MEMPHIS AREA TRANSIT AUTHORITY
Memphis, Tennessee

Report on Audited Financial Statements

For the Year Ended June 30, 2023

MEMPHIS AREA TRANSIT AUTHORITY
Memphis, Tennessee

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Memphis, Tennessee

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SINGLE AUDIT:

December 31, 2023

MATA Board of Commissioners
Memphis, Tennessee

Dear Commissioners:

I am pleased to present the Memphis Area Transit Authority (MATA) report on audited financial statements for the year ending June 30, 2023. The audit consists of 4 sections: Introduction, Financial, Required Supplementary Information and Single Audit. This introductory section consists of the transmittal letter and a list of the Board of Commissioners and management staff. The next section contains the independent auditor's report and includes MATA management's discussion and analysis. The financial statements include the statements related to net position; revenues, expenses, and changes in net position; cash flows; and the related notes to the financial statements. The statutory reporting section includes the independent auditor's report on internal control over financial reporting and on compliance based on the audit of the financial statements.

The accuracy of the data and all audit disclosures are the responsibility of the Memphis Area Transit Authority. To the best of our knowledge, information and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to represent the financial position and operations of MATA.

MATA Overview

MATA was formed in 1975 to provide public transit options for the greater Memphis area, Shelby County, and the nearby city of West Memphis, Arkansas, an area of 311 square miles. The Organization is governed by a nine-member Board of Commissioners appointed by the Mayor of Memphis and approved by the Memphis City Council. MATA's mission is to provide a reliable, safe, accessible, clean, and customer-friendly public transportation system that meets the needs of the community. In the fiscal year 2017, our agency served well over 7 million riders. The activities of MATA are supported by fare collections from passengers and primarily by local, state, and federal assistance.

MATA

We would like to thank Banks, Finley, White & Co. and MATA staff for their support in preparing the fiscal year 2023 audit. The audit of the Memphis Area Transit Authority seeks to ensure fiscal transparency and accountability for the Board of Commissioners and the public. These financial statements were created utilizing the highest professional standards to achieve that goal.

Respectfully,

Kenya Addison

Kenya Addison
Director of Finance

MEMPHIS AREA TRANSIT AUTHORITY
Memphis, Tennessee
MANAGEMENT OFFICIALS AND BOARD OF COMMISSIONERS

CHIEF EXECUTIVE OFFICER

Gary Rosenfield

CHIEF FINANCIAL OFFICER

Bernhard Rudolph

BOARD COMMISSIONERS

Martin Lipinski, Chairman
Tommy Pacello, Vice Chairman
Janice Holder
Shelia Williams
Kristen M. Bland
Michael Fulton
Michelle Robinson McKissack
Ed Stephens III
Robert R. Clark

FINANCE COMMITTEE

Michelle Robinson McKissack
Kristen M. Bland
Robert R. Clark

GENERAL COUNSEL

Bruce Smith
Scott L. Kirkpatrick, III

BANKS, FINLEY,
WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Memphis Area Transit Authority

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Memphis Area Transit Authority ("MATA"), a component unit of the City of Memphis, Tennessee, as of and for the year ended June 30, 2023 and the related notes to the financial statements, 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 MATA as of June 30, 2023, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial position, changes in financial position, and cash flows of MATA and do not purport to, and do not, present fairly the financial position of the City of Memphis, Tennessee, as of June 30, 2023, and the changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 11, MATA is economically dependent upon federal, state and local government grants, subsidies and capital contributions to finance its operations and its capital expenditures.

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 MATA 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.

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

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 MATA'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 MATA'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 MATA'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 and budgetary comparison information on pages 5 through 11 and 40 through 42 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 MATA's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the 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 annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's 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 December 31, 2023, on our consideration of MATA'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 on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MATA's internal control over financial reporting and compliance.

Banks, Finley, White & CO

Memphis, Tennessee
December 31, 2023

MEMPHIS AREA TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2023 and 2022

This section of the Memphis Area Transit Authority's (MATA) annual financial report presents a discussion and analysis of MATA's financial performance for the fiscal year ended June 30, 2023, with selective comparison to the financial performance for the fiscal year ended June 30, 2022. Please read it in conjunction with the MATA's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS:

- The 2023 fiscal year-end net position totaled $37,874,911, a decrease of $(12,953,643) from the preceding year end.

- Total liabilities increased by $6,327,675, due mainly to a $5,838,632 increase in Net Pension Liability.

- Total operating and non-operating revenue totaled $56,097,334, a decrease of $(13,428,664) from the preceding year end. Additionally, capital grants were received in the amount of $12,255,756, which was an increase from the $8,771,554 received in the previous year.

- Operating expenses, excluding depreciation, of $70,054,152 represents a $12,380,038 increase from the preceding year. This increase is primarily due to a $7.4 million increase in labor.

OVERVIEW OF THE FINANCIAL STATEMENTS:

The financial section of this annual report consists of three parts: management's discussion and analysis (this section), the audited financial statements with corresponding note disclosures and other supplementary information.

The financial statements provide both long-term and short-term information about MATA's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

MATA's financial statements are prepared in conformity with U.S. generally accepted accounting principles and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of MATA are included in the Statement of Net Position.

The Statement of Net Position reports MATA's net position and the percentage change from the preceding year.

FINANCIAL ANALYSIS OF MATA:

Net Position

Total assets for fiscal year 2023 were $124,598,596, a decrease of $(32,497,337) from the preceding year, primarily attributable to a $(20,578,898) decrease in net pension assets.

Separately, deferred outflows of resources pertain to GASB 68 treatment of pension obligations and GASB 75 treatment of OPEB obligations - which increased by $12.5 million to $14,420,781. Deferred outflows combined with assets total $139,019,377.

Total liabilities for fiscal year 2023 were $66,637,324, an increase of $6,327,675 from the preceding year, primarily attributable to the Net Pension Liability that was increased by $5.8 million to $5,838,632.

See next page

MEMPHIS AREA TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2023 and 2022

Table 1
Memphis Area Transit Authority's Net Position

	2023	2022	% Change
Current Assets	$ 26,339,953	$ 42,156,121	(37.52)%
Restricted Assets	485,180	485,180	- %
Other Assets	12,709	12,709	- %
Capital Assets, Net	97,290,017	93,392,288	4.17 %
Net Pension Asset	470,737	21,049,635	- %
Total Assets	124,598,596	157,095,933	(20.69)%
Deferred Outflows of Resources	14,420,781	1,884,632	665.18 %
Total Assets and Deferred Outflows of Resources	$ 139,019,377	$ 158,980,565	(12.56)%
Current Liabilities	$ 10,558,161	$ 8,522,701	23.88 %
Due to the City of Memphis	-	-	- %
Other Postemployment Benefits	50,240,531	51,786,948	(2.99)%
Net Pension Liability	5,838,632	-	- %
Total Liabilities	66,637,324	60,309,649	10.49 %
Deferred Inflows of Resources	34,507,142	47,842,362	(27.87)%
Investment in capital assets	97,290,017	93,392,288	4.17 %
Restricted for self insurance	505,318	505,318	- %
Unrestricted	(59,920,424)	(43,069,052)	39.1 %
Total Net Position	37,874,911	50,828,554	(25.5)%
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 139,019,377	$ 158,980,565	(12.6)%

Fiscal year 2023 current assets were $26,339,953, a decrease of $(15,816,168) from fiscal year 2022.

Fiscal year 2023 current liabilities were $10,558,161, a $2,035,460 increase from fiscal year 2022, due to a increase in outstanding payable amounts.

Changes in Net Position

Net position at June 30, 2023 was $37,874,911, a decrease of $(12,953,643) from the previous year-end, due largely to a reduction in the Deferred Inflows of Resources.

MATA's fiscal year 2023 operating revenues, which include revenues from passenger fares, advertising, concessions, and other sources increased by (3.3)%, or $(82,088), due mainly to an increase in passenger fares.

Contributed capital of $12,255,756 consists of grant revenue received for capital projects, particularly the purchase of new service vehicles and services related to the installation of a Next Generation Fare System, an ERP/EAM System.

See next page

Table 2
Changes in Memphis Area Transit Authority's Net Position

	2023	2022	% Change
Operating Revenues	$ 2,574,055	$ 2,491,967	3.3 %
Operating Expenses, excl Depreciation	70,054,152	57,674,114	21.5 %
Depreciation	11,252,578	12,088,450	(6.9)%
Total Operating Expenses	81,306,730	69,762,564	16.5 %
Operating Income (Loss)	(78,732,675)	(67,270,597)	17.0 %
Non-Operating Revenues	53,523,279	67,034,031	(20.2)%
Contributed Capital	12,255,756	8,771,554	39.7 %
Change in Net Position	(12,953,640)	8,534,988	(251.8)%
Total Net Position, Beginning of Year	50,828,554	41,574,940	22.3 %
Prior Period Adjustment	-	718,626	100.0 %
Total Net Position, Beginning of Year, as Restated	50,828,554	42,293,566	20.2 %
Total Net Position, End of Year	$ 37,874,914	$ 50,828,554	(25.5)%

MATA's fiscal year 2023 operating revenue was lower than Budget by $806,445, due mostly to lower ridership.

Operating expenses, excluding depreciation, totaled $81,306,731. Budget variances netted to a favorable amount of $(6.3)M.

MEMPHIS AREA TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2023 and 2022

Table 3
Schedule of Expenses and Revenues
Actual vs. Budget
For the Fiscal Year Ended June 30, 2023

	Actual	Budget	Variance Favorable (Unfavorable)
Revenue:			
Farebox revenue	$ 1,914,616	$ 2,509,690	$ (595,074)
Charter revenue	-	-	-
Auxiliary transportation revenue	657,691	870,810	(213,119)
Non-transportation revenue	1,748	-	1,748
Total Operating Revenue	2,574,055	3,380,500	(806,445)
Non-Operating Revenue:			
City of Memphis subsidy	32,463,217	19,170,000	13,293,217
Federal grants	12,428,172	38,150,000	(25,721,828)
State of Tennessee grants	8,621,566	7,656,400	965,166
Other income	10,324	-	10,324
Total Non-Operating Revenue	53,523,279	64,976,400	(11,453,121)
Total Revenue	$ 56,097,334	$ 68,356,900	$ (12,259,566)
Expenses:			
Labor	$ 36,950,382	$ 29,579,100	$ (7,371,282)
Fringes	6,813,835	25,766,700	18,952,865
Services	13,209,801	7,557,000	(5,652,801)
Material and supplies	9,945,078	8,258,600	(1,686,478)
Utilities	1,196,558	1,445,300	248,742
Property and liability	1,399,571	1,649,000	249,429
Leases and rentals	537,941	4,900	(533,041)
Depreciation	11,252,578	-	(11,252,578)
Licenses and taxes	987	795,300	794,313
Total Operating Expenses	$ 81,306,731	$ 75,055,900	$ (6,250,831)

Table 4
Memphis Area Transit Authority's Contributed Capital by Funding Source

	2023	2022	Total Change 2023 - 2022
Funding Sources:			
Federal Transit Authority	$ 7,426,149	$ 5,411,481	$ 2,014,668
Tennessee Department of Transportation	996,151	721,001	275,150
City of Memphis	3,833,458	2,639,072	1,194,386
Community Foundation of Greater Memphis	-	-	-
Total Contributed Capital	$ 12,255,758	$ 8,771,554	$ 3,484,204

Contributed Capital

Contributed capital of $12,255,758 consists of grant revenue received for capital projects, particularly the purchase of service vehicles and services related to the installation of a Next Generation Fare System, an ERP/EAM System, an ITS System and the Memphis Innovation Corridor Project.

Additional Financial Information:

This financial report is designed to provide the MATA Board of Commissioners, the City of Memphis, the State of Tennessee and other interested parties with a general overview of MATA's financial position and the results of MATA's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Office, Memphis Area Transit Authority, 40 S. Main Street, Memphis, Tennessee 38103.

MEMPHIS AREA TRANSIT AUTHORITY
Statement of Net Position
As of June 30, 2023

ASSETS

		2023
CURRENT ASSETS:		
Cash and cash equivalents	$	4,390,860
Charter and other receivables, less allowances for doubtful accounts of $22,310		95,359
Federal, state, and local grants		15,787,148
Inventories		3,467,491
Prepaid expenses		758,136
Due from MTM		1,840,959
Total Current Assets		26,339,953
NON-CURRENT ASSETS:		
Non-depreciable capital assets		28,421,398
Depreciable capital assets, less accumulated depreciation		68,868,619
Restricted investments		485,180
Other assets		12,709
Net pension asset		470,737
Total Non-Current Assets		98,258,643
TOTAL ASSETS		124,598,596
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows related to pensions		13,903,708
Deferred outflows related to OPEB		517,073
Total Deferred Outflows of Resources		14,420,781
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	139,019,377

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:		
Due to City of Memphis	$	-
Accounts payable		6,429,227
Due to MTM		3,811,676
Accrued expenses		226,842
Receipts of prepayments		90,416
Total Current Liabilities		10,558,161
NON-CURRENT LIABILITIES:		
OPEB liability		50,240,531
Net pension liability		5,838,632
Total Non-Current Liabilities		56,079,163
TOTAL LIABILITIES		66,637,324
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to pensions		656,850
Deferred inflows related to OPEB		33,850,292
Total Deferred Inflows of Resources		34,507,142
NET POSITION:		
Investments in capital assets		97,290,017
Restricted for self insurance		505,318
Unrestricted deficit		(59,920,424)
Total Net Position		37,874,911
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	139,019,377

The accompanying notes are an integral part of these financial statements

MEMPHIS AREA TRANSIT AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

	2023
OPERATING REVENUE	$ 2,574,055
OPERATING EXPENSES OTHER THAN DEPRECIATION:	
Personnel services	43,764,216
Materials, supplies, and services	26,289,941
Total Operating Expenses Other Than Depreciation	70,054,157
OPERATING LOSS BEFORE DEPRECIATION	(67,480,102)
DEPRECIATION EXPENSE	11,252,578
OPERATING LOSS	(78,732,680)
NON-OPERATING REVENUES:	
City of Memphis subsidy	32,463,219
Federal grants	12,428,172
State grants	8,621,566
Gain/(loss) on sale of assets	(5,043)
Other income	15,365
Total Non-Operating Revenues	53,523,279
GAIN BEFORE CAPITAL CONTRIBUTIONS	(25,209,401)
CAPITAL CONTRIBUTIONS:	
Contributed Capital - Federal	7,426,149
Contributed Capital - State	996,151
Contributed Capital - City/Local	3,833,458
Contributed Capital - Private	-
Total Capital Contributions	12,255,758
CHANGE IN NET POSITION	(12,953,643)
TOTAL NET POSITION - BEGINNING	50,828,554
TOTAL NET POSITION - ENDING	$ 37,874,911

The accompanying notes are an integral part of these financial statements

MEMPHIS AREA TRANSIT AUTHORITY
Statement of Cash Flows
For the Year Ended June 30, 2023

	2023
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 2,574,055
Cash payments to suppliers	(24,995,454)
Cash payments to employees and professional contracts for services	(50,603,104)
Other operating payments	(589,497)
Other operating receipts	(10,923)
Receipts from other funds	27,252,095
Net Cash Provided (Used) By Operating Activities	(46,372,828)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Operating grants received	24,575,002
City of Memphis subsidy	29,170,000
Other payments	-
Net Cash Provided (Used) By Non-Capital Financing Activities	53,745,002
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital contributions	4,275,086
Acquisition and construction of capital assets	(14,560,808)
Proceeds from sale of capital assets	-
Net Cash Provided (Used) By Capital and Related Financing Activities	(10,285,722)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Change in investments	-
Net Cash Provided By Investing Activities	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,913,548)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,304,412
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,390,864
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	$ (78,732,680)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	11,252,578
Prior period adjustment	-
Loss on disposal of assets	-
(Increase) Decrease Changes in Assets and Deferred Outflows of Resources:	
Charter and other receivables	(10,923)
Inventories	(133,002)
Due from other governments	15,218,062
Deferred outflows of resources	-
Increase (Decrease) Changes in Liabilities and Deferred Inflows of Resources:	
Accounts payable and accrued expenses	1,608,097
Due to MTM	149,954
Due to other funds	4,275,086
OPEB liability	-
Net pension asset	-
Deferred inflows of resources	-
Total Adjustments	32,359,852
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (46,372,828)

The accompanying notes are an integral part of these financial statements

MEMPHIS AREA TRANSIT AUTHORITY
Memphis, Tennessee

INDEX TO NOTES TO THE FINANCIAL STATEMENTS

MEMPHIS AREA TRANSIT AUTHORITY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Memphis Area Transit Authority ("MATA") was established to provide for the operation and management of a mass transit system for the City of Memphis, Tennessee (the "City"). MATA was created by City ordinance on May 13, 1975, replacing the Memphis Transit Authority. The MATA Board of Commissioners consists of nine members nominated by the City Mayor and approved by the City Council for terms of three years. MATA's annual budgets are approved by the City Council. MATA must also obtain the approval of the City Council before incurring certain obligations. Accordingly, MATA is a component unit of the City and is included in the financial statements of the City. These financial statements are not intended to present the financial position, results of operations, or cash flows of the City or the pension and other postemployment benefit plans discussed in Notes 7 and 8.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of MATA have been prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized as earned and expenses are recognized as incurred.

MATA complies with Governmental Accounting Standards Board Code Sec 1300.102b "Proprietary Funds".

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues and expenses of MATA's enterprise funds are charges to customers for services, administrative and operator salaries and wages, employee benefits, repairs, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

MATA considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Charter and Other Receivables

Charter and other receivables represent charters, tours, and other special service revenue due and uncollected at June 30, 2023. MATA uses the allowance method for recording bad debts.

Inventories
Inventories, accounted for under the consumption method, consist of materials and supplies and are stated at the lower of cost or market. Cost is determined by the average cost method.

Capital Assets
Capital assets are stated at cost. Depreciation is computed using the straight-line method over the following estimated useful lives: buildings and improvements, 30 years; buses and other revenue vehicles, 4 to 12 years; and machinery and equipment, 3 to 8 years. Amounts expended for maintenance and repairs are charged to expense as incurred, and expenditures for major renewals and betterments are capitalized. Assets with a cost equal to or in excess of $3,000 and with a useful life equal to or in excess of three (3) years are capitalized. Assets with a cost equal to or in excess of $5,000 and with a useful life of more than one year are capitalized.

Restricted Investments
Investments at June 30, 2023 consist of a federal home loan mortgage debt security.

Receipts of Prepayments
Receipts of Prepayments primarily represents funds received from the Environmental Protection Agency to offset lost revenue for fare reductions on future high ozone days.

Capital Contributions
Contributions from federal, state, City governments, and private enterprises for the purpose of purchasing capital assets are recorded as capital contributions in the statement of revenue, expenses, and changes in net position.

Proceeds in excess of $5,000 from sales of assets (other than buses) purchased with capital contributions generally must be returned to the contributing entity, in which case no gain or loss on disposition is recognized by MATA. Proceeds from the sale of buses purchased with capital contributions are not required to be returned if the proceeds are used for the purchase of new buses.

Revenue
Operating revenue, primarily daily passenger fares, is recognized when received. Subsidies and non-capital grants utilized to finance current operations are recorded as non-operating revenue when all eligibility requirements imposed by the provider are met. Investment income, primarily interest, is recognized when earned.

Restricted resources include funds restricted for use by grantors' stipulations that limit the use of such funds. Unrestricted resources are first applied when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Income Taxes
As a governmental entity, MATA is exempt from payment of federal and state income, property and certain other taxes.

Use of Estimates
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 - CASH DEPOSITS:

Cash Deposits

Cash deposits consist of interest bearing and non-interest bearing demand accounts. Depositories are authorized by the Board and include banks and trust companies that are authorized to conduct business and maintain principal offices in the State of Tennessee.

Custodial credit risk for cash and cash equivalent deposits is the risk that in the event of a financial institution's failure, MATA would not be able to recover its deposits. Deposits are exposed to credit risk if they are not insured or not collateralized. MATA's cash and cash equivalent deposits are covered by federal depository insurance (FDIC) with any excess covered by collateral held in a multiple financial institution collateral pool administered by the State. The FDIC insures the first $250,000 of MATA's deposits at each financial institution. Deposit balances over $250,000 must be collateralized at a percent ranging from 90% to 115% by the collateral pool for those participating financial institutions. The collateral must be obligations of the State of Tennessee, United States, or federal agencies whose principal and interest are guaranteed by the United States. If collateral is not sufficient, a corporate surety bond must be used for collateral and the bond must be written by a surety company authorized to do business in the State of Tennessee.

NOTE 3 - INVESTMENTS:

Depositories of MATA funds for investment purposes will be designated by Resolution of Board and will be required to furnish adequate security to protect MATA's interest. MATA's investment policies are governed by the state and local statutes. Investments at June 30, 2023 consist of a federal home loan mortgage obligation.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. Duration is the measure of the price sensitivity of a fixed income portfolio to changes in interest rates. The longer the maturity of an investment, the greater the sensitivity of its fair value to changes in interest rates. MATA limits its exposure to interest rate risk by diversifying its investments by security type and institution and by limiting the maturity of individual investments.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To control credit risk, credit quality guidelines have been established. Authorized investments are established by the Board and are summarized below:

- Time Deposits Accounts
- Certificates of Deposit
- Obligations of the State of Tennessee
- Obligations of the United States
- Obligations of federal agencies if principal and interest is guaranteed by the United States
- Repurchase agreements involving the purchase and sale of direct obligations of the United States (maximum 30 days)
- Bankers' acceptances (maximum 180 days)
- Commercial paper with Moody's P-1 rating (maximum 180 days)
- Local Government Investment Pool (LGIP) administered by the Tennessee State Treasurer

Custodial and concentration of credit risk

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, MATA will not be able to recover the value of its investment or collateral securities that are in possession of another party. Investments are exposed to such risk if the investments are uninsured or not registered in the name of MATA and are held by either the counterparty or their trust department or agent but not in the name of MATA. To limit its exposure, MATA's investment policy requires that all securities be held in safekeeping in MATA's name by a third-party custodial financial institution.

MATA's investment policy provides that authorized banks, brokers and dealers must be credit worthy. Their financial statements will be reviewed by MATA at least annually to determine credit worthiness. Concentration of investments is avoided. The general rule is to not place more than $2,000,000 in overnight investments with any one institution. No more than 25% of MATA's investments at any one time will be placed in money market mutual funds, bankers' acceptances or commercial paper.

The investments at June 30, 2023 are pledged to the State of Tennessee under a performance bond for MATA's workers' compensation insurance and are designated as restricted by the Board at June 30, 2023.

In fiscal year 2016, MATA adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The GASB issued Statement No. 72 in February 2016. This statement addresses accounting and financial reporting issue related to fair value measurements. The definition of fair value is the price that would be received to see an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurement. This statement is effective for periods beginning after June 15, 2015 and was implemented during fiscal year 2016.

Disclosures concerning investments that are reported at fair value are presented below. Fair value has been determined based on MATA's assessment of available market information and appropriate valuation methodologies. The following table summarizes fair value disclosures and measurements at June 30, 2023:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
U.S. government agency securities	$ 485,180	$ -	$ 485,180	$ -
Total	$ 485,180	$ -	$ 485,180	$ -

The following methods were used to estimate fair value of each valuation level:

- Level 1 – Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.
- Level 2 – Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the City's best estimate and good faith opinion of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

NOTE 4 - CAPITAL ASSETS:

The changes in capital assets for the year ended June 30, 2023 are as follows:

	Balance June 30, 2022	Additions	Deductions	Transfers/ Reclassifications	Balance June 30, 2023
Capital Assets, Being Depreciated:					
Building and improvements	$ 178,126,735	$ 3,194,040	$ -	$ -	$ 181,320,775
Buses and other revenue vehicles	66,523,639	4,623,908	-	-	71,147,547
Machinery and equipment	30,664,720	1,513,857	(602,141)	-	31,576,436
Total Capital Assets, Being Depreciated	275,315,094	9,331,805	(602,141)	-	284,044,758
Less Accumulated Depreciation for:					
Building and improvements	(127,998,212)	(6,370,559)	-	-	(134,368,771)
Buses and other revenue vehicles	(51,323,271)	(4,603,122)	-	-	(55,926,393)
Machinery and equipment	(25,191,395)	(278,897)	589,317	-	(24,880,975)
Total accumulated depreciation	(204,512,878)	(11,252,578)	589,317	-	(215,176,139)
Total capital assets, being depreciated, net	70,802,216	(1,920,773)	(12,824)	-	68,868,619
Capital Assets, Not Being Depreciated:					
Land	2,731,018	-	-	-	2,731,018
Construction in progress	19,859,054	5,831,326	-	-	25,690,380
Total Capital Assets, Not Being Depreciated	22,590,072	5,831,326	-	-	28,421,398
TOTAL CAPITAL ASSETS, NET	$ 93,392,288	$ 3,910,553	$ (12,824)	$ -	$ 97,290,017

Depreciation expense for the year ended June 30, 2023 was $11,252,578.

The carrying amount of impaired assets that are idle as of June 30, 2023 is $-.

Net Investment in Capital Assets

Net Investment in capital assets in the statement of net position as of June 30, 2023 are as follows:

Capital assests on non-depreciable	$ 28,421,399
Capital assests depreciable	284,044,576
Accumulated depreciation	(215,175,958)
Net Investment in Capital Assets	$ 97,290,017

NOTE 5 - MANAGEMENT AGREEMENT:

MATA is operating under an agreement with RATP Dev. USA, Inc., which requires RATP to furnish management and advisory services reasonably required and necessary for the efficient operation of the mass transit system under policies, standards and procedures established by MATA. The agreement provides for annual management fees ranging from $236,937 to $265,704 payable in monthly installments. Management fees totaled $236,283 for the year ended June 30, 2023.

Mid-South Transportation Management, Inc. ("MTM"), a wholly-owned subsidiary of First Group, is the employer of all MATA staff and personnel. MATA reimburses MTM for all personnel costs incurred by MTM and is responsible for all operating expenses of the mass transit system. MATA has the right to purchase the capital stock of MTM at any time for the original costs of incorporation incurred by RATP which was nominal. In addition, upon termination or expiration of the contract between RATP and MATA, all of the employees and related employment obligations revert to MATA or its designee.

All personnel services for 2023 are reimbursed to MTM. The amounts due to MTM at June 30, 2023 consisted of the following:

	2023
Accrued payroll	$ 1,145,317
Accrued vacation	347,275
Accrued pension contribution	32,549
Accrued payroll taxes	80,435
Insurance claims payable	678,542
Accrued PTO	1,527,558
Total	$ 3,811,676

NOTE 6 - RISK MANAGEMENT:

MATA is exposed to various risks of loss related to general liability, automobile liability, errors and omissions, and employment practices. MATA carries commercial insurance for these risks. State law limits potential liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

MATA maintains a fairly high self-insured retention in order to manage the cost of commercial insurance.

NOTE 7 - MTM PENSION PLAN:

Plan Description- Plan A & B

The following brief description of the Employees' Retirement Plan of Mid-South Transportation Management, Inc. (the "Plan") is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information. The Plan was amended effective July 1, 2008 to incorporate changes that affect current members and new hires employed on or after July 1, 2008. The members hired on or before June 30, 2008 are under Plan A, members and re-employed individuals who were hired between July 1, 2008 and June 30, 2015 are under Plan B, and members hired on or after July 1, 2015 are under Plan C.

Plans A & B are single-employer defined benefit pension plans. These pension plans cover substantially all employees of Mid-South Transportation Management, Inc. ("MTM"). It is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plans are administered by the MTM Retirement Board which consists of three members appointed by the Executive Committee of the Amalgamated Transit Union (ATU), Local 713, and three members appointed by MTM. The MTM Retirement Board establishes the policies of the plan. These plans collectively issues a standalone audit report. This report may be obtained by contacting Memphis Area Transit Authority at (901) 722-7162.

Plan A provides defined retirement and disability benefits and covers all eligible employees who have completed six months of active continuous service and commenced the mandatory contributions. Under Plan B, eligibility begins after the first day of active continuous service and the commencement of the mandatory contribution.

If employment terminates in any manner other than death or retirement, participants may receive a refund of member contributions with credited interest within sixty days after approved application for benefits. Interest will be computed at two percent per annum compounded annually for contributions made prior to May 28, 1983; interest will be computed at five percent per annum compounded annually for contributions made from May 28, 1983 through January 1, 1988. After January 1, 1988, interest will be computed based upon the federal rate, which varies each month.

If the participant has completed five (5) years of Active Continuous Service, they may also be entitled to a portion of the accrued benefits based on contributions made by MTM. This portion of the accrued benefit is referred to as the vested benefit.

If the participant does not elect a retirement option which will provide the named beneficiary with a monthly benefit after the participant's death, the beneficiary of a deceased retired participant shall receive the excess of the participant's contributions and interest thereon over the benefits paid to the participant.

The primary factors in the benefit calculation formula are the participants' Average Final Earnings, which shall mean, for Members under Plan A, the annual average compensation of those five (5) consecutive calendar years during the last ten (10) calendar years of the Employee's employment by MTM, or its predecessors, in which the Employee's annual compensation was highest. For Members under Plan B, "Average Final Earnings" shall mean the annual average compensation of the last five (5) consecutive calendar years of the Employee's employment by MTM, or its predecessors. Effective July 1, 2011, Average Final Earnings for Plan A participants are based on the last five consecutive years, with the accrued benefit not less than the accrued benefit at July 1, 2011 under the prior salary averaging method. Participants should note that compensation is defined differently for new hires before and after July 1, 2008, and they should refer to the Plan documents for the respective meaning of compensation.

The benefit multiplier for Plan A changes periodically due to amendments and is listed as follows: after July 1, 1996 through June 30, 1999 -- 1.71 percent; after July 1, 1999 through June 30, 2002 -- 1.75 percent; after July 1, 2002 through June 30, 2003 -- 1.79%; after July 1, 2003 through June 30, 2008 -- 1.85 percent; after July 1, 2008 through June 30, 2011 -- 1.90 percent. For participants covered by Plan B, the benefit multiplier is listed as follows: after July 1, 2008 -- 1.40 percent.

Benefits under early retirement for Plan A are based on a percentage of normal retirement benefits as follows: early retirement between ages 55 and 64 range between 56 percent and 97 percent; for Plan B the range is between 40 percent and 85 percent. See the Plan document for details.

See next page

The Plan can be terminated by the employer in certain limited situations and/or by 75% of the participants. If the Plan is terminated, the net assets of the Plan will be distributed to the participants in an order of priority determined in accordance with ERISA and its applicable regulations and with the Plan documents as follows:

1. Each active participant will be paid his contributions and interest thereon.

2. Benefits to members who began receiving benefits at least three years before Plan termination (including benefits which would have been received for at least three years if the participant had then retired) based on Plan provisions in effect five years prior to termination.
3. Other vested benefits insured by the Pension Benefit Guaranty Corporation up to the applicable limitations.

4. All other uninsured vested benefits.

5. All other benefits under the Plan.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation ("PBGC") if the Plan terminates. Generally, the PBGC guarantees most vested, normal-age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination, subject to a statutory ceiling on the amount of an individual's monthly benefit.

Whether all participants receive the benefits should the Plan be terminated at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide these benefits, the priority of those benefits to be paid, and the level and type of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the existing assets and the PBGC guaranty, while other benefits may be fully or partially provided for by the existing assets and the PBGC guaranty, while other benefits may not be provided for at all.

Details of the Plan's agreement are published and made available to participants in the Summary Plan Description.

At January 1, 2023, membership consisted of:

Retirees and beneficiaries currently receiving benefits	497
Terminated members entitled to but not yet receiving benefits	113
Current active members	176
Total	786

Plan Description - Defined Contribution Plan (Plan C)
The following brief description of the Defined Contribution Plan for Mid-South Transportation Management, Inc. (the "Plan") provides only general information. Participants should refer to the Plan Agreement for a more complete description of the Plan's provisions.

General
The Plan is a defined contribution plan for the benefit of eligible employees of Mid-South Transportation Management, Inc. (the "Organization"). The Organization controls and manages the operation and administration of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Eligibility
Eligible employees for the Plan are those employees hired after July 1, 2008 who were participants in Plan B of the Organization's defined benefit plan (i.e. all employees hired on or after July 1, 2008) and all new hires from and after July 1, 2015. Eligible employees are eligible to participate as of date of employment and participation in the Plan is mandatory as a condition of employment.

Contributions
Participants are required to make a mandatory contribution of 8% of the employee's compensation. Compensation is defined in the same manner as in the Organization's defined benefit plan, that is W-2 wages excluding overtime, paid sick leave hours, paid bonuses or commissions, and any other form of incentive or contingent compensation. Additionally, the Plan has a 401(k) feature where an employee can elect voluntarily to contribute an amount above the mandatory 8% of compensation, subject to the ERISA 401(k) contribution limit.

The Organization's non-elective contributions to the Plan are a non-discretionary 8% of the employee's compensation. The Organization will not make an additional contribution to the 401(k) feature in the Plan.

Participant Accounts
Each participant's account is credited with the participant's contribution, the Organization's non-elective contribution, and account earnings, and charged with withdrawals and account losses, and an allocation of administrative expenses. Any allocations are based on the participant account balances, as defined in the Plan document. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Administrative Costs
The Plan pays certain administrative expenses of the Plan out of the assets of the Plan to the extent not paid by the employer. Administrative expenses include contract administrator, plan audit, recordkeeper, legal, and trustee.

Vesting
Participants are immediately 100% vested in their contributions plus actual earnings thereon. Vesting in the Organization's contribution portion of their accounts is based on years of service. Participants earn a year of service for purposes of vesting when they are credited with 1,000 hours of service during a Plan year. A participant is 100% vested after 3 years of vesting service.

Payment of Benefits
At normal retirement age, the participants are fully vested in their aggregate contribution accounts. Normal retirement age is when the participant reaches the age 65 and completion of the fifth anniversary of their participation in the Plan. Participants who terminate employment as a result of being permanently disabled while an employee, will receive a percentage of their account balance based on the Plan's vesting schedule.

Contributions
Employee and employer contributions are recorded in the period during which the Organization makes payroll deductions from Participants' compensation.

Notes Receivable from Participants
Participants may borrow up to the lesser of $50,000 or 50% of their vested account balance. The minimum amount that can be borrowed is $1,000. The loans are secured by the balance in the participant's account and bear interest at 0% + prime interest rate. Principal and interest is repaid ratably through payroll deductions.

Forfeitures
The non-vested portion of account balances are forfeited upon distribution of the vested portion. Forfeitures are used to offset Plan administrative expenses or may be used to reduce the employer contributions. At December 31, 2022, investments include forfeitures with a value of $36,816. During the year ended December 31, 2022, forfeitures of $155,029 were used to reduce employer contributions and offset Plan administrative expenses.

Funding Policy
Effective July 1, 2008, both Plan A and Plan B require contributions from participants of 7.5% and the employer of 8.07% of compensation as defined in the Plan, but not less than annual minimum required. Effective July 1, 2015, participants contribution was increased to 8.0%. The employers' annual minimum contribution was 0.00% in 2022 of compensation. Present employees' accumulated contributions at January 1, 2021, beginning of plan year, was $10,989,600 including interest credit on an interest rate of 4.92% compounded annually. MTM's funding policy is to make annual contributions to the Plan in amounts that are estimated to remain a constant percentage of employees' compensation each year, such that, when combined

with employee's contributions, all employees' benefits will be fully provided for by the time they retire. The employer's contributions for 2022 exceeded the minimum required contribution in compliance with ERISA.

The primary factors in the benefit calculation formula are participants' years of service and earnings. Participants become 100% vested in accrued benefits derived from employer contributions after five years of service for Plans A & B, and after 3 years for Plan C.

Net Pension Liability

MATA's net pension liability as of January 1, 2022 (latest valuation date), with a measurement date of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The components of the net pension liability at June 30, 2023, are as follows:

Schedule of Changes in Net Pension Liability

		June 30, 2023 December 31,2022
Total Pension Liability		
Service cost	$	908,480
Interest		7,055,216
Change of benefit name		-
Differences between expected and actual experience		(1,313,699)
Changes of assumptions		2,242,631
Benefit payments, including refunds of member contributions		(9,553,697)
Net change in total pension liability		(661,069)
Total Pension Liability - Beginning		104,657,167
Total Pension Liability - Ending	$	103,996,098
Plan Fiduciary Net Position		
Contributions - employer		4,135,356
Contributions - employee		601,014
Net investment income		(15,430,653)
Benefit payments, including refunds of member contributions		(9,553,697)
Administrative expense		(991,987)
Other		-
Net Change in Plan Fiduciary Net Position		(21,239,967)
Plan Fiduciary Net Position - Beginning		125,706,720
Plan Fiduciary Net Position - Ending	$	104,466,753
Net Pension Liability - Ending	$	(470,655)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability		100.45 %
Covered payroll[1]	$	7,687,403
Plan Net Pension Liability as percentage of covered payroll		(6.12)%

[1]Covered payroll represents compensation earnable and pensionabel compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2022, projected to December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	A separate inflation assumption is not included in the funding valuation assumptions. However, inflation of 2.5% is imbedded in the other economic assumptions.
Salary increases	5.0%
Funding discount rate	Effective interest rate of 5.38% based on statutorily required yield curve for ERISA plans.
Expected rate on assets	6.75%, used only for development of actuarial value of assets and ASC 960 liabilities.
Mortality rates	RP-2014 separate employee and annuitant healthy mortality tables (sex-specific), reflecting both blue and white collar data, adjusted backward to the base year (2006) using scale MP-2014 and projected forward generationally using scale MP-2019. The mortality assumption is determined by statute.
Benefit changes:	Effective July 1, 2021 and reflected in the June 30, 2022 disclosure, the limitation on pay used in the final average salary formula for union participants was increased from $70,000 to $90,000.
Change of Assumptions:	The discount rate assumption was lowered at the December 31, 2022 measurement date from 7.00% to 6.75%.
Mortality rates	The mortality assumption was changed at the December 31, 2022 measurement date to RP-2014 separate employee and annuitant healthy mortality tables (sex-specific), reflecting both blue and white collar data, adjusted backward to the base year (2006) using scale MP-2014 and projected forward generationally using scale MP-2020. The prior year assumption used the same base tables projected forward generationally with scale MP-2019. The mortality assumption was changed at the December 31, 2021 measurement date to RP-2014 separate employee and annuitant healthy mortality tables (sex-specific), reflecting both blue and white collar data, adjusted backward to the base year (2006) using scale MP-2014 and projected forward generationally using scale MP-2019. The prior year assumption used the same base tables projected forward generationally with scale MP-2018.

Retirement age: It was assumed that active participants will retire according to the following rates of retirement:

Age	Rate
55-57	1%
58-59	2%
60-61	5%
62	20%
63-64	10%
65+	100%

Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The target allocation (approved by the Board at the time of this measurement) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.00 %	6.91 %
International equity	25.00 %	7.21 %
Fixed income	22.00 %	1.61 %
Alternatives	18.00 %	3.21 %
Total	100.00 %	

Discount rate. The discount rate used to measure the TPL was 6.75% as of December 31, 2022. The strict funding requirements imposed by the Plan's status as a single employer ERISA plan ensures that into the foreseeable future, contributions will be made based on a lower interest rate than the long-term expected return on assets, with gains and losses amortized over 15 years. Because these funding requirements relatively quickly result in funding exceeding that needed to fund benefits for current participants assuming a 6.75% return, and also because the exact amount of future contributions depends on volatile interest rates and interest rate relief, it was not deemed necessary to develop a cash flow projection for GASB 67 and 68 purposes.

Discount rate sensitivity

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability of the MATA as of December 31, 2022 calculated using the discount rate of 6.75%, as well as what the NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate.

Net Pension Liability	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Domestic equity	$ 9,406,170	$ (470,655)	$ (8,961,238)

Deferred Outflows of Resources and Deferred Inflows of Resources
The balance of net deferred inflows and outflows of resources after recognition in current year expense are $(656,850) and $13,903,648, respectively. The determination of resources of deferred inflows and outflows of resources for the fiscal year ended June 30, 2023, is as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between Expected and Actual Experience	$ (656,850)	$ -
Changes of Assumptions	-	1,121,316
Net difference between projected and actual earnings on pension plan	-	12,782,332
Total	$ (656,850)	$ 13,903,648

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

Year Ending June 30	
2024	$ 1,495,940
2025	3,483,212
2026	3,462,287
2027	4,805,359
Thereafter	-
Total	$ 13,246,798

Pension Expense - The pension expense under GASB 68 for the fiscal year ending June 30, 2023 is $3,967,460:

Employer Service Cost	$ 908,480
Interest	7,055,216
Difference between actual and experience	(656,849)
Changes in assumptions	1,121,315
Member contributions	(601,014)
Projected earnings	(8,596,144)
Differences between Expected and Actual Experience	4,805,361
Administrative expense	991,987
Recognition of deferred (inflows)/outflows of resources	(1,060,892)
	$ 3,967,460

Schedule of Recognition of Change in Total Net Pension Liability

Increase (Decrease) in Pension Expense Arising from the Recognition of the
Effects of Differences between Expected and Actual Experience on Total Pension Liability

Reporting Date for Employer under GASB 68 Year Ended June 30	Differences between Expected and Actual Experience	Recognition Period Years	2022	2023	2024	2025	2026	2027	2028	Thereafter
2018	$ (1,451,241)	4.00	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
2019	(1,042,769)	3.00	0	0	0	0	0	0	0	0
2020	(1,090,294)	3.00	(363,431)	0	0	0	0	0	0	0
2021	1,725,313	2.00	(862,657)	0	0	0	0	0	0	0
2022	129,422	2.00	64,711	64,711	0	0	0	0	0	0
2023	(1,313,699)	2.00	N/A	(656,849)	(656,850)	0	0	0	0	0
Net increase (decrease) in pension expense			N/A	$ (592,138)	$ (656,850)	$ 0	$ 0	$ 0	$ 0	$ 0

As described in Exhibit of Deferred Outflows of Resources and Deferred Inflows of Resources, the average of the expected remaining service lives of all employees that are provided with pensions through the Plan (active and inactive employees) determined as of January 1, 2022 (the beginning of the measurement period ending December 31, 2022) is 2.00 years.

NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

In fiscal year 2018, MATA adopted the Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

The primary objective of GASB Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB Statement No. 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.

General Information about the OPEB Plan

Plan description. MATA's defined benefit OPEB plan provides OPEB for all eligible retired MATA employees and their dependents. The OPEB Plan is a single-employer defined benefit OPEB plan administered by MATA. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefit provided. MATA provides medical and life insurance benefits to eligible retired MATA employees and their dependents. Post-retirement medical coverage is offered through a Network (NET) medical plan. The plan also pays a $8,500 life insurance benefit. The related medical claims are managed by a contracted third-party.

Funding policy. The contribution requirements of the plan members and MATA are established and may be amended in negotiation with the labor bargaining union. Monthly premium rates paid by eligible participants for medical coverage for the period July 1, 2022 to June 30, 2023 are as follows:

	NET
Pre-Medicare participant:	
Retiree	150
Retiree plus dependent(s)	240
Family	260
Medicare eligible participant:	
Retiree	94
Family	162

The portion of the premium paid by MATA for the retiree and dependents is as follows:

Pre-Medicare participant		
Retiree	$	654
Retiree plus dependent(s)		1,287
Family		2,151
Medicare eligible participant:		
Retiree	$	231
Family		486

Life insurance coverage is paid by MATA with no contribution from the retiree.

Participant Data as of January 1, 2022

Actives	501
Retirees	300
Spouses of Retirees	71
Beneficiaries	7
Total	879

Total OPEB Liability

MATA's total OPEB liability of $50,240,531 was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

Relationship Between Valuation Date, Measurement Date, and Reporting Date

The Valuation Date is January 1, 2022. This is the date as of which the actuarial valuation is performed. The Measurement Date is June 30, 2023. This is the date as of which the total OPEB liability is determined. The Reporting Date is June 30, 2023. This is the plan's and/or employer's fiscal year ending date.

Significant Changes

Given the substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether thepandemic will increase or decrease costs during the term of our projections, we have chosen not to make an adjustment in the expected plan costs. It is possible that the COVID-19 pandemic could have a material impact on the projected costs.

Valuation date	**January 1, 2021**
Measurement date	June 30, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 Years, Open
Asset valuation method	Market value
Investment rate of return (discount rate)	3.54%
Payroll growth	2.50%
Health cost trend rate	6.90% graded to 4.20% over 68 years

Discount Rate: The discount rate used to measure the total OPEB liability was 3.54% as of June 30, 2023, which is equal to the single rate of return developed by GASB 75. GASB 75 requires that the projected benefit payments expected to be satisfied by the plan be discounted using the long-term rate of return on OPEB plan investments and that projected benefit payments not expected to be satisfied by the plan be discounted using a yield or index rate of a 20-year tax-exempt general obligation municipal bond rated AA/Aa or higher. The discount rate assumption for determining the total OPEB liability was based on the Bond Buyer 20-Year Bond GO Index as of June 30, 2023.

Changes in Total OPEB Liability

	2023
Service Cost	$ 2,588,370
Interest	1,892,284
Effect on Plan Changes	-
Effect of Economic/Demographic Gains or Losses	(3,884,503)
Effect of Assumptions Changes or Other Inputs	(284,463)
Benefit Payments	(1,858,105)
Net Change in Total OPEB Liability	(1,546,417)
Total OPEB Liability, Beginning of Year	51,786,948
Total OPEB Liability, End of Year	$ 50,240,531

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the net OPEB liability, calculated using the discount rate of 3.54%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate.

	1% Decrease (2.65%)	Current Discount (3.65%)	1% Increase (4.65%)
Total OPEB Liability	$ 58,021,343	$ 50,240,531	$ 43,953,785

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The actuarial assumption for annual health care trend rate beginning in year 2018 was 6.6% with declining rates for years 2019 - 2099. The following presents the health trend sensitivity on the total OPEB liability.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	$ 43,358,788	$ 50,240,531	$ 58,945,168

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

For the year ended June 30, 2023, MATA recognized OPEB expense of $(4,812,887):

Service Cost	$ 2,588,370
Interest on Total OPEB Liability	1,892,284
Effect of Plan Changes	-
Recognition of Economic/Demographic Gains or Losses	(4,005,603)
Recognition of Assumption Changes or Inputs	(5,287,938)
OPEB Expense	$ (4,812,887)

At June 30, 2023, MATA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ (14,195,311)	$ -
Changes of assumptions or other inputs	(19,654,981)	(19,654,981)
Total	$ (33,850,292)	$ 517,073

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

Year Ending June 30		
2024	$	(9,796,770)
2025		(10,037,598)
2026		(6,400,557)
2027		(4,041,644)
2028		(2,677,650)
Thereafter		(279,000)
Total	$	(33,233,219)

NOTE 9 - INSURANCE RISK:

MATA is fully self-insured for employee medical benefits and is partially self-insured for workers' compensation. MATA is also self-insured for property damage and personal liability claims up to specified limits under excess insurance coverage. Liability established for claims incurred but not paid for medical benefits, which is included in Due to MTM in the Statement of Net Position, were as follows:

Balance - June 30, 2022	$	528,771
Claims paid		(707,690)
Estimate of claims incurred		707,690
Balance - June 30, 2023	$	528,771

Additionally, as of June 30, 2023, management has accrued a liability of $149,612 for estimated workers' compensation claims outstanding, which is included in the insurance claims payable that is part of the Due to MTM in the Statement of Net Position (see Note 5). MATA also maintains stop-loss insurance for workers' compensation claims in excess of $1,000,000 and a $500,000 performance bond is pledged to the State of Tennessee for workers' compensation.

NOTE 10 - COMMITMENTS AND CONTINGENCIES:

MATA is subject to various types of claims and litigation in the ordinary course of its operations. Management has accrued a contingent liability of $227,000 for claims and litigation, which is included in accrued expenses in the Statement of Net Position. Management believes that, based on information presently available, such matters when ultimately concluded will not have any additional material adverse effect on MATA's financial position or results of operation.

MATA receives a portion of its revenue from government grant contracts, all of which are subject to audit by government agencies. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government agency. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

NOTE 11 - ECONOMIC DEPENDENCE:

MATA is economically dependent upon federal, state and local government grants, subsidies and capital contributions to finance its operations and its capital expenditures. For the year ended June 30, 2023, MATA received approximately $65,768,715 in grants, subsidies and capital contributions.

NOTE 12 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through December 31, 2023, which is the financial statement issuance date.

REQUIRED SUPPLEMENTARY INFORMATION

MEMPHIS AREA TRANSIT AUTHORITY
Memphis, Tennessee

Exhibit RSI-1

Schedule of Expenses and Revenues
Actual vs. Budget
For the Fiscal Year Ended June 30, 2023

	Actual	Budget	Variance Favorable (Unfavorable)
Revenue:			
Farebox revenue	$ 1,914,616	$ 2,509,690	$ (595,074)
Charter revenue	-	-	-
Auxiliary transportation revenue	657,691	870,810	(213,119)
Non-transportation revenue	1,748	-	1,748
Total Operating Revenue	2,574,055	3,380,500	(806,445)
Non-Operating Revenue:			
City of Memphis subsidy	32,463,217	19,170,000	13,293,217
Federal grants	12,428,172	38,150,000	(25,721,828)
State of Tennessee grants	8,621,566	7,656,400	965,166
Other income	10,324	-	10,324
Total Non-Operating Revenue	53,523,279	64,976,400	(11,453,121)
Total Revenue	$ 56,097,334	$ 68,356,900	$ (12,259,566)
Expenses:			
Labor	$ 36,950,382	$ 29,579,100	$ (7,371,282)
Fringes	6,813,835	25,766,700	18,952,865
Services	13,209,801	7,557,000	(5,652,801)
Material and supplies	9,945,078	8,258,600	(1,686,478)
Utilities	1,196,558	1,445,300	248,742
Property and liability	1,399,571	1,649,000	249,429
Leases and rentals	537,941	4,900	(533,041)
Depreciation	11,252,578	-	(11,252,578)
Licenses and taxes	987	795,300	794,313
Total Operating Expenses	$ 81,306,731	$ 75,055,900	$ (6,250,831)

MEMPHIS AREA TRANSIT AUTHORITY
Memphis, Tennessee

Exhibit RSI-2

Schedule of Changes in Total OPEB Liability and Related Ratios under GASB 75

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	$ 2,588,370	$ 3,677,344	$ 3,249,759	$ 2,271,733	$ 3,590,289	$ 3,723,112
Interest on Total OPEB liability	1,892,284	1,590,802	1,541,213	3,618,107	3,615,414	3,340,761
Changes of benefit terms	-	-	-	343,872	-	-
Differences between expected and actual experience	(3,884,503)	(8,095,409)	-	(14,018,974)	-	-
Changes of assumptions	(284,463)	(14,410,478)	572,222	(24,986,544)	6,261,473	(4,294,012)
Benefit payments	(1,858,105)	(1,882,300)	(1,878,936)	(1,800,960)	(2,581,388)	(2,486,930)
Net change in total OPEB Liability	(1,546,417)	(19,120,041)	3,484,258	(34,572,766)	10,885,788	282,931
Total OPEB Liability – beginning	51,786,948	70,906,989	67,422,731	101,995,497	91,109,709	90,826,778
Total OPEB Liability – ending	$ 50,240,531	$ 51,786,948	$ 70,906,989	$ 67,422,731	$ 101,995,497	$ 91,109,709
Covered employee payroll	$ 25,543,483	$ 23,713,795	$ 21,731,798	$ 21,731,798	$ 23,189,400	$ 23,189,400
Total OPEB Liability as percentage of covered employee payroll	196.69 %	218.38 %	326.28 %	310.25 %	439.84 %	392.89 %

The information presented above is for those years for which it is available. It was prepared prospectively from fiscal year ending June 30, 2022 for GASB 75 purposes. There are no assets accumulated in a trust to pay related benefits.

(1) The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 74 and 75.

(2) The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

(3) The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2023 are predominantly consistent with the January 1, 2016 actuarial valuation of the Employees' Retirement Plan of Mid-South Transportation Management, Inc. Please see the January 1, OPEB valuation report for a complete summary of all underlying assumptions used in the valuation.

MEMPHIS AREA TRANSIT AUTHORITY
Memphis, Tennessee

Exhibit RSI-3

Schedule of Changes in Net Pension Liability and Related Ratios under GASB 68

	2023	2022	2021	2020	2019	2018
Total pension liability						
Service cost	$ 908,480	$ 894,294	$ 1,074,920	$ 1,201,485	$ 1,394,988	$ 1,784,130
Interest	7,055,216	7,035,039	7,262,348	7,451,540	7,237,307	7,357,548
Change of benefit terms	-	1,911,145	-	-	-	-
Differences between expected and actual experience	(1,313,699)	129,422	(1,725,313)	(1,090,294)	(1,042,769)	(1,451,241)
Changes of assumptions	2,242,631	(390,458)	(330,614)	(715,126)	5,007,277	233,203
Benefit payments, including refunds of employee contributions	(9,553,697)	(9,057,077)	(9,638,884)	(9,208,705)	(9,476,939)	(9,027,518)
Net change in total pension liability	(661,069)	522,365	(3,357,543)	(2,361,100)	3,119,864	(1,103,878)
Total pension liability – beginning	104,657,167	104,134,802	107,492,345	109,853,445	106,733,581	107,837,459
Total pension liability – ending	$ 103,996,098	$ 104,657,167	$ 104,134,802	$ 107,492,345	$ 109,853,445	$ 106,733,581
Plan fiduciary net position						
Contributions – employer	$ 4,135,456	$ 2,846,299	$ 3,646,267	$ 4,667,595	$ 5,944,741	$ 4,942,806
Contributions – employee	601,014	651,030	679,890	818,810	904,267	1,015,085
Net investment income	(15,430,653)	14,718,289	7,803,544	19,206,952	(6,516,462)	14,505,292
Benefit payments, including refunds of employee contributions	(9,553,697)	(9,057,077)	(9,638,884)	(9,208,705)	(9,476,939)	(9,027,518)
Administrative expense	(991,987)	(1,118,532)	(908,596)	(1,044,449)	(1,081,744)	(1,190,780)
Net change in plan fiduciary net position	(21,239,867)	8,040,009	1,582,221	14,440,203	(10,226,137)	10,244,885
Plan fiduciary net position – beginning	125,706,720	117,666,711	116,084,490	101,644,287	111,870,424	101,625,539
Plan fiduciary net position – ending	$ 104,466,853	$ 125,706,720	$ 117,666,711	$ 116,084,490	$ 101,644,287	$ 111,870,424
System's net pension (asset)/liability – ending	$ (470,755)	$ (21,049,553)	$ (13,531,909)	$ (8,592,145)	$ 8,209,158	$ (5,136,843)
Plan fiduciary net position as a percentage of the total pension liability	100.5 %	120.1 %	113.0 %	108.0 %	92.5 %	104.8 %
Covered employee payroll	$ 7,687,403	$ 8,166,339	$ 9,259,819	$ 10,424,064	$ 12,065,792	$ 13,232,142
Net pension liability as percentage of covered employee payroll	(6.1)%	(257.8)%	(146.1)%	(82.4)%	68.0 %	(38.8)%

Historical information prior to implementation of GASB 68 is not required

Notes to Schedule:

The information in the schedule presented above is for those years for which it is available. It was prepared prospectively from fiscal year ending June 30, 2017 for GASB 68 purposes.
Benefit changes: Effective July 1, 2021 and reflected in the June 30, 2023 disclosure, the limitation on pay used in the final average salary formula for union participants was increased from $70,000 to $90,000.

Change of Assumptions: The mortality assumption was changed at the December 31, 2022 measurement date to RP-2014 separate employee and annuitant healthly mortality tables (sex-specific), reflecting both blue and white collar data, adjusted backward to the base year (2006) using scale MP-2014 and projected forward generationally using scale MP-2019. The prior year assumption used the same base tables projected forward generationally with scale MP-2018.

The mortality assumption was changed at the December 31, 2020 measurement date to the RP-2014 separate employee and annuitant healthy mortality tables (sex-specific), reflecting both blue and white collar data, adjusted backward to the base year (2006) using scale MP-2014 and projected forward generationally using scale MP-2018. The prior year assumption used the same base tables projected forward generationally with scale MP-2017.

MEMPHIS AREA TRANSIT AUTHORITY
Memphis, Tennessee

Exhibit RSI-4

Schedule of Pension Contributions under GASB 68

Year Ending June 30	**Actuarially Determined Contributions[1]** (a)	**Actual Employer Contributions** (b)	**Contribution Excess/(Deficiency)** (c) = (b) - (a)	**Covered-Employee Payroll** (d)	**Contributions as a Percentage of Covered Payroll** (b) / (d)
2015	$ 3,880,850	$ 3,880,850	$ -	$ 22,556,055	17.21%
2016	$ 5,721,168	$ 5,721,168	$ -	$ 21,100,201	27.11%
2017	$ 4,565,274	$ 4,565,274	$ -	$ 20,991,541	21.75%
2018	$ 4,144,673	$ 4,144,673	$ -	$ 14,980,452	27.67%
2019	$ 5,540,652	$ 5,540,652	$ -	$ 13,232,142	41.87%
2020	$ 5,940,090	$ 5,940,090	$ -	$ 12,065,792	49.23%
2021[2]	$ 2,112,246	$ 2,112,246	$ -	$ 10,424,064	20.26%
2022	$ 3,611,700	$ 4,341,700	$ 730,000	$ 9,259,819	46.89%
2023	$ 4,409,979	$ 4,409,979	$ -	$ 8,166,339	54.00%
2024	$ 1,663,596	$ 1,876,243	$ 212,647	$ 7,687,403	24.41%

(1) The information presented above is for those years for which it is available. It was prepared prospectively from fiscal year ending June 30, 2016 for GASB 68 purposes. Additionally, the schedule includes timing adjustments for actual contribution timing required for meeting the minimum funding requirements.

(2) The plan has met all statutorily required contributions for FYE 2020. As allowed under the Coronavirus Aid, Relief and Economic Security (CARES) Act, signed into law on March 27, 2020, the quarterly contribution due on April 15, 2020 has been deferred into FYE 2021.

Notes to Schedule:

Valuation date: January 1, 2022

Methods and used assumptions to determine contribution rates:

Actuarial cost method	Unit Credit, for actuarially determined contributions
Amortization method	Level dollar
Remaining amortization period	All new bases are amortized over 7 years. Effective amortization period of 6 years remaining as of January 1, 2022.
Asset valuation method	Assets are determined by averaging the market value as of the valuation date and the adjusted market values as of the preceding two years. The resulting value is limited to between 90% to 110% of market value assets. WRERA provides that the averaging method is to be adjusted for expected earnings. The expected earnings are based on an assumed rate of return of 7.00%, not to exceed the applicable PPA third segment rate of 6.11% in 2019 and 5.94% in 2020.
Investment rate of return	7.00%, only used for developing actuarial value of assets
Funding discount rate	Effective interest rate of 5.34%
Projected salary increases	5.00% (only applies to current year)
Other assumptions	Other assumptions are listed in the January 1, 2022 actuarial valuation

SINGLE AUDIT

MEMPHIS AREA TRANSIT AUTHORITY
Schedule of Expenditures of of Federal Awards and State Financial Assistance
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor	Program/Cluster Name	Assistance Listing Number (ALN)	FTA Grant Number	Passed through to Subrecipients	Expenditures Fiscal Year 2023
FEDERAL GOVERNMENT GRANTS					
Federal Transit Formula Grants	Preventive Maintenance, ADA Paratransit Service	20.507	TN-2019-008-01	$ -	$ 930,102
Federal Transit Formula Grants	Preventive Maintenance, ADA Paratransit Service, Computer Equipment, Service Vehicles, Transit	20.507	TN-2021-009-02	-	23,860
Federal Transit Formula Grants	CMAQ Funds for Electric Buses	20.507	TN-2021-033	-	326,213
Federal Transit Formula Grants	Memphis Innovation Corridor	20.507	TN-2021-042	-	115,563
Federal Transit Formula Grants	Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)	20.507	TN-2021-032	-	50,000
Federal Transit Formula Grants	Prev. Maint., ADA Para. Serv., Comp. Equip., CAD/AVL, Service Vehicles,Transit Amenities	20.507	TN-2023-010-01	-	11,290,535
Subtotal (20.507)				-	12,736,273
Enhanced Mobility of Seniors and Individuals with Disabilities	Vehicles, ADA Access Projects, Same-Day Service, Project Administration	20.513	TN-2016-025-01	-	16,310
Enhanced Mobility of Seniors and Individuals with Disabilities	Vehicles, Project Administration, Mobility Management	20.513	TN-2020-039-02	-	3,637
Subtotal (20.513)				-	19,947
State of Good Repair Program	Preventive Maintenance for Rail System	20.525	TN-2019-013-02	-	25,360
State of Good Repair Program	Preventive Maintenance for Rail System	20.525	TN-2022-028	-	1,160,000
Subtotal (20.525)				-	1,185,360
Buses and Bus Facilities Formula, Competitive and Low or No Emissions Programs	CAD/AVL System	20.526	TN-2021-030	-	959,225
Buses and Bus Facilities Formula, Competitive and Low or No Emissions Programs	CAD/AVL System	20.526	TN-2023-004	-	1,612,163
Subtotal (20.526)				-	2,571,388
Technical Assistance, equipment	Technical Assistance, equipment	20.530	TN-2020-028	-	12,692
Technical Assistance	Technical Assistance	20.530	TN-2021-003	-	60,374
Total Program (20.530)				-	73,066
TOTAL FEDERAL TRANSIT ADMINISTRATION GRANTS				-	16,586,034

NOTE: MATA elected to not use the 10% de minimus indirect cost rate.

MEMPHIS AREA TRANSIT AUTHORITY
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2023

	Program/Cluster Name	Assistance Listing Number (ALN)	FTA Grant Number	Passed through to Subrecipients	Expenditures Fiscal Year 2023
STATE GOVERNMENT GRANTS DEPARTMENT OF TRANSPORTATION FEDERAL TRANSIT ADMINISTRATION GRANTS:					
Tennessee Department of Transportation	Rail Facility Improvements	20.500	GG-21-69281 TN-03-0104	$ -	$ -
Subtotal (20.500)				-	-
Preventive Maintenance, ADA Paratransit Service, Computer Equipment, Service Vehicles, Transit Amenities	Preventive Maintenance, ADA Paratransit Service, Computer Equipment, Service Vehicles, Transit Amenities	20.507	GG-21-69615	-	1,411,316
Tennessee Department of Transportation	Prev. Maint., ADA Paratransit Service, Bus Fac. Imp., Comp., H & S, Service Vehicles, Rail Infra	20.507	GG-20-65098 TN-2019-008	-	116,263
Tennessee Department of Transportation	Preventive Maintenance, ADA Paratransit Service, Bus Facility Imp., Computer, H & S, Service Vehicles	20.507	Z-21-5307-09 TN-2021-009-02	-	2,982
Subtotal (20.507)				-	1,530,561
Tennessee Department of Transportation	Vehicles, ADA Access Projects, Same-Day Service, Project Administration	20.513	GG-21-69083 TN-2016-025	-	2,833
Subtotal (20.513)				-	2,833
Tennessee Department of Transportation	Preventive Maintenance for Rail System	20.525	GG-17-51268 TN-2019-013	-	3,169
Tennessee Department of Transportation	Preventive Maintenance for Rail System	20.525	GG-23-76309 TN-2022-028	-	145,000
Subtotal (20.525)				-	148,169
Tennessee Department of Transportation	CAD/AVL System	20.526	GG-24-80495 TN-2017-040	-	201,520
Tennessee Department of Transportation	CAD/AVL System	20.526	GG-22-72407 TN-2021-030	-	119,903
Subtotal (20.526)				-	321,423
TDOT Operating Assistance for FY 2023	TDOT Operating Assistance for FY 2023	N/A	Z-22-UROP-12	-	6,848,200
TDOT Grant for Tennessee State Employee Transit Card Program	TDOT Grant for Tennessee State Employee Transit Card Program	N/A	GU-21-67130	-	-
TDOT Grant for Tennessee State Employee Transit Card Program	TDOT Grant for Tennessee State Employee Transit Card Program	N/A	GU-22-71072	-	-
TDOT Grant for Tennessee State Employee Transit Card Program		N/A	GU-23-74888	-	568
TDOT Grant for A. W. Willis Crossing Repairs	TDOT Grant for Tennessee State Employee Transit Card Program	N/A	CRR070231-1	-	-

	Program/Cluster Name	Assistance Listing Number (ALN)	FTA Grant Number	Passed through to Subrecipients	Expenditures Fiscal Year 2023
TDOT IMPROVE Act Grant for Rail Improvements & Safety Study	TDOT IMPROVE Act Grant for Rail Improvements & Safety Study	N/A	GG-21-68721	-	782,781
TDOT IMPROVE Act Grant for Four Trolleys	TDOT IMPROVE Act Grant for Four Trolleys	N/A	GG-Z-22-IMPV-02	-	6,372
TDEC Grant for Three Electric Buses and Charging Station	TDEC Grant for Three Electric Buses and Charging Station	N/A	64808	-	2,112,750
Department of Military - Tennessee Emergency Management Agency - Department of Homeland Security	Department of Military - Tennessee Emergency Management Agency - Department of Homeland Security	N/A	55740-25366	-	-
				-	9,750,671
TOTAL STATE GOVERNMENT AWARDS				-	11,753,657
TOTAL FEDERAL AND STATE GOVERNMENT AWARDS				$ 16,586,034	$ 28,339,691

NOTE: MATA elected to not use the 10% de minimus indirect cost rate.

MEMPHIS AREA TRANSIT AUTHORITY
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2023

Note 1 - Basis of Presentation and Accounting

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of MATA and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

In compliance with Tennessee state law, the accompanying schedule of expenditures of state financial assistance is included in this report. The schedule presents all state funded financial awards, as defined by the State Comptroller of the Treasury's Office, and is prepared and presented in a manner consistent with the schedule of expenditures of federal awards.

The expenditures presented in the associated schedule of expenditures of federal awards and state financial assistance were developed from agency records and federal and state financial reports which have been reconciled to the central accounting records of MATA.

MATA has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2 - Contingencies

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

BANKS, FINLEY,
WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners
Memphis Area Transit Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*s issued by the Comptroller General of the United States, the financial statements of Memphis Area Transit Authority ("MATA"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise MATA's basic financial statements, as listed in the table of contents and have issued our report thereon dated December 31, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered MATA'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 MATA's internal control. Accordingly, we do not express an opinion on the effectiveness of MATA'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.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MATA'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 MATA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Banks, Finley, White & Co.

Memphis, Tennessee
December 31, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
Memphis Area Transit Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Memphis Area Transit Authority's ("MATA") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of MATA's major federal programs for the year ended June 30, 2023. MATA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding MATA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of MATA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of MATA's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

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

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

Banks, Finley, White & CO

Memphis, Tennessee
December 31, 2023

MEMPHIS AREA TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1.	The auditor's report issued on the basic financial statements.	Unmodified
2.	Material noncompliance relating to the financial statements.	None reported
3.	Internal Control Over Financial Reporting:	
	a. Material weaknesses identified?	No
	b. Significant deficiencies identified that are not considered to be material weaknesses?	None noted

Federal Awards:

4.	Type of auditor's report issued on the basic financial statements.	Unmodified
5.	Internal Control Over Major Federal Programs:	
	a. Material weaknesses identified?	None reported
	b. Significant deficiencies identified that are not considered to be material weaknesses?	None reported
6.	Any audit findings reported as required by the Uniform Guidance?	No

7. The programs tested as a major program were:

   ALN 20.507- Federal Transit Formula Grants
   ALN 20.525- Federal Transit Formula Grants
   State Contract GG-21-68721 TDOT Improve Act Grant for Rail Improvements and Safety Study
   State Contract 64808- TDEC Grant for Three Electric Buses
   State Contract A-22-UROP-12 TDOT Operating Assistance

8. The threshold for distinguishing Type A and B programs was $750,000.

9. MATA was determined to be a low risk auditee.

MEMPHIS AREA TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023
(Continued)

II. FINDINGS - FINANCIAL STATEMENT AUDIT

No matters are reportable.

III. FINDINGS - MAJOR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS SECTION

No matters are reportable.