



Memphis City Council Summary Sheet

Resolution to amend Ordinance #5450 to appropriate funds to provide the necessary funding for services in the South Cordova Annexation area.

- This item is a resolution to appropriate funds for the South Cordova Annexation area.
- The Finance Division requests the appropriation of this amendment.
- This is a change to an existing ordinance.
- This project will not require a new contract or amend an existing contract.
- This requires an expenditure of funds and a budget amendment

**RESOLUTION TO AMEND ORDINANCE #5450
(APPROPRIATION ORDINANCE)**

WHEREAS, the South Cordova Annexation has become part of the City of Memphis on July 1, 2012; and

WHEREAS, the City of Memphis, in order to provide the services necessary in accordance with the settlement agreement, must amend ordinance #5450, to increase the Fiscal Year 2013 Operating Budget to provide the funding necessary for these services.

NOW, THEREFORE, BE IT RESOLVED, BY THE COUNCIL OF THE CITY OF MEMPHIS that ordinance #5450 be amended by the following:

SECTION 1. BE IT ORDAINED that the anticipated receipts herein appropriated shall be designated as follows:

1. GENERAL FUND, which shall embrace all expenditures for the accounts of the City Corporation, except for the expenditures hereinafter appropriated to the Solid Waste Management Fund, Debt Service Fund, and Storm Water Fund.

GENERAL FUND

GENERAL REVENUES

Property Tax	2,483,398
Automobile Registration Fees	111,360
State Shared Revenues	514,472
Cable TV Fees	20,813
Telephone Franchise Fees	<u>33,408</u>
TOTAL REVENUES GENERAL FUND	<u>3,163,451</u>

EXPENDITURE BUDGET

Parks & Neighborhoods	219,178
Fire Services	2,383,834
Police Services	480,730
Public Works	133,080
Engineering	<u>55,000</u>

TOTAL EXPENDITURES GENERAL FUND	<u>3,271,822</u>
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Contribution from Fund Balance	<u>(108,371)</u>
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2. SPECIAL REVENUE FUNDS

SOLID WASTE MANAGEMENT FUND
REVENUE BUDGET

Solid Waste Fees	<u>413,325</u>
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TOTAL REVENUES	<u>413,325</u>
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EXPENSE BUDGET

Solid Waste Management Expenses	<u>404,487</u>
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TOTAL EXPENSES	<u>404,487</u>
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Contribution to Fund Balance	<u>8,838</u>
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3. DEBT SERVICE FUND

DEBT SERVICE FUND
REVENUE BUDGET

DEBT SERVICE FUND	<u>773,979</u>
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TOTAL REVENUES	<u>773,979</u>
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4. ENTERPRISE FUNDS

STORM WATER FUND
REVENUE BUDGET

Storm Water Fees	<u>80,400</u>
TOTAL REVENUES	<u>80,400</u>

EXPENSE BUDGET

Storm Water Expenses	<u>80,400</u>
TOTAL EXPENSES	<u>80,400</u>
Contribution to Fund Balance	<u>0</u>

Be It Further Resolved, that there be and is hereby appropriated \$260,000 for the acquisition of vehicles and equipment in the Fiscal Year 2013 CIP Budget for Capital Acquisition as follows.

Animal Control Vans with customized cages	140,000
Squad Cars with complete package	<u>120,000</u>
TOTAL EXPENDITURES CIP	<u>260,000</u>

Bill Morrison
Chairman

Attest:
Patrice Thomas, Comptroller



CITY OF MEMPHIS
SOUTH CORDOVA ANNEXATION
FINANCIAL ANALYSIS

July 7, 2012

Prepared by:
Finance Division/Budget Office

SOUTH CORDOVA ANNEXATION

Proforma Income Statement

FY2013

GENERAL FUND

Total Estimated Revenues \$3,163,451

Total Estimated Expenditures (\$3,271,822)

NET (\$108,371)

SOLID WASTE MANAGEMENT FUND

Total Estimated Revenues \$413,325

Total Estimated Expenses (\$404,487)

NET \$8,838

STORM WATER FUND

Total Estimated Revenues \$80,400

Total Estimated Expenses (\$80,400)

NET \$0

DEBT SERVICE FUND

\$773,979

SOUTH CORDOVA ANNEXATION

REVENUE SUMMARY

Fiscal Year 2013

General Fund

Property Tax	\$2,483,398
Automobile Registration Fees	\$111,360
State Shared Revenues	\$514,472
Telephone Franchise Fees	\$33,408
Cable TV Fees	\$20,813

TOTAL GENERAL FUND	\$3,163,451
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Solid Waste Management Fund

Solid Waste Fees	\$413,325
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Storm Water Fund

Storm Water Fees	\$80,400
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Debt Service Fund

Property Tax	\$773,979
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TOTAL CITY REVENUE	\$4,431,155
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Board of Education Revenues (Information Only)

Property Tax (Pass thru from City of Memphis to Memphis City Schools)	\$108,219
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SOUTH CORDOVA ANNEXATION

EXPENSE SUMMARY

Fiscal Year 2013

General Fund

Parks & Neighborhoods	\$219,178
Fire Services	\$2,383,834
Police Services	\$480,730
Public Works	\$133,080
Engineering	\$55,000

TOTAL GENERAL FUND	\$3,271,822
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Solid Waste Management Fund	\$404,487
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Storm Water Fund	\$80,400
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TOTAL CITY EXPENSES	\$3,756,709
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SOUTH CORDOVA ANNEXATION

Capital Improvement Program

FY2013

Division	Description	Quantity	Amount
Capital Acquisitions:			
Parks & Neighborhoods	Animal Control Vans with customized cages	2	\$140,000
Police Services	Squad Cars with complete package	4	<u>\$120,000</u>
			<u><u>\$260,000</u></u>

APPENDIX

SOUTH CORDOVA ANNEXATION STUDY REPORT

AREA NO: 01-49

October, 2001

Memphis and Shelby County Office of Planning & Development

SOUTH CORDOVA ANNEXATION STUDY REPORT

AREA NO: 01-49

October, 2001

Memphis and Shelby County Office of Planning & Development

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I. INTRODUCTION

This study 1) examines the current and future development patterns of the proposed South Cordova Annexation Area and; 2) presents the costs and benefits of this area becoming a part of the City of Memphis. The South Cordova Annexation Area is located immediately south and east of the Cordova annexation area (Study Area # 26) that was annexed in 1990, and immediately north of the Wolf River.

The South Cordova Annexation Area, herein called the Study Area, encompasses approximately 2 square miles and is located to the east of the present Memphis City Limits. Two portions of the study area, Areas I and II, are separated from the main body of the annexation study area and are totally surrounded by the City of Memphis. This situation occurred because of the annexation in 1992 of the Wolf River North area (Study Area 36). That annexation, at the request of the property owner, affected only his property and left several houses and businesses in unincorporated territory, surrounded by Memphis. A detailed boundary description of the three areas is provided in Appendix A, and the boundaries are shown on the Existing Land Use Map.

The relevant data and analyses required to support annexation of the Study Area are divided into three chapters following this Introduction. Chapter II presents past trends, present conditions and future projections of population, housing and land use. Chapter III, the Plan of Services, identifies the services currently provided by Shelby County and the level of services to be provided by the City of Memphis after annexation. The study concludes with an analysis of the costs and revenues associated with the proposed annexation in Chapter IV.

II. GROWTH TRENDS IN THE STUDY AREA

POPULATION AND HOUSING

The South Cordova Study Area has experienced a significant increase in residential development since 1990. In 1990, there were approximately of 722 dwelling units in the study area, with an estimated population of 1,827 persons. The Office of Planning & Development conducted a field survey in 1997 and counted 1,569 dwelling units. Based on the Shelby County Assessor's 2001 data, the area now includes 1,718 housing units, which corresponds to an estimated population of 4,295. This information was verified by field checks in 2001.

The South Cordova Study Area encompasses 1,400 acres of land or approximately 2 square miles, with a population density of 3 persons per acre. All of the housing units consist of single-family structures. Between 1990 and 2001 the population and housing stock multiplied dramatically. This area is now nearly built out for the available land and the population projections indicate more moderate growth for the next five years. Table 1 displays the projected numbers of population and housing units through 2006.

**TABLE 1:
POPULATION AND HOUSING COUNTS AND PROJECTIONS
2001 - 2006**

<u>YEAR</u>	<u>HOUSING UNITS</u>	<u>POPULATION</u>
<u>PAST CENSUS AND SURVEYS</u>		
1990	722	1,827 (Census)
1997	1,569	(OPD)
2000	1,654	4,080 (OPD)
<u>OPD PROJECTIONS</u>		
2001	1,718	4,295
2002	1,786	4,465
2003	1,855	4,638
2004	1,928	4,820
2005	2,003	5,008
2006	2,081	5,203

EXISTING LAND USE - 2000

Residential

Residential development accounts for approximately 900 acres or 70 percent of the total land in the Study Area. The entire residential component is made up of single-family detached dwellings.

Commercial

Currently, there is no commercial property in the study area. There is a cellular telephone tower near the intersection of Sanga and Bazemore Roads.

Institutional

Institutional uses account for 10 acres of the total land area.

Farm or Vacant Land

Farm or vacant land comprises approximately 30 percent of the total area. Nearly all of the this land is located in the southern portion of the study area, with a substantial part of that located within the floodway of the Wolf River.

Table 2 provides information on the existing land uses in the Study Area, and the following map displays the land development pattern.

**TABLE 2
EXISTING LAND USE
SOUTH CORDOVA ANNEXATION AREA**

LAND USE	NUMBER OF ACRES	PERCENT OF TOTAL ACRES
Exempt (Institutional)	9.93	0.7
FARM/Vacant	417.52	31.0
Residential	919.60	68.3
TOTAL	1,347.05	

Source: Shelby County Assessor.

III. PLAN OF SERVICES

South Cordova receives the majority of its services at a rural level through Shelby County Government and the Shelby County School Board. Once the area is annexed, services will be provided by the City of Memphis at an urban level similar to existing areas of the City.

FIRE SERVICES

EXISTING SERVICES - SHELBY COUNTY

South Cordova is currently served by Shelby County Fire Station number 1, located at 12015 Macon Road. A single engine company is stationed there and provides fire protection to a 59 square mile area.

PLANNED MEMPHIS SERVICES

Fire Protection by the present personnel and equipment of the fire suppression force, within the limits of available water and distance from fire stations, will be provided on January 1, 2002. Extension of the City's higher standard of protection to the entire study area will require the addition of one engine company, one truck company, and one unit to ensure high standards of fire protection in the annexation area. Personnel will include 38 firefighters. The additional equipment and personnel will be deployed from the existing fire station on Sanga Road. Emergency medical services will be provided, including ambulance and paramedic service, on January 1, 2002 by the closest available fire station with an ambulance.

POLICE SERVICES

EXISTING SERVICES - SHELBY COUNTY

The study area is presently within Sheriff's Patrol District 3, which is served by a single patrol vehicle per shift.

PLANNED MEMPHIS SERVICES

Following annexation, the area will be included in the Northeast Precinct's area through the precinct at 6850 Whitten Bend Cove. Patrolling, radio response to calls and other routine police services using present personnel and equipment will be provided on January 1, 2002. The new area will require twelve additional officers and one additional supervisor. Because the precinct has already been constructed, capital costs will be limited to additional vehicles and equipment. This will represent approximately three officers per thousand residents and is consistent with current staffing levels.

The City of Memphis Police Department will provide many services that will result in a significant improvement over and above the services currently being provided by the County Sheriff's Department. These services are provided as a result of Memphis' position as a large metropolitan law enforcement agency. Due to low demand for these services in small communities and the relatively high cost of provision, these services are traditionally available only through large agencies.

A partial list of these services includes: the aviation squad (an emergency response team for the location and apprehension of criminals or lost/abducted individuals); the integrated criminal apprehension program; computerized communication system; the canine squad; Police Service Technicians and marked traffic units; hostage negotiation team; and the crisis intervention team. The City Police Department offers numerous crime prevention programs such as personal safety, child safety, robbery prevention and a comprehensive neighborhood watch program.

EDUCATIONAL FACILITIES

PLANNED MEMPHIS SERVICES

Additional students as a result of this annexation will exceed the capacity of Cordova Elementary School. Elementary (K-4) student population estimated for 2002-03 is 285 students for the annexation area and is projected to grow to approximately 400+ students by 2005. After the area is annexed the Memphis Board of Education will construct an elementary school to serve the children residing within the study area. It may not be possible to locate the school within the study area, due to the lack of suitable land, but the school will be within reasonable proximity of the study area. The new school is anticipated to open for the 2003-04 school year. During the interim period before new schools are constructed, the City would make arrangements with Shelby County for students to continue attending their current schools. Students currently served by the County school system may remain in their current schools, as arranged through negotiations with the County.

Any school facilities currently operated by the County school system may be acquired for the Memphis school system, subject to negotiations between the Memphis and Shelby County Boards of Education.

The City School Board also provides such services as specialized programs for the intellectually gifted (CLUE), optional schools (performing arts, medical/engineering, open education, pre-engineering, etc.), the Orff music program, specialized programs for the physically challenged, and programs for students who are at risk academically. All of these programs will be available to the students in the Study Area.

PARKS AND RECREATION FACILITIES

EXISTING SERVICES - SHELBY COUNTY

At the present time there are no parks within the Study Area.

PLANNED MEMPHIS SERVICES

A recreation program adapted to the existing facilities will be extended to the annexed area on January 1, 2002. The City of Memphis will acquire and develop 13 acres of parkland within the South Cordova area in Fiscal Year 2002 after annexation. This is based on the standard of 2.5 acres per 1,000 population. The park(s) will offer an array of recreation activities and programs similar to that currently offered to City residents.

SOLID WASTE MANAGEMENT SERVICES

EXISTING SERVICES - SHELBY COUNTY

The County does not provide any type of garbage pickup in the Study Area. All current sanitation services are contracted by residents with private refuse firms.

PLANNED MEMPHIS SERVICES

Refuse collection service will be provided by the City in the annexed area on January 1, 2002. Curbside pickup, in accordance with City of Memphis standards will be in effect on January 1, 2002. All single family residences will receive weekly curbside garbage collection using city-provided carts, weekly recycling collection and weekly curbside trash pickup. Commercial uses will continue to be served by a private sanitation service. Other sanitation services provided by Memphis include regularly scheduled street sweeping, weed-cutting on public rights-of-way and vacant lots, clean-up of illegal dumping, and collection of roadside litter.

SANITARY SEWER SERVICE

Additional sewer laterals will be extended in the study area as development occurs. Intercepting and trunk sewers will be constructed as warranted by the progress of land development in accordance with existing sewer extension policy.

When needed, construction of new collector sewers in the previously developed portions of the annexed area will be completed in accordance with priorities set by the governing body through the Capital Improvement Program. Residences and commercial and industrial properties will then be connected to those servers in accordance with current policies. Wastewater from the existing sewers of the annexed area will continue to be treated by the City treatment plant(s) in accordance with State and Federal regulations on January 1, 2002.

PUBLIC WORKS ACTIVITIES AND SERVICES

Within 5 years after annexation, Memphis anticipates overlay of new surfaces on existing streets and paving the final 1 ½" on new subdivision streets. \$450,000 has been budgeted for this capital expense. Traffic signals, traffic signs, street markings and other traffic control devices will be installed as the need thereof is established by appropriate engineering studies and in accordance with appropriate traffic engineering standards.

Emergency maintenance, (repair of hazardous pot holes, measures necessary for traffic flow, etc.) will begin on January 1, 2002. Memphis will assume all responsibility January 1, 2002 for maintenance of the public streets and storm water drainage within the study area. Routine maintenance, on the same basis as in the present City, will begin in the annexed area when funds from the State gasoline tax based on the annexed population are received. Drainage improvements in the previously developed portions of the annexation area will be made with priorities set by the governing body through the Capital Improvement Program and the current City policies regarding emergency repairs. Memphis will also erect traffic signs and signals as conditions warrant them. The City will complete installation of 412 new streetlights prior to Fiscal Year 2003.

Reconstruction and resurfacing of streets, installation of storm drainage facilities, construction of curbs and gutters and other such major improvements as the need thereof is determined by the governing body, will be accomplished through the Capital Improvement Program of the City and the provisions of the Subdivisions Regulations.

WATER, ELECTRIC AND GAS SERVICES

Memphis Light, Gas and Water provides gas, water and electricity to the entire study area. Once the annexation is effective, MLG&W will maintain streetlights on all streets within the study area.

The Memphis Light, Gas and Water Division will provide electrical service throughout the annexed area utilizing the distribution system existing on January 1, 2002 at the same rates applicable throughout the balance of the City, and thereafter from new lines in accordance with current policies of the City.

Water for domestic, commercial and industrial use will be provided at City rates from existing lines on January 1, 2002. Thereafter, water will be provided from new lines as extended in accordance with current policies of the City. The City will purchase any additional lines owned by the Shelby County Board of Public Utilities. Water for fire protection is generally available throughout the area to be annexed. The installation of

additional water lines and fire hydrants to meet the standards applicable in the City will be provided as warranted.

The Memphis Light, Gas and Water Division will provide gas service throughout the annexed area utilizing the distribution system existing on January 1, 2002 at the same rates applicable throughout the balance of the City, and thereafter from new lines in accordance with current policies of the City.

LAND DEVELOPMENT SERVICES

The Office of Planning and Development conducts the comprehensive planning and zoning administration for both Memphis and Shelby County. The Office of Planning and Development will continue to perform the same functions for the Study Area following annexation as it did before. Similarly, the Land Use Control Board and the Board of Adjustment, which serve both the City and the County governments, will continue to perform the same functions following annexation.

Planning, zoning and subdivision regulations for the unincorporated area of Shelby County as contained in the Joint Ordinance and Resolutions numbers 2524, 3064 and 3352 respectively, and as they may be amended, are also the planning, zoning and subdivision regulations for the City of Memphis. The services provided by the Office of Planning and Development, the Land Use Control Board and the Board of Adjustment will continue to be the same in the annexed area after January 1, 2002. The existing zoning of the annexed area will be maintained until the need for changes is determined by the governing body in accordance with the Zoning Ordinance.

At present, zoning changes, planned unit developments and sewerage subdivisions proposed in the Study Area require approval from both the City of Memphis and Shelby County legislative bodies. Following annexation, approval from only the Memphis City Council will be required. The joint zoning regulations now in effect will continue within the annexed area.

Any inspection services now provided by the City (automobile, housing, weights and measures, sanitation, etc.) will begin in the annexed area on January 1, 2002.

All City of Memphis administrative, health, construction codes, and similar services and regulations will apply to the area on January 1, 2002.

OTHER PUBLIC SERVICES

Animal Control Services

In addition to the previously described urban services, the City of Memphis will provide animal control services to the annexed area. This will include enforcement of Memphis dog licensing and leash laws, complaint response, rabies vaccinations for dogs and cats and other animal control activities.

Emergency Management Services

The Emergency Management Agency will install 2 new pole mounted warning sirens.

V. FINANCIAL ANALYSIS

The operating and capital costs presented in this section represent estimates and projections of the additional expenses that would be incurred as a result of annexation. They should not be considered as budgets for the specified fiscal years. Expenditure changes or re-allocations could occur through refinement of the preliminary plans for providing City-level services.

REVENUE ANALYSIS

Annexation of the South Cordova Study Area will result in additional revenues for the City of Memphis from the following sources:

- 1) property tax revenues, based on assessed valuation;
- 2) state-shared revenues, based on population as determined by a census of the annexed area;
- 3) city service fees, gross receipt taxes, auto fees and telephone franchise taxes based on the number of housing units;
- 4) state aid and distribution of funds for education based on the number of public school students; and
- 5) local option sales tax revenues from this area.

Revenues are estimated in Table 3 for fiscal year 2002 through fiscal year 2006. Growth of the revenue base was projected according to population and housing growth as shown in Table 2. All tax rate and distribution formulas were assumed to continue unchanged during the period. The revenue estimates are of course subject to many uncertainties, such as the impact of the economy upon state-shared taxes and upon the rate of growth in the area.

TABLE 3
 FOUR AND ONE HALF YEAR REVENUE ANALYSIS
 SOUTH CORDOVA ANNEXATION AREA
 FISCAL YEARS 2002-2006

GENERAL FUND REVENUES

Property Tax	\$8,150,906
PILOT Revenue	\$
Automobile Fees	\$634,005
State Shared Revenues	\$1,406,959
Telephone Franchise Fees	\$152,161
Cable TV Fees	\$95,101
Solid Waste Fees	\$760,806
Local Sales Tax	\$0
TOTAL GENERAL FUND	\$11,199,938

DEBT SERVICE REVENUES

Property Tax	\$3,370,549
PILOT Revenue	\$
State Shared Tax	\$531,001
TOTAL DEBT SERVICE REVENUES	\$3,901,550

TOTAL CITY REVENUE **\$15,101,488**

BOARD OF EDUCATION REVENUES (INFORMATION ONLY)

Property Tax (Pass through from City to Memphis City Schools)	\$4,165,576
PILOT Revenue	\$
TOTAL BOARD OF EDUCATION REVENUES	\$4,165,576

COST ANALYSIS

Projected costs for the first four and one half years following annexation are presented in Table 4 (Capital Costs) and Table 5 (Operating Costs). Only those costs are included that would represent major additional commitments for service and facilities from the City of Memphis due to annexation. Excluded are costs related to services that are now provided by the City beyond its corporate limits and reimbursed through user charges or other agreements. Also excluded are those services provided County-wide in which Memphis shares the costs with the Shelby County government.

Costs were determined by a survey of all City agencies directly affected by the proposed annexation. Each agency was asked to provide capital costs by project and operations and maintenance costs by category. To insure compatibility, all costs are shown in current dollars.

Capital Costs

The capital costs presented in this analysis represent estimates and projections of additional expenses that would be incurred as a result of annexation. They should not be considered to be specific budget items for any specified fiscal year. A number of projects, particularly road construction and drainage improvements, may be accomplished through the private land development process. Capital costs are generally financed through General Obligation Bonds over a 20 year period. The capital cost analysis reflects the annual debt service requirements of these bonds. The four and one half year total of debt service obligation for the South Cordova Annexation Area is presented in Table 4.

Operating Costs

Operating costs are presented as estimates and projections of the additional expense that will be incurred by the City in the provision of services to the Study Area. These costs are based upon such factors as number of households, types of households, projected growth of housing, population and non-residential-uses and the number of miles of streets and infrastructure in the Study Area.

Operating costs are subject to adjustment based on changes in the factors listed above. These projected costs should not be considered to be specific budgetary items. The projected operating costs have a direct impact on the general revenue fund of the City. The estimated five year operating costs are presented in Table 5.

TABLE 4
 FOUR AND ONE HALF YEAR CAPITAL COST ANALYSIS
 SOUTH CORDOVA ANNEXATION AREA
 FISCAL YEARS 2002-2006

AGENCIES		
FIRE SERVICES		
Additional equipment for Fire Station 54		\$1,226,610
PARK COMMISSION		
Acquire/Develop 13 acres of park land		\$1,300,000
PUBLIC WORKS		
Paving of existing and new developments	\$450,000	
Solid waste carts	<u>\$129,000</u>	
PUBLIC WORKS TOTAL		\$579,000
EMERGENCY MANAGEMENT		
Install two new outdoor warning sirens		\$44,000
TOTAL CAPITAL COSTS		\$3,149,610
CITY DEBT SERVICE REQUIREMENT*		\$2,002,500
BOARD OF EDUCATION		
Acquire Land/Construct 1 Elementary School		\$16,800,000
BOARD OF EDUCATION		\$6,097,500

* Debt service requirement includes long term (20 year) bonds Capital Improvement Projects and short term bonds for capital equipment.

TABLE 5
 FOUR AND ONE HALF YEAR OPERATING COST ANALYSIS
 SOUTH CORDOVA ANNEXATION AREA
 FISCAL YEARS 2002-2006

GENERAL FUND

Fire Services		\$11,912,464
Police Services		\$2,734,114
Park Commission		\$39,000
Public Works		
Street Maintenance	\$305,200	
Drainage Maintenance	\$148,339	
Stormwater Management	\$7,150	
Street Lighting	\$452,137	
Solid Waste contract amt.	\$1,366,212	
	Public Works Total	\$2,279,038
Public Services		
Code Enforcement	\$47,434	
Animal Shelter	\$47,040	
Motor Vehicle	\$129,210	
	Public Services Total	\$223,684
Emergency Management		2,851
TOTAL GENERAL FUND		\$17,191,151
BOARD OF EDUCATION		\$10,860,000

FUND BALANCE ANALYSIS

Revenues are obtained from a variety of sources and allocated to three general categories: General Fund, Debt Service, and Board of Education. Table 6 presents a four and one-half year summary of the impact on city finances and Board of Education as a result of this annexation.

City General Fund

The General Fund is used to finance the daily operations of each division. It is estimated that property taxes, vehicle registration fees and other revenues from the annexed area will add approximately 11 million dollars to this fund during the four and one-half year period. However operating costs due to the annexation are expected to increase by 17 million dollars, which will leave the General Fund with an estimated deficit of approximately 6 million dollars.

It is estimated that the portion of the property tax allocated to Debt Service will generate approximately 3.9 million dollars in revenues during Fiscal Years 2002-2006. However, debt service expenditures for capital items to serve the annexed area for the same period is estimated at 8.1 million dollars. This provides the city with an estimated Debt Service Fund deficit of approximately 4.1 million dollars.

The annexation of South Cordova will produce more expenditures than revenues for the City of Memphis. The General Fund and Debt Service deficits will yield a 9.8 million dollar deficit to the City during Fiscal Years 2002-2006.

Board of Education

The Board of Education has an intricate funding procedure that is shared among Federal, State, County and City governments. The annexation will increase revenues but expenditures for students and the debt service for new schools to serve the annexed area will result in a deficit of approximately 6.5 million dollars to the Board of Education.

TABLE 6
 FOUR AND ONE HALF YEAR IMPACT ON FUND BALANCES
 South Cordova ANNEXATION AREA

GENERAL FUND

Revenues	\$11,421,049
Expenditures	<u>\$17,191,150</u>
FUND BALANCE	(\$5,770,101)

CAPITAL IMPROVEMENT PROGRAM

Debt Service Revenues	\$3,992,984
Debt Service Expenditures	<u>\$8,100,000</u>
FUND BALANCE	(\$4,107,016)

NET IMPACT ON CITY FUND BALANCE **(\$9,877,117)**

BOARD OF EDUCATION

Revenues	\$4,278,576
Expenditures	<u>\$10,860,000</u>
FUND BALANCE	(\$6,581,424)

APPENDIX A

BOUNDARY DESCRIPTION

SOUTH CORDOVA STUDY AREA, NUMBER 01-49 AREAS I, II, III

AREA I: EAST OF GERMANTOWN PARKWAY - SOUTH OF WALNUT BEND ROAD – WEST OF GERMAN CREEK ROAD

Beginning at a point on the existing Memphis City Limits, said point being on the southeasterly right-of-way line of Walnut Bend Road and also point being located on the northwest corner of the Walnut Bend Office Center Subdivision (PB 95, PG 29); thence northeastwardly with the southeasterly right-of-way line of Walnut Bend Road and the existing Memphis City Limits to a point on the northeast corner of the Walnut Bend Office Center Subdivision; thence southeastwardly with the easterly boundary line of the Walnut Bend Office Center Subdivision and the existing Memphis City Limits to a point on the southeast corner of said subdivision; thence southwestwardly with the southerly boundary line of the Walnut Bend Office Center Subdivision and the existing Memphis City Limits to a point on the southwest corner of said subdivision; thence northwestwardly with the westerly boundary line of the Walnut Bend Office Center Subdivision and the existing Memphis City Limits to a point on the northwest corner of said subdivision, said point being the point of beginning.

AREA II: EAST OF GERMANTOWN PARKWAY - SOUTH OF WALNUT BEND ROAD – WEST OF VIKING DRIVE

Beginning at a point on the existing Memphis City Limits, said point being the intersection of a southwestward projection of the northerly property line of the James W. Gower 7.23 acre parcel (D2-20-292) with the southwesterly right-of-way line of German Creek Drive; thence northeastwardly with said southwestward projection and the northwesterly property line of the Gower 7.23 acre parcel and the existing Memphis City Limits to a point on the westerly boundary line of the Planters Grove Subdivision, Section "T-4" (PB 73, PG 55); thence southeastwardly with the westerly boundary line of the said Planters Grove Subdivision, Section "T-4" and the existing Memphis City Limits to a point on the southwest corner of said subdivision; thence northeastwardly with the southerly boundary line of the Planters Grove Subdivision, Section "T-4" and the existing Memphis City Limits to its intersection with a northward projection of the easterly boundary line of the Walnut Grove Lake Subdivision, Section "H-I" (PB 106, PG 51); thence southwardly and southeastwardly with said northward projection and the easterly boundary line of the Walnut Grove Lake Subdivision, Section "H-I" and the existing Memphis City Limits to a point on the southeast corner of said subdivision; thence

southwestwardly with the southerly boundary line of the Walnut Grove Lake Subdivision, Section "H-I" and the existing Memphis City Limits to a point on the southwest corner of said subdivision; thence northwestwardly with the westerly boundary line of the Walnut Grove Lake Subdivision, Section "H-I" and the existing Memphis City Limits to a point on the southerly right-of-way line of Dirks Cairn Drive; thence southwestwardly with the southerly right-of-way line of Dirks Cairn Drive and the existing Memphis City Limits to a point on the westerly boundary line of the Walnut Grove Lake Subdivision, Section "H-I"; thence northwestwardly with the westerly boundary line of the Walnut Grove Lake Subdivision, Section "H-I" and the existing Memphis City Limits to a point on the southeasterly boundary line of the Walnut Bend Subdivision, Section "A" (PB 113, PG 52); thence southwestwardly with the southeasterly boundary lines of the Walnut Bend Subdivision, Section "A", Section "B" (PB 113, PG 54), Section "C" (PB 119, PG 84) and the existing Memphis City Limits to a point on the most southerly southwest corner of Section "C" of said subdivision; thence northwestwardly with the southwesterly boundary line of the Walnut Bend Subdivision, Section "C" and the existing Memphis City Limits to a point on the southwest corner of Lot No. 51 (D2-20SA-22) of said subdivision; thence southwestwardly with the southeasterly property lines Lot No. 50 (D2-20SA-21) and Lot No. 49 (D2-20SA-17) of the Walnut Bend Subdivision, Section "C" and the existing Memphis City Limits to a point on the southeast corner of Lot No. 48 (D2-20SA-19) of said subdivision; thence westwardly and northwestwardly with the southerly property lines of Lot No. 48 and Lot No. 47 (D2-20SA-18) of the Walnut Bend Subdivision, Section "C" and the existing Memphis City Limits to a point on the southwest corner of Lot No. 46 (D2-20SA-17) of said subdivision; thence northwestwardly and northwardly with the westerly property lines of Lot No. 46 and Lot No. 45 (D2-20SA-16) of the Walnut Bend Subdivision, Section "C" and the existing Memphis City Limits to a point on the northwest corner of said Lot No. 45, said point also being located on the northwesterly boundary line of the Walnut Bend Subdivision, Section "C"; thence northeastwardly with the northwesterly boundary lines of the Walnut Bend Subdivision, Section "C", Section "B" and the existing Memphis City Limits to a point on the southwesterly right-of-way line of German Creek Drive; thence northwestwardly with the existing Memphis City Limits and the southwesterly right-of-way line of German Creek Drive to its intersection with a southwestward projection of the northerly property line of the James W. Gower 7.23 acre parcel, said point of intersection being the point of beginning.

AREA III: EAST OF MEMPHIS CITY LIMITS - SOUTH OF WALNUT GROVE ROAD - NORTH OF WOLF RIVER DRAINAGE CANAL

Beginning at a point on the existing Memphis City Limits, said point being the intersection of the mid-stream of the Wolf River Drainage Canal with a southward projection of the most westerly-easterly property line of the Walnut Grove LTD 373.88 acre parcel (91-112-05); thence northwardly with the most westerly-easterly property

line of the Walnut Grove LTD 373.88 acre parcel and the existing Memphis City Limits to a point on the most northerly-southerly property line of said parcel; thence eastwardly with the most northerly-southerly property line of the Walnut Grove LTD 373.88 acre parcel and the existing Memphis City Limits to a point on the easterly property line of said parcel; thence northwardly with the easterly property line of the Walnut Grove LTD 373.88 acre parcel and the existing Memphis City Limits to a point on the southeast corner of the Walnut Grove Lake Subdivision "F-1" (PB-81, PG-8); thence continuing northwardly with the easterly boundary lines of the Walnut Grove Lake Subdivision, Section "F-1" and Section "E" (PB-53, PG-23) and the existing Memphis City Limits to a point on the northwest corner of the Walnut Grove Woodlands Subdivision, Section "B" (PB-101, PG-64); thence eastwardly with the northerly boundary line of the Walnut Grove Woodlands, Section "B" and the existing Memphis City Limits to a point on the northeast corner of said subdivision; thence southwardly with the easterly boundary line of the Walnut Grove Woodlands Subdivision, Section "B" and the existing Memphis City Limits to a point on the northerly boundary line of the Walnut Grove Woodlands Subdivision, Section "C", Resubdivision of Lots 14 and 15 (PB-114, PG-38); thence continuing southwardly with the easterly boundary line of the Walnut Grove Woodlands Subdivision, Section "C" (PB-111, PG-39), as it existed prior to the aforesaid Resubdivision of Lots 14 and 15, and the existing Memphis City Limits to a point where said City Limits turn eastwardly; thence eastwardly with the existing Memphis City Limits to a point on the easterly right-of-way line of Sanga Road; thence northwardly with the existing Memphis City Limits and the easterly right-of-way line of Sanga Road to a point on the southerly right-of-way line of Walnut Grove Road; thence eastwardly with the southerly right-of-way line of Walnut Grove Road and the existing Memphis City Limits to a point on the northwest corner of the Walnut Grove Baptist Church 2.86 acre parcel (91-91-01); thence southwardly with the westerly property line of the Walnut Grove Baptist Church 2.86 acre parcel and the existing Memphis City Limits to a point on the southwest corner of said parcel; thence eastwardly with the southerly property line of the Walnut Grove Baptist Church 2.86 acre parcel and the existing Memphis City Limits to a point on the southeast corner of said parcel; thence northwardly easterly property line of the Walnut Grove Baptist Church 2.86 acre parcel and the existing Memphis City Limits to a point on the southerly right-of-way line of Walnut Grove Road; thence eastwardly with the southerly right-of-way line of Walnut Grove Road and the existing Memphis City Limits to a point on the westerly right-of-way line of Bazeberry Road; thence southwardly with the westerly right-of-way line of Bazeberry Road and the existing Memphis City Limits to a point where said roadway turns southwestwardly; thence continuing in a generally southwardly direction, crossing Bazeberry Road, with the existing Memphis City Limits and its meanderings to a point on the easterly right-of-way line of Forest-Hill Irene Road; thence southwardly with the easterly right-of-way line of Forest-Hill Irene Road and the existing Memphis City Limits to a point on the southerly terminus of said roadway, said point also being located on the southerly boundary line of the Grove of Riveredge Subdivision, Phase 3 (PB-125, PG-65); thence

westwardly with the southerly boundary line of the Grove of Riveredge Subdivision, Phase 3 and the existing Memphis City Limits to a point on the easterly right-of-way line of Bazemore Road (Forest-Hill Irene Road); thence southwardly with the easterly right-of-way line of Bazemore Road (Forest-Hill Irene Road) and the existing Memphis City Limits to a point where said City Limits turns eastwardly, said point also being located on the southerly property line of the Bnai B'rith Home and Hospital for the Aged, Inc. 39.56 acre parcel (91-90-09); thence eastwardly with the southerly property line of the Bnai B'rith Home and Hospital for the Aged, Inc. 39.56 acre parcel and the existing Memphis City Limits to a point on the easterly right-of-way line of Forest-Hill Irene Road; thence southwardly with the easterly right-of-way line of Forest-Hill Irene Road to a point on the northerly boundary line of the Riveredge Estates Subdivision (PB-91, PG-42); thence eastwardly with the northerly boundary line of the Riveredge Estates Subdivision to a point on the northeast corner of said subdivision; thence southwardly with the easterly boundary line of the Riveredge Estates Subdivision to a point on the southeast corner of said subdivision; thence southwestwardly with the southerly boundary line of the Riveredge Estates Subdivision to a point on the most northerly-northeast corner of the Boyle Investment Company 288.15 acre parcel (D2-20-438); thence southeastwardly with the northeasterly property line of the Boyle Investment Company 288.15 acre parcel to a point on the most easterly-northeast corner of said parcel; thence southwardly with the easterly property line of the Boyle Investment Company 288.15 acre parcel to a point on the most southerly-southeast corner of said parcel; thence westwardly with the southerly property line of the Boyle Investment Company 288.15 acre parcel to a point on the easterly property line of the Clark & Clark (PSO) 15.05 acre parcel (D2-21-50); thence in a generally southwardly direction with the easterly property line of the Clark & Clark (PSO) 15.05 acre parcel and a southward projection of said easterly property line to its intersection with the mid-stream of the Wolf River Drainage Canal; thence in a generally northwestwardly direction, following the mid-stream of the Wolf River Drainage Canal and its meanderings to its intersection with a southward projection of the most westerly-easterly property line of the Walnut Grove LTD 373.88 acre parcel, said point of intersection being located on the existing Memphis City Limits and also being the point of beginning.

**City of Memphis Retirement System
Cost Impact as of July 1, 2011 - Providing \$600 Additional Benefit for Members Currently Receiving Benefits**

	Scenario 1 (Baseline)			Scenario 2 - \$600 Lifetime Benefit Increase		
	General Employees	Police & Firemen	Total	General Employees	Police & Firemen	Total
Actuarial Accrued Liability:						
Actives participants	\$315,412,000	\$680,893,000	\$996,305,000	\$315,412,000	\$680,893,000	\$996,305,000
Terminated vested participants	785,000	815,000	1,600,000	785,000	815,000	1,600,000
Retired participants and beneficiaries	398,367,000	880,715,000	1,277,082,000	398,879,000	881,178,000	1,280,057,000
Disabled participants	26,850,000	146,137,000	172,987,000	27,293,000	146,475,000	173,768,000
Total	\$739,414,000	\$1,708,560,000	\$2,447,974,000	\$742,369,000	\$1,709,361,000	\$2,451,730,000
Fund: the actuarial value of fund assets	\$555,299,000	\$1,283,125,000	\$1,838,424,000	\$556,664,000	\$1,281,760,000	\$1,838,424,000
Unfunded Actuarial Accrued Liability	\$184,115,000	\$425,435,000	\$609,550,000	\$185,705,000	\$427,601,000	\$613,306,000
Total Normal Cost at the Beginning of the Year	\$17,504,000	\$38,424,000	\$55,928,000	\$17,504,000	\$38,424,000	\$55,928,000
Expected Employee contributions	(7,071,000)	(14,072,000)	(21,143,000)	(7,071,000)	(14,072,000)	(21,143,000)
Employer Normal Cost at the Beginning of the Year	\$10,433,000	\$24,352,000	\$34,785,000	\$10,433,000	\$24,352,000	\$34,785,000
Amortization of the Unfunded Actuarial Accrued Liability	\$14,502,000	\$33,509,000	\$48,011,000	\$14,627,000	\$33,680,000	\$48,307,000
Beginning of year Suggested Contribution	\$24,935,000	\$57,861,000	\$82,796,000	\$25,060,000	\$58,032,000	\$83,092,000
Interest to the end of the year	1,870,000	4,340,000	6,210,000	1,880,000	4,352,000	6,232,000
Annual Required Contribution	\$26,805,000	\$62,201,000	\$89,006,000	\$26,940,000	\$62,384,000	\$89,324,000
Increase in Annual Required Contribution (compared to Baseline)				\$135,000	\$183,000	\$318,000

Notes:

- The Actuarial Accrued Liability for all members was based on census data as of June 30, 2011.
- The Actuarial Value of Assets was based on asset information as of June 30, 2011.
- The "Baseline" valuation results include the assumptions and methods for use in the June 30, 2011 actuarial valuation.
- Scenario 2 shows the cost to provide a \$600 annual benefit increase to participants currently receiving benefits less than or equal to \$20,000 annually. The increased benefit amount continues for the lifetime of each participant.
- In Scenario 2, to determine if participants are entitled to the extra benefit, the previous COLA analysis of providing a 0.5% COLA to members who have been retired less than 14.5 years and 1.0% COLA to members who have been retired more than or equal to 14.5 years has been incorporated.

This document was not intended or written to be used, and it cannot be used, for the purpose of avoiding U.S. federal, state or local tax penalties. This includes penalties that may apply if the transaction that is the subject of this document is found to lack economic substance or fails to satisfy any other similar rule of law. This document has been prepared pursuant to an engagement between PricewaterhouseCoopers LLP and its Client and is intended solely for the use and benefit of that Client and not for reliance by any other person.

See the attached Disclosures on the next page.

PwC

City of Memphis Retirement System Cost Impact - Providing Additional Benefit for Members Currently Receiving Benefits Disclosures

This report has been prepared pursuant to the engagement exhibit between PricewaterhouseCoopers LLP and the City of Memphis, dated June 7, 2010, and is intended solely for the use and benefit of the City and not for reliance by any other person.

In preparing the results presented in this exhibit, we have relied upon information City of Memphis provided to us regarding plan provisions, plan participants, and benefit payments. While the scope of our engagement did not call for us to perform an audit or independent verification of this information, we have reviewed this information for reasonableness. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information.

To the best of our knowledge, the individuals involved in this engagement have no relationship that may impair or appear to impair the objectivity of our work.

No statement in this exhibit is intended as a recommendation in favor, or in opposition, of the proposed legislation. Except as otherwise noted, potential impacts on other benefit plans were not considered.

The calculations are based upon assumptions regarding future events. However, the plan's long term costs will be determined by actual future events, which may differ materially from the assumptions that were made. The calculations are also based upon present and proposed plan provisions that are outlined in the exhibit. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the author of this exhibit prior to relying on information in the exhibit.

If you have reason to believe that the information provided in this exhibit is inaccurate, or is in any way incomplete, or if you need further information in order to make an informed decision on the subject matter of this exhibit, please contact the author of the exhibit prior to making such decision.

In the event that more than one plan change is being considered, it is very important to remember that the results of separate actuarial valuations cannot generally be added together to produce a correct estimate of the combined effect of all of the changes. The total can be considerably greater or less than the sum of the parts due to the interaction of various plan provisions with each other, and with the assumptions that must be used.

This document was not intended or written to be used, and it cannot be used, for the purpose of avoiding U.S. federal, state or local tax penalties. This includes penalties that may apply if the transaction that is the subject of this document is found to lack economic substance or fails to satisfy any other similar rule of law. This document has been prepared pursuant to an engagement between PricewaterhouseCoopers LLP and the City of Memphis and is intended solely for the use and benefit of the City and not for reliance by any other person.

Keplinger, Juaness

From: McElrath, Roland
Sent: Friday, July 13, 2012 12:31 PM
To: JStrick212@aol.com
Cc: Robinson, Quintin; Little, George; Stokes, James; Thomas, Patrice; jerrold.dubner@us.pwc.com; Matthew Tomek (matthewtomek@jaff1784.org); Mike Lee (mlee12@comcast.net); Keplinger, Juaness
Subject: FW: Fw: Pension Increase for Lower Income Retirees
Attachments: City of Memphis Retirement System - Cost Impact of Providing \$600 Additional Benefit.pdf

Councilman Strickland,

During the July 3rd City Council Budget Committee hearing Council members asked for a financial analysis of the impact of granting an additional \$600 increase in the annual pension benefit of pensioners receiving less than \$20,000 per year. I've attached the financial analysis prepared by the City's actuarial firm, PwC, relative to the subject proposal.

According to PwC, this proposal would increase the Total Actuarial Accrued Liability of the City's Pension Plan by \$3,756,000. It would also increase the City's Annual Required Contribution by \$318,000.

Roland

SEX	USER_PERSON_TYPE	NAME	AGE	ANNUAL_SALARY	PENSION_CREDIBLE_SVC_DATE	FIRST_PENSION_START_DATE	YEARS_OF_SERVICE
M	Retired Pensioner	521100-City&County Pension/General-Service	66	13,334	10/17/1970 00:00:00	01/01/1996 00:00:00	25
F	Retired Pensioner	501100-City Pension/General-Service	66	16,114	04/30/1979 00:00:00	05/18/2004 00:00:00	25
F	Retired Pensioner	501100-City Pension/General-Service	66	19,026	12/06/1973 00:00:00	04/15/1999 00:00:00	25
F	Retired Pensioner	501100-City Pension/General-Service	66	19,325	05/03/1982 00:00:00	07/15/2007 00:00:00	25
F	Retired Pensioner	501100-City Pension/General-Service	67	15,704	08/01/1973 00:00:00	10/15/1998 00:00:00	25
F	Retired Pensioner	501100-City Pension/General-Service	67	16,283	06/25/1982 00:00:00	07/15/2007 00:00:00	25
F	Retired Pensioner	501100-City Pension/General-Service	67	18,851	09/27/1973 00:00:00	10/15/1998 00:00:00	25
M	Retired Pensioner	501100-City Pension/General-Service	68	17,190	05/16/1967 00:00:00	09/06/1997 00:00:00	30
F	Retired Pensioner	501100-City Pension/General-Service	68	18,644	04/09/1973 00:00:00	07/15/1998 00:00:00	25
F	Retired Pensioner	501100-City Pension/General-Service	68	18,983	02/17/1971 00:00:00	02/17/1996 00:00:00	25
F	Retired Pensioner	501100-City Pension/General-Service	69	19,465	02/16/1979 00:00:00	01/15/2005 00:00:00	25
F	Retired Pensioner	501100-City Pension/General-Service	69	19,467	11/08/1979 00:00:00	11/09/2004 00:00:00	25
M	Retired Pensioner	501100-City Pension/General-Service	70	17,641	03/05/1973 00:00:00	04/15/1999 00:00:00	26
F	Retired Pensioner	501100-City Pension/General-Service	70	17,812	09/01/1961 00:00:00	09/01/1986 00:00:00	25
F	Retired Pensioner	501100-City Pension/General-Service	70	18,383	05/13/1972 00:00:00	07/15/1998 00:00:00	26
M	Retired Pensioner	501100-City Pension/General-Service	70	18,999	06/05/1963 00:00:00	01/06/1989 00:00:00	25
F	Retired Pensioner	501100-City Pension/General-Service	70	19,231	02/04/1974 00:00:00	04/15/1999 00:00:00	25
M	Retired Pensioner	521100-City&County Pension/General-Service	71	9,303	05/27/1975 00:00:00	09/15/2001 00:00:00	26
M	Retired Pensioner	501100-City Pension/General-Service	71	18,401	10/07/1969 00:00:00	01/14/1995 00:00:00	25
F	Retired Pensioner	501100-City Pension/General-Service	73	18,071	06/28/1967 00:00:00	09/01/1993 00:00:00	26
F	Retired Pensioner	501100-City Pension/General-Service	73	18,915	09/10/1958 00:00:00	01/03/1987 00:00:00	28
F	Retired Pensioner	501100-City Pension/General-Service	74	19,552	06/22/1965 00:00:00	08/21/1993 00:00:00	28
F	Retired Pensioner	501100-City Pension/General-Service	75	18,293	05/16/1962 00:00:00	09/04/1990 00:00:00	28
M	Retired Pensioner	501100-City Pension/General-Service	75	18,341	03/16/1964 00:00:00	07/17/1992 00:00:00	28
M	Retired Pensioner	501100-City Pension/General-Service	76	19,130	04/19/1967 00:00:00	02/23/1993 00:00:00	25
M	Retired Pensioner	521100-City&County Pension/General-Service	78	16,663	11/01/1969 00:00:00	02/01/1996 00:00:00	26
F	Retired Pensioner	501100-City Pension/General-Service	79	17,416	05/01/1963 00:00:00	01/21/1994 00:00:00	30
F	Retired Pensioner	501100-City Pension/General-Service	80	18,685	05/13/1957 00:00:00	02/04/1983 00:00:00	25
M	Retired Pensioner	501100-City Pension/General-Service	80	19,701	07/17/1963 00:00:00	03/02/1990 00:00:00	26
M	Retired Pensioner	501100-City Pension/General-Service	80	19,749	03/11/1974 00:00:00	07/14/2004 00:00:00	30
F	Retired Pensioner	501100-City Pension/General-Service	80	19,861	03/29/1971 00:00:00	03/02/1998 00:00:00	26
F	Retired Pensioner	501100-City Pension/General-Service	82	18,057	11/03/1958 00:00:00	04/01/1984 00:00:00	25
M	Retired Pensioner	501100-City Pension/General-Service	82	19,428	07/07/1960 00:00:00	07/07/1990 00:00:00	30
F	Retired Pensioner	501100-City Pension/General-Service	84	18,283	08/07/1967 00:00:00	08/29/1992 00:00:00	25
M	Retired Pensioner	501100-City Pension/General-Service	84	18,366	12/01/1969 00:00:00	02/17/1997 00:00:00	27
F	Retired Pensioner	501100-City Pension/General-Service	85	18,045	11/06/1952 00:00:00	07/01/1978 00:00:00	25
M	Retired Pensioner	501100-City Pension/General-Service	86	18,220	08/16/1961 00:00:00	12/01/1988 00:00:00	27
F	Retired Pensioner	502100-City Pension/Fire & Police Service	88	17,600	03/22/1962 00:00:00	03/28/1987 00:00:00	25
F	Retired Pensioner	501100-City Pension/General-Service	88	18,489	09/16/1966 00:00:00	01/18/1992 00:00:00	25
M	Retired Pensioner	521100-City&County Pension/General-Service	90	15,002	02/01/1946 00:00:00	02/01/1972 00:00:00	26
F	Retired Pensioner	501100-City Pension/General-Service	91	18,407	05/10/1953 00:00:00	07/29/1981 00:00:00	28
M	Retired Pensioner	501100-City Pension/General-Service	93	19,990	12/15/1950 00:00:00	09/02/1978 00:00:00	27

July 3, 2012

Presented by:
Roland McElrath

NEW PENSION STANDARDS

GASB 67 & 68

Presented to:
City of Memphis City Council
Budget Committee

OBJECTIVES

- Governmental Accounting Standards Board's (GASB) attempt to:
 - "Improve the way state and local governments report their pension liabilities and expenses, resulting in a more faithful representation of the full impact of these obligations."
 - "Provide citizens and other users of financial reports with a clearer picture of the size and nature of the financial obligations to current and former employees for past services rendered."

KEY PROVISIONS

- GASB 67 – Financial Reporting for Pensions Plans
 - Additional disclosures and Required Supplemental Information (RSI) requirements for Pension Trusts
 - Including new annual money weighted rates of returns disclosures
- GASB 68 – Accounting and Financial Reporting for Pensions
 - Revised accounting and disclosures for all Pensions (not just trusts)
 - Report full unfunded liability on statement of net position (Government-wide Balance Sheet)
 - Immediate recognition of more pension expense (annual service cost, liability interest, and benefit term changes)
 - Significant increase in note disclosures and required supplementary information (RSI)

EFFECTIVE DATES

- GASB 67 – Periods beginning after June 15, 2013
 - City of Memphis – Fiscal Year 2014
- GASB 68 – Periods beginning after June 15, 2014
 - City of Memphis – Fiscal Year 2015

Note: Final Standards available for download on GASB's website August 1, 2012.

CITY OF MEMPHIS UNFUNDED LIABILITY

(\$000s)	Actuarial	Actuarial	Unfunded
Valuation	Value of	Liability	Actuarial
Date	Assets	(AAL) --	Accrued
Date	(a)	Entry Age	Liability
Date	(a)	(b)	(UAAL)
Date	(a)	(b)	(c) = (b) - (a)
Date	(a)	(b)	(c) / (b)
7/1/2006	\$2,056,080	N/A	N/A
7/1/2007 *	\$2,121,919	\$2,063,051	\$0
7/1/2008	\$2,184,255	\$2,090,088	\$0
7/1/2009	\$1,773,457	\$2,222,984	\$449,527
7/1/2010	\$1,805,071	\$2,336,075	\$531,004
7/1/2011	\$1,838,424	\$2,447,974	\$609,550

*Starting with the July 1, 2007 valuation, the actuarial accrued liability is provided under the Entry Age Normal Cost Method in order to provide information that serves as a surrogate of the funding progress of the Plan.

CITY OF MEMPHIS HISTORICAL "AD HOC" COLAS

COLA Effective Date	Approved Benefit Increase	Increase in Plan Liabilities	Increase in Annual Contribution
7/1/2008	3.0%, 2.0%, 1.0%	\$24,620,000	\$2,594,000
7/1/2009	3.0%, 2.0%, 1.0%	\$25,897,000	\$2,729,000
7/1/2010	1.5%, 1.0%, 0.5%	\$13,236,000	\$1,042,000
7/1/2011	1.0%, 0.5%, 0.5%	\$9,393,000	\$740,000
7/1/2012	1.0%, 0.5%, 0.5%	<u>\$10,036,000</u>	<u>\$791,000</u>
		\$83,182,000	\$7,896,000

- Note: GASB 68 requires "substantively automatic" COLAs to be factored into liability calculation.