METROPOLITAN TRANSIT AUTHORITY
NASHVILLE, TENNESSEE

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

JUNE 30, 2023 AND 2022

METROPOLITAN TRANSIT AUTHORITY

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METROPOLITAN TRANSIT AUTHORITY

INTRODUCTION

The Nashville Metropolitan Transit Authority ("MTA") is pleased to present its Annual Financial Report for the years ended June 30, 2023 and 2022.

Responsibility and Controls

MTA has prepared and is responsible for the financial statements and related information included in this report. A system of internal accounting controls is maintained to provide reasonable assurance that assets are safeguarded and that the books and records reflect only authorized transactions. Limitations exist in any system of internal controls. However, based on recognition that the cost of the system should not exceed its benefits, management believes its system of internal accounting controls maintains an appropriate cost/benefit relationship.

MTA's system of internal accounting controls is evaluated on an ongoing basis by MTA's internal financial staff. Crosslin, PLLC, our external auditors, also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

Management believes that its policies and procedures provide guidance and reasonable assurance that MTA's operations are conducted according to management's intentions and to a high standard of business ethics. In management's opinion, the financial statements present fairly, in all material respects, the financial position of MTA as of June 30, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Audit Assurance

The unmodified opinion of our independent external auditors, Crosslin, PLLC, is included in this report.

METROPOLITAN TRANSIT AUTHORITY
JUNE 30, 2023

BOARD OF DIRECTORS

Gail Carr Williams	Chair
Janet Miller	Vice Chair
Jessica Dauphin	Member
Walter Searcy	Member

EXECUTIVE STAFF

Stephen G. Bland	Chief Executive Officer
Vince Malone	Chief of Staff and Administration
Edward W. Oliphant	Chief Financial Officer
Andy Burke	Chief Operating Officer
Nick Oldham	Chief Safety and Security Officer
Renuka Christoph	Chief Communications Officer

CROSSLIN
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Metropolitan Transit Authority
Nashville, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Metropolitan Transit Authority ("MTA") as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise MTA's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 MTA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MTA'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 MTA'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 MTA'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 audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension plan and other postemployment benefits schedules as listed in the table of contents 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 an opinion on the financial statements that collectively comprise MTA's basic financial statements. The introductory section, the schedule of fiduciary net position, the schedule of changes in fiduciary net position, the schedule of changes in long-term debt by individual issue, the schedule of changes in lease obligations, and the schedule of lease requirements by year as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance as listed in the table of contents is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Tennessee, and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 fiduciary net position, the schedule of changes in fiduciary net position, the schedule of changes in long-term debt by individual issue, the schedule of changes in lease obligations, the schedule of lease requirements by year, and 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 basic financial statements. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion 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 October 31, 2023, on our consideration of MTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MTA's internal control over financial reporting and compliance.

Crosslin, PLLC

Nashville, Tennessee
October 31, 2023

This section of the MTA's annual financial report presents our discussion and analysis of financial performance during the fiscal years ended June 30, 2023 and 2022 as compared to fiscal years 2022 and 2021, respectively. Please read it in conjunction with the introductory section of this report and the MTA's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Fiscal Year 2023

- With the passing of the CARES Act in March 2020, the agency was awarded approximately $55.1 million, which represented 100% federal dollars with the goal of keeping the agency whole or no worse off than when they entered the pandemic. The agency also received an additional $46.2 million from the American Rescue Plan ("ARP") relief package which also represents 100% federal dollars that should be used primarily for operating expenses. The agency programed the ARP dollars to be used in the last fiscal year and the current fiscal year to replace preventive maintenance dollars that would have normally come from conversion of federal 5307 capital dollars historically used in the operating budget to cover preventive maintenance expenses. The federal 5307 grant dollars that would have been converted to operating were used on other much needed capital projects in fiscal year 2023. We have the CARES dollars programmed for some COVID related capital projects as well as for operating expenses through fiscal year 2024.

- Operating revenues for 2023 increased 12.5% from 2022 and totaled approximately $10.7 million for fiscal year 2023 compared to $9.5 million in 2022. The major contributing factor to the increase was the continuing gradual increase in our average ridership ultimately reaching approximately 90% of pre-pandemic levels for the year as a whole with some of our individual major corridor routes exceeding pre-pandemic levels.

- Operating expenses increased approximately $36.8 million, or 37.6%, to $134.7 million in fiscal year 2023. This compared to total operating expenses of $97.9 million in fiscal year 2022. The major contributing factor to the increase was due to last year's operating expenses being unusually low as a result of significant reductions in other post-employment health benefits (OPEB) and pension costs based upon actuarial determinations. Both OPEB and Pension expenses were relatively static in the current year.

- Net non-operating revenue and capital contributions increased 44.5%, or $41.6 million, to approximately $135.0 million in fiscal year 2023 from $93.4 million for fiscal year 2022. The primary reason for the increase was a $31.7 million increase in capital contributions utilized in fiscal year 2023 compared to 2022 as well a $9.8 million increase in Metro Government's annual subsidy primarily for inflation and new service implementation. While both fiscal years included grant funding for capital purchases for additional vehicles, equipment and improvements, the current year capital purchase activity increased approximately 90.8% compared to prior year primarily as a result of the agency finally beginning to receive new replacement vehicles that saw significant delays in delivery over the last two years due to the supply chain crisis.

Fiscal Year 2022

- The coronavirus pandemic continued to have a negative impact on the agency as it relates to ridership and consequently fare revenues. At the height of the pandemic, we saw ridership drop to approximately 35% of normal levels and, currently, we have recovered back to approximately 80% of pre-pandemic ridership levels. We have continued our enhanced cleaning protocols that were put in place to ensure the safety of our employees and customers and those practices have been made permanent. At the beginning of the fiscal year, we were operating at reduced service levels running at approximately 90% of regular service levels and returned to full service in October 2021. We also continue to utilize CARES Act funding to cover operating expenses not covered with fares and other federal, State, and local funding when necessary.

- With the passing of the CARES Act in March 2020, the agency was awarded approximately $55.1 million, which represented 100% federal dollars with the goal of keeping the agency whole or no worse off than when they entered the pandemic. The agency also received an additional $46.2 million from the American Rescue Plan ("ARP") relief package which also represents 100% federal dollars that should be used primarily for operating expenses. The agency has programed the ARP dollars to be used in the current fiscal year and next fiscal year to replace preventive maintenance dollars that would have normally come from conversion of federal 5307 capital dollars historically used in the operating budget to cover preventive maintenance expenses. The federal 5307 grant dollars that would have been converted to operating will be used on other much needed capital projects in fiscal year 2023. We have the CARES dollars programmed for some COVID related capital projects as well as for operating expenses through at least fiscal year 2024.

- Operating revenue for 2022 increased 46.4% from 2021 and totaled approximately $9.5 million for fiscal year 2022 compared to $6.5 million in 2021. The major contributing factor to the increase was the gradual increase in our average ridership ultimately reaching approximately 80% of pre-pandemic levels for the year.

- Operating expenses decreased approximately $20.8 million, or 17.5%, to $97.9 million in fiscal year 2022. This compared to total operating expenses of $118.7 million in fiscal year 2021. The major contributing factor to the decrease involved reductions in other post-employment health benefits and pension costs based upon actuarial determinations.

- Net non-operating revenue and capital contributions decreased 11.1%, or $11.6 million, to approximately $93.4 million for fiscal year 2022. The primary reason for the decrease was a decrease in capital contributions utilized in fiscal year 2022 compared to 2021. While both fiscal years included grant funding for capital purchases for additional vehicles, equipment and improvements, the current year capital purchase activity decreased approximately 61.4% compared to prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of five parts: the introductory section, management's discussion and analysis (this section), the basic financial statements and the notes to the financial statements, required supplementary information, and additional information.

The financial statements provide both long-term and short-term information about MTA'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 required supplementary information that further explains and supports the information in the financial statements. The section of additional information includes schedules of federal, state and local awards and the notes thereto.

The financial statements include MTA's blended component unit, Davidson Transit Organization ("DTO"). DTO is a section 501(c)(3) not-for-profit organization that was formed for the purpose of providing all the necessary labor for the operation of MTA's transit system because of state laws. DTO is financially dependent on MTA and is reimbursed by MTA, at cost, for all salaries, wages and fringe benefits. According to generally accepted accounting principles, DTO is a blended component unit for financial reporting purposes. All interagency transactions and balances have been eliminated.

MTA's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). 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. MTA is a business-type entity and, as such, the basic financial statements consist of three statements and notes to the basic financial statements. The three basic statements are: (a) Statements of Net Position, which presents the assets, liabilities, deferred inflows and outflows of resources, and net position of MTA as of the end of the fiscal period; (b) Statement of Revenues, Expenses, and Changes in Net Position, which reflects revenues and expenses recognized during the fiscal period; and (c) Statement of Cash Flows, which provides information on all the cash inflows and outflows for MTA by major category during the fiscal period. MTA, through DTO, also includes Fiduciary Funds to account for pension and other postemployment benefit trust funds.

FINANCIAL ANALYSIS OF MTA

Net Position

Fiscal year 2023 as compared to fiscal year 2022:

MTA's net position at June 30, 2023 totaled approximately $84.5 million, a 14.9% increase compared to June 30, 2022 (See Table A-1). Total assets and deferred outflows of resources increased 11.0% to approximately $228.5 million and total liabilities and deferred inflows of resources increased 8.8% to approximately $144.0 million.

Table A-1
Metropolitan Transit Authority's Net Position
(in thousands of dollars)

	2023	2022	Percentage Change 2023-2022
Current assets	$ 19,774	$ 11,718	68.7%
Restricted cash	-	382	(100.0%)
Capital assets and right-of-use assets, net	175,156	158,816	10.3%
Designated assets held for self-insurance	350	350	-
Deferred outflows of resources	33,189	34,548	(3.9%)
Total assets and deferred outflows of resources	**228,469**	**205,814**	**11.0%**
Current liabilities	19,507	10,990	77.5%
Advance lease receipts	5,607	6,197	(9.5%)
Right of use lease liability	7,050	7,050	-
Net pension liability	15,627	4,207	271.5%
Net other postemployment benefits	78,179	79,109	(1.2%)
Deferred inflows of resources	17,981	24,716	(27.3%)
Total liabilities and deferred inflows of resources	**143,951**	**132,269**	**8.8%**
Net position:			
Net investment in capital assets	160,102	144,821	10.6%
Restricted	-	382	(100,0%)
Unrestricted	(75,584)	(71,658)	5.5%
Total net position	**$ 84,518**	**$ 73,545**	**14.9%**

The 11.0% increase in total assets and deferred outflow of resources was primarily due increases in property and equipment because of incurring depreciation expense of approximately $22.2 million during the year with asset additions of approximately $38.8 million. There were also increases in cash in hand of approximately $1.0 million, increases in grant receivables of approximately $7.9 million and an increase in materials and supplies of approximately $0.4 million. These increases were partially offset by decreases in restricted cash, accounts receivables and prepaid insurance. One additional offsetting decrease was in deferred outflows related to pensions and other post-employment benefits of approximately $1.4 million.

In June 2017, the GASB issued Statement No. 87, *Leases*. Under the guidance, lessees are required to recognize lease assets (right-of-use) and lease liabilities on the statements of net position, unless the lease is a short-term lease or it transfers ownership of the underlying asset. A lessee should reduce the lease liability over the lease term as payments are made and recognize an expense for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the lease asset. The land lease related to MTA's North Nashville transit center project is subject to this new statement. The statement is effective for fiscal years beginning after June 15, 2021. See Notes D and E of the financial statements for a more detailed schedule about MTA's right-of-use lease asset and liability.

The changes in cash, federal, and state and local grant receivables, accounts receivable, materials and supplies and prepaid expenses were primarily due to timing differences when compared to the prior year. The change in restricted cash mainly relates to insurance proceeds received in the prior year from a bus totaled due to damage sustained from an engine fire that was expended for new replacement buses purchased in fiscal year 2023. See the Capital Assets section of this analysis for the explanation for the increase in Property and Equipment.

These financial statements also include the required accounting and financial reporting under GASB Statement No. 68 related to the accounting and financial reporting of pension plan liabilities as well as Statement No. 75 related to the accounting and financial reporting for other non-pension postemployment benefits ("OPEB"). Since MTA guarantees the pension obligations and payments of the pension plan in place for DTO and the Amalgamated Transit Union, the impact of GASB statement No. 68 is reflected in the current financial statements. The deferred outflows related to our pension plan represents employer pension contributions made during each fiscal year as well as certain differences between expected and actual results of the pension plan. This item is required to be recorded based upon the implementation of GASB Statement No. 68. See Note K in the notes to the financial statements. Deferred outflows were also slightly impacted by the effects of GASB Statement No. 75 as it relates to estimated healthcare payments to be made in the future to employees who are or eventually will be retired with the company. Two factors resulted in a decrease of approximately $0.9 million in the estimated obligations related to non-pension estimated expenses as calculated by an actuary. The first factor was an increase in the discount rate that is required to be used from 4.09% to 4.13%, which has an inverse relationship on the estimated future value of money causing a decrease in our OPEB liability and consequently, a decrease in estimated net OPEB liability. The other factor causing the decrease was the ongoing impact resulting from the change of rules implemented in 2015 that requires employees to attain 20 years of service to receive health benefits in retirement. This item is required to be recorded based upon the implementation of GASB Statement No. 75. See Note L in the notes to the financial statements.

The 8.8% increase in total liabilities and deferred inflows of resources was primarily due to having a $7 million short-term note payable compared to no note balance in the prior year. This short-term note payable was due to the timing of certain grant funding not yet received by year-end. The note was paid down in July 2023 as soon as grant funding was received. There were also increases in other current liabilities of $1.5 million. These increases were partially offset by decreases in advance lease receipts of approximately $0.6 million and deferred inflows of $6.7 million which is recorded based upon the requirements of GASB No. 75 as previously explained above.

The increase in other current liabilities was due primarily to timing differences compared to the prior year. The decrease in advance lease receipts represents the continued amortization of capital received from the State of Tennessee in 2008 as it relates to contributions made to construct WeGo Central and cash received from Metropolitan Government in 2010 related to the purchase of our Myatt property after the flood in 2010. Both arrangements require MTA to provide certain facilities for a specified period in exchange for the advance receipts. See Note J in the notes to the financial statements. Net pension liability represents the actuarially determined net pension liability using the discounted rate of return of 7.25%, which is the assumed long-term rate of return on the pension plan assets. Net other postemployment benefits, which decreased approximately $0.9 million, are recorded based upon the requirements of GASB No. 75 as previously explained above.

Fiscal year 2022 as compared to fiscal year 2021:

MTA's net position at June 30, 2022 totaled approximately $73.5 million, a 7.3% increase compared to June 30, 2021 as restated (See Table A-2). Total assets and deferred outflows of resources decreased 5.6% to approximately $205.8 million and total liabilities and deferred inflows of resources decreased 11.5% to approximately $132.3 million.

Table A-2
Metropolitan Transit Authority's Net Position
(in thousands of dollars)

	2022	2021 (1)	Percentage Change 2022-2021
Current assets	$ 11,718	$ 14,674	(20.1%)
Restricted cash	382	-	100.0%
Capital assets and right-of-use assets, net	158,816	174,029	(8.7%)
Designated assets held for self-insurance	350	350	-
Deferred outflows of resources	34,548	29,002	19.1%
Total assets and deferred outflows of resources	**205,814**	**218,055**	**(5.6%)**
Current liabilities	10,990	12,761	(13.9%)
Advance lease receipts	6,197	6,787	(8.7%)
Right of use lease liability	7,050	7,050	-
Net pension liability	4,207	16,130	(73.9%)
Net other postemployment benefits	79,109	103,169	(23.3%)
Deferred inflows of resources	24,716	3,625	581.6%
Total liabilities and deferred inflows of resources	**132,269**	**149,522**	**(11.5%)**
Net position:			
Net investment in capital assets	144,821	159,615	(9.2%)
Restricted	382	-	100,0%
Unrestricted	(71,658)	(91,082)	(21.2%)
Total net position	**$ 73,545**	**$ 68,533**	**7.3%**

(1) As restated for GASB Statement No. 87.

The 5.6% decrease in total assets and deferred outflow of resources was primarily due decreases in property and equipment because of incurring depreciation expense of approximately $24.3 million during the year with asset additions of approximately $9.5 million. There were also decreases in cash in hand of approximately $1.5 million and decreases in grant receivables of approximately $2.7 million. These decreases were partially offset by increases in restricted cash, accounts receivables, materials and supplies and prepaid insurance. On additional offsetting increase was in deferred outflows related to pensions and other post-employment benefits of approximately $5.5 million.

In June 2017, the GASB issued Statement No. 87, *Leases*. Under the guidance, lessees are required to recognize lease assets (right-of-use) and lease liabilities on the statements of net position, unless the lease is a short-term lease or it transfers ownership of the underlying asset. A lessee should reduce the lease liability over the lease term as payments are made and recognize an expense for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the lease asset. The land lease related to MTA's North Nashville transit center project is subject to this new statement. The statement is effective for fiscal years beginning after June 15, 2021 and have been applied retrospectively. See Note E of the financial statements for a more detailed schedule about MTA's right-of-use lease asset and liability.

The changes in cash, federal, and state and local grant receivables, accounts receivable, materials and supplies and prepaid expenses were primarily due to timing differences when compared to the prior year. The change in restricted cash mainly relates to insurance proceeds received from a bus totaled due to damage sustained from an engine fire. See the Capital Assets section of this analysis for the explanation for the decrease in Property and Equipment.

These financial statements also include the required accounting and financial reporting under GASB Statement No. 68 related to the accounting and financial reporting of pension plan liabilities as well as Statement No. 75 related to the accounting and financial reporting for other non-pension postemployment benefits ("OPEB"). Since MTA guarantees the pension obligations and payments of the pension plan in place for DTO and the Amalgamated Transit Union, the impact of GASB statement No. 68 is reflected in the current financial statements. The deferred outflows related to our pension plan represents employer pension contributions made during each fiscal year as well as certain differences between expected and actual results of the pension plan. This item is required to be recorded based upon the implementation of GASB Statement No. 68. See Note K in the notes to the financial statements. Deferred outflows were also impacted by the effects of GASB Statement No. 75 as it relates to estimated healthcare payments to be made in the future to employees who are or eventually will be retired with the company. Two factors resulted in a significant decrease of approximately $24.1 million in the estimated obligations related to non-pension estimated expenses as calculated by an actuary. The first factor was a significant increase in the discount rate that is required to be used from 2.8% to 4.09%, which has an inverse relationship on the estimated future value of money causing a decrease in our OPEB liability and consequently, an increase in estimated future inflows and outflows. The other factor causing the decrease was the ongoing impact resulting from the change of rules implemented in 2015 that requires employees to attain 20 years of service in order to receive health benefits in retirement. This item is required to be recorded based upon the implementation of GASB Statement No. 75. See Note L in the notes to the financial statements.

The 11.5% decrease in total liabilities and deferred inflows of resources was primarily due to a $24.1 million, or 23.3%, decrease in estimated other postemployment benefits obligations previously explained above and a $11.9 million, or 73.9%, decrease related to our net pension liability primarily as a result of significant increases in pension plan assets from market performance. There were also decreases in current liabilities of $1.8 million and advanced lease receipts of $0.6 million. These decreases were partially offset by increases in deferred inflows of $21.1 million, or 581.8%, which is recorded based upon the requirements of GASB No. 75 as previously explained above.

The decrease in current liabilities was due primarily to timing differences compared to the prior year. The decrease in advance lease receipts represents the continued amortization of capital received from the State of Tennessee in 2008 as it relates to contributions made to construct WeGo Central and cash received from Metropolitan Government in 2010 related to the purchase of our Myatt property after the flood in 2010. Both arrangements require MTA to provide certain facilities for a specified period in exchange for the advance receipts. See Note K in the notes to the financial statements. Net pension liability represents the actuarially determined net pension liability using the discounted rate of return of 7.25%, which is the assumed long-term rate of return on the pension plan assets. Net other postemployment benefits, which decreased approximately $24.1 million, are recorded based upon the requirements of GASB No. 75 as previously explained above.

Revenues, Expenses, and Changes in Net Position

While the Statements of Net Position show the financial position of MTA at year-end, the Statements of Revenues, Expenses, and Changes in Net Position provide answers to the nature and source of the changes in MTA's financial position.

Fiscal year 2023 as compared to fiscal year 2022:

The excess of revenue and capital contributions over expenses for the year ended June 30, 2023 was approximately $11.0 million compared to approximately $5.0 million for the year ended June 30, 2022 (See Table A-3). MTA's total operating revenues increased $1.2 million to approximately $10.7 million, or 12.5%, from approximately $9.5 million in the prior fiscal year. Total operating expense, including depreciation and amortization, increased 37.6% to approximately $134.7 million from approximately $97.9 million in the prior fiscal year.

Table A-3
Changes in Metropolitan Transit Authority's Net Position
(in thousands of dollars)

Operating revenue:	**2023**	**2022**	**Percentage Change 2023-2022**
Passenger fares	$ 6,878	$ 5,756	19.5%
Contracts and other revenue	3,866	3,792	2.0%
Total operating revenue	**10,744**	**9,548**	**12.5%**
Operating expense:			
Operating expense	112,549	73,538	53.1%
Depreciation and amortization	22,187	24,372	(9.0%)
Total operating expense	**134,736**	**97,910**	**37.6%**
Operating loss	(123,992)	(88,362)	40.3%
Net non-operating revenue and capital contributions	134,965	93,374	44.5%
Increase (decrease) in net position	**10,973**	**5,012**	118.9%
Total net position, beginning of year	73,545	68,533	7.3%
Total net position, end of year	**$ 84,518**	**$ 73,545**	**14.9%**

The 12.5% overall increase in operating revenue was primarily due to continued gradual recovery in ridership that was experienced during the fiscal year as we continue to emerge from the pandemic. Additionally, contract revenues also increased as the Regional Transportation Authority ("RTA") also saw some recovery in ridership resulting in additional contract service compared to the prior year being provided to RTA during this fiscal year. Net non-operating revenue and capital contributions increased 44.5%, or $41.6 million, to approximately $135.0 million for fiscal year 2023.

The primary reason for the increase was an increase in eligible capital grant contributions being utilized this year compared to the prior year. One of the reasons for the increase related to scheduled replacement vehicles for both bus and paratransit services finally being added to our fleet after significant delays over the last two years due to the on-going supply chain and delivery issues being experienced across the nation. See the discussion of capital additions later in this discussion and analysis section.

Table A-4
Metropolitan Transit Authority's Operating Expense
(in thousands of dollars)

Bus:	**2023**	**2022**	**Percentage Change 2023-2022**
Labor and fringes	$ 74,445	$ 43,530	71.0%
Purchased services	8,158	7,290	11.9%
Materials and supplies	12,742	8,520	49.6%
Other	4,913	4,552	7.9%
Depreciation	22,186	24,372	(9.0%)
Elderly and disabled	12,045	9,398	28.2%
Planning	247	248	(0.4%)
Total operating expense	$ **134,736**	$ **97,910**	**37.6%**

Labor and fringe expenses increased approximately $30.9 million, or 71.0%, compared to the prior year. The primary reason for the increase related to two significant adjustments that occurred last year involving OPEB and pension expense. In fiscal year 2022, OPEB expenses decreased approximately $26.6 million compared to the prior year due to a decrease in our OPEB liability as calculated by actuaries. Our pension expenses also saw a decrease of approximately $3.6 million as a result of the pension plan assets performing well in the market during fiscal year 2022 based upon actuarial calculations. Actual labor expenses saw a modest increase resulting from a 4% increase in wages related to our bus operators and maintenance employees covered under our collective bargaining agreement as well as wage increases for our administrative employees. Another factor contributing to the wage increase related to increased training costs associated with new operators being hired for new services implemented during fiscal year 2023.

The 11.9% increase in purchased services was primarily the result of an increase in operating contracts due to contractual increases as well as increases from operating a full year of services after returning to full service in October 2021.

The 49.6% increase in materials and supplies was primarily due to higher fuel costs culminating from higher costs per gallon and less favorable fuel hedging contracts compared to the prior year. The agency hedges approximately 80% of its total fuel consumption and hedge contracts in the prior year locked in diesel cost at $1.23 per gallon and gasoline at $0.98 per gallon due to the impact of the pandemic on world fuel supplies for last year's contracts. The hedge contracts in the current year for diesel and gasoline were $2.85 and $2.65, respectively, which was more in line with historical averages. There was also an increase in bus and van parts usage to maintain an older bus and van fleet. Supply chain issues have delayed delivery of new replacement vehicles particularly on the paratransit van side of the business.

Other expenses increased approximately $360,000, or 7.9%, primarily from increased liability insurance expenses related to several accidents sustained during the year as well as a small uptick in utilities and travel and training expenses.

The 9.0% decrease in depreciation and amortization expense is primarily due to more of our bus and paratransit fleet reaching full depreciation in the prior year and throughout the current fiscal year. This decrease was partially offset by the addition of some replacement vehicles during the fiscal year. See the discussion of capital assets later in this discussion and analysis section as well as Note D in the notes to the financial statements.

Elderly and Disabled expense increased approximately $2.6 million, or 28.2%, primarily as a result of increased ridership with our in-house paratransit services as we continue to add new operators and return to more normal service levels. Paratransit overflow services also increased as a result of more demand and a significant amount of money was spent with our third-party overflow contract services compared to the prior year.

Fiscal year 2022 as compared to fiscal year 2021:

The excess of revenue and capital contributions over expenses for the year ended June 30, 2022 was approximately $5.0 million compared to an excess of expense over revenue and capital contributions of approximately $7.2 million for the year ended June 30, 2021 (See Table A-5). MTA's total operating revenues increased $3.0 million to approximately $9.5 million, or 46.4%, from approximately $6.5 million in the prior fiscal year. Total operating expense, including depreciation and amortization, decreased 17.5% to approximately $97.9 million from approximately $118.7 million in the prior fiscal year.

Table A-5
Changes in Metropolitan Transit Authority's Net Position
(in thousands of dollars)

Operating revenue:	**2022**	**2021 (1)**	**Percentage Change 2022-2021**
Passenger fares	$ 5,756	$ 3,740	53.9%
Contracts and other revenue	3,792	2,784	36.2%
Total operating revenue	**9,548**	**6,524**	**46.4%**
Operating expense:			
Operating expense	73,538	96,999	(24.2%)
Depreciation and amortization	24,372	21,700	12.3%
Total operating expense	**97,910**	**118,699**	**(17.5%)**
Operating loss	(88,362)	(112,175)	(21.2%)
Net non-operating revenue and capital contributions	93,374	105,003	(11.1%)
Increase (decrease) in net position	**5,012**	**(7,172)**	169.9%
Total net position, beginning of year	68,533	75,705	(9.5%)
Total net position, end of year	**$ 73,545**	**$ 68,533**	**7.3%**

(1) As restated for GASB Statement No. 87.

The 46.4% overall increase in operating revenue was primarily due to gradual recovery in ridership that was experienced during the fiscal year as we continue to emerge from the pandemic. Prior year ridership losses were as high as 65% off pre-pandemic ridership numbers. For the current year, ridership has seen significant recovery to approximately 80% of pre-pandemic ridership numbers. Additionally, contract revenues also increased as the Regional Transportation Authority ("RTA") also saw some recovery in ridership resulting in additional contract service compared to the prior year being provided to RTA during this fiscal year. Net non-operating revenue and capital contributions decreased 11.1%, or $11.6 million, to approximately $93.4 million for fiscal year 2022.

The primary reason for the decrease was a decrease in eligible capital grant contributions being utilized this year compared to the prior year. One of the reasons for the decrease related to no scheduled replacement vehicles being added due to the on-going supply chain and delivery issues being experienced across the nation. Based upon our fleet replacement schedule and outstanding orders, we should have received 25 WeGo access vans during 2022. We now anticipate to possibly receive them in fiscal year 2023. While WeGo did successfully open its Hillsboro neighborhood transit center in March 2022, most of capital grant expenditures related to the project were incurred prior to the current fiscal year. See the discussion of capital additions later in this discussion and analysis section.

Table A-6
Metropolitan Transit Authority's Operating Expense
(in thousands of dollars)

Bus:	**2022**	**2021 (1)**	**Percentage Change 2022-2021**
Labor and fringes	$ 43,530	$ 71,177	(38.8%)
Purchased services	7,290	6,508	12.0%
Materials and supplies	8,520	8,069	5.6%
Other	4,552	3,661	24.3%
Depreciation	24,372	21,700	12.3%
Elderly and disabled	9,398	7,340	28.0%
Planning	248	244	1.6%
Total operating expense	$ **97,910**	$ **118,699**	**(17.5%)**

(1) As restated for GASB Statement No. 87.

Labor and fringe expenses decreased approximately $27.6 million, or 38.8%, compared to the prior year. The primary reason for the decrease relates to two significant adjustments involving OPEB and pension expense. OPEB expenses decreased approximately $26.6 million compared to the prior year due to a decrease in our OPEB liability as calculated by actuaries as previously discussed. Our pension expenses saw a decrease of approximately $3.6 million compared to the prior year as a result of the pension plan assets performing well in the market during the fiscal year and covering approximately 94% of our pension liability as of June 30, 2022 based upon actuarial calculations. Actual labor expenses saw a modest increase resulting from a 4% increase in wages related to our bus operators and maintenance employees covered under our collective bargaining agreement. There were also increases in overtime compared to the prior year due to ongoing labor shortages, returning to full bus service in October 2021 and implementing service increases in April 2022.

The 12.0% increase in purchased services was primarily the result of an increase in operating contracts due to contractual increases as well as increases due to returning to full service in October 2021. We also added a new contract at the beginning of the fiscal year surrounding COVID protocols and testing put in place due to the pandemic. There were also additional software maintenance support contracts and increases in internal support service fees from Metropolitan Government related to our new fare collection system implementation. These increases were partially offset by decreases in one service contract associated with transportation services for any citizen of Davidson County needing transportation to COVID testing sites. This service was discontinued before the current fiscal year.

The 5.6% increase in materials and supplies was primarily due to increases in replacement parts and tires compared to the prior year stemming from a return to full service in October 2021 after operating at reduced services for more than a year as a result of the pandemic. These increases were partially offset by more favorable fuel pricing due to lower fuel hedging pricing compared to the prior year.

The 24.3% increase in other expense was primarily due to increased liability insurance expenses related to several accidents sustained during the year including one accident involving the death of a pedestrian. Additionally, there were increased expenses incurred from the adoption of GASB Statement No. 87 related to our North Nashville transit center land lease resulting in new interest expense related to the lease. See Note E.

The 12.3% increase in depreciation and amortization expense is primarily related to capital additions and transfers from work-in-progress of approximately \$11.7 million during fiscal year 2022 including building improvements and the new Hillsboro neighborhood transit center that opened in March 2022. There was also an increase in new amortization expense associated our new land lease resulting from the implementation of GASB Statement No. 87. See the discussion of capital additions later in this discussion and analysis section.

Elderly and Disabled expense increased approximately \$2.1 million, or 28.0%, primarily as a result of increased ridership with our in-house paratransit services as we continue to recover from the pandemic and return to more normal service levels. Paratransit overflow services also increased as a result of more demand and a significant amount of money was spent with our third-party overflow contract services compared to the prior year.

Capital Assets

Fiscal year 2023 as compared to fiscal year 2022:

At the end of fiscal year 2023, MTA had invested approximately \$175.2 million in a broad range of land, buildings, neighborhood transit centers, shelters and benches, revenue vehicles, equipment and ongoing projects as shown in Table A-7.

Table A-7
Metropolitan Transit Authority's Capital Assets
(in thousands of dollars)

	2023	**2022**	**Percentage Change 2023-2022**
Land	$ 14,733	$ 14,733	-
Buildings, shelters and benches	121,285	118,893	2.0%
Revenue vehicles	156,769	136,049	15.2%
Equipment and parts	17,700	16,382	8.1%
Work in progress	10,451	5,655	84.8%
Office furniture and equipment	6,934	6,377	8.7%
Right of use asset – land lease	7,064	7,064	-
Miscellaneous other	35,555	34,620	2.7%
Subtotal	370,491	339,773	9.0%
Less accumulated depreciation	(195,335)	(180,957)	8.0%
Net capital assets	**$ 175,156**	**$ 158,816**	**10.3%**

The increases in net capital assets were primarily due to having $38.8 million in capital additions with only $22.2 million in depreciation being recorded. After an extended delay in delivery, capital additions in the current fiscal year included 14 articulated New Flyer 60-foot replacement buses, 20 Gillig 40-foot replacement buses, 14 replacement vans for WeGo Access services and 8 replacement service vehicles added during the year. We currently have 40 WeGo Access vans on order with the expectation to begin receiving those vehicles during the first half of 2024. See Note M for additional purchase commitments. Some of the $38.8 million in additions also related to our North Nashville Transit Center on Clarksville Pike expected to open in Spring 2024, additional expenditures for the new fare collection system project, shelter upgrades and some facility improvements at all three of our properties at Nestor, WeGo Central and Myatt.

Fiscal year 2022 as compared to fiscal year 2021:

At the end of fiscal year 2022 MTA had invested approximately $151.9 million in a broad range of land, buildings, neighborhood transit centers, shelters and benches, revenue vehicles, equipment and ongoing projects as shown in Table A-8.

Table A-8
Metropolitan Transit Authority's Capital Assets
(in thousands of dollars)

	2022	**2021**	**Percentage Change 2022-2021**
Land	$ 14,733	$ 14,733	-
Buildings, shelters and benches	118,893	110,515	7.6%
Revenue vehicles	136,049	146,036	(6.8%)
Equipment and parts	16,382	14,485	13.1%
Work in progress	5,655	8,729	(35.2%)
Office furniture and equipment	6,377	6,146	3.8%
Right of use asset - land	7,064	7,064	-
Miscellaneous other	34,620	32,668	6.0%

Subtotal	339,773	340,376	(0.2%)
Less accumulated depreciation	(180,957)	(166,347)	8.8%
Net capital assets	**$ 158,816**	**$ 174,029**	**(8.7%)**

The decreases in net capital assets were primarily due to having $24.3 million of depreciation recorded with only $9.5 million in capital additions. While we would normally have had replacement revenue vehicles added during the year, due to the supply chain delays being experienced across the country, there were no replacement vehicles received during the year. We currently have 25 WeGo Access vans on order since 2021. See Note M for additional purchase commitments. Some of the $9.5 million in additions related to our North Nashville Transit Center on Clarksville Pike, additional expenditures for the new fare collection system project, shelter upgrades and installations along our Nolensville Pike corridor and some facility improvements at all three of our properties at Nestor, WeGo Central and Myatt.

Economic Factors and Next Year's Budget

MTA's Board of Directors and management considered many factors when setting the fiscal year 2024 budget. Some of the factors related to the lingering effects that the pandemic has had on MTA's budget. Also, the ability of Metro Government to continue providing the agency's annual subsidy needed to sustain the status quo and the city's ability to fund service improvements. MTA was previously awarded approximately $55.1 million in federal funding through the CARES Act as well as an additional $46.2 million from the American Rescue Plan both of which are programmed to be used up in the fiscal year 2024 budget. Metro was able to increase MTA's annual subsidy for fiscal year 2024 to $74.7 million, which included inflation, the balance of funding for new service partially implemented during fiscal year 2023 plus seed funding for the next round of proposed service increases.

Other factors considered by the Board and management included what the potential was for growth in ridership and the impact that a fare increase might have on ridership versus revenue growth ultimately leaving fares unchanged. Also considered were anticipated capital grant funding for bus and van replacements, continued progress on repainting of existing buses and vans to match our WeGo branding initiative, the impact of reduced advertising on our branded buses and any facility maintenance or rehab needed at our Nestor Street, Myatt Drive and WeGo Central facilities. This will help reduce Nashville MTA exposure to potential asset impairment and will improve operating efficiencies. Consideration was also given to the ongoing supply chain delays in receiving fleet replacement vehicles and the impact that will have on maintenance expenses incurred to maintain an older fleet beyond normal service life.

This financial report is designed to provide our patrons, granting agencies and other interested parties with a general overview of MTA's finances and to demonstrate MTA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Nashville Metropolitan Transit Authority's Finance Department, 430 Myatt Drive, Nashville, TN 37115.

METROPOLITAN TRANSIT AUTHORITY
STATEMENTS OF NET POSITION

	June 30, 2023	June 30, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,770,620	$ 3,784,772
Receivables from federal, state and local governments	9,433,271	1,483,679
Accounts receivable, less allowances of $6,000 in both years	806,279	1,509,507
Materials and supplies, net	3,670,350	3,288,783
Prepaid expenses and other current assets	1,093,689	1,651,572
Total current assets	19,774,209	11,718,313
Restricted funds:		
Cash and cash equivalents	3	381,607
Capital assets and right-of-use assets, net of accumulated depreciation and amortization	175,156,506	158,815,510
Other assets:		
Designated assets - cash and investments held by custodians for self-insurance	350,000	350,000
	350,000	350,000
Total assets	195,280,718	171,265,430
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	9,335,715	4,693,293
Other postemployment benefits	23,852,888	29,855,046
Total deferred outflows of resources	33,188,603	34,548,339
Total assets and deferred outflows of resources	$ 228,469,321	$ 205,813,769

METROPOLITAN TRANSIT AUTHORITY
STATEMENTS OF NET POSITION

	June 30, 2023	June 30, 2022
LIABILITIES		
Current liabilities:		
Accounts payable	$ 4,660,628	$ 3,085,231
Notes payable	7,000,000	-
Accrued expenses:		
Salaries, wages and payroll taxes	1,963,608	1,648,332
Accident losses	381,862	828,256
Compensated absences	1,661,852	1,530,410
Medical benefit claims	1,225,000	1,082,714
Workers' compensation	1,869,412	2,297,743
Other current liabilities	744,274	517,335
Total current liabilities	19,506,636	10,990,021
Non-current liabilities:		
Advance lease receipts	5,607,441	6,197,445
Right of use lease liability	7,049,599	7,049,599
Net pension liability	15,627,464	4,206,838
Net other postemployment benefits obligation	78,178,905	79,108,586
Total non-current liabilities	106,463,409	96,562,468
Total liabilities	125,970,045	107,552,489
DEFERRED INFLOWS OF RESOURCES		
Effective portion of fuel hedge program	55,403	136,166
Pensions	1,610,762	8,665,928
Other postemployment benefits	16,315,212	15,914,496
Total deferred inflows of resources	17,981,377	24,716,590
NET POSITION		
Net investment in capital assets	160,101,512	144,821,125
Restricted for capital purchases	3	381,607
Unrestricted	(75,583,616)	(71,658,042)
Total net position	84,517,899	73,544,690
Total liabilities, deferred inflows of resources, and net position	$ 228,469,321	$ 205,813,769

See accompanying notes to financial statements.

METROPOLITAN TRANSIT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Year Ended June 30,	
	2023	2022
OPERATING REVENUES		
Passenger fares	$ 6,877,945	$ 5,755,863
Contract revenues	2,733,198	2,477,806
Elderly and disabled passengers	628,888	650,765
Advertising	503,602	663,515
Total operating revenues	10,743,633	9,547,949
OPERATING EXPENSES		
Bus:		
Labor and fringe benefits	74,444,726	43,530,338
Purchased services	8,158,129	7,290,255
Materials and supplies	12,741,980	8,520,373
Other	4,913,111	4,552,188
Elderly and disabled passengers	12,044,357	9,397,534
Planning	246,984	247,764
Depreciation and amortization	22,186,551	24,371,644
Total operating expenses	134,735,838	97,910,096
Operating loss	(123,992,205)	(88,362,147)
NON-OPERATING REVENUES (EXPENSE)		
Operating assistance:		
Local	61,610,900	51,835,900
State	5,314,300	5,170,200
Planning and other assistance	1,239,796	1,775,101
Sub-recipient pass-through	(1,235,960)	(1,774,529)
Loss on disposal of property and equipment	(234,383)	(298,624)
Interest expense, net	(264,043)	(280,489)
Other	1,895,193	2,017,631
Total non-operating revenues	68,325,803	58,445,190
DECREASE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	(55,666,402)	(29,916,957)
CAPITAL CONTRIBUTIONS	66,639,611	34,928,879
CHANGE IN NET POSITION	10,973,209	5,011,922
NET POSITION AT BEGINNING OF YEAR	73,544,690	68,532,768
NET POSITION AT END OF YEAR	$ 84,517,899	$ 73,544,690

See accompanying notes to financial statements.

METROPOLITAN TRANSIT AUTHORITY
STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2023	Year Ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 11,446,861	$ 8,785,386
Cash payments to or on behalf of employees	(69,087,822)	(63,846,762)
Cash payments to suppliers	(38,303,140)	(29,608,164)
Net cash used in operating activities	(95,944,101)	(84,669,540)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Planning assistance and other grant collections	1,239,796	1,775,101
State operating grant collections	5,314,300	5,170,200
Local operating grant collections	61,610,900	51,835,900
Net borrowings (repayments) on revolving credit lines	7,000,000	(3,000,000)
Interest payments	(266,228)	(280,520)
Payments to sub-recipients	(1,235,960)	(1,774,529)
Net cash provided by non-capital financing activities	73,662,808	53,726,152
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from disposal of property and equipment	17,794	29,533
Payment of accounts payable for property and equipment	(747,341)	(577,111)
Cash purchases of property and equipment	(36,381,770)	(8,738,904)
Capital contributions and other capital related collections	58,690,019	37,677,976
Net cash provided by capital and related financing activities	21,578,702	28,391,494
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and other income collected	1,306,835	1,427,119
Net cash provided by investing activities	1,306,835	1,427,119
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	604,244	(1,124,775)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,166,379	5,291,154
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,770,623	$ 4,166,379

See accompanying notes to financial statements.

	Year Ended June 30, 2023	Year Ended June 30, 2022
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$ (123,992,205)	$ (88,362,147)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	22,186,551	24,371,644
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable, net	703,228	(762,563)
Materials and supplies, net	(381,567)	(306,319)
Prepaid expenses and other	557,883	(230,701)
Increase (decrease) in:		
Accounts payable	(75,216)	985,863
Accrued salaries, wages, and payroll taxes	315,276	301,655
Accrued accident losses	(446,394)	95,594
Accrued compensated absences	131,442	(550,045)
Accrued medical benefit claims	142,286	(556,412)
Accrued workers compensation	(428,331)	570,767
Accrued other liabilities	146,715	(144,487)
Net other postemployment benefits obligation and related amounts	5,473,193	(17,514,047)
Net pension liability and related amounts	(276,962)	(2,568,342)
Net cash used in operating activities	$ (95,944,101)	$ (84,669,540)
NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Acquisition of property and equipment	$ 38,779,724	$ 9,486,245
Amounts included in accounts payable at year end	(2,397,954)	(747,341)
Total cash paid for property and equipment	$ 36,381,770	$ 8,738,904

The estimated fair value of fuel hedges were ($55,403) and ($136,166) at June 30, 2023 and 2022, respectively, are included in deferred inflows of resources. The changes in the fair values of the fuel hedges totaled ($80,763) and ($356,883) for 2023 and 2022, respectively.

See accompanying notes to financial statements.

METROPOLITAN TRANSIT AUTHORITY
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2023 AND 2022

	2023 Pension and Other Post-Employment Trust Funds	2022 Pension and Other Post-Employment Trust Funds
ASSETS		
Cash and cash equivalents	$ 2,213,415	$ 3,504,870
Investment income receivable	73,404	70,298
Investments, at fair value		
Common stocks	22,408,008	23,823,281
U.S. government obligations	5,703,451	5,272,714
Mortgage backed securities	4,401,989	3,585,193
Corporate bonds	3,037,169	3,574,320
Mutual funds	21,794,371	26,929,007
Interest in limited liability company	1,586,311	1,591,239
Total investments	58,931,299	64,775,754
Total assets	61,218,118	68,350,922
NET POSITION		
Restricted for:		
Pensions	61,218,118	68,350,922
Other postemployment benefits	-	-
Total net position	$ 61,218,118	$ 68,350,922

See accompanying notes to financial statements.

METROPOLITAN TRANSIT AUTHORITY
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023 AND 2022

	2023 Pension and Other Post-Employement Trust Funds	2022 Pension and Other Post-Employement Trust Funds
ADDITIONS		
Contributions:		
Employer	$ 7,766,830	$ 6,842,980
Member	1,824,480	1,742,995
Total contributions	9,591,310	8,585,975
Investment income:		
Net appreciation in fair value of investments	(8,533,694)	13,171,787
Dividend and interest income	1,386,763	1,223,649
Other investment income	148,521	92,647
Less investment expenses	(11,207)	(10,226)
Net investment income	(7,009,617)	14,477,857
Other income	56,800	18,592
Total additions	2,638,493	23,082,424
DEDUCTIONS		
Benefit payments, including refunds of member contributions	9,570,617	8,344,497
Administrative expenses	200,680	260,388
Total deductions	9,771,297	8,604,885
CHANGE IN FIDUCIARY NET POSITION	(7,132,804)	14,477,539
NET POSITION - BEGINNING OF YEAR	68,350,922	53,873,383
NET POSITION - END OF YEAR	$ 61,218,118	$ 68,350,922

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The accompanying financial statements encompass the financial activities of the Metropolitan Transit Authority ("MTA"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee ("Metropolitan Government"). MTA is governed by a Board of Directors, which is appointed by the Mayor of the Metropolitan Government and approved by the Metropolitan Council. The Metropolitan Government is financially accountable for MTA in that the Metropolitan Government provides significant financial support to MTA. MTA is also financially assisted by the U.S. Department of Transportation, Federal Transit Administration ("FTA"), and the Tennessee Department of Transportation ("TDOT").

Services Rendered by Davidson Transit Organization

The financial statements include the accounts and operations of a blended component unit, Davidson Transit Organization ("DTO"), a section 501(c)(3) not-for-profit organization. Although it is legally separate from MTA, DTO was formed for the purpose of providing all the necessary labor for the operation of MTA's transit system. DTO is financially dependent on MTA and is reimbursed by MTA, at cost, for all salaries, wages and fringe benefits. Additionally, MTA appoints the Board of Directors of DTO and MTA's management has operational responsibility for DTO. DTO has no operations outside of MTA. Accordingly, DTO is a blended component unit for financial reporting purposes. All significant interagency transactions and balances have been eliminated. No separate financial statements are issued for DTO (See Note P).

Fiduciary Activities

As defined by the GASB, MTA, through DTO, reports the operations of the pension and other post-employment benefits ("OPEB") trust funds in the fiduciary fund financial statements. The pension and OPEB trust funds provide retirement and health benefits for qualified DTO employees and retired employees. The pension trust funds are in a legally separate entity and the resources of the trust funds cannot be used to finance MTA's operations. The assets of the trust funds are held and administered in trust arrangements, which are governed by a pension administration committee (see Note K). At this time, there are no OPEB trust funds as OPEB is funded by monthly employer contributions, which are made on a pay-as-you-go basis (see Note L).

MTA, through DTO, is committed to making contributions to the pension trust, and therefore, assumes a financial burden for the trust funds and thus has financial accountability. The assets in the pension trust are held for only for DTO employees' benefit.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus and Basis of Accounting

The basic financial statements and fiduciary statements are presented using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the useful lives and valuation of capital assets, the valuation of accounts receivable, pension and other postemployment benefit liabilities, and self-insurance accruals. Actual results could differ from those estimates.

Operating and Non-Operating Revenues and Expenses

MTA distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations. The principal operating revenues of MTA include passenger fares, revenues from contracted services, and advertising. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Significant non-operating revenues relate primarily to operating assistance grants from state and local sources.

Cash Balances and Statements of Cash Flows

For purposes of the statements of cash flows, MTA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Materials and Supplies

Materials and supplies consist primarily of vehicle parts and are stated at cost as determined on the average cost method. At June 30, 2023 and 2022, a valuation allowance of $610,627 and $490,627, respectively, was deemed necessary.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets and Depreciation

Capital assets are stated at cost, except for contributions of property received from governmental agencies, which is recorded at fair value at the time of contribution. Capitalized cost of capital assets includes improvements that significantly add to utility or extend useful lives. MTA maintains an Asset Management Policy, which generally classifies capital assets as tangible items with a purchase price of $1,000 or more. Costs of maintenance and repairs are charged to expense as incurred. Depreciation is calculated on the straight-line method to allocate the cost of the assets over their estimated economic lives (see Note D).

Impairment of Long-Lived Assets

The carrying value of long-lived assets held and used are reviewed whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For purpose of evaluating the recoverability of long-lived assets, the recoverability test is performed using undiscounted net cash flows before consideration of interest expense. Should the sum of the expected future net cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized. The evaluation of asset impairment requires MTA to make assumptions about future cash flows over the life of the asset being evaluated. Assets to be disposed of are reported at the lower of their carrying amount or fair value less costs to sell and are no longer depreciated. No impairment losses were recorded in fiscal years 2023 or 2022.

Leases

In June 2017, the GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for lease that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use ("ROU") an underlying asset.

MTA determines whether an arrangement is or contains a lease at lease inception. On the commencement date, leases are recorded as ROU assets and lease liabilities in the statements of net position. ROU assets represent MTA's right to use leased assets over the term of the lease. Lease liabilities represent MTA's contractual obligation to make lease payments over the lease term.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The lease liability is measured as the present value of the lease payments over the lease term using either the rate implicit in the lease, if it is determinable, or MTA's incremental borrowing rate if the implicit rate is not determinable. ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs and prepayments of rent, less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense, an outflow of resources, is recognized on a straight-line basis over the lease term. MTA has elected not to recognize a ROU asset and lease liability for leases with an initial term of 12 months or less but includes the expense associated with short-term leases in lease expense in the statements of revenues, expenses, and changes in net position.

ROU assets are assessed for impairment in accordance with MTA's capital asset policy. Management reassesses lease classification and remeasures ROU assets and lease liabilities when a lease is modified, and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with GASB No. 87. MTA's leases are described in Note E.

Compensated Absences

Accumulated unpaid vacation is accrued when earned on a calendar year basis. Employees earn ten or more days of vacation each year depending on length of service. Unused vacation time may not be carried forward after the end of the calendar year.

In December each year, an employee who has been employed for the entire previous twelve-month period and has accumulated sick leave is entitled to a cash payment for a portion of his or her accumulated sick leave balance. The employee may request a lump sum payment for a maximum of six days, to be paid at 80% of his or her regular hourly rate.

Sick leave is paid on the basis of straight-time and may not be used to compute overtime pay. Except for retirement, there is no compensation for accrued sick leave when an employee's service is terminated. In the case of retirement, MTA purchases one-half of the retiree's accrued sick leave at the rate of 100% of wages, or the employee may opt for no pay and full credit for pension purposes. The maximum allowable number of days accruable for this benefit is 200.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Self-insurance

MTA is primarily self-insured, up to certain limits, for automobile and general liability, workers' compensation, and employee group health insurance claims. MTA has purchased reinsurance in order to limit its exposure. The reinsurance limits are described in Note G. Operations are charged with the cost of claims reported and an estimate of claims incurred but not reported. Liabilities for unpaid workers' compensation and employee group health insurance claims, including incurred but not reported losses, are actuarially determined and reflected in the accompanying statements of net position as accrued liabilities. Self-insurance losses for automobile and general liabilities are accrued based on MTA's consultation with its risk management service provider and attorneys. The determination of self-insurance claims and expenses, and the appropriateness of the related liability, are continually reviewed and updated by management. Self-insurance claims are described further in Note G.

Operating Assistance Grants

Revenue from government operating assistance grants is recognized as non-operating revenue in the period to which the grant applies.

Capital Contributions

Capital contributions are not recognized until the period a liability for the related expenditure is incurred, at which time such amounts are recognized in the statements of revenues, expenses and changes in net position as a separate line item after non-operating revenues and expenses.

Restricted Assets

Restricted assets consist of cash and cash equivalents which are restricted for specific purposes under grant agreements or as otherwise approved by federal agencies.

When restricted and unrestricted resources are available for use, it is MTA's policy to use restricted resources first, then use unrestricted resources as needed.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. *Deferred outflows of resources* represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. *Deferred inflows of resources* represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MTA reports deferred outflows or deferred inflows relating to its hedge program. MTA's fuel hedges are considered to be derivatives, the effective portion of which is accounted for as deferred inflows/deferred outflows of resources at June 30, 2023 and 2022.

At June 30, 2023 and 2022, MTA also reports deferred outflows and inflows of resources related to both the pension and other postemployment benefit ("OPEB") plans. Deferred outflows of resources relate to pension contributions made after the measurement date as well as deferred outflows and inflows of resources relating to differences between actual and expected experience, differences between projected and actual earnings related to the pension plan investments, and, when applicable, changes in assumptions used in the actuarial valuations (See Notes K and L).

Unearned Revenues and Refundable Grants

MTA's unearned revenues represent lease rentals, received in advance, for certain leases entered into with the State of Tennessee and the Metropolitan Government. The unearned rental income is being recognized in nonoperating income on a straight-line basis over the terms of the related agreements. Unearned revenues for advance lease receipts are included within liabilities in the accompanying statements of net position as such amounts may be returned to the counterparty if the related agreements were to be terminated.

Amounts received from grants in advance of meeting certain eligibility requirements are recorded within liabilities as refundable grants until the eligibility requirements are met (See Note F).

Postemployment Benefits

Postemployment pension benefits are accounted for under Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions, An Amendment of GASB Statement No. 27*, which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, assets, note disclosures, and required supplementary information.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from pension plan's fiduciary net position have been determined on the same basis as they are reported by pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Employer accounting for postemployment healthcare benefits other than pension benefits is under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which establishes standards for the measurement, recognition, and display of postemployment healthcare benefits expense and related liabilities, assets, net disclosure, and required supplementary information.

Net Position

MTA's net position classifications are as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted - This component consists of net position restricted by grantors, contributors, or laws and regulations of other governments and restrictions imposed by law or through constitutional provisions or enabling legislation, reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted - This component consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

B. CASH AND CASH EQUIVALENTS

MTA's deposit policy is governed by the laws of the State of Tennessee. Deposits in financial institutions are required by State statute to be secured and collateralized by such institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount covered by federal depository insurance. MTA's financial institutions participate in the State of Tennessee Bank Collateral Pool. Banks participating in the Collateral Pool determine the aggregate balance of their public fund accounts and the required collateral for MTA.

B. CASH AND CASH EQUIVALENTS - Continued

The amount of collateral required to secure these public deposits must be equal to 105% of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

During fiscal years 2023 and 2022, MTA's deposit balances were fully collateralized by the State of Tennessee Bank Collateral Pool. At June 30, 2023 and 2022, the carrying amount and corresponding bank balances of deposits were as follows:

2023:	Deposits Per Bank	Carrying Amount Per Books
Cash and cash equivalents, including restricted amounts	$14,799,153	$4,770,623

2022:	Deposits Per Bank	Carrying Amount Per Books
Cash and cash equivalents, including restricted amounts	$5,852,626	$4,166,379

The difference between the deposits per bank and the carrying amount of cash per the books is due primarily to checks outstanding at June 30, 2023 and 2022.

C. RECEIVABLES FROM OTHER GOVERNMENTS

Receivables from federal, state, and local governments consist of the following as of June 30:

	2023	2022
Capital related grants:		
FTA	$5,993,927	$ 878,470
TDOT	1,922,864	285,066
Metropolitan Government	1,516,480	320,143
	$9,433,271	$1,483,679

D. CAPITAL ASSETS AND RIGHT OF USE ASSETS

A summary of the changes in capital assets and right of use assets and related accumulated depreciation and amortization for the year ended June 30, 2023, is as follows:

	Estimated Economic Lives In Years	Balance at June 30, 2022	Additions
Capital assets and right of use assets:			
Motor buses	10 - 12	$126,521,788	$24,934,440
Electric buses	12	9,526,938	-
Spare parts	5	274,851	-
Fare equipment	10 - 20	12,495,796	21,115
Service cars	3 - 10	1,466,669	299,137
Shop and garage equipment	10	2,144,664	340,971
Furniture and office equipment	10	1,065,311	-
Computer equipment	5 - 10	5,311,963	-
Miscellaneous equipment	10	34,620,113	128,543
Shelters and benches	10 - 20	14,385,246	1,395,438
Buildings	10 - 40	45,929,208	29,033
Music City Central	7 - 30	55,251,780	164,379
Transit centers	10 - 40	3,326,472	-
Land	-	14,733,025	-
Right to use lease – land	90	7,063,765	-
Construction in-progress (Note M)	-	5,654,721	11,466,671
		339,772,310	38,779,727
Accumulated depreciation and amortization:			
Motor buses		72,205,254	9,259,094
Electric buses		4,733,775	793,912
Spare parts		274,850	-
Fare equipment		4,070,249	2,220,349
Service cars		1,438,548	85,515
Shop and garage equipment		1,849,622	213,724
Furniture and office equipment		947,293	47,906
Computer equipment		4,433,027	487,229
Miscellaneous equipment		17,882,460	3,872,063
Shelters and benches		8,934,639	963,659
Buildings		39,705,514	1,564,410
Music City Central		24,266,352	2,356,015
Transit centers		55,441	221,765
Right to use lease - land		159,776	110,911
		180,956,800	22,186,552
Capital assets and right of use assets, net of accumulated depreciation and amortization		$158,815,510	$16,593,175

Disposals	Reclassifications	Balance at June 30, 2023
$(5,768,500)	$ 1,553,953	$147,241,681
-	-	9,526,938
(274,851)	-	-
-	1,036,965	13,553,876
(31,330)	-	1,734,476
(73,610)	-	2,412,025
(58,463)	-	1,006,848
(65,514)	680,816	5,927,265
(666,749)	1,472,866	35,554,773
-	-	15,780,684
(1,118,250)	150,790	44,990,781
(3,825)	-	55,412,334
-	1,774,394	5,100,866
-	-	14,733,025
-	-	7,063,765
-	(6,669,784)	10,451,608
(8,061,092)	-	370,490,945
(5,516,322)	-	75,948,026
-	-	5,527,687
(274,850)	-	-
-	-	6,290,598
(31,330)	-	1,492,733
(73,608)	-	1,989,738
(58,463)	-	936,736
(65,513)	-	4,854,743
(666,749)	-	21,087,774
-	-	9,898,298
(1,118,253)	-	40,151,671
(3,825)	-	26,618,542
-	-	277,206
-	-	260,687
(7,808,913)	-	195,334,439
$(252,179)	$ -	$175,156,506

D. CAPITAL ASSETS AND RIGHT OF USE ASSETS - Continued

A summary of the changes in capital assets and right of use assets and related accumulated depreciation and amortization for the year ended June 30, 2022, is as follows:

	Estimated Economic Lives In Years	Balance at June 30, 2021	Additions
Capital assets and right of use assets:			
Motor buses	10 - 12	$136,509,527	$ -
Electric buses	12	9,526,938	-
Spare parts	5	281,943	-
Fare equipment	10 - 20	10,591,538	-
Service cars	3 - 10	1,466,669	-
Shop and garage equipment	10	2,144,664	-
Furniture and office equipment	10	1,053,651	11,660
Computer equipment	5 - 10	5,092,055	283,209
Miscellaneous equipment	10	32,668,095	262,064
Shelters and benches	10 - 20	10,268,993	247,400
Buildings	10 - 40	44,994,073	64,592
Music City Central	7 - 30	55,251,780	-
Transit centers	10 – 40	-	-
Land	-	14,733,025	-
Right of use asset – land	90	7,063,765	-
Construction in-progress (Note M)	-	8,729,213	8,617,321
		340,375,929	9,486,246
Accumulated depreciation and amortization:			
Motor buses		71,549,281	10,319,483
Electric buses		3,939,863	793,912
Spare parts		281,942	-
Fare equipment		1,684,938	2,385,311
Service cars		1,374,715	63,833
Shop and garage equipment		1,649,687	199,935
Furniture and office equipment		900,456	46,837
Computer equipment		3,915,085	577,315
Miscellaneous equipment		13,682,122	4,232,071
Shelters and benches		8,239,149	695,490
Buildings		37,167,204	2,538,310
Music City Central		21,903,556	2,362,796
Transit centers		-	55,441
Right of use asset - land		58,865	100,911
		166,346,863	24,371,645
Capital assets and right of use assets, net of accumulated depreciation and amortization		$174,029,066	$(14,885,399)

Disposals	Reclassifications	Balance at June 30, 2022
$(9,987,739)	$ -	$126,521,788
-	-	9,526,938
(7,092)	-	274,851
-	1,904,258	12,495,796
-	-	1,466,669
-	-	2,144,664
-	-	1,065,311
(63,301)	-	5,311,963
(31,733)	1,721,687	34,620,113
-	3,868,853	14,385,246
-	870,543	45,929,208
-	-	55,251,780
-	3,326,472	3,326,472
-	-	14,733,025
-	-	7,063,765
-	(11,691,813)	5,654,721
(10,089,865)	-	339,772,310
(9,663,510)	-	72,205,254
-	-	4,733,775
(7,092)	-	274,850
-	-	4,070,249
-	-	1,438,548
-	-	1,849,622
-	-	947,293
(59,373)	-	4,433,027
(31,733)	-	17,882,460
-	-	8,934,639
-	-	39,705,514
-	-	24,266,352
-	-	55,441
-	-	159,776
(9,761,708)	-	180,956,800
$(328,157)	$ -	$158,815,510

D. CAPITAL ASSETS AND RIGHT OF USE ASSETS - Continued

Construction in progress at June 30, 2023, is attributable to the following (See Note M):

Planning projects	$ 1,463,819
Electric buses and charging stations	1,419,982
Transit centers	3,032,883
Fare technology upgrades	1,599,473
MTA Nestor facilities	1,339,992
Other projects	1,595,459
Total construction in progress	$10,451,608

During fiscal year 2023, the following projects were substantially completed and were transferred to capital assets:

Vehicles	$1,553,953
Transit centers	1,774,394
Fare technology upgrades	1,036,965
Miscellaneous equipment	1,472,866
Other projects	831,606
	$6,669,784

Construction in progress at June 30, 2022, is attributable to the following (See Note M):

Planning projects	$1,027,391
Electric buses and charging stations	527,876
Transit centers	1,755,771
Fare technology upgrades	1,185,933
Other projects	1,157,750
Total construction in progress	$5,654,721

During fiscal year 2022, the following projects were substantially completed and were transferred to capital assets:

Fare technology upgrades	$ 1,904,258
Signal priority project	1,376,218
BRT lines	3,933,160
Transit centers	3,353,480
Other projects	1,124,697
	$11,691,813

E. LEASES

The land located at 2501 and 2521 Clarksville Highway and 2122 26th Avenue North in Nashville, Tennessee is being leased to MTA for a transit facility and related uses. The initial lease term in fifty years with two options to renew the lease for consecutive periods for ten years each. Each renewal option shall be conditioned upon MTA providing the Landlord with written notice of their intent to exercise its option no later than 180 days prior to the expiration of the then current term of the lease. MTA anticipates renewing for both consecutive periods of ten year each. The interest rate on the lease is variable based on the incremental borrowing rate as of June 30 each fiscal year during the term of the lease. In fiscal year 2023, the MTA's incremental borrowing rate was 3.40%.

The components of lease expense for June 30, 2023 is as follows:

	Year Ending June 30, 2023
Lease Expense	
Amortization expense by class of underlying assets	
Land	$100,911
Total amortization expense	100,911
Interest on lease liabilities	244,692
Total	$345,603

E. LEASES - Continued

Annual requirements to amortize long-term obligations and related interest as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total Payments
2024	$ -	$ 170,000	$ 170,000
2025	-	170,000	170,000
2026	-	179,917	179,917
2027	-	187,000	187,000
2028	-	187,000	187,000
2029-2033	-	983,277	983,277
2034-2038	-	1,081,610	1,081,610
2039-2043	-	1,189,803	1,189,803
2044-2048	-	1,308,784	1,308,784
2049-2053	-	1,439,662	1,439,662
2054-2058	-	1,583,628	1,583,628
2059-2063	-	1,741,991	1,741,991
2064-2068	-	1,916,190	1,916,190
2069-2073	303,479	1,804,330	2,107,809
2074-2078	1,270,188	1,048,401	2,318,589
2079-2083	1,757,034	793,414	2,550,448
2084-2088	2,359,140	446,353	2,805,493
2089-2092	1,359,758	58,552	1,418,310
Total future payments	$7,049,599	$16,289,912	$23,339,511

The components of lease expense for June 30, 2022 is as follows:

	Year Ending June 30, 2022
Lease Expense	
Amortization expense by class of underlying assets	
Land	$100,911
Total amortization expense	100,911
Interest on lease liabilities	242,198
Total	$343,109

E. LEASES - Continued

Annual requirements to amortize long-term obligations and related interest as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total Payments
2023	$ -	$ 170,000	$ 170,000
2024	-	170,000	170,000
2025	-	170,000	170,000
2026	-	179,917	179,917
2027	-	187,000	187,000
2028-2032	-	964,589	964,589
2033-2037	-	1,061,028	1,061,028
2038-2042	-	1,167,176	1,167,176
2043-2047	-	1,283,894	1,283,894
2048-2052	-	1,412,283	1,412,283
2053-2057	-	1,553,511	1,553,511
2058-2062	-	1,708,863	1,708,863
2063-2067	-	1,879,749	1,879,749
2068-2072	95,756	1,971,967	2,067,723
2073-2077	1,184,495	1,090,001	2,274,496
2078-2082	1,650,760	851,186	2,501,946
2083-2087	2,228,004	524,136	2,752,140
2088-2092	1,890,584	114,610	2,005,194
Total future payments	$7,049,599	$16,459,910	$23,509,509

F. CAPITAL CONTRIBUTIONS

Capital contributions consist of property, materials and supplies purchased with federal, state and local government capital grants. Unexpended available capital contribution awards totaled approximately $83,576,610 as of June 30, 2023. These grant revenue amounts will be recognized in the financial statements when grant funds are utilized in accordance with the grant agreements.

G. SELF-INSURANCE

Vehicle operation:

MTA is self-insured up to $100,000 for all losses relating to the operation of any revenue vehicle. A provision of $381,862 and $828,256 has been made for all such known losses incurred as of June 30, 2023 and 2022, respectively. Accident losses exceeding $100,000 on any revenue vehicle are covered under an insurance program subject to certain annual and aggregate limits.

Employee medical benefit claims:

MTA is self-insured for employee medical claims. MTA has purchased reinsurance, which provides for reimbursement of paid medical claims in excess of $200,000 per participant per agreement year. The policy also provides certain maximums during the lifetime of a covered participant, and an aggregate maximum for total claims paid per year. The aggregate maximum each year fluctuates based on the number of employees under single or family coverage contracts. The maximum amount that the reinsurance carrier will pay out in a plan year is $1,000,000. Total claims paid in fiscal years 2023 and 2022 did not exceed the aggregate maximum.

As required by a collective bargaining labor agreement, the Davidson Transit Organization Employee Benefit Trust (the "Trust") was established to pay all medical claims for employees. The accrued medical claims and reinsurance amounts are recorded by the Trust. MTA funds the Trust, through DTO, on a break-even basis. At June 30, 2023 and 2022, MTA owed the Trust $1,225,000 and $1,082,714, respectively. Such amounts are included in accrued expenses. Medical claims are paid by the Trust through a third-party administrator, which was Blue Cross Blue Shield of Tennessee.

Changes in the medical claims liability for the years ended June 30, 2023 and 2022 are as follows:

	Balance at Beginning of Year	Net Claims Expenses	Claim Payments	Balance at End of Year
2023	$1,082,714	$17,340,443	$17,198,157	$1,225,000
2022	$1,639,126	$17,048,209	$17,604,621	$1,082,714

G. SELF-INSURANCE - Continued

Workers' compensation:

MTA is self-insured, up to certain limits, for its workers' compensation claims. A provision has been made for all such known claims incurred as of June 30, 2023 and 2022. MTA has purchased reinsurance for workers compensation claims in excess of $500,000 per employee. The maximum available for reinsurance in the contract period is $1,000,000. During 2023 and 2022, MTA's workers' compensation claims did not exceed the maximum. At June 30, 2023 and 2022, provisions of $1,869,412 and $2,297,743, respectively are included in accrued expenses relating to workers' compensation claims.

Self-insurance investments:

MTA has transferred funds to a third-party administrator to serve as collateral for its self-insured workers' compensation bond. The balance of these funds was $350,000 at both June 30, 2023 and 2022.

H. DEBT

In March 2017, MTA entered into an $11,200,000 revolving line-of-credit with Fifth Third Bank, to replace the previously outstanding credit line. In April 2020, the revolving credit line amount was increased to $20,000,000 with a maturity date of March 31, 2021. In June 2021, the maturity date was extended to June 30, 2022 and in June 2022, the maturity date was extended to June 30, 2023. MTA has pledged certain assets under the line-of-credit, including all revenues, accounts receivable, investments, and machinery and equipment. The line-of-credit bore interest at one month LIBOR plus 1.65% (an effective rate of 3.40% at 2022). On June 30, 2022, the maturity date was extended to June 30, 2023 and now bears interest at a per annum rate equal to the prime rate minus 135 basis points (an effective rate of 6.90% at 2023). On June 30, 2023, the line-of-credit was renewed, and the maturity date was extended to June 30, 2024.

H. DEBT - Continued

A summary of the borrowings and repayments under the credit line agreements for the years ended June 30, 2023 and 2022 is as follows:

2023:

	Balance at Beginning of Year	Borrowings	Repayments	Balance at End of Year
Fifth Third Bank	$ -	$9,000,000	$(2,000,000)	$(7,000,000)

2022:

	Balance at Beginning of Year	Borrowings	Repayments	Balance at End of Year
Fifth Third Bank	$3,000,000	$5,000,000	$(8,000,000)	$ -

An event of default under the line-of-credit documents shall occur if (i) any representation or warranty made by MTA under or in connection with the most current line-of-credit amendment shall have been untrue, false, or misleading in any material respect when made or (ii) MTA shall fail to perform or observe any term, covenant, or agreement contained in the most current line-of-credit amendment.

In the event of a default, the principal indebtedness and any other sums advanced under the line-of-credit documents together with all unpaid interest accrued shall become due and payable regardless of the stipulated date of maturity. Should any such event of default occur, interest shall accrue on the outstanding principal balance regardless of whether or not there has been an acceleration of the indebtedness, at the lesser of (i) a rate equal to three percent (3%) per annum in excess of the interest rate or (ii) the maximum rate allowed by applicable law. All such interest shall be paid at the time of and as a condition precedent to the curing of such event of default.

I. FUEL-HEDGING PROGRAM

MTA participates in the Metropolitan Government's fuel hedging program. MTA's objective is to hedge the changes in cash flows due to market price fluctuations related to a portion of expected purchases of diesel fuel. Details of MTA's participation in the fuel-hedging program for the years ended June 30, 2023 and 2022 are as follows:

Monthly Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
33,623 gallons, Diesel	7/1/23	6/30/24	Pay $2.8441 per gallon; Settlement based on HO-NYMEX-FUTURES	A2
12,965 gallons, Gasoline	7/1/23	6/30/24	Pay $2.43101 per gallon; Settlement based on XB-NYMEX-FUTURES	Aa2
12,965 gallons, Gasoline	7/1/23	6/30/24	Pay $2.3297 per gallon; Settlement based on XB-NYMEX-FUTURES	Aa2
33,623 gallons, Gasoline	7/1/23	6/30/24	Pay $2.7838 per gallon; Settlement based on HO-NYMEX-FUTURES	Aa2

The fair value of the fuel hedging instruments was a liability of $55,403 and $136,166 at June 30, 2023 and 2022, respectively. The fair value was estimated based on the present value of the estimated future cash flows. The fuel hedges were determined to be effective hedges based on regression analysis; accordingly, the change in fair value of the hedges is a corresponding outflow of resources.

MTA is exposed to credit risk on hedging derivative instruments that are in asset positions. This represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. MTA relies primarily on the credit rating of the counterparty. MTA is exposed to basis risk on its fuel hedging contracts because the expected commodity purchase being hedged will price based on a pricing point different than the pricing point at which the forward contract is expected to settle (Nymex). As the fuel-hedging program is administered by the Metropolitan Government, the Metropolitan Government or its counterparts may terminate the contracts if the other party fails to perform under the terms of the contracts. If at the time of termination, a hedging derivative instrument is in a liability position, MTA, through the Metropolitan Government, would be liable to the counterparty for a payment equal to the liability.

J. AGREEMENTS WITH THE STATE AND METROPOLITAN GOVERNMENTS

During fiscal year 2008, MTA entered into an agreement to lease certain parking facilities to the State of Tennessee. The term of the lease is approximately 25 years and commenced in October 2008. Under the provisions of the lease agreement, MTA received, in advance, the entire lease rental payments totaling $6,500,000. The advance rental payments have been recorded as unearned revenue in the accompanying statements of net position and will be recognized as revenue over the term of the lease. MTA utilized the upfront cash payments to finance a portion of the construction costs for Music City Central. The remaining balance totaled $2,664,941 and $2,924,945 at June 30, 2023 and 2022, respectively.

During fiscal year 2012, MTA received $6,600,000 from the Metropolitan Government for purchase of the Myatt Drive Facility. In connection with the contribution, the Metropolitan Government will share certain space at the facility. The Metropolitan Government took occupancy of its portion of the facility during fiscal year 2013. Accordingly, the $6,600,000 has been recorded as unearned revenue in the accompanying statements of net position and will be amortized over the term of the agreement, which is expected to be 20 years. The remaining balance totaled $2,942,500 and $3,272,500 at June 30, 2023 and 2022, respectively.

K. PENSION PLAN

General Information About the Pension Plan

Plan Description

MTA offers, through DTO (the "Employer"), the Disability and Retirement Plan of Davidson Transit Organization and Local 1235 of the Amalgamated Transit Union, a single-employer defined benefit pension plan ("Pension Plan") covering substantially all eligible employees of DTO (except part-time employees) and the Amalgamated Transit Union, Local 1235. The Pension Plan provides for retirement and disability benefits to members and their beneficiaries. Specific benefits are established in Articles XII and XIII of the Pension Plan document.

Oversight and administration of the Pension Plan is the responsibility of the Pension Administrative Committee (the "Committee") with administrative support provided by DTO. The Committee consists of four persons; two appointed by the Union and two appointed by the Employer. This Committee has power to make and enforce such reasonable rules and regulations consistent with the provisions of the Pension Plan.

K. PENSION PLAN - Continued

As of the most recent measurement date, June 30, 2022, the Pension Plan covered 267 retirees receiving benefits; 45 terminated vested; and 652 active participants.

The Pension Plan issues a publicly available report that includes the financial statements and certain required supplementary information. That report may be obtained by writing to MTA, 430 Myatt Drive, Madison, Tennessee, 37115, or by calling (615) 862 - 5969.

Benefits Provided

Upon termination of employment, for any reason, an employee with at least seven years of service is entitled to the full pension benefit accrued to the date of termination beginning at normal retirement age. Normal retirement age is the earlier of attainment of age 65, attainment of age 55 with 29 years of service, or when the sum of the employee's years of service and attained age is not less than 84. Early retirement can begin at age 55 with seven years of service and provides reduced benefits.

Retirement benefits are calculated as 1.6% of the average monthly earnings of a member's highest five of the last eight years of salary plus one-half of any accrued sick days, multiplied by the number of years of service at retirement. The normal form of benefit is an annuity payable over the life of the participant with a guaranteed return of the participant's required contribution. Retirees receive a 1.0% cost-of-living adjustment per year, through fiscal year 2023, as contractually agreed upon in the labor union contract between the Employer and the Union.

Disability retirement benefits are provided for members with total and permanent disability after seven years of service. They are payable immediately and determined in the same manner as retirement benefits but without reduction. Death benefits are also provided for by the Plan.

A participant leaving employment with the Employer prior to seven years of service shall be refunded an amount equal to 100% of their required contributions plus four percent interest compounded annually.

K. PENSION PLAN - Continued

Contributions

The Pension Plan is funded by monthly contributions from both DTO and plan members. Contribution requirements of the plan members and DTO are established in Article VII of the Pension Plan document. Plan members are required to contribute 4.50% of their covered payroll. DTO is required to contribute at an actuarially determined rate of payroll, which was 8.11% and 8.00% in fiscal years 2023 and 2022, respectively. The Employer's contributions totaled $3,640,293 and $3,243,909, for fiscal years 2023 and 2022, respectively, which exceeded the required contribution rates in both years. The Employer's actuarially determined contributions ("ADC") and member contributions are expected to finance the cost of benefits earned by members, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

MTA's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of July 1, 2021, with rollfoward procedures to the measurement date.

Actuarial Assumptions

Actuarial methods and assumptions as of July 1, 2021, based on a rollfoward of the entry age normal liabilities to June 30, 2022, the measurement date, are detailed below:

Actuarial cost method	Entry age normal
Amortization method	Level dollar layered; 20 year amortization
Asset valuation method	5-Year phase-in of actuarial gains and losses, 20% corridor
Rate of investment return	7.25% per year net of pension plan investment expenses, compounded annually
Projected salary increases	Sliding scale based on years of service as determined from 2021 actuarial experience study. Rates range from 12.00% to 2.50% in the first 5 years of service and are assumed at 2.50% (hourly) and 3.50% (salaried) per year thereafter.
Cost of living adjustments	1% per for three years as of July 1, 2021, 2022, and 2023
Remaining amortization period	20 years
Normal retirement age	Various rates of retirement applied to ages 55 through 70. Rate applied to the normal retirement age of 65 is 45%.

K. PENSION PLAN - Continued

Mortality rates	Healthy mortality: 115% of the RP-2014 base Mortality table with blue collar adjustments and generational future mortality improvements based on the Buck Modified 2021 improvement scale.
Disabled mortality	130% of the RP-2014 Disabled Retiree Mortality with generational future mortality improvements based on the Buck Modified 2021 improvement scale.

Investment Policy and Rate of Return

The Committee is responsible for oversight of the Plan's investments and has adopted investment policy and performance standards. The primary investment objective of the Plan is to achieve long-term returns while preserving principal after inflation and minimize risk. Actual investing is performed by an investment manager hired by the Committee. The Committee has developed investment guidelines and objectives for the investment manager to adhere to when managing investments which include the following asset allocation guidelines:

Assets Class	Long-Term Target Allocation
Total equities:	45%
Domestic large cap equities (30%)	
Domestic mid cap equities (5%)	
Domestic small cap equities (5%)	
International large cap equities (5%)	
Domestic investment-grade fixed income	35%
Alternative investments	20%
Total	100%

The investment guidelines provide for no single investment to be larger than 10% of total assets. Actual allocations outside of these ranges are to be reported to the Committee, and the trustee manager is expected to rebalance the portfolio to comply with these ranges within six months following such occurrence. As of June 30, 2022, the measurement date, the Plan was invested in a mutual fund, which represented 15.0% of total investments. The Committee has spoken with the trustee manager and expects this investment to be rebalanced within six months to comply with the investment policy.

K. PENSION PLAN - Continued

The long-term expected rate of return on pension plan investments was determined using a simulation of capital markets using the Plan's long-term investment targets. Expected future real rates of return (expected returns, net of pension plan investment expense and inflation) were developed for each major asset class. Best estimates of the arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation (as discussed in the Pension Plan's investment policy) are summarized in the following table:

Assets Class	Long-Term Expected Real Rate of Return
Total equities:	
Domestic large cap equities	9.83%
Domestic mid cap equities	10.03%
Domestic small cap equities	10.45%
International large cap equities	8.84%
Intermediate U.S. government treasuries	3.17%
Mortgage backed securities	2.90%
Intermediate credit	3.92%
Private equity	13.32%
Cash	2.51%

Discount Rate

As of the measurement date, June 30, 2022, the single blended discount rate used to measure the total pension liability remained constant at 7.25% in the current year. The projection of cash flows used to determine the discount rate assumed that the Plan's contributions will be based on the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments of 7.25% was applied to those projected benefit payments.

K. PENSION PLAN - Continued

Changes in the Net Pension Liability

	Increase (Decrease) Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2021 (June 30, 2020 measurement date)	$ 70,003,668	$ 53,873,383	$ 16,130,285
Changes for the year:			
Service cost	2,497,016	-	2,497,016
Interest	5,449,809	-	5,449,809
Change of benefit terms	-	-	-
Differences between expected and actual experience	(388,049)	-	(388,049)
Change of assumptions	(560,620)	-	(560,620)
Contributions-employer	-	2,961,139	(2,961,139)
Contributions-employees	-	1,742,995	(1,742,995)
Net investment income	-	14,477,857	(14,477,857)
Benefit payments, including refunds of employee contributions	(4,444,064)	(4,444,064)	-
Administrative expense	-	(260,388)	260,388
Net changes	2,554,092	14,477,539	(11,923,447)
Balance at June 30, 2022 (June 30, 2021 measurement date)	72,557,760	68,350,922	4,206,838
Changes for the year:			
Service cost	2,747,364	-	2,747,364
Interest	5,281,867	-	5,281,867
Change of benefit terms	1,194,668	-	1,194,668
Differences between expected and actual experience	(148,343)	-	(148,343)
Change of assumptions	203,162	-	203,162
Contributions-employer	-	3,243,909	(3,243,909)
Contributions-employees	-	1,824,480	(1,824,480)
Net investment income	-	(7,009,617)	7,009,617
Benefit payments, including refunds of employee contributions	(4,990,896)	(4,990,896)	-
Administrative expense	-	(200,680)	200,680
Net changes	4,287,822	(7,132,804)	11,420,626
Balance at June 30, 2023 (June 30, 2022 measurement date)	$ 76,845,582	$ 61,218,118	$ 15,627,464

K. PENSION PLAN - Continued

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability as of June 30, 2023 and 2022, calculated using the applicable discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2023:	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	$23,912,574	$15,627,464	$8,589,068

June 30, 2022:	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net pension liability	$11,981,467	$4,206,838	$(2,401,006)

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plan's fiduciary net position is available in the separately issued plan financial statements. No significant changes have occurred since the measurement date.

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

Pension expense

For the years ended June 30, 2023 and 2022, MTA recognized pension expense of $3,346,231and $645,311, respectively.

K. PENSION PLAN - Continued

Deferred outflows of resources and deferred inflows of resources

As of June 30, 2023 and 2022, MTA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2023:		
Difference between projected and actual earnings on pension plan investments	$4,548,954	$ -
Difference between expected and actual experience	977,740	(657,363)
Changes of assumptions	168,728	(953,399)
Contributions subsequent to the measurement date	3,640,293	-
Total	$9,335,715	$(1,610,762)
2022:		
Difference between projected and actual earnings on pension plan investments	$ -	$(6,441,668)
Difference between expected and actual experience	1,432,284	(705,270)
Changes of assumptions	-	(1,518,990)
Contributions subsequent to the measurement date	3,261,009	-
Total	$4,693,293	$(8,665,928)

The amounts shown above for contributions subsequent to the measurement date will be recognized as a reduction to net pension liability in the following measurement period.

K. PENSION PLAN - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2022 will be recognized in pension expense as follows:

Year Ended June 30,	
2024	$ 769,630
2025	676,304
2026	363,763
2027	2,297,196
2028	(22,233)

Payable to the Pension Plan

At June 30, 2023 and 2022, MTA's payables for the outstanding amount of contributions to the pension plan required were not material.

L. OTHER POSTEMPLOYMENT BENEFITS

Plan Description:

MTA offers, through DTO, postemployment medical, dental, vision, prescription card and life insurance benefits to eligible retirees and dependents through the Davidson Transit Organization Employee Benefit Trust (the "Health Plan"). The Health Plan is a single-employer defined benefit plan. Benefit provisions are established and amended primarily through negotiations between DTO and the Amalgamated Transit Union. As of June 30, 2023, the latest actuarial valuation date, the Health Plan covered 221 retirees receiving benefits and 651 active participants.

MTA accounts for other post-employment benefits in accordance with GASB No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ("OPEB")*. GASB No. 75 establishes standards for recognizing and measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources and OPEB expense for employers who participate in a trusted or non-trusted single-employer, agent multiple-employer, or cost-sharing multiple-employer plan.

L. OTHER POSTEMPLOYMENT BENEFITS - Continued

Plan and Employer Reporting:

The Health Plan issues a publicly available report that includes the financial statements and certain required supplementary information. That report may be obtained by writing to MTA, 430 Myatt Drive, Madison, Tennessee, 37115, or by calling (615) 862-5969.

Funding Policy:

The Health Plan is funded by monthly contributions from (i) the Employer, based on rates determined by management in consultation with the Health Plan's actuary and third-party administrator, and (ii) covered retirees through deductions from their pension benefits, in accordance with the agreement between DTO and the Amalgamated Transit Union. Employer contributions are generally made on a pay-as-you-go basis. Retiree contributions are generally $90 for retiree-only and $165 for retiree and family coverage. Retiree contributions received during the years ended June 30, 2023 and 2022 totaled $417,504 and $369,098, respectively.

Experience gains or losses were amortized over the average working lifetime of all participants. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.

L. OTHER POSTEMPLOYMENT BENEFITS - Continued

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)
Total OPEB liability as of June 30, 2021	$ 103,168,732	$ -	$ 103,168,732
Changes for the Year:			
Service cost	8,335,992	-	8,335,992
Interest cost (including interest on service cost)	2,384,962	-	2,384,962
Change of Benefit Terms	-	-	-
Difference between expected and actual experience	14,316,841	-	14,316,841
Changes of assumptions	(17,070,139)	-	(17,070,139)
Other changes	(28,145,961)	-	(28,145,961)
Contributions - employer	-	-	-
Net investment income	-	-	-
Benefits paid	(3,881,841)	-	(3,881,841)
Administrative expense	-	-	-
Net change in total OPEB liability	(24,060,146)	-	(24,060,146)
Total OPEB liability as of June 30, 2022	79,108,586	-	79,108,586
Changes for the Year:			
Service cost	3,260,869	-	3,260,869
Interest cost (including interest on service cost)	3,268,703	-	3,268,703
Change of Benefit Terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	(2,936,332)	-	(2,936,332)
Other changes	-	-	-
Contributions - employer	-	-	-
Net investment income	-	-	-
Benefits paid	(4,522,921)	-	(4,522,921)
Administrative expense	-	-	-
Net change in total OPEB liability	(929,681)	-	(929,681)
Total OPEB liability as of June 30, 2023	$ 78,178,905	$ -	$ 78,178,905

L. OTHER POSTEMPLOYMENT BENEFITS - Continued

Total OPEB expense as of June 30, 2023, includes service cost at July 1, 2022, of $3,260,869 and interest cost (including interest on service cost) of $3,268,703, and the amortized amount of each basis required by GASB 75 of $3,466,542 totaling $9,996,114.

Sensitivity of the Net OPEB Liability to Changes in Discount Rate - The following presents the net OPEB liability of MTA, as well as what MTA net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current discount rate:

	1% Decrease 3.13%	Current Rate 4.13%	1% Increase 5.13%
Net OPEB Liability	$89,552,843	$78,178,905	$68,769,487

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates – The following presents the net OPEB liability of MTA, as well as, what MTA's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 6.0% decreasing to 3.1%	Current Rates 7.0% decreasing to 4.1%	1% Increase 8.0% decreasing to 5.1%
Net OPEB Liability	$67,182,726	$78,178,905	$91,969,702

Deferred outflows of resources and deferred inflows of resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
2023:		
Difference between expected and actual experience	$15,642,519	$(428,364)
Changes of assumptions	8,210,369	(15,886,848)
Total	$23,852,888	$(16,315,212)

L. OTHER POSTEMPLOYMENT BENEFITS - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
2022:		
Difference between expected and actual experience	$18,735,679	$(741,039)
Changes of assumptions	11,119,367	(15,173,457)
Total	$29,855,046	$(15,914,496)

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

Year Ended June 30,	
2024	$ 3,466,542
2025	3,151,947
2026	2,967,185
2027	174,805
2028	(632,181)
Thereafter	(1,590,622)

In table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Actuarial Assumptions:

In the June 30, 2023 actuarial valuation, the following significant actuarial methods and assumptions were used:

Actuarial valuation method	Individual entry age normal cost method
Amortization method	Level percentage of projected salary
Discount rate	4.13%
Projected salary increases	4.00%
Health care cost trend rate	7.0% in fiscal year 2023 with 0.5% decrease per year until 5.5% in 2026; rates gradually decrease from 5.4% in 2027 and ultimately to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

L. OTHER POSTEMPLOYMENT BENEFITS - Continued

Mortality	115% RP-2014 Blue Collar Mortality table base rates (adjusted to 2006) and 130% RP-2014 Disabled Mortality table base rates (adjusted to 2006)
Retirement rates	Rates developed from the 2021 Buck Experience Study and vary by age

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2023.

In the June 30, 2022, actuarial valuation, the following significant actuarial methods and assumptions were used:

Actuarial valuation method	Individual entry age normal cost method
Amortization method	Level percentage of projected salary
Discount rate	4.09%
Projected salary increases	4.00%
Health care cost trend rate	5.5% in fiscal year 2022 through 2023; reducing to 5.4% and ultimately to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Mortality	115% RP-2014 Blue Collar Mortality table base rates (adjusted to 2006) and 130% RP-2014 Disabled Mortality table base rates (adjusted to 2006)
Retirement rates	Rates developed from the 2021 Buck Experience Study and vary by age

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2022.

See further information in the Other Postemployment Benefits Schedule of Funding Progress (Unaudited) in the Required Supplementary Information section.

M. COMMITMENTS AND CONTINGENCIES

Grants:

MTA has received federal, state and local grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes that any required reimbursements would not be significant. Accordingly, no provision has been made for any potential reimbursements to grantors.

M. COMMITMENTS AND CONTINGENCIES - Continued

According to grant agreements with the FTA, MTA is liable for certain reimbursement of federal funds used to purchase capital assets if such assets are disposed of prior to the end of their useful lives, except in situations where MTA expects to replace or restore the assets. In May 2010, Nashville, Tennessee experienced a significant flood, and MTA experienced losses to assets. Many of these assets were purchased with federal funds. MTA management has worked with, and is continuing to work with the FTA and FEMA to replace or restore all federal purchased assets. MTA could be liable if certain assets are not properly replaced or restored. However, management confirms that all such property has been replaced or restored in accordance with grant agreements, and accordingly, no provision has been made for potential reimbursement to grantors.

Construction in Progress:

Included in construction in progress at June 30, 2023 are various projects, as described in Note D. Estimated costs to complete these projects were as follows at June 30, 2023:

North Nashville Transit Center	$11,500,000
Fare technology upgrades	341,000
Nolensville shelters	1,100,000
WeGo Central	2,091,000
Nestor property	3,546,000
	$18,578,000

Costs to complete other projects in progress are not expected to be material. MTA expects that all significant costs to complete construction in progress will be funded through federal, state, and local capital grants.

Commitments

As of June 30, 2023, MTA has commitments to purchase 40 cutaway vehicles, which totals $7,705,173.

Litigation:

In the ordinary course of business, MTA is a defendant in various lawsuits. When necessary, reserves are provided as information is available. MTA consults with its legal counsel in determining the reserves. Based on management's analysis as of June 30, 2023, there are no current or pending items that are expected to have a material adverse impact on MTA's financial condition or operations. Accordingly, no reserves have been provided as of June 30, 2023.

M. COMMITMENTS AND CONTINGENCIES - Continued

MTA is also engaged in various employment related lawsuits and claims arising in the normal course of business. In consultation with legal counsel, management has determined that the outcome and amount of liability, if any, associated with such matters is not presently determinable. Accordingly, no reserve has been recorded in the accompanying financial statements.

N. NET POSITION

The details of net position as of June 30, 2023 and 2022, are as follows:

	2023	2022
Net investment in capital assets:		
Capital assets and right of use assets, net of depreciation and amortization	$ 175,156,506	$ 158,815,510
Less: Borrowings and other liabilities related to capital assets:		
Portion of note payable relating to capital assets	-	-
Unearned revenues - advance lease receipts	(5,607,441)	(6,197,445)
Right of use - lease liability	(7,049,599)	(7,049,599)
Other liabilities relating to capital assets	(2,397,954)	(747,341)
Total net investment in capital assets	160,101,512	144,821,125
Restricted	3	381,607
Unrestricted	(75,583,616)	(71,658,042)
Total net position	$ 84,517,899	$ 73,544,690

Net investment in capital assets represents the capital assets that MTA has full ownership of through settlement of the debt issued in order to obtain and construct those assets.

During fiscal year 2022, MTA received insurance proceeds totaling $381,599 related to a bus. These funds accumulated $8 of interest through June 30, 2022 for a total of $381,607. During fiscal year 2023, MTA expended $381,607 for the purchase of a new bus, leaving $3 of interest in order to keep the account open. These funds must be utilized in accordance with FTA regulations and directives. Accordingly, these funds totaling $3 and $381,607, respectively, are included in cash and cash equivalents and restricted net position at June 30, 2023 and 2022, respectively.

O. RELATED PARTY TRANSACTIONS

MTA has an agreement with the Regional Transportation Authority ("RTA") under which MTA provides contracted labor and other support to RTA. Specifically, the senior leadership team of MTA, including the Chief Executive Officer and Chief Financial Officer, also serve as senior leadership of RTA. MTA also provides certain accounting and support services under the agreement. MTA has also had agreements with RTA during fiscal years 2023 and 2022 for certain contracted bus services. Revenue from the RTA for all contracted services during fiscal 2023 and 2022 totaled $2,733,198 and $2,477,856, respectively. At June 30, 2023 and 2022, the receivable from RTA, included in accounts receivable in the accompanying statements of net position, totaled $237,618 and $225,596, respectively. At June 30, 2023 and 2022, the payable to RTA, included in accounts payable in the accompanying statements of net position, totaled $17,850 and $35,440, respectively.

P. CONDENSED FINANCIAL INFORMATION BY ENTITY

The following information presents the condensed financial information for MTA and its blended component unit, DTO. No separate financial statements are prepared or issued for DTO. Such information is presented in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, An Amendment of GASB Statements No. 14 and 34:*

P. CONDENSED FINANCIAL INFORMATION BY ENTITY

	June 30, 2023		
	Metropolitan Transit Authority	Davidson Transit Organization	Total
Condensed Statements of Net Position			
Assets			
Current assets	$ 17,795,234	$ 1,978,975	$ 19,774,209
Capital assets, net	175,156,506	-	175,156,506
Other assets	3	350,000	350,003
Total assets	192,951,743	2,328,975	195,280,718
Deferred outflows of resources	-	33,188,603	33,188,603
Total assets and deferred outflows of resources	$ 192,951,743	$ 35,517,578	$ 228,469,321
Liabilities			
Current liabilities	$ 12,331,659	$ 7,174,977	$ 19,506,636
Noncurrent liabilities	12,657,040	93,806,369	106,463,409
Total liabilities	24,988,699	100,981,346	125,970,045
Deferred inflows of resources	55,403	17,925,974	17,981,377
Net position			
Net investment in capital assets	160,101,512	-	160,101,512
Restricted	3	-	3
Unrestricted	7,806,126	(83,389,742)	(75,583,616)
Total net position	167,907,641	(83,389,742)	84,517,899
Total liabilities, deferred inflows of resources and net position	$ 192,951,743	$ 35,517,578	$ 228,469,321
Condensed Statements of Revenues, Expenses and Changes in Net Position			
Operating revenues	$ 10,729,106	$ 14,527	$ 10,743,633
Operating expenses	52,128,228	82,607,610	134,735,838
Operating loss	(41,399,122)	(82,593,083)	(123,992,205)
Nonoperating revenues (expenses), net	68,325,803	-	68,325,803
Capital contributions	66,639,611	-	66,639,611
Transfers	(76,650,362)	76,650,362	-
Change in net position	16,915,930	(5,942,721)	10,973,209
Net position - beginning of year	150,991,711	(77,447,021)	73,544,690
Net position - end of year	$ 167,907,641	$ (83,389,742)	$ 84,517,899
Condensed Statements of Cash Flows			
Cash flows from operating activities	$ (18,938,523)	(77,005,578)	$ (95,944,101)
Cash flows from noncapital financing activities	73,662,808	-	73,662,808
Cash flows from capital and related financing activities	21,578,702	-	21,578,702
Cash flows from investing activities	1,306,835	-	1,306,835
Transfers	(76,650,362)	76,650,362	-
Change in cash and cash equivalents	959,460	(355,216)	604,244
Cash and cash equivalents - beginning of year	2,024,985	2,141,394	4,166,379
Cash and cash equivalents - end of year	$ 2,984,445	$ 1,786,178	$ 4,770,623

P. CONDENSED FINANCIAL INFORMATION BY ENTITY - Continued

	June 30, 2022		
	Metropolitan Transit Authority	Davidson Transit Organization	Total
Condensed Statements of Net Position			
Assets			
Current assets	$ 9,081,910	$ 2,636,403	$ 11,718,313
Capital assets, net	158,815,510	-	158,815,510
Other assets	381,607	350,000	731,607
Total assets	168,279,027	2,986,403	171,265,430
Deferred outflows of resources	-	34,548,339	34,548,339
Total assets and deferred outflows of resources	$ 168,279,027	$ 37,534,742	$ 205,813,769
Liabilities			
Current liabilities	$ 3,904,106	$ 7,085,915	$ 10,990,021
Noncurrent liabilities	13,247,044	83,315,424	96,562,468
Total liabilities	17,151,150	90,401,339	107,552,489
Deferred inflows of resources	136,166	24,580,424	24,716,590
Net position			
Net investment in capital assets	144,821,125	-	144,821,125
Restricted	381,607	-	381,607
Unrestricted	5,788,979	(77,447,021)	(71,658,042)
Total net position	150,991,711	(77,447,021)	73,544,690
Total liabilities, deferred inflows of resources and net position	$ 168,279,027	$ 37,534,742	$ 205,813,769
Condensed Statements of Revenues, Expenses and Changes in Net Position			
Operating revenues	$ 9,523,508	$ 24,441	$ 9,547,949
Operating expenses	46,880,599	51,029,497	97,910,096
Operating loss	(37,357,091)	(51,005,056)	(88,362,147)
Nonoperating revenues (expenses), net	58,445,190	-	58,445,190
Capital contributions	34,928,879	-	34,928,879
Transfers	(71,361,621)	71,361,621	-
Change in net position	(15,344,643)	20,356,565	5,011,922
Net position - beginning of year	166,336,354	(97,803,586)	68,532,768
Net position - end of year	$ 150,991,711	$ (77,447,021)	$ 73,544,690
Condensed Statements of Cash Flows			
Cash flows from operating activities	$ (13,303,678)	$ (71,365,862)	$ (84,669,540)
Cash flows from noncapital financing activities	53,726,152	-	53,726,152
Cash flows from capital and related financing activities	28,391,494	-	28,391,494
Cash flows from investing activities	1,427,119	-	1,427,119
Transfers	(71,361,621)	71,361,621	-
Change in cash and cash equivalents	(1,120,534)	(4,241)	(1,124,775)
Cash and cash equivalents - beginning of year	3,145,519	2,145,635	5,291,154
Cash and cash equivalents - end of year	$ 2,024,985	$ 2,141,394	$ 4,166,379

Q. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 31, 2023, the date the financial statements were available for issuance, and has determined that there was one subsequent event requiring disclosure as follows:

In August 2023, the MTA board approved the purchase of 28 40’ buses, including tools and training, for $18,724,692.

REQUIRED SUPPLEMENTARY INFORMATION

METROPOLITAN TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
(UNAUDITED)

	2023 (2022 Measurement)	2022 (2021 Measurement)	2021 (2020 Measurement)	2020 (2019 Measurement)	2019 (2018 Measurement)	2018 (2017 Measurement)	2017 (2016 Measurement)	2016 (2015 Measurement)	2015 (2014 Measurement)
TOTAL PENSION LIABILITY									
Service cost	$ 2,747,364	$ 2,497,016	$ 2,392,999	$ 2,325,792	$ 2,321,380	$ 2,300,483	$ 2,274,196	$ 2,067,568	$ 1,765,386
Interest	5,281,867	5,449,809	4,975,892	4,823,905	4,651,528	4,403,968	4,161,680	3,796,926	3,623,679
Changes of benefit items	1,194,668	-	1,533,737	-	-	-	1,741,746	-	-
Differences between expected and actual experience	(148,343)	(388,049)	1,691,561	(705,364)	291,581	235,342	996,205	499,931	-
Changes of assumptions	203,162	(560,620)	(179,481)	(178,577)	(1,464,943)	(311,269)	(1,483,471)	1,754,196	-
Benefit payments	(4,990,896)	(4,444,064)	(4,364,753)	(4,378,680)	(3,884,742)	(3,722,226)	(3,670,960)	(3,568,443)	(3,409,727)
Net change in total pension liability	4,287,822	2,554,092	6,049,955	1,887,076	1,914,804	2,906,298	4,019,396	4,550,178	1,979,338
Total pension liability - beginning	72,557,760	70,003,668	63,953,713	62,066,637	60,151,833	57,245,535	53,226,139	48,675,961	46,696,623
Total pension liability - ending (a)	$ 76,845,582	$ 72,557,760	$ 70,003,668	$ 63,953,713	$ 62,066,637	$ 60,151,833	$ 57,245,535	$ 53,226,139	$ 48,675,961
PLAN FIDUCIARY NET POSITION									
Contributions-employer	$ 3,243,909	$ 2,961,139	$ 3,078,548	$ 2,970,741	$ 3,025,772	$ 2,757,063	$ 3,049,428	$ 3,054,164	$ 2,895,419
Contributions-employee	1,824,480	1,742,995	1,732,867	1,642,741	1,604,727	1,496,239	1,369,800	1,265,337	1,199,775
Net investment income	(7,009,617)	14,477,857	1,451,996	2,918,540	3,476,827	4,218,638	862,062	1,133,924	5,330,147
Benefit payments, including refunds of employee contributions	(4,990,896)	(4,444,064)	(4,393,223)	(4,403,612)	(3,884,742)	(3,722,226)	(3,670,646)	(3,568,443)	(3,421,341)
Administrative expenses	(200,680)	(260,388)	(115,176)	(81,993)	(94,550)	(78,546)	(67,466)	(37,093)	(48,713)
Net change in plan fiduciary net position	(7,132,804)	14,477,539	1,755,012	3,046,417	4,128,034	4,671,168	1,543,178	1,847,889	5,955,287
Plan fiduciary net position - beginning	68,350,922	53,873,383	52,118,371	49,071,954	44,943,920	40,272,752	38,729,574	36,881,685	30,926,398
Plan fiduciary net position - ending (b)	$ 61,218,118	$ 68,350,922	$ 53,873,383	$ 52,118,371	$ 49,071,954	$ 44,943,920	$ 40,272,752	$ 38,729,574	$ 36,881,685
Net pension liability (a) - (b)	$ 15,627,464	$ 4,206,838	$ 16,130,285	$ 11,835,342	$ 12,994,683	$ 15,207,913	$ 16,972,783	$ 14,496,565	$ 11,794,276
Plan fiduciary net position as a percentage of the total pension liability	79.66%	94.20%	76.96%	81.49%	79.06%	74.72%	70.35%	72.76%	75.77%
Covered payroll	$ 40,544,000	$ 38,733,222	$ 38,508,148	$ 36,505,356	$ 35,660,600	$ 32,049,813	$ 31,637,919	$ 28,118,610	$ 26,661,317
Net pension liability as a percentage of covered payroll	38.54%	10.86%	41.89%	32.42%	36.44%	47.45%	53.65%	51.56%	44.24%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

PENSION PLAN - Continued

Notes to Schedule:

Changes in benefit terms:

2022 Measurement - monthly amounts for participants in pay status are increased 1% per year for three years as of July 1, 2021, 2022, and 2023.

2020 Measurement - monthly amounts for participants in pay status are increased 2% per year for three years as of July 1, 2019, 2020, and 2021.

2016 Measurement - amounts reported as changes in benefit terms resulted from a cost-of-living adjustment to retirees of 1.50% through plan year 2018.

Changes in assumptions:

2022 Measurement - the mortality improvement scale applied to healthy and disabled lives was updated from the Buck Modified 2020 scale to the Buck Modified 2021 scale.

2021 Measurement – amounts reported as changes in assumptions resulted from (i) the discount rate changed from 7.75% to 7.25%, (ii) the mortality improvement scale applied to healthy and disabled lives was updated from the Buck Modified 2019 scale to the Buck Modified 2020 scale, (iii) for healthy participants, the mortality base table was updated from RP-2014 Blue Collar Mortality table (adjusted to 2006) to RP-2014 Blue Collar Mortality table (adjusted to 2006) with a load of 115% and for disabled participants, the mortality base table was updated from RP-2014 Disabled Mortality table (adjusted to 2006) to RP-2014 Disabled Mortality table (adjusted to 2006) with a load of 130%, and (iv) retirement rates, termination rates, disability rates, marriage assumptions, optional form of payment assumptions, and salary scale were updated based on an experience study covering the period 7/1/2015-6/30/2020.

2020 Measurement - amounts reported as changes in assumptions resulted from the update to the mortality improvement scales applied to healthy and disabled lives from the Conduent Modified MP-2018 scale to the Buck Modified 2019 scale.

2019 Measurement - amounts reported as changes in assumptions resulted from the update to the mortality improvement scales applied to healthy and disabled lives from the Conduent Modified MP-2017 scale to the Buck Modified 2018 scale.

2018 Measurement - amounts reported as changes in assumptions resulted from (i) the mortality improvement scale applied to healthy and disabled lives was updated from the Conduent Modified MP-2015 improvement scale to the Conduent Modified MP-2017 improvement scale; (ii) a change in the discount rate from 7.68% to 7.75%.

See accompanying notes to required supplementary information.

PENSION PLAN - Continued

2017 Measurement - the discount rate was changed from 7.63% to 7.68%.

2016 Measurement - amounts reported as changes in assumptions resulted from (i) adjustments to assumed life expectancies for healthy and disabled lives as a result of adopting the RP-2014 Base Mortality Table with Blue Collar Adjustments, or Disabled Adjustments, with generational mortality improvements based on the Conduent Modified MP-2015 improvement scale; (ii) change in retirement rates, withdrawal rates, disability rates and salary increase rates based on a 2016 experience study of the Plan; (iii) a change in the discount rate from 7.75% to 7.63%.

2015 Measurement - amounts reported as changes in assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustments with fully generational morality improvement projections using Scale BB.

This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

PENSION PLAN

Fiscal Year Ended	Actuarially Determined Contribution	Contribution in Relation to the Actuarially Determined Contributions	Contribution (Excess) Deficiency	Covered Payroll	Contribution as a Percent of Covered Payroll
June 30, 2023	$3,424,154	$3,640,293	$(216,139)	$44,877,511	8.11%
June 30, 2022	2,388,042	3,243,909	(855,867)	40,544,000	8.00%
June 30, 2021	2,525,406	2,961,139	(435,733)	38,733,222	7.64%
June 30, 2020	2,560,792	3,078,548	(517,756)	38,508,148	7.99%
June 30, 2019	2,548,074	2,970,741	(422,667)	36,505,356	8.14%
June 30, 2018	2,428,487	3,025,772	(597,285)	35,660,600	8.48%
June 30, 2017	2,536,066	2,757,063	(220,997)	32,049,813	8.60%
June 30, 2016	2,720,861	3,049,428	(328,567)	31,637,919	9.64%
June 30, 2015	2,963,701	3,054,164	(90,463)	28,118,610	10.86%
June 30, 2014	2,852,761	2,895,419	(42,658)	26,661,317	10.86%

This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

PENSION PLAN

METHODS AND ASSUMPTIONS USED IN CALCULATIONS OF
ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates for the fiscal years ended June 30, 2023 and 2022, for the Plan were calculated as the result of an actuarial valuation performed on July 1, 2022 and 2021, respectively. The following assumptions were used to determine contribution rates as reported in the Schedule for Employer Contributions:

Cost-of-living adjustment	2021 and 2022 - 1% annually
	2020 - 2% per year for three years as of July 1, 2018, 2019, and 2020
	2019 - None assumed
	2016 through 2018 - 1.5% annually through plan year 2018
	2015 and 2014 - None assumed
Projected salary increases	2021 and 2022 - Sliding scale based on years of service determined through experience study covering period 7/1/2015-6/30/2020. Rates range from 12.00% to 2.50% in the first 5 years of service and are assumed at 2.5% per year thereafter
	2016 through 2020 - Sliding scale based on years of service as determined from the 2016 actuarial experience study. Rates range from 10.00% to 3.25% in the first 5 years of service and are assumed at 3.25% per year thereafter
	2015 and 2014 - 4.00% per year including inflation of 2.50%, compounded annually
Normal retirement age	2016 through 2022 - Various rates of retirement applied to ages 55 through 70. Rate applied to the normal retirement age of 65 is 50%
	2015 and 2014 - 65 years
Form of payment	2021 and 2022 - Single life annuity, 50% Joint and Survivor, 75% Joint and Survivor
	All years presented - Single life annuity
Investment rate of return	2021 and 2022 - 7.25% per year net of pension plan investment expenses, compounded annually
	All years presented - 7.75% per year net of pension plan investment expenses, compounded annually

PENSION PLAN

METHODS AND ASSUMPTIONS USED IN CALCULATIONS OF
ACTUARIALLY DETERMINED CONTRIBUTIONS

Amortization method and period	2020 through 2022 - Level dollar layered basis over a closed period of 20 years 2014 – 2019 - Level dollar basis over an open period of 20 years
Actuarial cost method	All years presented - Entry age normal
Asset valuation method	2020 through 2022 - 5-year phase-in of actuarial gains and losses, 20% corridor 2014 - 2019 - 5-year phase-in of realized and unrealized gains and losses, 20% corridor
Mortality rates	2022 - 115% of the RP-2014 base mortality table with blue collar adjustment and generational future mortality improvements based on the Buck Modified 2021 improvement scale; 130% of the RP-2014 Disabled Retiree Mortality with generational future mortality improvements based on the Buck Modified 2021 improvement scale 2021 - 115% of the RP-2014 base mortality table with blue collar adjustment and generational future mortality improvements based on the Buck Modified 2020 improvement scale; 130% of the RP-2014 Disabled Retiree Mortality with generational future mortality improvements based on the Buck Modified 2020 improvement scale 2020 - RP-2014 base healthy mortality table with blue collar adjustments and generational future mortality improvements based on the Buck Modified MP-2019 improvement scale; RP-2014 Disabled Retiree Mortality with generational future mortality improvements based on the Conduent Modified MP-2019 improvement scale 2018 and 2019 - RP-2014 base healthy mortality table with blue collar adjustments and generational future mortality improvements based on the Conduent Modified MP-2017 improvement scale; RP-2014 Disabled Retiree Mortality with generational future mortality improvements based on the Conduent Modified MP-2017 improvement scale

PENSION PLAN

METHODS AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS - Continued

Mortality rates	2017 and 2016 - RP-2014 base healthy mortality table with blue collar adjustments and generational future mortality improvements based on the Conduent Modified MP-2015 improvement scale; RP-2014 Disabled Retiree Mortality with generational future mortality improvements based on the Conduent Modified MP-2015 improvement scale
	2015 - RP-2000 Combined Healthy Mortality Table with blue collar adjustments with fully generational mortality improvement projections using Scale BB; RP-2000 Disability Retiree Mortality Table with blue collar adjustments with fully generational mortality improvement projections using Scale BB
	2014 - Static RP-2000 Combined Healthy Table with blue collar adjustments and life expectancy improvements projected using Scale AA; Static RP-2000 Disability Table with blue collar adjustments and life expectancy improvements projected using Sale AA

Additionally, it is assumed that contributions from plan members will be made at the current contribution rate and the contributions from the Employer will continue to follow the current funding policy, which is actuarially determined.

PENSION PLAN

METHODS AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS - Continued

Information on the Pension Plan's money-weighted investment rate of return can be found in the separately issued Plan financial statements.

SUPPLEMENTARY INFORMATION

METROPOLITAN TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB PLAN
(UNAUDITED)

	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018
TOTAL OPEB LIABILITY						
Service cost	$ 3,260,869	$ 8,335,992	$ 7,352,412	$ 4,448,707	$ 4,277,603	$ 4,117,831
Interest	3,268,703	2,384,962	2,586,114	2,521,780	2,373,679	2,390,826
Changes of benefit items	-	-	-	-	-	-
Differences between expected and actual experience	-	14,316,841	-	10,516,798	(1,991,739)	-
Changes of assumptions	(2,936,332)	(17,070,139)	5,648,890	9,029,882	5,172,636	-
Benefit payments, including refunds of employee contributions	(4,522,921)	(3,881,841)	(4,993,699)	(3,369,643)	(3,163,984)	(2,501,538)
Other changes	-	(28,145,961)	-	-	-	-
Net change in total OPEB liability	(929,681)	(24,060,146)	10,593,717	23,147,524	6,668,195	4,007,119
Total OPEB liability - beginning	79,108,586	103,168,732	92,575,015	69,427,491	62,759,296	58,752,177
Total OPEB liability - ending (a)	$ 78,178,905	$ 79,108,586	$ 103,168,732	$ 92,575,015	$ 69,427,491	$ 62,759,296
PLAN FIDUCIARY NET POSITION						
Contributions-employer	$ 4,522,921	$ 3,881,841	$ 4,993,699	$ 3,369,643	$ 3,163,984	$ 2,501,538
Contributions-employee	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(4,522,921)	(3,881,841)	(4,993,699)	(3,369,643)	(3,163,984)	(2,501,538)
Administrative expenses	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	$ -	$ -	$ -	$ -	$ -	$ -
Net OPEB liability (a) - (b)	$ 78,178,905	$ 79,108,586	$ 103,168,732	$ 92,575,015	$ 69,427,491	$ 62,759,296
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	$ 32,927,876	$ 32,927,876	$ 36,209,617	$ 36,209,617	$ 33,214,258	$ 33,100,534
Net OPEB liability as a percentage of covered payroll	237.42%	240.25%	284.92%	255.66%	209.03%	189.60%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

METROPOLITAN TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
OPEB PLAN
(UNAUDITED)

	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018
Actuarially determined contribution	$ 4,522,921	$ 3,881,841	$ 4,993,699	$ 3,369,643	$ 3,163,984	$ 2,501,538
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-
Contribution deficiency (excess)	$ 4,522,921	$ 3,881,841	$ 4,993,699	$ 3,369,643	$ 3,163,984	$ 2,501,538
Covered payroll	$ 32,927,876	$ 32,927,876	$ 36,209,617	$ 36,209,617	$ 33,214,258	$ 33,100,534
Contributions as a percentage of covered payroll	13.74%	11.79%	13.79%	9.31%	9.53%	7.56%

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2023 were calculated based on the July 1, 2022 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial valuation method	Individual entry age normal cost method
Amortization method	Level percentage of projected salary
Discount rate	4.13%
Health care cost trend rate	7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026; reducing to 5.4% in 2027 and ultimately to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model
Mortality	115% RP-2014 Blue Collar Mortality table base rates (adjusted to 2006) and 130% RP-2014 Disabled Mortality table base rates (adjusted to 2006)
Retirement rates	Rates developed from the 2021 Buck Experience Study

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2023.

Changes in assumptions:

2023 Measurement - The discount rate changed from 4.09% to 4.13%.

2022 Measurement - The discount rate changed from 2.18% to 4.09%. Election assumption was lowered from 90% to 80%. The trend assumption was updated. Assumptions for mortality, withdrawal, and retirement were updated based on the 2021 Buck experience study. In addition, other changes included clarification of benefit terms: employees must attain the earlier of 65 years of age or a sum of age plus service of at least 84 and, depending on employee and date of hire, completion of 7 or 20 year of service. Surviving spouses pay member rate of 12 months instead of 6 following member death.

Other changes included clarification of benefit terms: employees must attain the earlier of 65 years of age or a sum of age plus service of at least 84 and, depending on the employee group and date of hire, completion of 7 or 20 years of service. Surviving spouses pay member rate for 12 months instead of 6 following member death.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

METROPOLITAN TRANSIT AUTHORITY
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
JUNE 30, 2023

	Pension	OPEB	Total
ASSETS			
Cash and cash equivalents	$ 2,213,415	$ -	$ 2,213,415
Investment income receivable	73,404	-	73,404
Investments, at fair value			
Common stocks	22,408,008	-	22,408,008
U.S. government obligations	5,703,451	-	5,703,451
Mortgage backed securities	4,401,989	-	4,401,989
Corporate bonds	3,037,169	-	3,037,169
Mutual funds	21,794,371	-	21,794,371
Interest in limited liability company	1,586,311	-	1,586,311
Total investments	58,931,299	-	58,931,299
Total assets	61,218,118	-	61,218,118
NET POSITION			
Restricted for:			
Pensions	61,218,118	-	61,218,118
Other postemployment benefits	-	-	-
Total net position	$ 61,218,118	$ -	$ 61,218,118

See independent auditor's report.

METROPOLITAN TRANSIT AUTHORITY
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
JUNE 30, 2022

	Pension	OPEB	Total
ASSETS			
Cash and cash equivalents	$ 3,504,870	$ -	$ 3,504,870
Investment income receivable	70,298	-	70,298
Investments, at fair value			
Common stocks	23,823,281	-	23,823,281
U.S. government obligations	5,272,714	-	5,272,714
Mortgage backed securities	3,585,193	-	3,585,193
Corporate bonds	3,574,320	-	3,574,320
Mutual funds	26,929,007	-	26,929,007
Interest in limited liability company	1,591,239	-	1,591,239
Total investments	64,775,754	-	64,775,754
Total assets	68,350,922	-	68,350,922
NET POSITION			
Restricted for:			
Pensions	68,350,922	-	68,350,922
Other postemployment benefits	-	-	-
Total net position	$ 68,350,922	$ -	$ 68,350,922

See independent auditor's report.

METROPOLITAN TRANSIT AUTHORITY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023

	Pension	OPEB	Total
ADDITIONS			
Contributions:			
Employer	$ 3,243,909	$ 4,522,921	$ 7,766,830
Member	1,824,480	-	1,824,480
Total contributions	5,068,389	4,522,921	9,591,310
Investment income:			
Net depreciation in fair value of investments	(8,533,694)	-	(8,533,694)
Dividend and interest income	1,386,763	-	1,386,763
Other investment income	148,521	-	148,521
Less investment expenses	(11,207)	-	(11,207)
Net investment income	(7,009,617)	-	(7,009,617)
Other income	56,800	-	56,800
Total additions	(1,884,428)	4,522,921	2,638,493
DEDUCTIONS			
Benefit payments, including refunds of member contributions	5,047,696	4,522,921	9,570,617
Administrative expenses	200,680	-	200,680
Total deductions	5,248,376	4,522,921	9,771,297
CHANGE IN FIDUCIARY NET POSITION	(7,132,804)	-	(7,132,804)
NET POSITION - BEGINNING OF YEAR	68,350,922	-	68,350,922
NET POSITION - END OF YEAR	$ 61,218,118	$ -	$ 61,218,118

See independent auditor's report.

METROPOLITAN TRANSIT AUTHORITY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022

	Pension	OPEB	Total
ADDITIONS			
Contributions:			
Employer	$ 2,961,139	$ 3,881,841	$ 6,842,980
Member	1,742,995	-	1,742,995
Total contributions	4,704,134	3,881,841	8,585,975
Investment income:			
Net appreciation in fair value of investment	13,171,787	-	13,171,787
Dividend and interest income	1,223,649	-	1,223,649
Other investment income	92,647	-	92,647
Less investment expenses	(10,226)	-	(10,226)
Net investment income	14,477,857	-	14,477,857
Other income	18,592	-	18,592
Total additions	19,200,583	3,881,841	23,082,424
DEDUCTIONS			
Benefit payments, including refunds of member contributions	4,462,656	3,881,841	8,344,497
Administrative expenses	260,388	-	260,388
Total deductions	4,723,044	3,881,841	8,604,885
CHANGE IN FIDUCIARY NET POSITION	14,477,539	-	14,477,539
NET POSITION - BEGINNING OF YEAR	53,873,383	-	53,873,383
NET POSITION - END OF YEAR	$ 68,350,922	$ -	$ 68,350,922

See independent auditor's report.

METROPOLITAN TRANSIT AUTHORITY
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Issued/ Borrowed During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2023
NOTES PAYBLE:									
Line of Credit	$ 20,000,000	6.90%	9/15/2008	6/30/2023	$ -	$ 9,000,000	$ 2,000,000	$ -	$ 7,000,000
Total Notes Payable					$ -	$ 9,000,000	$ 2,000,000	$ -	$ 7,000,000

See independent auditor's report.

METROPOLITAN TRANSIT AUTHORITY
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS
JUNE 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Remeasurements	Outstanding 6/30/2023
LEASES PAYBLE									
Land - Ground Lease	$ 7,049,599	3.40%	12/1/2020	11/30/2090	$ 7,049,599	$ -	$ -	$ -	$ 7,049,599
Total Leases Payable					$ 7,049,599	$ -	$ -	$ -	$ 7,049,599

See independent auditor's report.

METROPOLITAN TRANSIT AUTHORITY
SCHEDULE OF LEASE REQUIREMENTS BY YEAR
FOR THE YEAR ENDED JUNE 30, 2023

Year Ending June 30	Leases Principal	Leases Interest	Leases Total	Year Ending June 30	Leases Principal	Leases Interest	Leases Total
2024	-	170,000	170,000	2059	-	331,282	331,282
2025	-	170,000	170,000	2060	-	331,282	331,282
2026	-	179,917	179,917	2061	-	350,607	350,607
2027	-	187,000	187,000	2062	-	364,410	364,410
2028	-	187,000	187,000	2063	-	364,410	364,410
2029	-	187,000	187,000	2064	-	364,410	364,410
2030	-	187,000	187,000	2065	-	364,410	364,410
2031	-	197,901	197,901	2066	-	385,667	385,667
2032	-	205,688	205,688	2067	-	400,851	400,851
2033	-	205,688	205,688	2068	-	400,851	400,851
2034	-	205,688	205,688	2069	-	400,851	400,851
2035	-	205,688	205,688	2070	-	400,851	400,851
2036	-	217,694	217,694	2071	-	424,234	424,234
2037	-	226,270	226,270	2072	95,756	345,180	440,936
2038	-	226,270	226,270	2073	207,723	233,213	440,936
2039	-	226,270	226,270	2074	214,896	226,040	440,936
2040	-	226,270	226,270	2075	222,318	218,618	440,936
2041	-	239,469	239,469	2076	255,936	210,721	466,657
2042	-	248,897	248,897	2077	283,622	201,408	485,030
2043	-	248,897	248,897	2078	293,416	191,613	485,029
2044	-	248,897	248,897	2079	303,549	181,480	485,029
2045	-	248,897	248,897	2080	314,032	170,997	485,029
2046	-	263,416	263,416	2081	353,413	159,911	513,324
2047	-	273,787	273,787	2082	386,349	147,184	533,533
2048	-	273,787	273,787	2083	399,691	133,842	533,533
2049	-	273,787	273,787	2084	413,494	120,038	533,532
2050	-	273,787	273,787	2085	427,774	105,758	533,532
2051	-	289,758	289,758	2086	473,936	90,719	564,655
2052	-	301,165	301,165	2087	513,108	73,779	586,887
2053	-	301,165	301,165	2088	530,828	56,059	586,887
2054	-	301,165	301,165	2089	549,160	37,726	586,886
2055	-	301,165	301,165	2090	568,125	18,761	586,886
2056	-	318,733	318,733	2091	242,473	2,069	244,542
2057	-	331,282	331,282				
2058	-	331,282	331,282	Total	$ 7,049,599	$ 16,289,912	$ 23,339,511

See independent auditor's report.

METROPOLITAN TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor	Assistance Listing	FAIN/Contract Number	Expenditures	Federal Passed-through to Subrecipients
Federal Awards				
U.S. DEPARTMENT OF TRANSPORTATION	20.507	TN-2019-009-01	$ 235,776	$ -
U.S. DEPARTMENT OF TRANSPORTATION	20.507	TN-2020-014-02	2,000,000	-
U.S. DEPARTMENT OF TRANSPORTATION	20.507	TN-2020-040-01/2	69,422	-
U.S. DEPARTMENT OF TRANSPORTATION	20.507	TN-2020-040-03	500,900	-
U.S. DEPARTMENT OF TRANSPORTATION	20.507	TN-2022-025-00	2,437,647	-
U.S. DEPARTMENT OF TRANSPORTATION	20.507	TN-2023-028-00	4,996,846	-
U.S. DEPARTMENT OF TRANSPORTATION	20.507	TN-2020-001-00	131,505	131,505
U.S. DEPARTMENT OF TRANSPORTATION	20.507	TN-2018-028-02	3,671	-
U.S. DEPARTMENT OF TRANSPORTATION	20.507	TN-2019-024-01/2	423,121	403,716
Total Program 20.507			10,798,888	535,221
U.S. DEPARTMENT OF TRANSPORTATION	20.507	TN-2020-017-00	4,617,692	-
Total Program 20.507 CARES ACT			4,617,692	-
U.S. DEPARTMENT OF TRANSPORTATION	20.507	TN-2021-019-00	24,427,585	
Total Program 20.507 AMERICAN RESCUE PLAN			24,427,585	
U.S. DEPARTMENT OF TRANSPORTATION	20.526	TN-2016-021-01	619,573	-
U.S. DEPARTMENT OF TRANSPORTATION	20.526	TN-2020-014-01/03	1,262,357	-
U.S. DEPARTMENT OF TRANSPORTATION	20.526	TN-2022-016-00	700,488	-
Total Program 20.526			2,582,418	-
Total Federal Transit Cluster*			42,426,583	535,221
U.S. DEPARTMENT OF TRANSPORTATION	20.505	TN-2021-023-00	25,356	-
Total Program 20.505			25,356	-
U.S. DEPARTMENT OF TRANSPORTATION	20.513	TN-2016-022-01	36,262	36,262
U.S. DEPARTMENT OF TRANSPORTATION	20.513	TN-2019-025-01/2	569,495	569,495
Total Program 20.513			605,757	605,757
U.S. DEPARTMENT OF TRANSPORTATION	20.205	99SPR1-F7-041	3,256	-
Total Program 20.205			3,256	-
U.S. DEPARTMENT OF TRANSPORTATION	20.530	TN-2021-015-00	98,162	-
Total Program 20.530			98,162	-
U.S. DEPARTMENT OF TRANSPORTATION			43,159,114	1,140,978
TOTAL FEDERAL AWARDS			**$ 43,159,114**	**$ 1,140,978**
State Financial Assistance				
TENNESSEE DEPARTMENT OF TRANSPORTATION	N/A	GG-21-69525-00	$ 77,446	
TENNESSEE DEPARTMENT OF TRANSPORTATION	N/A	GG-21-68236-B	29,470	
TENNESSEE DEPARTMENT OF TRANSPORTATION	N/A	GG-23-76956	459	
TENNESSEE DEPARTMENT OF TRANSPORTATION	N/A	Z-23-5307-08	2,231	
TENNESSEE DEPARTMENT OF TRANSPORTATION	N/A	Z-20-IMPV-02-B	383,779	
TENNESSEE DEPARTMENT OF TRANSPORTATION	N/A	Z-21-BP00-01	61,850	
TENNESSEE DEPARTMENT OF TRANSPORTATION	N/A	Z-21-5307-01	60,093	
TENNESSEE DEPARTMENT OF TRANSPORTATION	N/A	Z-21-5307-09	2,478	
TENNESSEE DEPARTMENT OF TRANSPORTATION	N/A	Z-23-BP00-03	87,562	
TENNESSEE DEPARTMENT OF TRANSPORTATION	N/A	Z-23-5307-02	300,326	
TENNESSEE DEPARTMENT OF TRANSPORTATION	N/A	Grant pending	624,606	
TENNESSEE DEPARTMENT OF TRANSPORTATION	N/A	Z-20-IMPV-05-A	1,683,051	
TENNESSEE DEPARTMENT OF TRANSPORTATION	N/A	Z-22-IMPV-06	601,031	
TENNESSEE DEPARTMENT OF TRANSPORTATION	N/A	GG-22-72724-00	100,672	
TENNESSEE DEPARTMENT OF TRANSPORTATION	N/A	Z-22-IMPV-13	105,358	
TENNESSEE DEPARTMENT OF TRANSPORTATION	N/A	Z-23-UROP-14	5,314,300	
TOTAL STATE FINANCIAL ASSISTANCE			**9,434,712**	
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			**$ 52,593,826**	

*Denotes a major program.

METROPOLITAN TRANSIT AUTHORITY
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023

A. BASIS OF PRESENTATION

The schedule of expenditures of federal awards and state financial assistance are prepared on the accrual basis of accounting. The information in the schedule of expenditures of federal awards is presented in accordance with the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the schedule of expenditures of federal awards and state financial assistance present only a selected portion of MTA's operations, they are not intended to and do not present the financial position, changes in net position, or cash flows of MTA.

The schedules of expenditures of federal awards and state financial assistance include the grant activity of the Metropolitan Transit Authority ("MTA") and its blended component unit, Davidson Transit Organization ("DTO"). DTO is a legally separate 501(c)(3) not-for-profit organization which was formed to provide the necessary labor to operate MTA's transit system. Accordingly, certain federal, state and local awards received by MTA are used to reimburse labor costs incurred by DTO. Such funds received by MTA and used to reimburse DTO are reported in the accompanying schedules of federal, state and local awards by the receiving agency to avoid duplication of the aggregate level of federal awards expected by MTA, the reporting entity. Accordingly, such funds are included only once. Such funds are subject to the compliance requirements that could have a direct and material effect on a major program and are subject to audit under Uniform Guidance.

The detail of federal awards passed from MTA to DTO, included in the accompanying schedule of expenditures of federal awards, is as follows:

Program Title	CFDA Number	Expenditures
Federal Transit Formula Grants	20.507	$24,427,585

As the funds above are passed within the same financial reporting entity, they are not included as pass-through funds reported separately in the schedule of expenditures of federal awards.

B. PROGRAM CLUSTERS

Uniform Guidance defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, similar programs deemed to be a cluster of programs are reported and tested accordingly.

C. CONTINGENCY

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

D. DE MINIMIS COST RATE

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

OTHER REPORTS

CROSSLIN
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Metropolitan Transit Authority
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Metropolitan Transit Authority ("MTA"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise MTA's basic financial statements, and have issued our report thereon dated October 31, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MTA'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MTA's internal control. Accordingly, we do not express an opinion on the effectiveness of MTA'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MTA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Crosslin, PLLC

Nashville, Tennessee
October 31, 2023

Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance
Required by the Uniform Guidance

Board of Directors
Metropolitan Transit Authority
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Metropolitan Transit Authority's ("MTA"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of MTA's major federal programs for the year ended June 30, 2023. MTA'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, MTA 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 MTA 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 MTA'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 MTA'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 MTA'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 MTA'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 MTA'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 MTA'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 MTA'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 an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. 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 the MTA's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. MTA'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.

Crosslin, PLLC

Nashville, Tennessee
October 31, 2023

METROPOLITAN TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	___yes _x_ no
Significant deficiency(ies) identified?	___yes _x_ none reported
Noncompliance material to financial statements noted?	___yes _x_ no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	___yes _x_ no
Significant deficiency(ies) identified?	___yes _x_ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_x_ yes ___ no

Identification of major programs:

CFDA Number	Name of Federal Program	
Federal Transit Cluster:		
20.507	Federal Transit Administration Formula Grants	$10,798,888
20.507 CARES ACT	Federal Transit Administration Formula Grants	4,617,692
20.507 ARPA	Federal Transit Administration Formula Grants	24,427,585
20.526	Federal Transit Administration Capital Grants	2,582,418
	Federal Transit Cluster	$42,426,583

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? _x_ yes ___ no

SECTION II - FINANCIAL STATEMENT FINDINGS

A. Significant Deficiencies in Internal Control

None reported.

B. Compliance Findings

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2023 - 001 - CASH MANAGEMENT

Federal Transit Administration Formula Grants
Assistance Listing No. 20.507
U.S. Department of Transportation

Criteria

In testing the cash management compliance requirement for MTA's major program, it was noted that MTA's Grants and Special Projects Administrator requested federal drawdowns for allowable reimbursable subrecipient grant expenditures 4 business days in advance of MTA accounting making payments to the vendors; therefore, MTA did not commit itself for initiating cash drawdowns for immediate disbursement no later than 3 business days as required.

Condition and Context

MTA did not disburse the payments to the vendors within the 3-business day threshold.

Questioned Cost

The amounts of the federal drawdowns were $17,345 and $4,125 under grants TN-2020-001-00 and TN-2019-024-02, respectively.

Cause

MTA made drawdowns of funding and did not immediately disburse the funds to the vendors within the required timeframe.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - Continued

2023 - 001 - CASH MANAGEMENT - Continued

Federal Transit Administration Formula Grants
Assistance Listing No. 20.507
U.S. Department of Transportation

Effect

MTA was not in compliance with the cash management requirement under the grants.

Recommendation

We recommend that MTA consistently adhere to the disbursement timing requirements of the grants. We recommend that MTA drawdown federal funding when vendors or subrecipients have allowable expenditures that have occurred or are going to occur within the 3-business day threshold.

Views of Responsible Officials and Planned Corrective Actions

See management’s corrective action plan.

METROPOLITAN TRANSIT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023

SECTION IV - PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

Federal Award Findings and Questioned Costs

Prior Year Finding Number	Finding Title	Status / Current Year Finding Number
2022-001	Procurement and Suspension and Debarment	Corrected

WeGo Public Transit

A Service of Nashville MTA

430 Myatt Drive
Nashville, TN 37115
WeGoTransit.com
615-862-5969

Management's Corrective Action Plan

2023-001 – CASH MANAGEMENT

Corrective Action

Management concurs with the finding that Federal funds received were not disbursed within the required timeframe of 3-business days; however, it should be noted that the timeframe in question included a federal banking holiday.

Management is committed to meeting the required guidelines of disbursing federal funds received within the 3-business days following receipt requirement.

Anticipated Completion Date October 31, 2023

Edward W. Oliphant

Name of Contact Person Edward W. Oliphant, Chief Financial Officer
Metropolitan Transit Authority
(615) 862-6129