-CURRENT LIABILITIES</b>					
Compensated absences	2,275	1	1	2,277	2,436
Other liabilities	2,375			2,375	
Net pension liability	23,835			23,835	23,914
Net OPEB liability	13,221			13,221	11,707
Bonds and notes payable, net of current maturities	485,955			485,955	523,122
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>527,661</b>	<b>1</b>	<b>1</b>	<b>527,663</b>	<b>561,179</b>
<b>TOTAL LIABILITIES</b>	<b>\$579,559</b>	<b>\$3,095</b>	<b>\$3,534</b>	<b>\$586,188</b>	<b>\$625,431</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred gain on refundings	\$290			\$290	\$524
Deferred actuarial gains - pension	1,619			1,619	2,276
Deferred actuarial gains - OPEB	2,383			2,383	3,076
Deferred inflows on leases	271,520			271,520	270,400
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$275,812</b>			<b>\$275,812</b>	<b>\$276,276</b>
<b>NET POSITION</b>					
Net investment in capital assets	\$702,295	\$2,922	\$5,064	\$710,281	\$666,275
Restricted					
Capital acquisition	264,164	131	47	264,342	218,361
Unrestricted	(24,566)	(2,994)	(3,437)	(30,997)	(22,463)
	\$941,893	\$59	\$1,674	\$943,626	\$862,173

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION INFORMATION BY AIRPORT**  
YEAR ENDED JUNE 30, 2023, WITH COMPARATIVE TOTALS FOR 2022  
(\$ IN THOUSANDS)

				2023	2022
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
<b>OPERATING REVENUES</b>					
Airfield	\$46,745	\$345	\$1,108	\$48,198	\$41,603
Terminal building	24,464			24,464	20,081
Ground transportation	35,615			35,615	31,948
Other aviation areas	5,637	309	187	6,133	5,780
Non-aviation areas	868			868	1,719
Total operating revenues	113,329	654	1,295	115,278	101,131
<b>OPERATING EXPENSES</b>					
Airfield	13,699	389	911	14,999	11,691
Terminal building	15,037			15,037	13,337
Ground transportation	5,617			5,617	4,467
General administration	24,388	284	332	25,004	20,964
Police	11,820			11,820	9,962
Field shop	2,094			2,094	1,961
Other aviation areas	305	1		306	322
Non-aviation areas	1,131			1,131	1,063
Total operating expenses before depreciation	74,091	674	1,243	76,008	63,767
<b>DEPRECIATION</b>	58,394	351	412	59,157	51,138
<b>OPERATING LOSS</b>	(19,156)	(371)	(360)	(19,887)	(13,774)
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest and investment income	20,445			20,445	9,889
Interest expense	(13,383)			(13,383)	(13,185)
Customer facility charges	10,439			10,439	5,428
Passenger facility charges	9,351			9,351	9,259
Operating grants	3,100	28	38	3,166	8,032
Gain on sale of capital assets	144			144	81
Total non-operating revenues, net	30,096	28	38	30,162	19,504
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	10,940	(343)	(322)	10,275	5,730
<b>CAPITAL CONTRIBUTIONS</b>	70,971	160	47	71,178	82,510
<b>CHANGE IN NET POSITION</b>	81,911	(183)	(275)	81,453	88,240
<b>TOTAL NET POSITION: BEGINNING OF YEAR</b>	859,982	242	1,949	862,173	773,933
<b>TOTAL NET POSITION, END OF YEAR</b>	\$941,893	\$59	\$1,674	\$943,626	\$862,173

**SUPPLEMENTAL SCHEDULE OF**  
**CASH FLOWS INFORMATION BY AIRPORT**  
YEAR ENDED JUNE 30, 2023, WITH COMPARATIVE TOTALS FOR 2022  
(\$ IN THOUSANDS)

				2023	2022
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	106,127	649	1,296	\$108,072	\$98,242
Cash paid to suppliers for goods and services	(40,117)	(597)	(1,061)	(41,775)	(33,533)
Cash paid to employees for services	(36,038)	(199)	(199)	(36,436)	(34,453)
Net cash provided by (used in) operating activities	29,972	(147)	36	29,861	30,256
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Operating grants received	3,100	43	53	3,196	8,017
Net cash provided by non-capital financing activities	3,100	43	53	3,196	8,017
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from the sale of capital assets	144			144	81
Acquisition and construction of capital assets	(74,433)		(99)	(74,532)	(133,868)
Principal paid on long-term debt and notes payable	(28,266)			(28,266)	(20,312)
Proceeds from long-term debt					
Interest paid on long-term debt and notes receivable	(20,227)			(20,227)	(19,692)
Interest received on lease receivable	11,000			11,000	10,905
Capital contributions received	83,163	106	9	83,278	100,946
Customer facility charges	9,822			9,822	5,359
Passenger facility charges	8,550			8,550	9,142
Net cash provided by (used in) capital and related financing activities	(10,247)	106	(90)	(10,231)	(47,439)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investment securities	(173,318)			(173,318)	(196,410)
Proceeds from sales and maturities of investment securities	221,201			221,201	67,065
Interest and dividends on investments	7,353			7,353	3,233
Net cash provided by (used in) investing activities	55,236			55,236	(126,112)
<b>NET CHANGE IN CASH</b>	78,061	2	(1)	78,062	(135,278)
<b>CASH, BEGINNING OF YEAR</b>	117,398	3	16	117,417	252,695
<b>CASH, END OF YEAR</b>	\$195,459	\$5	\$15	\$195,479	\$117,417
<b>CASH, END OF YEAR CONSISTS OF</b>					
Unrestricted	\$48,591	\$5	\$15	\$48,611	\$49,384
Restricted	146,868			146,868	68,033
<b>CASH, END OF YEAR</b>	\$195,459	\$5	\$15	\$195,479	\$117,417

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

YEAR ENDED JUNE 30, 2023, WITH COMPARATIVE TOTALS FOR 2022  
(\$ IN THOUSANDS)

				2023	2022
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
<b>RECONCILIATION OF OPERATING LOSS TO NET</b>					
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Operating loss	(\$19,156)	(\$371)	(\$360)	(\$19,887)	(\$13,774)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	58,394	351	412	59,157	51,138
Provision for uncollectible accounts receivable	62			62	31
(Increase) decrease in assets:					
Receivables	425	(5)	1	421	271
Lease Receivable	(5,254)			(5,254)	(5,298)
Materials and supplies inventory	(2,877)	9	50	(2,818)	(482)
Prepaid expenses	(87)	(14)	(13)	(114)	(1,949)
Increase (decrease) in liabilities:					
Accounts payable	336			336	(448)
Accrued expenses	424	49	(80)	393	(1,340)
Net pension liability	3,162			3,162	2,319
Net OPEB liability	(376)			(376)	(1,149)
Unearned revenue	(5,221)			(5,221)	937
Transfer between airports for operating activities	140	(166)	26		
Net cash provided by (used in) operating activities	\$29,972	(\$147)	\$36	\$29,861	\$30,256

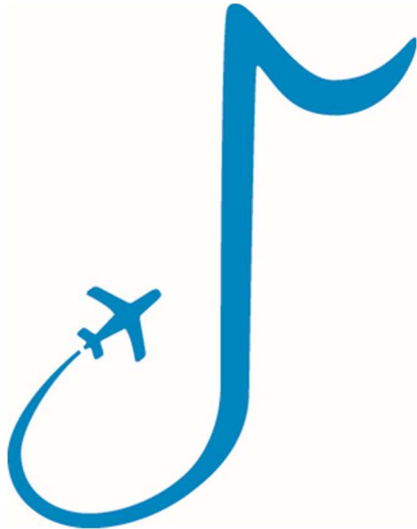
**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**  
**SUPPLEMENTAL SCHEDULE OF OPERATING REVENUES**  
**BY SOURCE BY AIRPORT**

YEAR ENDED JUNE 30, 2023, WITH COMPARATIVE TOTALS FOR 2022  
(\$ IN THOUSANDS)

				2023	2022
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
<b>AIRFIELD</b>					
Landing fees - cargo	\$34,680			\$34,680	\$30,578
Landing fees - passenger	5,132			5,132	2,858
Apron fees		1	3	4	4
Fuel flow fees - fixed base operations	292	336	1,094	1,722	1,642
Ground rentals - fixed base operations	1,297	8	11	1,316	1,298
Ground rentals - airlines	5,344			5,344	5,223
Total	46,745	345	1,108	48,198	41,603
<b>TERMINAL BUILDING</b>					
Space rental - airlines	16,696			16,696	13,085
Concessionaires - food and beverages	1,379			1,379	853
Concessionaires - other	1,658			1,658	1,274
Shared tennant - telephone system	60			60	62
Other commissions, fees, etc.	1,493			1,493	1,629
Debt service rental	3,178			3,178	3,178
Total	24,464			24,464	20,081
<b>GROUND TRANSPORTATION</b>					
Public parking	22,378			22,378	19,527
Employee parking	569			569	545
Rental car agencies and other	12,668			12,668	11,876
Total	35,615			35,615	31,948
<b>OTHER AVIATION AREAS</b>					
Building rentals - others	820	302	176	1,298	1,162
Cargo building rentals - airlines	577			577	540
Cargo building rentals - other	845			845	874
Fuel farm - airlines	693			693	681
Ground rentals - airlines	1,118			1,118	920
Ground rentals - others	1,584	7	11	1,602	1,603
Total	5,637	309	187	6,133	5,780
<b>NON-AVIATION AREAS</b>					
Rental - commercial sites	262			262	348
Other	606			606	1,371
Total	868			868	1,719
<b>TOTAL OPERATING REVENUES</b>	<b>\$113,329</b>	<b>\$654</b>	<b>\$1,295</b>	<b>\$115,278</b>	<b>\$101,131</b>

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**  
**SUPPLEMENTAL SCHEDULE OF OPERATING EXPENSES**  
**BY SOURCE BY AIRPORT**  
YEAR ENDED JUNE 30, 2023, WITH COMPARATIVE TOTALS FOR 2022  
(\$ IN THOUSANDS)

				2023	2022
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
<b>AIRFIELD</b>					
Airfield maintenance and operations	\$9,859	\$389	\$911	\$11,159	\$8,161
Salaries and employee benefits	3,840			3,840	3,530
Total	13,699	389	911	14,999	11,691
<b>TERMINAL BUILDING</b>					
Terminal shop maintenance and operations	8,034			8,034	6,669
Steam and refrigeration	297			297	226
Salaries and employee benefits	6,426			6,426	6,136
Shared tenant - telephone systems	275			275	300
Customer service operations	5			5	6
Total	15,037			15,037	13,337
<b>GROUND TRANSPORTATION</b>					
Public parking - operations	3,670			3,670	3,445
Employee parking - operations	165			165	222
Rental car agencies and other	1,655			1,655	239
Salaries and employee benefits	127			127	561
Total	5,617			5,617	4,467
<b>GENERAL ADMINISTRATION</b>					
General - non-departmental	6,721	36	88	6,845	4,622
General - departmental	1,597	46	41	1,684	2,388
Telephone	250	3	4	257	302
Salaries and employee benefits	15,820	199	199	16,218	13,652
Total	24,388	284	332	25,004	20,964
<b>POLICE</b>					
Airport police operations	2,384			2,384	1,718
Salaries and employee benefits	9,169			9,169	8,068
Operation coordinators	267			267	176
Total	11,820			11,820	9,962
<b>FIELD SHOP</b>					
Field and paint shop maintenance and operations	1,014			1,014	912
Salaries and employee benefits	1,080			1,080	1,049
Total	2,094			2,094	1,961
<b>OTHER AVIATION AREAS</b>					
Cargo building complexes	105			105	126
Other aviation areas	200	1		201	196
Total	305	1		306	322
<b>NON-AVIATION AREAS</b>					
	1,131			1,131	1,063
<b>Total Operating Expenses Before</b>					
Depreciation	74,091	674	1,243	76,008	63,767
DEPRECIATION	58,394	351	412	59,157	51,138
<b>TOTAL OPERATING EXPENSES</b>	<b>\$132,485</b>	<b>\$1,025</b>	<b>\$1,655</b>	<b>\$135,165</b>	<b>\$114,905</b>





**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**  
**SUPPLEMENTAL SCHEDULE OF DEBT SERVICE**  
**REQUIREMENTS – CASH BASIS**  
**YEAR ENDED JUNE 30, 2023 (\$ IN THOUSANDS)**

**AIRPORT REVENUE BONDS**

Fiscal Year	Series 2016A	Series 2018	Series 2020A	Series 2020B	Series 2021A	Series 2021C
2024	1,760	5,964	1,101	18,501	5,935	5,120
2025	1,760	5,964	1,101	18,477	5,935	5,332
2026	8,813	8,133	1,101	11,377	21,535	5,597
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	118,599	220,472	36,114	48,355	214,583	16,049
Less interest	8,599	101,197	11,884	3,115	95,878	759
Principal payments	\$110,000	\$119,275	\$24,230	\$45,240	\$118,705	\$15,290

*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, 2023 (\$ IN THOUSANDS)**

NOTES			
Series 2021D	Total Airport Revenue Bonds	Notes	Total Long-Term Debt
8,229	46,610	2,960	49,570
8,223	46,792	2,961	49,753
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	215	41,876
	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
29,673	683,845	13,919	697,764
2,558	223,990	1,152	225,142
\$27,115	\$459,855	\$12,767	\$472,622

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**  
**SUPPLEMENTAL SCHEDULE OF CHANGES IN**  
**LONG-TERM DEBT**  
**YEAR ENDED JUNE 30, 2023 (\$ IN THOUSANDS)**

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2023
Airport Revenue Bonds:									
Series 2016A	110,000	1.60%	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	61,100		15,860		45,240
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		985		15,290
Series 2021D	33,455	5.00%	4/6/2021	7/1/2026	33,455		6,340		27,115
Total	\$496,795				\$485,645		\$25,790		\$459,855
Note Payable	7,000	4.48%	10/27/2014	10/27/2029	4,005		472		3,533
Note Payable	20,000	3.03%	9/13/2017	9/1/2027	11,240		2,006		9,234
Total bonds and notes payable	523,795				\$500,890		\$28,268		\$472,622



# STATISTICAL SECTION

*This part of the Authority’s annual comprehensive 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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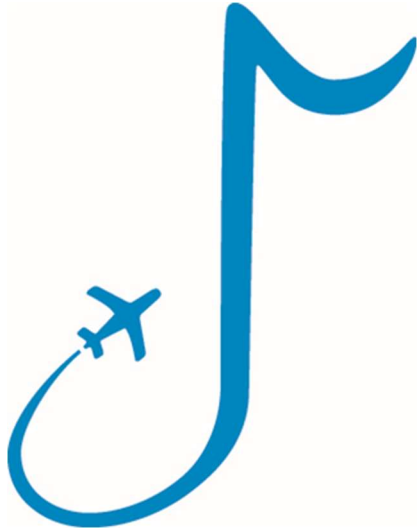
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**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**  
**OPERATING REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**LAST TEN YEARS (\$ IN THOUSANDS)**

	2023	2022	Restated 2021	2020
<b>OPERATING REVENUES</b>				
Airfield	\$48,198	\$41,603	\$40,753	\$50,701
Terminal	24,464	20,081	16,972	22,213
Ground transportation	35,615	31,948	18,765	25,432
Other aviation areas	6,133	5,780	5,160	5,542
Non-aviation areas	868	1,719	1,547	1,272
<b>TOTAL</b>	<b>115,278</b>	<b>101,131</b>	<b>83,197</b>	<b>105,160</b>
<b>OPERATING EXPENSES</b>				
Airfield	14,999	11,691	10,385	10,616
Terminal building	15,037	13,337	12,006	11,690
Ground transportation	5,617	4,467	3,484	4,537
General administration	25,004	20,964	20,588	29,767
Police	11,820	9,962	9,397	9,518
Field shop	2,094	1,961	1,851	1,559
Other aviation areas	306	322	305	283
Non-aviation areas	1,131	1,063	1,124	1,101
<b>TOTAL</b>	<b>76,008</b>	<b>63,767</b>	<b>59,140</b>	<b>69,071</b>
<b>DEPRECIATION AND AMORTIZATION</b>	<b>59,157</b>	<b>51,138</b>	<b>57,978</b>	<b>60,427</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(19,887)</b>	<b>(13,774)</b>	<b>(33,921)</b>	<b>(24,338)</b>
<b>NON-OPERATING REVENUE (EXPENSE)</b>				
Interest and investment income	20,445	9,889	11,857	7,522
Customer facility charge	10,439	5,428	4,059	5,306
Passenger facility charge	9,351	9,259	5,228	7,238
Operating grants	3,166	8,032	16,715	52
Gain (loss) on disposal/sale of capital assets	144	81	59	90
<b>Total Non-Operating Revenue</b>	<b>43,545</b>	<b>32,689</b>	<b>37,918</b>	<b>20,208</b>
Interest expense	(13,383)	(13,185)	(17,720)	(19,722)
<b>TOTAL</b>	<b>30,162</b>	<b>19,504</b>	<b>20,198</b>	<b>486</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS, CAPITAL CONTRIBUTIONS</b>	<b>10,275</b>	<b>5,730</b>	<b>(13,723)</b>	<b>(23,852)</b>
<b>CHANGE IN NET POSITION</b>	<b>81,453</b>	<b>88,240</b>	<b>\$68,377</b>	<b>\$21,213</b>

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

2019	2018	2017	2016	2015	2014
\$46,591	\$47,995	\$45,757	\$44,107	\$43,411	\$46,511
18,052	23,170	23,020	24,958	25,760	30,976
31,085	29,316	28,830	27,183	23,632	22,431
4,745	4,631	4,671	4,713	4,331	4,225
1,730	2,054	1,898	3,859	3,408	9,309
102,203	107,166	104,176	104,820	100,542	113,452
11,664	11,569	10,131	10,006	9,945	10,278
11,901	13,217	12,895	12,804	12,435	12,991
4,629	4,374	4,364	4,167	3,850	3,904
18,872	15,952	10,310	17,808	16,902	17,376
9,585	9,397	8,727	8,770	8,004	8,146
1,630	1,642	1,504	1,509	1,594	1,701
336	325	263	238	235	249
1,096	1,095	990	1,008	958	972
59,713	57,571	49,184	56,310	53,923	55,617
60,698	62,644	64,357	62,176	65,587	65,370
(18,208)	(13,049)	(9,365)	(13,666)	(18,968)	(7,535)
10,222	3,221	2,064	2,158	2,115	2,495
6,578	6,400	6,371	6,392	5,703	5,330
7,267					
68	28	67	67	19	48
159	48	72	62	137	(1,025)
24,294	9,697	8,574	8,679	7,974	6,848
(21,206)	(14,822)	(14,914)	(16,386)	(17,972)	(21,425)
3,088	(5,125)	(6,340)	(7,707)	(9,998)	(14,577)
(15,120)	(18,174)	(15,705)	(21,373)	(28,966)	(22,112)
47,734	28,228	23,491	15,781	27,389	24,919
32,614	10,054	7,786	(5,592)	(\$1,577)	\$2,807



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

LAST TEN YEARS (\$ IN THOUSANDS)

			Restated							
	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014
Net investment in capital assets	\$710,281	\$666,275	\$595,195	\$519,966	\$522,671	\$496,445	\$541,400	\$579,291	\$587,325	\$593,252
Restricted for:										
Net pension asset (liability)			85							
Capital Acquisitions	264,342	218,361	149,508	164,911	128,433	132,220	83,524	56,960	66,037	61,599
Total Restricted	264,342	218,361	149,593	164,911	128,433	132,220	83,524	56,960	66,037	61,599
Unrestricted	(30,997)	(22,463)	29,145	20,679	33,239	23,064	16,751	14,632	15,328	30,908
Total Net Position	\$943,626	\$862,173	\$773,933	\$705,556	\$684,343	\$651,729	\$641,675	\$650,883	\$668,690	\$685,759



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

	FY 2023		FY 2022		FY 2021		FY 2020	
AIRLINE	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share
<b>DOMESTIC</b>								
American Airlines	517,086	22.8%	437,149	21.1%	181,614	14.5%	338,747	19.9%
Delta Air Lines	496,654	21.9%	449,973	21.7%	232,771	18.6%	408,563	24.0%
Southwest Airlines	340,356	15.0%	344,776	16.8%	258,771	20.8%	292,967	17.2%
American Eagle <sup>(1)</sup>	257,802	11.4%	253,876	12.3%	239,305	19.1%	220,768	13.0%
United Airlines	146,548	6.5%	47,370	2.3%	594	0.0%	39,301	2.3%
Allegiant Air	132,114	5.8%	136,857	6.6%	106,117	8.5%	93,910	5.5%
United Express <sup>(2)</sup>	120,078	5.3%	171,610	8.3%	131,324	10.5%	167,701	9.8%
Delta Connection <sup>(3)</sup>	101,527	4.5%	131,819	6.4%	57,060	4.6%	90,945	5.3%
Spirit Airlines	100,453	4.4%	21,065	1.0%				
Frontier Airlines	51,691	2.3%	70,281	3.4%	36,444	2.9%	39,039	2.3%
Avelo Airlines	766	0.0%						
Other <sup>(4)</sup>	441	0.0%	2,769	0.1%	5,488	0.4%	3,199	0.2%
Compass Airlines		0.0%		0.0%		0.0%		0.0%
US Airways Express		0.0%		0.0%		0.0%		0.0%
US Airways		0.0%		0.0%		0.0%		0.0%
<b>TOTAL DOMESTIC</b>	<b>2,265,516</b>	<b>99.9%</b>	<b>2,067,545</b>	<b>99.9%</b>	<b>1,249,488</b>	<b>99.9%</b>	<b>1,695,140</b>	<b>99.5%</b>
<b>INTERNATIONAL</b>								
Other <sup>(4)</sup>	1,559	0.1%	1,597	0.1%	743	0.1%	9,408	0.5%
Delta Airlines		0.0%		0.0%		0.0%		0.0%
Jazz Air		0.0%		0.0%		0.0%		0.0%
<b>TOTAL INTERNATIONAL</b>	<b>1,559</b>	<b>0.1%</b>	<b>1,597</b>	<b>0.1%</b>	<b>743</b>	<b>0.1%</b>	<b>9,408</b>	<b>0.5%</b>
<b>TOTAL ENPLANEMENTS</b>	<b>2,267,075</b>	<b>100.0%</b>	<b>2,069,142</b>	<b>100.0%</b>	<b>1,250,231</b>	<b>100.0%</b>	<b>1,704,548</b>	<b>100.0%</b>
<b>Percent of Total</b>								
<b>U. S. Enplanements <sup>(5)</sup></b>	<b>N.A.</b>		<b>0.26%</b>		<b>0.19%</b>		<b>0.46%</b>	

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

(1) For FY 2023 Air Wisconsin, Envoy Air, Mesa Airlines, Piedmont Airlines, PSA Airlines, Republic Airlines and SkyWest Airlines operated for American Eagle.

(2) For FY 2023 Air Wisconsin, CommutAir, GoJet, Mesa Airlines, Republic Airlines and Skywest Airlines operated for United Express.

(3) For FY 2023 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 2019		FY 2018		FY 2017		FY 2016		FY 2015		FY 2014	
Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share
360,666	16.0%	305,109	14.2%	295,060	14.5%	170,508	8.7%	153,950	8.6%	142,470	7.3%
555,355	24.6%	548,396	25.5%	537,944	26.4%	540,063	27.3%	499,084	27.9%	684,134	35.0%
387,577	17.1%	352,394	16.4%	347,818	17.1%	335,902	17.1%	280,727	15.7%	238,715	12.2%
330,224	14.5%	339,161	15.8%	327,054	16.1%	394,878	20.1%	106,934	6.0%	56,192	2.9%
87,461	3.9%	57,064	2.7%	67,021	3.3%						
117,113	5.2%	108,131	5.0%	87,428	4.3%	79,584	4.0%	5,437	0.3%		0.0%
215,203	9.5%	222,562	10.3%	194,073	9.5%	218,437	11.1%	220,364	12.3%	173,925	8.9%
117,193	5.2%	106,739	5.0%	109,171	5.4%	121,664	6.2%	192,677	10.8%	440,400	22.5%
70,108	3.1%	89,588	4.2%	56,116	2.8%	55,451	2.8%	62,557	3.5%	10,214	0.5%
1,872	0.1%	743	0.0%	4,761	0.2%	48,882	2.5%	7,291	0.4%	6,372	0.3%
	0.0%	1,969	0.1%	4,777	0.2%	1,911	0.1%	410	0.0%	264	0.0%
	0.0%		0.0%		0.0%		0.0%	185,308	10.4%	158,856	8.1%
	0.0%		0.0%		0.0%		0.0%	69,913	3.9%	42,191	2.2%
2,242,772	99.2%	2,131,856	99.1%	2,031,223	99.8%	1,967,280	99.9%	1,784,652	99.8%	1,953,733	99.9%
17,870	0.8%	18,679	0.9%	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%
	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
17,870	0.8%	18,679	0.9%	4,190	0.2%	1,581	0.1%	4,153	0.2%	1,132	0.1%
2,260,642	100.0%	2,150,535	100.0%	2,035,413	100.0%	1,968,861	100.0%	1,788,805	100.0%	1,954,865	100.0%
	24.0%		0.24%		0.24%		0.24%		0.22%		0.26%

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

<b>FISCAL YEAR</b>	<b>O&amp;D PASSENGERS</b>	<b>TOTAL ENPLANED PASSENGERS <sup>(1)</sup></b>	<b>O&amp;D PERCENTAGE</b>
2023	2,174	2,267	95.90%
2022	2,054	2,069	99.28%
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%

Source: Memphis-Shelby County Airport Authority Finance Division

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

	<b>FY 2023</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>
Average										
Cost per Enplaned										
Passenger	\$9.86	\$7.89	\$14.17	\$11.32	\$5.52	\$8.68	\$9.18	\$11.37	\$13.34	\$11.76

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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)**

	FY2023		FY2022		FY2021		FY2020	
AIRLINE	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share
<b>DOMESTIC FREIGHT</b>								
FedEx Express	3,708,705	83.5%	4,015,626	83.7%	4,433,944	84.7%	4,184,516	85.3%
United Parcel Service	40,484	0.9%	38,565	0.8%	36,965	0.7%	35,255	0.7%
Mountain Air	4,512	0.1%	2,970	0.1%	194	0.0%	176	0.0%
Other <sup>(1)</sup>	4,020	0.1%	4,991	0.1%	1,265	0.0%	459	0.0%
Atlas Air	1,156	0.0%	10,420	0.2%	5,407	0.1%	18,870	0.4%
Baron Aviation	510	0.0%	336	0.0%	505	0.0%	783	0.0%
Delta Air Lines	421	0.0%	408	0.0%	444	0.0%	203	0.0%
ABX	388	0.0%	259	0.0%	81	0.0%	81	0.0%
Air Transport Int'l		0.0%	3	0.0%	294	0.0%	5,886	0.1%
Capital Cargo International Airlines								
Total Domestic Freight	3,760,196	84.6%	4,073,578	84.9%	4,479,099	85.5%	4,246,229	86.5%
<b>INTERNATIONAL FREIGHT</b>								
FedEx Express	672,650	15.1%	721,058	15.0%	746,477	14.3%	655,314	13.3%
Other <sup>(1)</sup>	11	0.0%	1,309	0.0%	154	0.0%	40	0.0%
Atlas Air								
Total International Freight	672,661	15.1%	722,367	15.0%	746,631	14.3%	655,354	13.3%
<b>AIR MAIL</b>								
Kalitta Air	10,655	0.3%	6,981	0.1%	9,582	0.2%	9,097	0.2%
Other <sup>(1)</sup>	1,616	0.0%		0.0%		0.0%		0.0%
Delta Air Lines	1	0.0%	102	0.0%	147	0.0%	86	0.0%
FedEx Express								
Total Air Mail	12,272	0.3%	7,083	0.1%	9,729	0.2%	9,183	0.2%
<b>TOTAL CARGO ENPLANED</b>	<b>4,445,129</b>	<b>100.0%</b>	<b>4,803,028</b>	<b>100.0%</b>	<b>5,235,459</b>	<b>100.0%</b>	<b>4,910,766</b>	<b>100.0%</b>

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)**

FY2019		FY2018		FY2017		FY2016		FY2015		FY2014	
Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share
4,303,730	85.2%	4,256,749	85.2%	4,229,256	86.5%	4,536,524	92.7%	4,564,810	94.2%	4,508,238	93.6%
36,826	0.7%	34,923	0.7%	35,389	0.7%	35,269	0.7%	37,195	0.8%	32,929	0.7%
155	0.0%	451	0.0%	5,449	0.1%	5,742	0.1%	3,544	0.1%	3,244	0.1%
800	0.0%	3,587	0.1%	1,447	0.0%	1,320	0.0%	659	0.0%	338	0.0%
660	0.0%	149	0.0%					1,168	0.0%		0.0%
892	0.0%	968	0.0%	643	0.0%	547	0.0%	525	0.0%	577	0.0%
554	0.0%	631	0.0%	702	0.0%	896	0.0%	1,026	0.0%	1,228	0.0%
128	0.0%	53	0.0%	236	0.0%			1,157	0.0%	5,920	0.1%
8,605	0.2%	7,300	0.2%	8,514	0.2%	8,372	0.2%	7,341	0.2%	769	0.0%
4,352,350	86.1%	4,304,811	86.2%	4,281,636	87.5%	4,588,670	93.6%	4,617,425	95.3%	4,553,243	94.5%
690,023	13.7%	679,899	13.6%	603,261	12.3%	311,023	6.4%	219,327	4.5%	258,257	5.4%
646	0.0%	365	0.0%	124	0.0%	170	0.0%	301	0.0%	47	0.0%
							0.0%	2,654	0.1%	1,740	0.0%
690,669	13.7%	680,264	13.6%	603,385	12.3%	311,193	6.4%	222,282	4.6%	260,044	5.4%
10,760	0.2%	10,075	0.2%	9,119	0.2%			6,629	0.1%	3,965	0.1%
7	0.0%					342	0.0%	26	0.0%	8	0.0%
199	0.0%	386	0.0%	386	0.0%			537	0.0%	157	0.0%
						1,515	0.0%				
10,966	0.2%	10,460	0.2%	9,505	0.2%	1,515	0.0%	7,192	0.1%	4,130	0.1%
<b>5,053,985</b>	<b>100.0%</b>	<b>4,995,535</b>	<b>100.0%</b>	<b>4,894,526</b>	<b>100.0%</b>	<b>4,901,378</b>	<b>100.0%</b>	<b>4,846,899</b>	<b>100.0%</b>	<b>4,817,417</b>	<b>100.0%</b>

# MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

## LANDED WEIGHTS

### LAST TEN YEARS (IN THOUSANDS OF POUNDS)

AIRLINE	FY 2023		FY 2022		FY 2021		FY 2020	
	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share
<b>MAJOR/NATIONAL</b>								
American Airlines	599,889	2.3%	501,902	1.9%	253,590	1.0%	492,641	1.8%
Delta Air Lines	560,383	2.2%	523,748	2.0%	398,998	1.5%	521,507	1.9%
Southwest Airlines	383,119	1.5%	394,549	1.5%	391,397	1.4%	424,672	1.6%
Other <sup>(1)</sup>	249,507	1.0%	132,717	0.5%	40,499	0.1%	98,312	0.4%
Allegiant Air	125,924	0.5%	136,006	0.5%	130,300	0.5%	101,555	0.4%
Spirit Airlines	112,878	0.4%	20,516	0.1%				
US Airways		0.0%		0.0%		0.0%		0.0%
<b>TOTAL MAJOR/NATIONAL</b>	<b>2,031,700</b>	<b>7.9%</b>	<b>1,709,438</b>	<b>6.5%</b>	<b>1,214,784</b>	<b>4.5%</b>	<b>1,638,687</b>	<b>6.1%</b>
<b>REGIONAL</b>								
American Eagle	340,110	1.3%	312,147	1.2%	302,090	1.2%	302,270	1.1%
United Express	150,219	0.6%	202,415	0.8%	174,340	0.6%	211,824	0.8%
Delta Connection	127,688	0.5%	175,822	0.7%	107,781	0.4%	124,346	0.5%
Other <sup>(1)</sup>	3,019	0.0%	9,423	0.0%	11,244	0.0%	23,597	0.1%
Compass		0.0%		0.0%		0.0%		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%
<b>TOTAL REGIONAL</b>	<b>621,036</b>	<b>2.4%</b>	<b>699,807</b>	<b>2.7%</b>	<b>595,455</b>	<b>2.2%</b>	<b>662,037</b>	<b>2.5%</b>
<b>CARGO</b>								
FedEx Express	22,846,270	88.5%	23,806,340	89.5%	24,908,799	92.2%	24,044,929	90.0%
United Parcel Service	158,209	0.6%	162,032	0.6%	162,740	0.6%	152,422	0.6%
Kalitta Air	85,856	0.3%	69,125	0.3%	67,636	0.3%	60,636	0.2%
Other <sup>(1)</sup>	48,837	0.2%	37,013	0.1%	8,593	0.0%	7,879	0.0%
Mountain Air Cargo	30,727	0.1%	38,396	0.1%	35,053	0.1%	30,265	0.1%
Atlas Air	11,210	0.0%	64,050	0.2%	35,801	0.1%	80,014	0.3%
ABX	5,054	0.0%	1,937	0.0%	849	0.0%	1,121	0.0%
Air Transport Int'l		0.0%	326	0.0%	2,282	0.0%	49,500	0.2%
Capital Cargo International Airlines		0.0%		0.0%		0.0%		0.0%
<b>TOTAL CARGO</b>	<b>23,186,163</b>	<b>89.7%</b>	<b>24,179,219</b>	<b>90.8%</b>	<b>25,221,753</b>	<b>93.3%</b>	<b>24,426,766</b>	<b>91.4%</b>
<b>TOTAL LANDED WEIGHTS</b>	<b>25,838,899</b>	<b>100.0%</b>	<b>26,588,464</b>	<b>100.0%</b>	<b>27,031,992</b>	<b>100.0%</b>	<b>26,727,490</b>	<b>100.0%</b>

(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 2019		FY 2018		FY 2017		FY 2016		FY 2015		FY 2014	
Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share
470,894	1.7%	371,502	1.4%	383,156	1.5%	209,198	0.8%	191,089	0.8%	205,238	0.8%
659,494	2.5%	630,755	2.4%	646,712	2.5%	619,490	2.4%	606,744	2.4%	860,822	3.5%
475,914	1.7%	423,464	1.6%	424,892	1.6%	411,192	1.6%	320,804	1.3%	266,256	1.1%
193,753	0.7%	166,565	0.6%	146,693	0.6%	120,757	0.5%	65,849	0.3%	11,276	0.0%
113,135	0.4%	104,253	0.4%	84,697	0.3%	81,267	0.3%	4,937	0.0%		0.0%
							0.0%	96,516	0.4%	54,453	0.2%
1,913,190	7.0%	1,696,539	6.4%	1,686,150	6.5%	1,441,904	5.6%	1,285,939	5.2%	1,398,045	5.6%
443,603	1.6%	431,527	1.6%	426,986	1.6%	484,805	1.9%	134,969	0.5%	68,326	0.3%
242,844	0.9%	250,489	0.9%	222,923	0.8%	239,863	0.9%	240,988	1.0%	191,264	0.8%
151,136	0.6%	138,280	0.5%	142,200	0.5%	155,877	0.6%	265,310	1.1%	595,916	2.4%
27,888	0.1%	24,340	0.1%	16,927	0.1%	13,028	0.1%	7,156	0.0%	4,215	0.0%
		2,255	0.0%	5,946	0.0%	2,553	0.0%	601	0.0%	601	0.0%
				2,310	0.0%	12,539	0.0%	21,053	0.1%	16,681	0.1%
								222,895	0.9%	178,709	0.7%
865,471	3.2%	846,891	3.1%	817,292	3.0%	908,665	3.5%	892,972	3.6%	1,055,712	4.3%
24,250,375	88.6%	23,858,455	89.3%	23,477,449	89.3%	23,141,889	89.9%	22,268,910	89.9%	22,082,525	88.8%
137,167	0.5%	123,931	0.5%	180,131	0.7%	159,731	0.6%	193,940	0.8%	194,184	0.8%
82,494	0.3%	90,302	0.4%	75,928	0.3%	64,380	0.2%	40,262	0.2%	20,790	0.1%
9,018	0.0%	8,704	0.0%	7,293	0.0%	7,293	0.0%	7,378	0.0%	8,422	0.0%
24,238	0.1%	26,090	0.1%	10,160	0.0%	2,132	0.0%	4,979	0.0%	14,706	0.1%
7,802	0.0%	7,714	0.0%		0.0%		0.0%	23,976	0.1%	10,656	0.0%
2,301	0.0%	555	0.0%	1,937	0.0%	272	0.0%	9,895	0.0%	63,672	0.3%
79,880	0.3%	53,347	0.2%	52,470	0.2%	51,534	0.2%	52,540	0.2%	5,488	0.0%
					0.0%						
24,593,275	89.8%	24,169,098	90.5%	23,805,368	90.5%	23,427,231	90.9%	22,601,880	91.2%	22,400,443	90.1%
27,371,936	100.0%	26,712,528	100.0%	26,308,810	100.0%	25,777,800	100.0%	24,780,791	100.0%	24,854,200	100.0%



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

<b>FISCAL YEAR</b>	<b>MAJOR/ NATIONALS</b>	<b>REGIONAL</b>	<b>CARGO</b>	<b>GENERAL AVIATION</b>	<b>MILITARY</b>	<b>TOTAL</b>
2023	28,016	17,164	137,550	27,193	1,270	211,193
2022	23,448	19,736	142,616	29,410	1,320	216,530
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

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)

	FY2023	FY2022	Restated FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014
<b>REVENUES (as defined in bond indenture)</b>										
Airfield	\$48,198	\$41,603	\$40,753	\$50,701	\$46,591	\$47,995	\$45,757	\$44,107	\$43,411	\$46,511
Terminal building (a)	24,464	20,081	16,972	22,213	18,052	23,170	23,020	24,958	25,760	30,976
Ground transportation	35,615	31,948	18,765	25,432	31,085	29,316	28,830	27,183	23,632	22,431
Other aviation areas	6,133	5,780	5,160	5,542	4,745	4,631	4,671	4,713	4,331	4,225
Non-aviation areas	868	1,719	1,547	1,272	1,730	2,054	1,898	3,859	3,408	9,309
Application of prior year surplus	8,840	7,903	2,983	9,525	6,230	9,863	10,001	12,215	14,090	6,192
Coverage carryforward	10,028	9,451	9,541	8,928	8,688	9,306	9,631	12,471	12,390	12,207
<b>TOTAL</b>	<b>134,146</b>	<b>118,485</b>	<b>95,721</b>	<b>123,613</b>	<b>117,121</b>	<b>126,335</b>	<b>123,808</b>	<b>129,506</b>	<b>127,022</b>	<b>131,851</b>
<b>OPERATING EXPENSES</b>										
Airfield	14,999	11,691	10,385	10,616	11,664	11,569	10,131	10,006	9,945	10,278
Terminal building	15,037	13,337	12,006	11,690	11,901	13,217	12,895	12,804	12,435	12,991
Ground transportation	5,617	4,467	3,484	4,537	4,629	4,374	4,364	4,167	3,850	3,904
General administration	25,004	20,964	20,588	29,767	18,872	15,952	10,310	17,808	16,902	17,376
Police	11,820	9,962	9,397	9,518	9,585	9,397	8,727	8,770	8,004	8,146
Field shop	2,094	1,961	1,851	1,559	1,630	1,642	1,504	1,509	1,594	1,701
Other aviation areas	306	322	305	283	336	325	263	238	235	249
Non-aviation areas	1,131	1,063	1,124	1,101	1,096	1,095	990	1,008	958	972
<b>TOTAL</b>	<b>76,008</b>	<b>63,767</b>	<b>59,140</b>	<b>69,071</b>	<b>59,713</b>	<b>57,571</b>	<b>49,184</b>	<b>56,310</b>	<b>53,923</b>	<b>55,617</b>
Net Revenues										
Before Adjustment	58,138	54,718	36,581	54,542	57,408	68,764	74,624	73,196	73,099	76,234
Restricted interest earnings and other (b)	4,179	379	1,678	3,350	3,711	2,276	1,864	1,912	1,935	2,282
Other revenue	66	30	30	52	68	28	67	67	19	48
Lease revenue - GASB 87	7,144	7,146	6,995							
Federal CARES funds	3,136	8,002	16,685							
SBITA - GASB 96	(890)									
Capital outlay	(7,516)	(6,476)	(4,704)	(5,277)	(8,604)	(8,638)	(6,433)	(2,684)	(1,508)	(822)
Debt service on 1993 special facilities bonds & FedEx/ANG rent	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(5,815)
Notes payable principal and interest (c)	(642)	(642)	(642)	(695)	(588)	(641)	(3,604)	(9,297)	(659)	(232)
Net Revenues (d)	62,075	61,617	55,083	50,432	50,455	60,249	64,978	61,654	\$71,346	\$71,695
<b>DEBT SERVICE REQUIREMENT</b>										
Airport Revenue Bonds (e)	45,297	40,113	37,805	38,394	35,710	34,752	37,223	38,524	\$49,884	\$47,256
<b>TOTAL DEBT SERVICE (f)</b>	<b>\$45,297</b>	<b>\$40,113</b>	<b>\$37,805</b>	<b>\$38,394</b>	<b>\$35,710</b>	<b>\$34,752</b>	<b>\$37,223</b>	<b>\$38,524</b>	<b>\$49,884</b>	<b>\$47,256</b>
Coverage ratio - general and airport revenue bonds	137%	154%	146%	131%	141%	173%	175%	160%	143%	152%

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.
- (g) FY 2022 coverage carryforward adjusted due to bond refundings.

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

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Principal	\$28,350	\$25,790	\$24,530	\$25,675	\$24,360	\$23,740	\$22,230	\$31,247	\$31,787	\$30,142
Interest (1)	16,947	14,323	13,454	12,719	13,406	13,856	14,993	7,277	18,097	17,114
TOTAL DEBT										
SERVICE (2)	\$45,297	\$40,113	\$37,984	\$38,394	\$37,766	\$37,596	\$37,223	\$38,524	\$49,884	\$47,256
Total Expenses	\$148,396	\$128,211	\$134,838	\$149,220	\$141,617	\$135,037	\$128,455	\$134,872	\$137,482	\$143,437
Less Depreciation and Amortization and Gain or Loss on Property										
Disposals	(59,013)	(51,058)	(57,920)	(60,306)	(60,539)	(62,596)	(64,285)	(62,114)	(65,450)	(66,395)
Add Principal	28,350	25,790	24,530	25,675	24,360	23,740	22,230	31,247	31,787	30,142
Add Net Capitalized Interest						264	96		106	106
TOTAL GENERAL EXPENDITURES	\$117,733	\$102,943	\$101,448	\$114,589	\$105,438	\$96,445	\$86,496	\$104,005	\$103,925	\$107,290
RATIO OF DEBT SERVICE TO EXPENDITURES	38.5%	39.0%	37.4%	33.5%	35.8%	39.0%	43.0%	37.0%	48.0%	44.0%

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 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Airport Revenue Bonds	\$459,855	\$485,645	\$503,560	\$441,095	\$465,455	\$324,420	\$309,650	\$303,360	\$335,710	\$366,040
Unamortized Bond Premiums	44,243	50,500	57,854	15,676	17,198	3,631	4,691	5,874	7,191	8,660
Notes Payable	12,767	15,245	17,642	19,961	22,237	24,377	6,079	9,383	18,217	11,434
Total Airport Debt	516,865	551,390	579,056	476,732	504,890	352,428	320,420	318,617	361,118	386,134
Enplaned Passengers	2,267	2,069	1,250	1,705	2,261	2,151	2,035	1,969	1,789	1,955
Airport Debt per Enplaned Passenger	\$228	\$267	\$463	\$280	\$223	\$164	\$157	\$162	\$202	\$198

(1) Debt reported for FY 2021 was restated from \$580,254 to \$579,056.

## **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 2018** - The bonds were issued to provide funds for the design and construction of the Concourse B modernization program.

**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.

#### **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 <sup>(2)</sup>	Number of Employees <sup>(2)</sup>	Percentage of Largest Employees	Number of Employees <sup>(2)</sup>	Percentage of Largest Employees
	Year 2023		Year 2014	
FedEx Corporation	35,000	30.31%	32,000	30.84%
U. S. Government	14,400	12.47%	13,900	13.39%
Shelby County Schools	14,000	12.13%	16,000	15.42%
Methodist Le Bonheur Health Care Corp	11,415	9.89%	10,175	9.81%
Baptist Memorial Healthcare Corp.	8,019	6.95%	8,587	8.27%
City of Memphis	7,900	6.84%	6,848	6.60%
Naval Support Activity Mid-South	7,500	6.50%	4,600	4.43%
Walmart	6,000	5.20%	6,000	5.78%
St. Jude Children's Research Hospital	5,769	5.00%		
Shelby County Government	5,434	4.71%	5,662	5.46%
Total	115,437	100.00%	103,772	100.00%

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

Year <sup>(3)</sup>	Shelby County	Memphis MSA <sup>(1)</sup>	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

(2) Source: Memphis Chamber of Commerce

(3) 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, 2023**

**CARGO AIRLINES**

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21 Air dba DHL  
ABX Air  
ABX Air dba DHL  
Amerijet International  
Atlas Air  
Baron Aviation Services  
FedEx Express  
Kalitta Air  
Kalitta Air dba DHL  
Mesa dba DHL  
Mountain Air Cargo  
Swift Airlines dba DHL  
United Parcel Service

**PASSENGER AIRLINES**

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**MAJOR**

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

**CHARTER**

Atlas Air  
Jazz Aviation, LP  
Mid-South Jets  
VIVA Aerobus

**REGIONAL/COMMUTER**

Air Wisconsin dba American Eagle  
Air Wisconsin dba United Express  
CommutAir dba United Express  
Endeavor Air dba Delta Connection  
Envoy Air dba American Eagle  
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, 2023**

### **CONCESSIONAIRES AND TENANTS**

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

### **CARGO AIRLINES**

21 Air dba DHL  
ABX Air  
ABX Air dba DHL  
Amerijet International  
Atlas Air  
Baron Aviation Services  
FedEx Express  
Kalitta Air LLC  
Kalitta Air dba DHL  
Mesa dba DHL  
Mountain Air Cargo  
Swift Airlines dba DHL  
United Parcel Service

### **PASSENGER AIRLINES**

Air Wisconsin dba American Eagle  
Air Wisconsin dba United Express  
Allegiant Air  
American Airlines  
Atlas Air  
Avelo Airlines  
CommutAir dba United Express  
Delta Air Lines  
Endeavor Air dba Delta Connection  
Envoy Air dba American Eagle  
Frontier Airlines  
GoJet dba United Express  
Jazz Aviation, LP  
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  
Spirit Airlines  
United Airlines  
Viva Aerobus

### **OTHER EMPLOYERS**

Air General  
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**

<b>Cost Center</b>	<b>FY2023</b>	<b>FY2022</b>	<b>FY2021</b>	<b>FY2020</b>	<b>FY2019</b>	<b>FY2018</b>	<b>FY2017</b>	<b>FY2016</b>	<b>FY2015</b>	<b>FY2014</b>
Terminal Maintenance	56	55	68	68	68	67	67	67	67	75
Airfield Maintenance	77	72	60	60	60	59	59	59	59	65
Administration	69	68	68	68	67	68	66	63	62	69
Police & Operations										
Officers	105	98	98	98	98	95	95	94	94	96
Support Staff	11	11	11	11	11	11	9	9	9	9
General Aviation Airports										
Maintenance	6	7	7	7	6	6	6	5	5	5
<b>Total</b>	<b>324</b>	<b>311</b>	<b>312</b>	<b>312</b>	<b>310</b>	<b>306</b>	<b>302</b>	<b>297</b>	<b>296</b>	<b>319</b>

# MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

## INSURANCE IN FORCE

JUNE 30, 2023

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, 2024	Starr Indemnity & Liability Co.	Personal injury and property damage
Aircraft non-ownership liability	\$500,000,000 Each Occurrence \$2,500 Deductible	April 1, 2024	Starr Indemnity & Liability Co.	Personal injury and property damage
Employee Benefits Liability	\$1,000,000 Each Employee/Aggregate N/A Deductible	April 1, 2024	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, 2024	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 \$100,000 Per Occurrence Deductible, All Other Perils 5% Earth Movement Deductible-Property Damage per location Plus 5% Earth Movement Deductible-Time Element per location \$250,000 Minimum Earth Movement Deductible \$500,000 Flood Deductible Additional sublimits & deductibles apply. Please refer to policy.	April 1, 2024	FM Global	Building - All risks property damage including business interruption
Crime	\$5,000,000 Limit \$50,000 Retention	April 1, 2024	Federal Insurance Company Chubb	Employee theft, forgery, and computer fraud
Fiduciary Liability	\$5,000,000 Limit \$5,000 Retention	April 1, 2024	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 Office \$100,000 Retention	April 1, 2024	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, 2024	ACE American Insurance Company Chubb	Board of Commissioners, management and professional liability
Cyber Liability	\$5,000,000 Aggregate Limit \$50,000 Retention	April 1, 2024	Houston Casualty Company	Cyber protection, hacking business interruption, extortion & breach
Excess Cyber Liability	\$5,000,000 Aggregate Limit	April 1, 2024	Berkley Assurance Company	Excess Cyber
Workers Compensation	Statutory State of TN	April 1, 2024	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 \$250,000 Each Occurrence Deductible			
<b>OWNER CONTROLLED INSURANCE PROGRAM -OCIP IV (CONSTRUCTION INSURANCE)</b>				
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	May 7, 2027	Zurich American Insurance	Personal injury and property damage
Workers Compensation	Statutory State of TN	May 7, 2027	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 \$100,000,000 Aggregate Limit		ACE, AWAC, Great American Ohio Casualty, Star Endurance & Westchester	Property damage



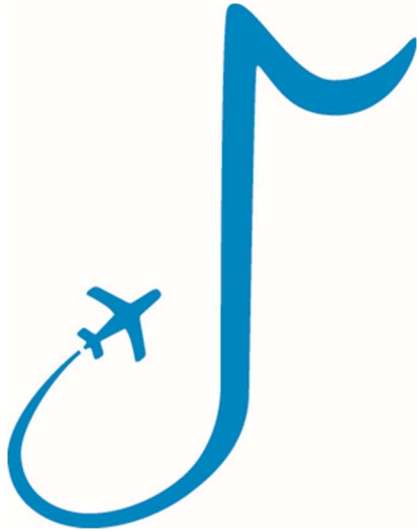
## **COMPLIANCE SECTION**

*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, 2023 (\$ IN THOUSANDS)

Grantor/Program	Federal Assistance Listings Number	Grant/Contract Number	State Grant Contract Number	Airport *	Project Description
<b>FEDERAL AWARDS</b>					
U.S. Department of Transportation					
Federal Aviation Administration (FAA):					
Airport Improvement Program (AIP)	20.106	3-47-0049-98-2018		MEM	Improve Terminal B - Passenger Boarding Bridges and Fuel Hydrant System
		3-47-0049-100-2019		MEM	Master Plan & Disparity Study Update
		3-47-0049-101-2019		MEM	Construct Taxiway Yankee Bridge, Jet Bridge Program, Electrical Substation
		3-47-0049-102-2019		MEM	De-Icing/Glycol Collection Facility - Construction Phase II (De-Icing Pads)
		3-47-0049-106-2020		MEM	Glycol Management Program
		3-47-0049-107-2020		MEM	Glycol Management Program, Jet Bridge Program, Electrical Switchgear
		3-47-0049-108-2020		MEM	Glycol Management Program
		3-47-0049-109-2020		MEM	Glycol Management Program
		3-47-0049-110-2020		MEM	Glycol Management Program
		3-47-0049-111-2021		MEM	Glycol Management Program
		3-47-0049-114-2021		MEM	Construct Deicing Pad with Associated Facilities
COVID-19 - Funding for Airports Provided Through the FAA AIP Grant Program	20.106	3-47-0049-112-2021		MEM	Airport Coronavirus Relief Grant Program (ACRGP)
		3-47-0049-113-2021		MEM	(ACRGP) - Concessions Rent Relief
		3-47-0049-115-2021		MEM	Airport Rescue Grant (ARPA)
		3-47-0049-116-2021		MEM	(ARPA) - Concessions Relief
<b>Total Direct Federal Awards</b>					
FAA through TN Dept of Transportation					
Airport Improvement Programs	20.106	3-47-SBG-54	AERO-20-189-00	Baker	Pavement Restoration (2)
		3-47-SBG-59, 64	AERO-19-266-00	Baker	Obstruction Clearing (2)
		3-47-SBG-57, 59	AERO-20-284-00	Baker	Land Acquisition Phase 1
		3-47-SBG-59	AERO-21-298-00	Spain	Pavement Study & Design
		3-47-SBG-61	AERO-21-213-00	Baker	2020 CARES Act Part 4 - Operational Expenses
		3-47-SBG-61	AERO-21-214-00	Spain	2020 CARES Act Part 4 - Operational Expenses
		3-47-SBG-64	AERO-22-415-00	Baker	Baker Apron Rehab Design
		3-47-SBG-65	AERO-22-416-00	Spain	Apron Rehabilitation Design
		3-47-SBG-65	AERO-22-205-00	Baker	2021 CRRSA - Operational Expenses
		3-47-SBG-65	AERO-22-206-00	Spain	2021 CRRSA - Operational Expenses
		3-47-SBG-67	AERO-22-292-00	Baker	2022 ARPA - Operational Expenses
		3-47-SBG-67	AERO-22-293-00	Spain	2022 ARPA - Operational Expenses
<b>Total Subrecipient (of Federal Funds) Awards</b>					
<b>Total Federal Awards</b>					
<b>STATE AWARDS</b>					
Tennessee Department of Transportation					
		79-555-0774-19	AERO-19-266-00	Baker	Obstruction Clearing (2)
		79-555-0273-19	AERO-19-253-00	MEM	Maintenance Repair and Overhaul Facility (MRO)
		79-555-0776-19	AERO-19-264-00	MEM	2020 Passenger Boarding Bridge Related Construction
		79-555-0787-22	AERM-22-140-00	Baker	2022 Maintenance
		79-555-0788-22	AERM-22-141-00	Spain	2022 Maintenance
		79-555-0713-23	AERO-23-174-00	Baker	Runway Rehabilitation Design
		79-555-0715-23	AERO-23-224-00	MEM	Runway 9/27 Runway Status Lighting System - Design
		79-555-0799-23	AERM-23-139-00	Baker	2023 Maintenance
		79-555-0710-23	AERM-23-140-00	Spain	2023 Maintenance
State Participation on Pass-Through Federally Funded Projects,					
		79-555-0179-20	AERO-20-189-00	Baker	Pavement Restoration (2)
<b>Total State Awards</b>					
<b>TOTAL FEDERAL AND STATE AWARDS</b>					

\* Airports - Memphis International (MEM), Charles W. Baker (2M8) (Baker), General DeWitt Spain (M01) (Spain)

(1) Grant Expenditures include (\$440) from prior years; (\$440) Federal and \$0 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, 2023 (\$ IN THOUSANDS)

Participation Percentage	Grants as Amended 6/30/2022	Grants Awarded (Reduced)	Grants Total 6/30/2023	Grants Receivable 06/30/2022	Expenditures (1)	Cash Receipts	Grants Receivable 06/30/2023
90%	14,780	0	14,780	1,516	0	1,516	0
90%	5,084	0	5,084	136	396	0	532
90%	11,286	0	11,286	1,416	94	0	1,510
90%	14,602	0	14,602	1,458	14	0	1,472
90%	6,000	0	6,000	571	29	0	600
100%	62,443	0	62,443	26,065	1,047	19,432	7,680
100%	2,362	0	2,362	0	283	0	283
90%	10,588	0	10,588	0	1,169	0	1,169
100%	20,573	0	20,573	0	2,132	0	2,132
100%	16,667	0	16,667	0	2,549	0	2,549
100%	24,764	0	24,764	2,346	3,729	2,346	3,729
	189,149	-	189,149	33,508	11,442	23,294	21,656
100%	14,384	3	14,387	0	14,387	14,387	0
100%	497		497	0	497	497	0
100%	47,373	0	47,373	0	47,373	47,373	0
100%	1,986	0	1,986	0	0	0	0
	64,240	3	64,243	0	62,257	62,257	0
	253,389	3	253,392	33,508	73,699	85,551	21,656
90%	56	0	56	0	0	0	0
100%	221	0	221	113	37	141	9
100%	51	60	111	38	48	39	47
100%	70	0	70	9	0	9	0
100%	69	0	69	0	0	0	0
100%	69	0	69	0	0	0	0
100%	0	165	165	0	40	0	40
100%	0	198	198	0	47	0	47
100%	0	13	13	0	13	13	0
100%	0	23	23	0	23	23	0
100%	0	32	32	0	0	0	0
100%	0	59	59	0	0	0	0
	536	550	1,086	160	208	225	143
	253,925	553	254,478	33,668	73,907	85,776	21,799
95%	17	0	17	8	0	8	0
95%	3,000	0	3,000	1	315	1	315
95%	4,399	-	4,399	660	-	660	0
50%	15	0	15	15	0	15	0
50%	15	0	15	15	0	15	0
95%	0	91	91	0	34	0	34
95%	0	116	116	0	7	0	7
50%	0	15	15	0	15	15	0
50%	0	15	15	0	15	15	0
5%	6		6	0	0	0	0
	7,452	237	7,689	699	386	729	356
	\$261,377	\$790	\$262,167	\$34,367	\$74,293	\$86,505	\$22,155

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL**  
**AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2023**

**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**

### **Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the 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, 2023, 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 31, 2023.

#### ***Report on 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

### ***Report on 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***The Authority's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

### ***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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**FORVIS,LLP**

**Memphis, Tennessee  
October 31, 2023**

## Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

### Independent Auditor's Report

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

#### Report on Compliance for the Major Federal Program

##### ***Opinion on the Major Federal Program***

We have audited the Memphis-Shelby County Airport Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit 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, 2023. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

##### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

##### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, GAAS, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

**FORVIS, LLP**

**Memphis, Tennessee  
October 31, 2023**

## Schedule of Findings and Questioned Costs

### Financial Statements

Type of report issued on whether the financial statements 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 ☒ no

Significant deficiency(ies) identified?

☒ yes ☐ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

### Federal Awards

Internal control over major federal awards programs:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(ies) identified?

☐ yes ☒ none reported

Type of auditors' report issued on compliance for major federal awards programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

☐ yes ☒ no

Identification of major federal programs:

### CFDA Number

20.106

20.106

### Name of Federal Program or Cluster

Airport Improvement Program

COVID-19 – Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: \$2,217,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

## SECTION II - FINANCIAL STATEMENT FINDINGS

### Current Year Finding

#### **Finding 2023-001 – Credit Card Receivables**

**Criteria:** Management is responsible for establishing and maintaining effective internal controls over financial reporting. Effective internal controls are an important component of a system that helps ensure the financial statements reflect the proper amounts at a given time, thereby providing accurate financial data. Specifically, the Authority should have controls in place to monitor monthly reconciliation of credit card receivables related to parking revenues.

**Condition:** A portion of parking revenues was recorded twice when information was manually transferred from the parking revenue system (third-party vendor) to the

# FORVIS

Authority's financial accounting system. Additionally, parking revenues were known by management to be generally increasing due to increased passenger activity.

**Cause:** A formula error in the spreadsheet caused revenue and receivables to be recorded twice and was not caught in review.

**Effect or potential effect:** Credit card receivables increased during the year, and parking revenue was overstated by approximately \$1,600,000.

**Recommendation:** We recommend the Authority implement recording and monitoring controls to ensure spreadsheets are working properly, and a monthly average days credit card receivables outstanding expectation be applied to identify variances or unusual activity.

**Views of responsible officials and planned corrective actions:** The Authority agrees with the finding. See separate auditee document for planned corrective action.

## **Prior Year Findings**

None reported

## **SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

## **Current Year Findings**

None reported

## **Prior Year Findings**

None reported

# **MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

### **FOR THE YEAR ENDED JUNE 30, 2023**



October 31, 2023

#### **Finding 2023-001 – Credit Card Receivables**

##### **Corrective Action Taken or Planned:**

###### **Overview**

The Authority contracts out the operation of public parking and access to the commercial drive to a third-party parking management company. The parking management company is paid for their services which are not tied to how much revenue is produced. Revenue comes in the form of cash and credit card receipts. There is a parking access revenue control system (PARCS) that tracks parking and drive activity and there is a credit card system, IQ, which handles the credit card process. The bank deposits and revenue from all cards except American Express is handled by Fifth Third Bank. The parking credit card revenue receivable is booked based on the commercial drive parking activity as tracked by the PARCS system. The bank deposits and clearing of the receivable is based on output from the bank deposits, the reports from American Express, and the IQ reports. The overall receivable is reconciled monthly.

###### **Revenue**

Parking and commercial drive activity is tracked by the PARCS system. Parking Credit Card Revenue is booked by the AP Supervisor based on a report provided by the parking management company which is based on a PARCS report. The PARCS system counts manual credit card activity as cash so the AP Supervisor books total credit card revenue plus the manual credit card activity as revenue and parking credit card receivable.

###### **Receipts**

The receipt of funds that hit the bank from the credit card clearing through Fifth Third Bank and American Express are automatically posted to cash and credit card receivable through automated business processes set up in Workday as part of the bank integration.

###### **Cash Reconciliation**

The Accountant I responsible for the bank reconciliation reconciles the cash coming in from Fifth Third Bank and American Express. The money coming in from Fifth Third Bank is gross so the fee that is charged, which is shown on the monthly statement, is posted to expense and cash. The money coming in from American Express is net so the fee that is charged, which is shown on the monthly statement, is posted to expense and credit card receivable.

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**  
**MANAGEMENT'S CORRECTIVE ACTION PLAN (CONCLUDED)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**Parking Credit Card Receivable Reconciliation**

The Accounts Receivable Accounting Supervisor has access to the PARCS system and the IQ system and makes any needed monthly adjustments and performs the overall parking credit card receivable reconciliation. The AR Accounting Supervisor gets the following data from the systems:

- Credit card revenue from the PARCS system
- Credit card authorizations and declines from the IQ system
- Credit card settlements and returns from the IQ system

The AR Accounting Supervisor books the returns to reduce revenue and receivable and then analyzes the overall parking credit card receivable by comparing the following.

- Ending balance of Parking Credit Card Receivable with the expected float which is due to receipts coming in a day or two after the revenue activity
- Revenue reported by parking management company with that on the PARCS system
- Net Authorizations from the IQ system with Gross Settlements from the IQ system
- Bank Receipts with settlements reported from the IQ system

Due to the timing of closing of reporting periods on the different systems, banks, and credit card companies, there should always be a receivable. The AR Accounting Supervisor will monitor balances and differences to ensure they remain within expected balance parameters and investigate any variances from what is expected and make recommended adjustments as needed.

**Anticipated Completion Date for Corrective Action:**

This plan has already been implemented as of September 2023.

**Contact Person Responsible for Corrective Action:**

Jeffrey Hanley – Director of Finance



Jeffrey Hanley  
Director of Finance



