THE CITY OF MEMPHIS AND SHELBY COUNTY
COMMUNITY REDEVELOPMENT AGENCY
Memphis, Tennessee

Financial Statements
and Reports of Independent Auditors

For the Year Ended June 30, 2025

THE CITY OF MEMPHIS AND SHELBY COUNTY
COMMUNITY REDEVELOPMENT AGENCY
Memphis, Tennessee

TABLE OF CONTENTS

THE CITY OF MEMPHIS AND SHELBY COUNTY
COMMUNITY REDEVELOPMENT AGENCY

Roster of Board of Directors and Management
For the Year Ended June 30, 2025

BOARD MEMBERS

McKinley Martin Jr., Chairman
Kandace Stewart, Vice-Chairman
Sam Cantor, Treasurer
Ann W. Langston, Secretary
Emily Greer, Member
Deveney Perry, Member
Amy Schaftlein, Member

MANAGEMENT

Andrew Murray, President
Lobelia Cole-Smith, Chief Financial Officer

BANKS, FINLEY,
WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The City of Memphis and Shelby County
Community Redevelopment Agency
Memphis, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund (general fund) of The City of Memphis and Shelby County Community Redevelopment Agency (the "CRA"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise CRA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of CRA, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 CRA 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 opinions.

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 CRA's ability to continue as a going concern for twelve 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 opinions. 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 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 generally accepted auditing standards 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 CRA'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 CRA'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 on pages 5 through 10 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The City of Memphis and Shelby County Community Redevelopment Agency's basic financial statements. The schedule of changes in long-term debt by individual issue and schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 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 schedule of changes in long-term debt by individual issue and schedule of expenditures of federal awards and state financial assistance 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 financial statements. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do 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 June 30, 2026 on our consideration of the CRA'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 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 CRA's internal control over financial reporting and compliance.

Banks, Finley, White & Co.

Memphis, Tennessee
June 30, 2026

THE CITY OF MEMPHIS AND SHELBY COUNTY
COMMUNITY REDEVELOPMENT AGENCY
Management's Discussion and Analysis
For the Year Ended June 30, 2025

INTRODUCTION

The Management's Discussion and Analysis of the The City of Memphis and Shelby County Community Redevelopment Agency (the "CRA") is designed to assist the reader in focusing on significant financial issues, provide an overview of financial activity, identify changes in the financial position, and identify individual financial concerns.

This Management's Discussion and Analysis is presented in accordance with the requirements of the Governmental Accounting Standards Board, Statement No. 34 (GASB 34).

FINANCIAL HIGHLIGHTS

There are six redevelopment projects currently approved by the CRA, City of Memphis, and Shelby County Government, as follows:

Uptown Redevelopment Project (including the Uptown project area through TIF amendment two)
Highland Row Project
Binghampton Project
Soulsville/South Memphis Project
Klondike Redevelopment Project
Cleveland St. Corridor Redevelopment Project

It is important to note that all projects receive tax increment financing ("TIF") from their respective approved areas. Also important is that TIF money received from one redevelopment project cannot be used to pay for redevelopment outside of its respective boundaries. In other words, Uptown TIF money may only be spent within the Uptown area. Highland Row TIF revenue may only be spent within the Highland Row boundaries. However, up to 5% of the TIF money, from each project, may be used for operating expenses of the CRA. While the CRA's financial statements are presented as one fund, the money is tracked separately per redevelopment program and operating expenses.

FY2025 net expenses saw an increase in redevelopment activity by the CRA as a result of two major affordable housing projects. Net revenues saw an increase. Because of this, the total net position of the CRA increased by $4,289,517 to $11,412,877 at June 30, 2025, from the June 30, 2024, balance of $7,123,360.

Below is a listing to give a better understanding of the net position by individual project.

NET POSITION:	**June 30, 2025**	**June 30, 2024**	**Changes**
Uptown	$ 11,561,604	$ 8,309,447	$ 3,252,157
Uptown Expansion 2	1,645,315	1,070,634	574,681
Uptown Expansion 3	506,896	225,471	281,425
Uptown TIF	13,713,815	9,605,552	4,108,263
Highland Row	(5,872,114)	(7,274,118)	1,402,004
Binghampton	3,373,490	3,330,969	42,521
Soulsville/S. Memphis	635,144	163,609	471,535
Klondike	227,848	79,476	148,372
Cleveland St. Corridor	261,071	-	261,071
Operating	(779,397)	1,190,156	(1,969,553)
ARPA/HCD Grant	(345)	98,755	(99,100)
EPA Brownfield Grant	(131,965)	(70,864)	(61,101)
DOT I40 Reconnecting Grant	(14,670)	(175)	(14,495)
TOTAL	$ 11,412,877	$ 7,123,360	$ 4,289,517

As noted above, individual funds mainly increased during the year. The impact of deferred revenue changes resulted in an increase in the fund balance compared to the prior year.

The Highland Row redevelopment project, which began its major activity during FY2017, issued bonds for its cash flow. The $12,500,000 in private placement bonds were used to pay for the redevelopment upfront, creating a negative net position at the start of the project. Tax increment revenue received from the Highland Row area is being used to pay for the principal and interest on the bonds. The project was substantially completed in FY2017, and the parking garage, owned by the CRA, was made operational in FY2019.

See next page

Comparative Financial Statements

The following tables provide a comparative analysis of the CRA's financial position as of the fiscal years ended June 30, 2025 and 2024. These tables provide a snapshot of the economic resources (assets), and the claims on these resources (liabilities).

STATEMENT OF NET POSITION

	June 30, 2025	June 30, 2024	Changes Increase (Decrease)
ASSETS:			
Cash and cash equivalents	$ 7,255,612	$ 10,983,640	$ (3,728,028)
Escrow cash and cash equivalents	1,867	3,278	(1,411)
Tax increment financing receivable - City of Memphis, net	6,950,617	6,308,893	641,724
Tax increment financing receivable -Shelby County, net	8,209,419	7,519,956	689,463
Due from City of Memphis	275,841	433,961	(158,120)
Due from Shelby County	12,672	12,672	-
Investments	3,033,713	226,430	2,807,283
Capital assets being depreciated, net	4,055,590	4,248,386	(192,796)
Capital assets not being depreciated	6,332,631	6,242,820	89,811
TOTAL ASSETS	36,127,962	35,980,036	147,926
LIABILITIES:			
Accounts payable and accrued expenses	3,839,792	970,357	2,869,435
Accrued interest	185,472	192,470	(6,998)
Long-term liabilities:			
Due within one year	883,115	793,155	89,960
Due after one year - bonds	10,200,000	10,625,000	(425,000)
Due after one year - lines-of-credit	3,014,827	3,014,827	-
TOTAL LIABILITIES	18,123,206	15,595,809	2,527,397
DEFERRED INFLOWS OF RESOURCES	6,591,879	13,260,867	(6,668,988)
NET POSITION:			
Restricted for debt service	1,867	3,278	(1,411)
Restricted for redevelopment	11,411,010	7,120,082	4,290,928
TOTAL NET POSITION	$ 11,412,877	$ 7,123,360	$ 4,289,517

As redevelopment activity increased compared to the prior year, total assets also increased. In FY2025, investments increased by $2,807,283. Such increase was primarily in the Uptown redevelopment resulting in an increase in the residual cash surplus. At year-end, $1,867 was being held in an escrow account for future Highland Row bond principal and interest payments.

In FY2025, cash balances decreased by $(3,728,028), in part, due to the timing of collection transfers from the City of Memphis and Shelby County Trustee. The amount due from the City decreased by $(158,120). The decrease was due to the timing of transfers from the City of Memphis. TIF funding and related receivables increased during the current year by $641,724 for the City of Memphis and by $689,463 for Shelby County Trustee.

The CRA keeps a portion of the tax incremental property taxes collected from Shelby County with the Shelby County Trustee's office. This revenue is jointly invested with other funds. Investments are primarily with the Tennessee Local Government Investment Pool and U.S. Government Agency Securities. Investments at June 30, 2025 totaled $3,033,713, representing a $2,807,283 increase from the June 30, 2024 total of $226,430. As previously stated, the majority of this increase is due to the timing of collection transfers from Shelby County Trustee.

The $(192,796) decrease in capital assets being depreciated consists primarily of annual depreciation on the Highland Row parking garage. The $6,332,631 in capital assets not being depreciated consists of the Highland Row parking garage land and properties being held for future redevelopment.

Accounts payable and accrued expenses increased by $2,869,435 compared to FY2024 due to the increase in redevelopment activity and the timing of vendor payments at year-end.

In March 2023, the CRA entered into two revolving line-of-credit agreements with a bank to support its redevelopment activities within the Uptown TIF area. One loan provides for borrowings of up to $7,000,000, bears interest at 4.80%, and is payable in March 2026. The other loan provides for borrowings of up to $3,000,000, bears interest at 6.07%, and is payable in April 2026.

As the $12,500,000 Highland Row Bonds issued in FY2017 amortize, the most significant liability for the CRA continues to be the remaining principal balance and related accrued interest expense. Since the bonds are fixed rate, the change in accrued interest compared to FY2024 is nominal. The debt decreased by a $335,040 principal payment made during the year.

Finally, we discussed the net position above, but also of note is the allocation of restricted balances:

	June 30, 2025	June 30, 2024	Changes
Uptown	$ 11,561,604	$ 8,309,447	$ 3,252,157
Uptown Expansion 2	1,645,315	1,070,634	574,681
Uptown Expansion 3	506,896	225,471	281,425
Uptown TIF	13,713,815	9,605,552	4,108,263
Highland Row	(5,873,981)	(7,277,396)	1,403,415
Binghampton	3,373,490	3,330,969	42,521
Soulsville/S. Memphis	635,144	163,609	471,535
Klondike	227,848	79,476	148,372
Cleveland St. Corridor	261,071	-	261,071
Operating	(779,397)	1,190,156	(1,969,553)
ARPA/HCD Grant	(345)	98,755	(99,100)
EPA Brownfield Grant	(131,965)	(70,864)	(61,101)
DOT I40 Reconnecting Grant	(14,670)	(175)	(14,495)
Restricted for redevelopment	11,411,010	7,120,082	4,290,928
Restricted for debt service	1,867	3,278	(1,411)
TOTAL	$ 11,412,877	$ 7,123,360	$ 4,289,517

For the Statement of Activities and Changes in Net Position, the major financial activity in FY2025 consisted of $21,507,903 in TIF revenues, grant income and related interest income. While all TIF revenues were relatively stable based on normal activity, grant activity fluctuated based on benchmarks for completion of phases and reimbursements.

The $876,197 change in operating expenses includes a $667,750 increase in program expenses compared to FY2024 and decreases in administrative costs due to personnel payroll changes. Developer expenses increased $5,406,259 in FY2025 compared to FY2024, because of increased activity in the Uptown redevelopment.

See next page

Statement of Activities and Changes in Net Position

	June 30, 2025	June 30, 2024	Changes Increase (Decrease)
REVENUES:			
Tax increment financing - Shelby County	$ 15,155,326	$ 6,822,692	$ 8,332,634
Tax increment financing - City of Memphis	6,129,130	4,252,885	1,876,245
Grant income	100,415	559,793	(459,378)
Interest income	123,032	82,135	40,897
Other income	27,665	24,665	3,000
TOTAL REVENUES	21,535,568	11,742,170	9,793,398
EXPENDITURES/EXPENSES:			
Current:			
Operating expenses	8,136,061	7,259,864	876,197
Depreciation	198,362	197,611	751
Debt Service:			
Interest expense	933,429	920,818	12,611
Capital Outlays:			
Development expenses	7,978,199	2,571,940	5,406,259
TOTAL EXPENDITURES/EXPENSES	17,246,051	10,950,233	6,295,818
CHANGE IN NET POSITION	4,289,517	791,937	-
NET POSITION:			
Beginning of year	7,123,360	6,331,423	791,937
End of year	$ 11,412,877	$ 7,123,360	$ 4,289,517

Contact Information

This financial report is designed to provide a general overview of the CRA’s finances and to demonstrate the CRA’s accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the President, The City of Memphis and The City of Memphis and Shelby County Community Redevelopment Agency (CRA), 850 N. Manassas Street, Memphis, Tennessee 38107.

THE CITY OF MEMPHIS AND SHELBY COUNTY
COMMUNITY REDEVELOPMENT AGENCY

Governmental Fund Balance Sheet/Statement of Net Position

June 30, 2025

ASSETS

	General Fund	Adjustments (Note 2)	Statement of Net Position
ASSETS:			
Cash and cash equivalents	$ 7,255,612	$ -	$ 7,255,612
Escrow cash and cash equivalents	1,867	-	1,867
Tax increment financing receivable - City of Memphis, net	6,950,617	-	6,950,617
Tax increment financing receivable - Shelby County, net	8,209,419	-	8,209,419
Due from City of Memphis	275,841	-	275,841
Due from Shelby County	12,672	-	12,672
Investments	3,033,713	-	3,033,713
Capital assets being depreciated, net	-	4,055,590	4,055,590
Capital assets not being depreciated	-	6,332,631	6,332,631
TOTAL ASSETS	$ 25,739,741	$ 10,388,221	$ 36,127,962
LIABILITIES:			
Accounts payable and accrued expenses	$ 3,839,792	$ -	$ 3,839,792
Accrued interest	-	185,472	185,472
Long-term liabilities			
Due after one year	-	883,115	883,115
Due after one year - bonds	-	10,200,000	10,200,000
Due after one year - lines-of-credit	-	3,014,827	3,014,827
TOTAL LIABILITIES	3,839,792	14,283,414	18,123,206
DEFERRED INFLOWS OF RESOURCES:			
Deferred tax increments financing revenues	15,085,210	(8,493,331)	6,591,879
FUND BALANCE:			
Restricted for redevelopment	6,814,739	(6,814,739)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 25,739,741		
NET POSITION:			
Restricted for debt service		1,867	1,867
Restricted for redevelopment		11,411,010	11,411,010
TOTAL NET POSITION		$ 11,412,877	$ 11,412,877

The accompanying notes are an integral part of these financial statements.

THE CITY OF MEMPHIS AND SHELBY COUNTY
COMMUNITY REDEVELOPMENT AGENCY
Statement of Governmental Fund Revenues,
Statement of Revenues, Expenditures, and Changes in Fund Balance/
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2025

	General Fund	Adjustments	Statement of Activities
REVENUES:			
Tax increment financing - Shelby County	$ 7,303,363	$ 7,851,963	$ 15,155,326
Tax increment financing - City of Memphis	5,997,652	131,478	6,129,130
Interest income	123,032	-	123,032
Grant income	100,415	-	100,415
Other income	27,665	-	27,665
TOTAL REVENUES	13,552,127	7,983,441	21,535,568
EXPENDITURES/EXPENSES:			
Current:			
Operating expenses	8,231,438	(95,377)	8,136,061
Depreciation	-	198,362	198,362
Debt Service:			
Principal payment	335,040	(335,040)	-
Interest expense	940,426	(6,997)	933,429
Capital Outlay:			
Development expenses	7,978,199	-	7,978,199
TOTAL EXPENDITURES/EXPENSES	17,485,103	(239,052)	17,246,051
EXCESS OF (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,932,976)	8,222,493	
OTHER FINANCING SOURCES (USES)			
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
CHANGE IN NET POSITION			4,289,517
FUND BALANCE/NET POSITION BEGINNING OF YEAR	10,747,715	(3,624,355)	7,123,360
END OF YEAR	$ 6,814,739	$ 4,598,138	$ 11,412,877

The accompanying notes are an integral part of these financial statements.

THE CITY OF MEMPHIS AND SHELBY COUNTY
COMMUNITY REDEVELOPMENT AGENCY
Memphis, Tennessee

INDEX TO NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

The City of Memphis and Shelby County Community Redevelopment Agency (the "CRA") was established through a joint ordinance between the Council of the City of Memphis and the Board of Commissioners of Shelby County in June 2001. The CRA is a jointly governed organization between the City of Memphis (the "City") and Shelby County (the "County"). The CRA is considered a special purpose government entity whose purpose is to ameliorate the slum and blight conditions within the City of Memphis and unincorporated areas of Shelby County.

The CRA was managed by the Memphis and Shelby County Division of Planning and Development through December 31, 2017. Effective January 1, 2018, management of the jointly governed agency was transferred to the CRA through memoranda of understanding between the Memphis and Shelby County Division of Planning and Development and the CRA, dated September 29, 2017 and March 14, 2018.

On November 4, 2013, the Shelby County Commission approved a resolution limiting any future tax increment financing “TIF” projects to 15 years after the fiscal year in which the financing is approved. Previously, this period had been 30 years as specified in the Community Redevelopment Act of 1998, Section 14(10). Also, any property which is tax exempt at any time within a two-year period prior to application for its inclusion in a tax increment financing project and will be developed or redeveloped by the tax increment financing project developer, shall not qualify for inclusion in the tax increment financing of the project. This resolution is for any future projects approved by the Shelby County Commission and does not affect the two projects in existence as of June 30, 2017. Furthermore, this is a Shelby County resolution only and does not apply to the City of Memphis tax increment financing.

As of June 30, 2025, the following redevelopment projects have been approved by the CRA, City of Memphis, and Shelby County Government:

Uptown Redevelopment Project (including the Uptown Expansion project area through TIF amendment two)
Highland Row Project
Binghampton Project
Soulsville/South Memphis Project
Klondike Redevelopment Project
Cleveland St. Corridor TIF Redevelopment Project

The Uptown Redevelopment Project was approved in 2001 as a collaborative effort between the CRA, the Memphis Housing Authority (MHA), and Housing and Community Development (HCD). These three entities worked with St. Jude and the Federal Hope VI program for a public/private reinvestment within a six square mile area. In 2004, a single purpose land bank entity was established to hold property for exclusive use by the CRA. The CRA paid for ongoing management and maintenance of lots held in the land bank (MLB-Uptown, LLC) for redevelopment. During fiscal 2020, all properties held by the land bank were transferred to the CRA for ongoing management and maintenance.

The Highland Row Project was approved in 2007 as a public/private reinvestment collaboration between the CRA and Highland Row, LLC developers. The project consists of redevelopment of land in the Highland Avenue area for mixed use (residential and retail) and the construction of a parking garage. During fiscal 2017, a CRA-Highland Row bond issue in the amount of $12,500,000 was completed. The bond proceeds were used for site work and construction of the parking garage, which represents the CRA-funded portion of the redevelopment activity.

The Uptown Expansion 2 Redevelopment Project was approved in November 2017 and the Uptown Expansion 3 Redevelopment Project was approved in September 2019. Both projects were approved as amendments to the Community Redevelopment Plan for the Uptown area. Because of their relationship to the original Uptown Redevelopment Project, the remaining years on the original TIF are used for the projects' total life. Redevelopment in the expanded areas is community-based and directed by a strategic plan. There are no redevelopment agreements.

The Binghampton Community Redevelopment Plan was approved in November 2017. Redevelopment in the area is community-based and directed by a strategic plan. There is no redevelopment agreement.

The Soulsville/South Memphis and Klondike Redevelopment Plans were approved in June 2022. Redevelopment in the area is community-based and directed by a strategic plan. There is no redevelopment agreement.

The Cleveland St. Corridor Redevelopment Plan was approved in May 2025. Redevelopment in the area is community-based and directed by a strategic plan. There is no redevelopment agreement.

Financial Statement Presentation

For special purpose governmental entities, such as the CRA, engaged in a single governmental program, the fund financial statements and the government-wide financial statements may be combined using a columnar format that reconciles individual line items of the fund financial data to government-wide data in a separate column on the face of the financial statements. The accompanying financial statements are presented in this format.

Fund financial statements are designed to present financial information of the CRA at a more detailed level (and to demonstrate legal compliance). The focus of fund financial statements is on major funds. CRA's only major individual government fund is the general fund and it is reported as a separate column in the accompanying financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information about the CRA as a whole. These statements include the financial activities of the CRA.

Revenues include tax increment financing derived from property taxes from the City and County and state grants, which are all restricted to meeting the operational requirements of the CRA's purpose. Expenses are those that are clearly identifiable with the CRA’s specific purpose. Government-wide financial statements are presented as a separate column in the accompanying financial statements.

Measurement focus, basis of accounting, and financial statement presentation Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable, earned, and available. Tax increment financing revenues are considered earned in the year for which the related property taxes are levied. Government grants are considered earned when all applicable eligibility requirements are met. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the CRA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Such amounts earned and collected within 60 days of the end of the current fiscal period have been recognized as revenues in the governmental fund financial statements. Expenditures generally are recorded when a liability is incurred.

The CRA reports the general fund as its only major governmental fund. The general fund is used to account for all financial resources.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Tax increment financial revenues are recognized as revenues in the year for which the related property taxes are levied.

Cash

The CRA's banking activity is accomplished through accounts with local financial institutions. The collective accounts represent the net activity of all cash receipts and cash disbursements related to the CRA. As discussed in Note 3, 5% of annual tax increment financing is set aside to pay for CRA's administrative costs. Cash balance of $7,255,612 at June 30, 2025 exists for redevelopment and operating costs.

Escrow Cash

Escrow cash consists of $1,867 restricted for payment of long-term liabilities related to the Highland Row redevelopment project (see Note 6).

Investments

A portion of the incremental property taxes collected on behalf of CRA from Shelby County are retained by the Shelby County Trustee and jointly invested with other funds. The County's investments include U.S. Government Agency Securities which are stated at fair value based upon quoted market prices, if available, estimated quoted prices for similar securities, or amounts provided by commercial pricing services. The County's investments also include investments in the Tennessee Local Government Investment Pool which is measured at the net asset value and commercial paper, certificates of deposit, and other cash equivalents which are measured at amortized cost. See the June 30, 2025 Annual Comprehensive Financial Report (ACFR) for Shelby County for more information on the County's investments. CRA's allocable share of the County's investments was $3,033,713 as of June 30, 2025.

Tax Increment Financing Receivables

Tax increment financing receivables represent that portion of City and County property tax revenue due to the CRA. Property taxes are recorded as revenue in the fiscal year for which levied. Property taxes based upon property values during the current fiscal year but levied for the next fiscal year are recorded as receivables and deferred inflows of resources. See Note 3 for further discussion of tax increment financing.

Deferred Inflows/Outflows of Resources

Governmental Accounting Standards Board (GASB) Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position established categories titled deferred inflows of resources and deferred outflows of resources which are to be stated separately from assets and liabilities, respectively. Deferred inflows of resources represent an acquisition of net assets that are applicable to a future reporting period. Deferred outflows of resources represent a consumption of net assets that are applicable to a future reporting period.

Capital Assets Being Depreciated

Capital assets, which include property and equipment, are reported in the accompanying statement of net position. Such assets are recorded at historical cost if purchased or constructed. The cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. Property and equipment are depreciated using the straight-line method over the estimated use lives of the assets. Estimated useful lives are thirty (30) years for buildings and five (5) years for equipment.

Capital Assets not Being Depreciated

As part of its redevelopment activities, the CRA acquires land for eventual disposition to developers of Board-approved housing or commercial projects. Donated capital assets are recorded at acquisition cost at the date of donation. These properties are held until sold and/or conveyed for redevelopment and, along with Highland Row garage land, are not depreciated by the CRA.

Net Position and Fund Balance

In the government-wide financial statements, net position is reported as restricted for debt service and redevelopment as assets are legally restricted for the specific purpose of redeveloping the previously identified project areas in Memphis, Tennessee. In the fund financial statements, fund balance is reported as restricted for redevelopment, as the use of such fund balance is imposed by law through enabling legislation.

Grant Income

In April 2023, the CRA was awarded a $500,000 grant from the City of Memphis, through its Division of Housing and Community Development, to assist in providing home repair services and resolving health and safety issues for economically-disadvantaged citizens in the City of Memphis. An amendment for an additional amount of $309,793 was approved in November 2023. The grant funding is to be used solely for costs incurred between March 3, 2022 and December 31, 2024 in conjunction with responding to the COVID-19 public health emergency and/or its negative economic impacts. The CRA received and recognized $- of grant income from the City of Memphis during the year ended June 30, 2025.

In October 2023, the CRA was awarded a $1,000,000 grant from the U.S. Environment Protection Agency to fund the CRA to inventory, characterize, assess and conduct cleanup planning and community involvement related activities as well as conduct environmental site activities.

In November 2024, the CRA was awarded a $2,820,660 grant from the U.S. Department of Transportation for the Reconnecting Communities and Neighborhoods Grant Program to reconnect specified neighborhoods through the enhancement of twelve (12) crossing points with assistance from a team of professionals.

Use of Estimates

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

Date of Management's Review

The CRA evaluated its June 30, 2025 financial statements for subsequent events through June 30, 2026, the date the financial statements were available to be issued. Management is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

As of June 30, 2025, amounts reported for governmental activities in the statement of net position (page 10) differ from the governmental fund balance. Such differences are reported in the "Adjustments" column of the accompanying governmental funds balance sheet/statement of net position. The following schedule provides more information regarding these adjustments.

Governmental fund balance	$	6,814,739
Receivables earned but not available to pay for current year expenditures		8,493,331
Capital assets acquired, net		10,388,221
Long-term liabilities not due and payable in the current period		(14,097,942)
Interest on long-term debt not payable from current financial resources		(185,472)
Net position of governmental activities	$	11,412,877

See next page

Amounts reported for governmental activities in the statement of activities (page 11) differ from amounts reported for governmental fund revenues, expenditures, and changes in fund balance. Such differences are reported in the "Adjustments" column of the accompanying statement of governmental fund revenues, expenditures, and changes in fund balance/statement of activities and changes in net position. These differences affect revenues, expenses/expenditures, and other financing sources (uses). These differences are summarized as follows:

Revenues: Revenues in the statement of activities that do not provide current resources are not reported as revenues in the general fund. Such revenues for fiscal 2025 are as follows:

Revenues - 2025	$ 8,493,332
Revenues - 2024	(509,891)
Net difference	$ 7,983,441

Expenditures/expenses: Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the general fund until such expenses require the use of current financial resources, including interest expense. Repayments of certain long-term liabilities consume current financial resources of the general fund and are reported as expenditures for debt service. Such expenses for fiscal 2025 are as follows:

Interest expense - 2025	$ 185,473
Interest expense - 2024	(192,470)
Net Difference	$ (6,997)
Principal payment on long-term liabilities	$ (335,040)

Other sources (uses): Borrowings on lines-of-credit and issuance of long-term debt provide current financial resources to governmental funds, however, these transactions have no impact on net position. Amounts borrowed on lines-of-credit in 2025 totaled $1,675,713. Amounts receive via issuance of debt in 2024 totaled $420,000.

Capital outlays are reported as expenditures in the general fund; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Such amounts are as follows:

Capital outlays	$ (95,377)
Depreciation expense	$ 198,362

NOTE 3 - TAX INCREMENT FINANCING:

The CRA is funded through tax increment financing provided through City and County property taxes collected on properties contained in the geographic boundaries of the various community redevelopment areas as set aside through respective joint ordinances of the City and County. The tax increment financing is based upon an "increment" which is the difference between applying each taxing authority's current property tax rate to the current year assessed value and applying each taxing authority's base year property tax rate to the base year assessed value for a parcel.

The base year assessed values for each of the CRA's projects follow:

Uptown Redevelopment Project	May 2000
Highland Row Project	May 2007
Uptown Expansion 2 Redevelopment Project	May 2016
Binghampton Project	May 2016
Uptown Expansion 3 Redevelopment Project	May 2018
Soulsville/South Memphis Project	May 2021
Klondike Redevelopment Project	May 2021
Cleveland St. Corridor Redevelopment Project	May 2024

Tax increment financing is computed by reducing the increment by the debt service portion of the tax rate and trustee fees, where applicable. In accordance with each TIF area's joint ordinance, 95% of the computed amount is to be funded to the CRA upon collection of property taxes. The Uniformity in Tax Increment Financing Act of 2012 provided taxing authorities the option to use the parcel method or the aggregate method for determining the TIF increment. TIF revenue from the City is based on the parcel method for all projects. TIF revenue from the County is based on the parcel method for the Uptown, Uptown Expansion 2 (retroactive to fiscal year 2018), Uptown Expansion 3, Binghampton (retroactive to fiscal year 2018), Highland Row projects, Soulsville/South Memphis, Klondike and Cleveland St. Corridor.

Please refer to the June 30, 2025 ACFRs for the City of Memphis and Shelby County for more information regarding property tax revenues.

NOTE 4 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Equipment	$ 65,776	$ 5,566	$ -	$ 71,342
Building	5,270,648	-	-	5,270,648
Less accumulated depreciation	(1,088,038)	(198,362)	-	(1,286,400)
	4,248,386	(192,796)	-	4,055,590
Capital assets not being depreciated:				
Land	6,242,820	89,811	-	6,332,631
TOTAL	$ 10,491,206	$ (102,985)	$ -	$ 10,388,221

NOTE 5 - LINES-OF-CREDIT:

In March 2023, the CRA entered into two revolving line-of-credit agreements with a bank to support its redevelopment activities within the Uptown TIF area. One loan provides for borrowings of up to $7,000,000, bears interest at 4.80%, and is payable in March 2026. The other loan provides for borrowings of up to $3,000,000, bears interest at 6.07%, and is payable in April 2026. Amounts outstanding under the lines-of-credit totaled $3,014,827 as of June 30, 2025. The CRA was in violation of a financial reporting covenant for the year ended June 30, 2025, for which it obtained a waiver from the lender.

NOTE 6 - REVENUE BONDS:

In August 2016, $12,500,000 in private placement revenue bonds were issued for Highland Row redevelopment. The bonds have an interest rate of 7.25% and mature on April 1, 2038, with an option to call on April 1, 2025. TIF funds received from the Highland Row project are used to pay the principal and interest on the bonds. As stated in the Redevelopment Revenue Note Series 2016, the CRA shall not be obligated to pay principal and interest other than from pledged revenues held for that purpose.

The revenue bonds activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
DESCRIPTION					
Redevelopment Revenue Bonds Note Series 2016	10,998,155	-	335,040	10,663,115	883,115
	$ 10,998,155	$ -	$ 335,040	$ 10,663,115	$ 883,115

Debt service requirements for the revenue bonds are as follows:

Fiscal Year	Principal	Interest
2026	$ 883,115	$ 739,863
2027	470,000	709,050
2028	520,000	676,824
2029	570,000	637,275
2030	625,000	595,950
2031-2035	4,125,000	2,208,998
2036-2039	3,470,000	517,977
TOTAL	$ 10,663,115	$ 6,085,937

NOTE 7 - RELATED PARTY TRANSACTIONS:

Amounts due from Shelby County as of June 30, 2025 totaled $12,672. Such amounts include $12,672 in tax increment financing revenues collected by the County Trustee, but not remitted to the CRA.

Amounts due from the City of Memphis as of June 30, 2025 totaled $275,841. Such amounts represent $275,841 in tax increment financing revenues collected by the City of Memphis, but not remitted to the CRA.

NOTE 8 - COMMITMENTS AND CONTINGENCIES:

In November 2020, the CRA authorized up to $6 million in TIF funding via a subordinate cash flow loan secured by a second mortgage for the development of an affordable housing project. As of June 30, 2025, the final redevelopment agreement had not been executed.

NOTE 9 - LOANS PAYABLES:

In November 2020, the CRA authorized up to $6 million in TIF funding via a subordinate cash flow loan secured by a second mortgage for the development of an affordable housing project. As of June 30, 2025, the final redevelopment agreement had not been executed.

NOTE 10 - DEPOSITS WITH FINANCIAL INSTITUTIONS:

The CRA follows GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, for financial reporting of deposit risks.

The deposits of the CRA are governed by the State of Tennessee statutes which allow depositories to collateralize excess deposits above federal depository insurance coverage by one of two methods: 1) 105% of all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the CRA's agency in the the CRA's name or 2) the financial institution must be a member of the State of Tennessee Collateral Pool.

Under this method, with a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the CRA, these deposits are considered held by the CRA's agent in the CRA's name. The amount of pledged collateral is based upon a method approved by the State of Tennessee. Depositories using the pooling method report to the State Treasurer the adequacy of the pledged collateral covering uninsured deposits. The State Treasurer does not confirm this information with the CRA or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the CRA under the pooling method, the potential exists for under colleteralization, and the risk may increase in periods of higher cash balances. However, the State Treasurer for Tennessee enforces strict standards of financial stability for each depository that collateralizes under the State of Tennessee Collateral Pool.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure the Center's deposits may not be returned to it. The CRA does not a policy for custodial credit risk. As of June 30, 2025, the CRA had cash with various financial instiutions that had carrying amounts of $7,273,340. The balances in those bank accounts as of June 30, 2025 exceeded the Federal Deposit Insurance Corporation (FDIC) insurable limit by $6,523,340. The amount by which the balances exceeded the FDIC limit is collateralized with securities held in the CRA's name.

SUPPLEMENTARY INFORMATION

THE CITY OF MEMPHIS AND SHELBY COUNTY
COMMUNITY REDEVELOPMENT AGENCY

Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2025

Federal Agency/ Pass Through Agency	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Receivable (Deferral) June 30, 2025	Grant Revenue Received	Expenditures	Adjustments	Receivable (Deferred) June 30, 2025
Federal Awards							
U.S. Environmental Protection Agency	N/A[1]	N/A	$ -	$ 100,415	$ 100,415	$ -	$ -
TOTAL FEDERAL AWARDS			**$ -**	**$ 100,415**	**$ 100,415**	**$ -**	**$ -**

[1] The FAIN grant number is 02D64223. A federal assitance listing number was not available.

THE CITY OF MEMPHIS AND SHELBY COUNTY
COMMUNITY REDEVELOPMENT AGENCY
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
June 30, 2025

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards and state financial assistance (the schedule) summarizes the expenditures of the CRA under programs of the federal and state governments for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of the Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the CRA, it is not intended to and does not present the financial position or changes in net assets of the CRA.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the schedule are on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

The CRA elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

There were no federal awards passed through to subrecipients.

THE CITY OF MEMPHIS AND SHELBY COUNTY
COMMUNITY REDEVELOPMENT AGENCY

Schedule of Changes In Long-Term Debt, Principal, and Interest Requirements

Year Ending June 30	Long-Term Debt		
	Principal	Interest	Total
2026	$ 3,897,942	$ 739,863	$ 4,637,805
2027	470,000	709,050	1,179,050
2028	940,000	676,824	1,616,824
2029	570,000	637,275	1,207,275
2030	625,000	595,950	1,220,950
2031-2035	4,125,000	2,208,998	6,333,998
2036-2039	3,470,000	517,977	3,987,977
Total	$ 14,097,942	$ 6,085,937	$ 20,183,879

THE CITY OF MEMPHIS AND SHELBY COUNTY
COMMUNITY REDEVELOPMENT AGENCY

Schedule of Changes In Long-Term Debt by Individual Issue
For the Year Ended June 30, 2025

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding at 6/30/2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2025
Bonds Payable									
Redevelopment Revenue Bonds									
Note Series 2016	$ 12,500,000	7.25%	8/4/2016	4/1/2038	$ 10,998,155	$ -	$ (335,040)	$ -	$ 10,663,115
Total Bonds Payable					$ 10,998,155	$ -	$ (335,040)	$ -	$ 10,663,115
Other Loan Payable									
Line-of-Credit	$ 7,000,000	4.80%	3/31/2023	3/31/2026	$ 3,014,827	$ -	$ -	$ -	$ 3,014,827
Loan Payable	420,000	0.00%	7/24/2023	7/1/2027	420,000	-	-	-	420,000
Total Other Loan Payable					$ 3,434,827	$ -	$ -	$ -	$ 3,434,827

REPORT ON INTERNAL CONTROL AND COMPLIANCE

BANKS, FINLEY,
WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
The City of Memphis and Shelby County
Community Redevelopment Agency
Memphis, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*s issued by the Comptroller General of the United States, the financial statements, the governmental activities and the major fund (general fund) of The City of Memphis and Shelby County Community Redevelopment Agency (the "CRA"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated June 30, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CRA'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 CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of CRA'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

1450 POPLAR AVENUE • MEMPHIS TENNESSEE 38104 • (901) 274-6702

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA'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*.

Purpose of this Report

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

Banks, Finley, White & Co.

Memphis, Tennessee
June 30, 2026

THE CITY OF MEMPHIS AND SHELBY COUNTY
COMMUNITY REDEVELOPMENT AGENCY

Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2025

There were no prior findings reported.