

MEMPHIS AREA TRANSIT AUTHORITY
Regular Meeting Agenda
Friday, December 13, 2024
1:00 PM



Memphis Area Transit Authority
One Commerce Square
40 S Main St
Memphis, TN 38103
Memphis Area Transit Authority
One Commerce Square

Brandon Arrindell
Brian Marflak

Finance and Audit Committee
Dana Pointer, Chair

Anna McQuiston

- I. Call to Order Dana Pointer
- II. Board Roll Call Annie Givens
- III. Cash Flow Review Kenya Addison,
Director of Finance

Cash Flow Review

Cash
12-13-24

Attachments: Cash Flow for Finance Committee 12-13-24

- IV. Comments from MATA Auditors (Banks, Finley, & White) Christopher Hearn,
Partner
- V. Review the Findings of the M3 Financial Report, November 15, 2024

M3 Financial Report

M3 Report
12-13-24

Attachments: M3 Financial Report

- VI. Review the Findings of JS Held Status Report, November 2024
- VII. Vet MATA and Transpro's February 3, 2025 Plan
- VIII. New Business Dana Pointer
- IX. Adjournment Dana Pointer

The Next Regular Meeting of the:

MATA Board of Commissioners will be:

Tuesday, December 17, 2024

3:30pm

at

Memphis Area Transit Authority

One Commerce Square – 40 S. Main Street

Memphis, TN 38103

The Next Committee of the Whole/Sub Committee Meetings will be:

Friday, December 13, 2024

2:00pm Transit Service Planning & Rider Experience Committee

3:00pm Business Operations & Metrics Committee

4:00pm Executive Committee

at

Memphis Area Transit Authority

One Commerce Square – 40 S. Main Street

Memphis, TN 38103



MEMPHIS AREA TRANSIT AUTHORITY

Finance and Audit Committee

40 South Main Street,
Memphis, TN 38103
Bacarra Mauldin, Interim
CEO
www.matatransit.com

RESOLUTION NO. Cash 12-13-24

MATA Oper, Savings & Tri-State \$250,095	Estimated RESULTS	Estimated RESULTS	Estimated RESULTS	Estimated RESULTS	Estimated RESULTS	Estimated RESULTS	Estimated RESULTS	Estimated RESULTS	Estimated RESULTS	Estimated RESULTS	Estimated RESULTS	Estimated RESULTS	Estimated RESULTS	Estimated RESULTS	Estimated RESULTS	Estimated RESULTS	Estimated RESULTS	
CASH BALANCE	250,095	\$ 2,014,554	\$ 1,573,587	\$ 1,158,058	\$ 352,517	\$ 391,988	\$ 3,392,788	\$ 2,762,788	\$ 2,214,088	\$ 1,524,088	\$ 1,003,888	\$ 373,888	\$ (\$179,312)	\$ 4,538,009	\$ 2,137,593	\$ 9,032,877	\$ 4,154,161	\$ 1,710,245
Inter-Company Transfer																		
Month	12/2 - 12/6	12/9 - 12/13	12/16 - 12/20	12/23 - 12/27	12/30 - 1/3/25	1/6 - 1/10	1/13 - 1/17	1/20 - 1/24	1/27 - 2/1	2/3 - 2/7	2/10 - 2/14	2/17 - 2/21	2/24 - 2/28	March 2025	April 2025	May 2025	June 2025	
EXPENDITURES																		
Payroll	810,529		810,529		810,529		775,000		825,000		775,000		775,000	1,500,716	1,500,716	1,500,716	1,500,716	
Payroll		5,000		5,000		5,000		5,000		5,000		5,000		10,000	10,000	10,000	10,000	
Retro Bonus																		
Payroll Taxes	261,378		245,000		245,000		245,000		260,000		245,000		245,000	470,000	470,000	470,000	470,000	
Payroll Taxes																		
State Taxes																		
Payroll Deductions		30,000		30,000		33,000		18,500		10,000		33,000		50,000	50,000	50,000	50,000	
Payroll Deductions		2,500		2,500		1,200		1,200		1,200		1,200		5,000	5,000	5,000	5,000	
Pension-Employee		25,000		25,000		20,000		20,000		20,000		20,000		40,000	40,000	40,000	40,000	
DCP - Employee		67,000		67,000		67,000		67,000		67,000		67,000		134,000	134,000	134,000	134,000	
DCP - Employer		62,000		62,000		62,000		62,000		62,000		62,000		124,000	124,000	124,000	124,000	
DCP Pension Loan		25,000		25,000		25,000		25,000		25,000		25,000		50,000	50,000	50,000	50,000	
Pension-Employer															113,000			
Bank Service Charge	3,684																	
MTM Vendors Pymts		125,000		125,000		125,000		125,000		125,000		125,000		250,000	250,000	250,000	250,000	
MATA Vendors Pymts	861,505		850,000		425,000		850,000		850,000		850,000		850,000	1,700,000	1,700,000	1,700,000	1,700,000	
Tool Allowance				164,041														
Uniform Allowance						456,000												
American Express	38,174			25,000					25,000				25,000	25,000	25,000	25,000	25,000	
Gallagher/PMA Ins																		
PMA-Workers Comp Claims	25,706		30,000				30,000					30,000		30,000	30,000	30,000	30,000	
Liability Claims																		
CIGNA		300,000		300,000		150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	250,000	250,000	250,000	250,000	
RX Benefits						100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	275,000	275,000	275,000	275,000	
Employee Spending		20,000		20,000				20,000				10,000		10,000	10,000	10,000	10,000	
Radio Tower/ MATA Savings Transfer	403,352																	
Capital items - advance state's & local portion	216,632																	
Operating Expenditures	\$ 2,620,960	\$ 661,500	\$ 1,935,529	\$ 850,541	\$ 1,480,529	\$ 1,044,200	\$ 2,150,000	\$ 593,700	\$ 2,210,000	\$ 565,200	\$ 2,150,000	\$ 598,200	\$ 1,295,000	\$ 4,923,716	\$ 5,036,716	\$ 4,923,716	\$ 4,923,716	
ACTUAL CASH RECEIPTS	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	
	12/2 - 12/6	12/9 - 12/13	12/16 - 12/20	12/23 - 12/27	12/30 - 1/3/25	1/6 - 1/10	1/13 - 1/17	1/20 - 1/24	1/27 - 2/1	2/3 - 2/7	2/10 - 2/14	2/17 - 2/21	2/24 - 2/28	March 2025	April 2025	May 2025	June 2025	
FareBox, NET, AmWay, ATC	27,820	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	
Misc Deposits		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
Federal Funds FY2024																		
Federal Funds FY2025	41,099	175,533												2,478,300	5,087,000		7,434,800	
Federal --Oper Asst & PM/ADA FY2024																		
Shelby County Oper Grant FY2025																		
State of TN Funds FY2025															6,800,000			
State-TN, Oper Asst & PM/ADA FY2024																		
City of Memphis - Deferral Assistance FY2025						4,000,000												
City of Memphis - Bridge Loan FY2025													5,000,000				- 5,000,000	
City of Mphs--Oper Assistance FY2025	1,475,431		1,475,000		1,475,000		1,475,000		1,475,000		1,475,000		967,321					
SAVINGS transfers																		
Capital items - drawdown state and local portion																		
Incoming Operating Funds	1,544,350	220,533	1,520,000	45,000	1,520,000	4,045,000	1,520,000	45,000	1,520,000	45,000	1,520,000	45,000	6,012,321	2,523,300	11,932,000	45,000	2,479,800	



MEMPHIS AREA TRANSIT AUTHORITY

Finance and Audit Committee

40 South Main Street,
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RESOLUTION NO. M3 Report 12-13-24

THE MODERNIZATION OF MATA: For its Customers, the Community and for City Hall

Addendum 1: Financial Review

Report Date: November 15, 2024

This report is prepared exclusively for the City of Memphis and Mayor Paul Young.
The analysis herein is for informational purposes only and does not constitute an audit.

Executive Summary

Executive Summary – Overview and Observations

MATA Financial Analysis Overview

- **In collaboration with TransPro, the M3 team performed a review of financial and cash flow reporting, including sources & uses of cash**
 - The cash flow review focused primarily on the period beginning July 1, 2023 (beginning of Fiscal Year 2024)
 - A review of accounting financial statements was performed with less available detail, but more historical context
- **Additionally, the teams collaborated on a financial model to dynamically forecast sources and uses of cash to improve visibility into cash uses and understanding of cash needs**
 - While structurally built, the model requires better data than what was provided during the Phase 1 analytics effort to provide valuable insights
- **Data accuracy and availability, and the pace of data collection hampered the analytical process to-date**
 - The ERP system change prior to July 2023 contributed significantly to difficulty retrieving pre- and post-changeover data in comparable form, and in some cases, collecting any pre-changeover data at all
 - Post-changeover data collection has been significantly slower and more difficult than anticipated, for two primary reasons:
 - The understaffed finance department manages multiple projects and daily work activities
 - The ERP system is potentially unsuitable for MATA, but at a minimum it is underutilized

Key Observations

- **As revenues have come down, MATA Management has not taken appropriate action to reduce costs**
 - System-generated funds have stagnated over the last couple years and now represent 4-5% of revenue (*22 benchmark average is 9%*)
 - While **total revenues declined an average of 15% per year** over the past 3 years, **Management presided over cost increases averaging nearly 10% per year** during the same timeframe
- **The new ERP chosen was either the wrong tool, poorly deployed, or a combination of both as the underutilization has been observed via:**
 - Difficulty in software operation
 - Lack of appropriate user training
 - Internal use policies that are inappropriate or unenforced
- **Systems issues and underutilization make system financials unreliable**
 - MATA's manual Excel-based weekly cash flow spreadsheets provided the most relevant information to analyze MATA's financial difficulties
 - Historical accounting data has been unwieldy and required significant manual intervention to provide digestible insights
 - Improvements in data accuracy and availability are significant opportunities, illustrated by the **failure to record \$7M in revenue** from 7 months prior

Executive Summary – Recommendations

Our initial report highlighted 3 immediate recommendations for restoring trust in MATA...

01

Meet the needs of customers and improve service

02

Improve financial management and oversight

03

Get back to basics

...and based on our financial review, the following three immediate-term focus areas align to 02 and 03 above and will allow MATA to effectively implement our recommendations across all of MATA

02: Improve financial management and oversight

Fix the financial reporting

Utilization of the existing ERP does not allow for dependable or transparent reporting. Consistent and automated reporting processes are necessary to isolate critical financial metrics and create reliable budgets. By improving financial reporting, MATA will be able to monitor operational performance as changes are implemented.

Employ relevant financial and business analytics

Focusing the organization on fundamental KPI's and operational metrics will ensure the "back to basics" mandate has a data-driven foundation. These benchmarks will help MATA optimize operations – and manage its budget – based on the funds it is able to access.

03: Get back to basis

"Cash is king"

~\$60M of Federal COVID funds were squandered as core service was allowed to deteriorate. MATA must use its limited cash resources prudently. A robust weekly cash forecast process is needed to provide accurate projections and manage liquidity wisely – a requirement for building trust with vendors, City Hall, other stakeholders, and the community at large.

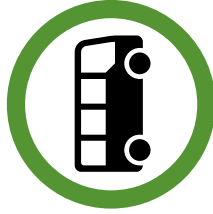
Executive Summary – Next Steps

Additionally, Finance support activities over the next 100 days should fully align with the broader strategy of immediate Moving the Needle actions for turning around MATA...



Align Service Delivery & Service Design

Design and deploy a cost-effective and efficient administrative operating model and organization to support the service delivery model



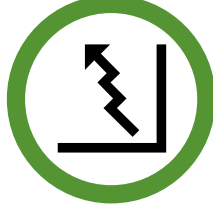
Fix & Replace Fleet

Conduct parts requirements planning and inventory review to plan and execute priorities for procurement, cash, and vendor management



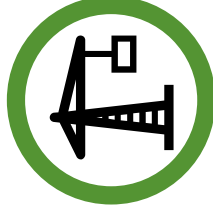
Hire & Train Operators

Follow through on Rider Support organizational restructuring with right-sizing of maintenance team and hiring of bus operators



Match Expenditures to Revenues

Perform detailed spend analysis and develop spend reduction actions to eliminate non-value add costs aligned to revenue



Pause Capital Investments

Eliminate administrative and service delivery distractions while focusing on Finance capability building and reporting

Detailed Analysis and Observations

Sources of Cash: Revenue

- Note: FY24 State grant funds of \$6.9M received in April 2024 were not properly recorded as revenue. M3 pointed out this error in October 2024. The agency will work with its auditor to record the revenue out-of-period for inclusion in FY24 financials. The discussion and analysis herein properly includes these funds as revenue.
- While total revenues grew 10% on average from FY17 to FY21, they have since **decreased at a 15% average annual rate** from FY21 to FY24
- During the peak COVID years of FY20-FY22, **MATA received – and spent – nearly \$60M** of grant/subsidy revenue above its historical trend, despite shrinking ridership since COVID
- Revenues from Federal grant programs have decreased significantly in the past two fiscal years, due to the expiration of federal COVID-related funding programs
- Operating revenue (primarily fares/lads) has stagnated at **\$2.5 million over each of the last four fiscal years** – contributing just 3-5% of revenue from FY21-FY24
 - This is down from an average of **\$7 million in the prior four fiscal years**
 - State funded grant revenues have been steadily in the range of \$7.6-8.6M annually
 - The City of Memphis has been the lifeblood of MATA during the past two years, having funded **over \$76 million since the start of FY24**, including the loan funded in Jan-Apr 2024
 - Historically, since at least FY17, the City has funded MATA revenues to the tune of **\$26-33M per year**
 - This excludes FY21-FY22 when this was **reduced to \$19M per year**, as the agency received over \$60 million of COVID-related funding in those two years
- Formula-based grants have provided a fairly consistent level of Federal and State funding, although the political environment can sway the congressional funding allocation process every year, as well as reauthorization of such programs which currently expire in Sept. 2026

Total Revenue										
\$ in Thousands	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY23	FY24
Operating Revenue	7,857	7,299	6,949	5,500	2,428	2,492	2,574	2,538		
Federal Grants	13,077	15,259	14,142	11,543	13,722	14,296	12,428	5,699		
Federal Grants (COVID) ⁽¹⁾	-	-	-	-13,271	35,688	25,288	-	-		
State Grants ⁽²⁾	7,706	7,684	7,669	8,009	8,259	8,385	8,622	7,584		
City of Memphis	26,298	28,918	29,170	32,719	19,170	19,170	32,463	32,170		
Other	(613)	558	621	541	352	(105)	10	1,613		

Total Revenue	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
54,295	59,718	58,552	71,584	79,619	69,526	56,097	49,614	

⁽¹⁾ Conflicting data on size/timing of COVID-related funds, although in total, Federal Grants data does foot to audits
⁽²⁾ FY24 is adjusted to include \$6.9M rec'd in 4/2024, but not recorded as revenue until audit adjustment process

% of Total Revenues	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Operating Revenue	14.5%	12.2%	11.9%	7.7%	3.0%	3.6%	4.6%	5.1%
Federal Grants	24.1%	25.6%	24.2%	16.1%	17.2%	20.6%	22.2%	11.5%
Federal Grants (COVID)	-	-	-	18.5%	44.8%	36.4%	-	-
State Grants	14.2%	12.9%	13.1%	11.2%	10.4%	12.1%	15.4%	15.3%
City of Memphis	48.4%	48.4%	49.8%	45.7%	24.1%	27.6%	57.9%	64.8%
Other	(1.1%)	0.9%	1.1%	0.8%	0.4%	(0.2%)	0.0%	3.3%

Total	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Year-Over-Year Growth Revenue (YOY % growth)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Operating Revenue	(7.1%)	(4.8%)	(20.9%)	(55.9%)	2.6%	3.3%	(1.4%)	(1.4%)
Federal Grants	16.7%	(7.3%)	(18.4%)	18.9%	4.2%	(13.1%)	(54.1%)	(11.9%)
State Grants	(0.3%)	(0.2%)	4.4%	3.1%	1.5%	2.8%	(11.9%)	(0.9%)
City of Memphis	10.1%	0.9%	12.2%	(41.4%)	-	69.3%	(0.9%)	(0.9%)
Total Year-Over-Year Growth	10.0%	(2.0%)	22.3%	11.2%	(12.7%)	(19.3%)	(11.6%)	(11.6%)

Uses of Cash: Employees

- While MATA has made some modest efforts to right-size its work force, the agency has not sufficiently focused on fixing its bloated administrative employee base. Administrative employees currently account for **31% of total headcount, and 37% of estimated annualized wages**
 - This compares to a benchmark of 18-21% for other comparable metropolitan transit systems¹

MATA Employee Count	3/31/2024		6/30/2024		7/31/2024		8/31/2024		9/30/2024		10/31/2024	
	#	%	#	%	#	%	#	%	#	%	#	%
Administrative	153	29.4%	152	29.9%	152	30.6%	148	31.9%	146	31.8%	140	31.2%
Rider Support/Operations	367	70.6%	356	70.1%	345	69.4%	316	68.1%	313	68.2%	309	68.8%
Total	520	100.0%	508	100.0%	497	100.0%	464	100.0%	459	100.0%	449	100.0%

	Period-to-Period Change					
	8/31 vs. 7/31		9/30 vs. 8/31		10/31 vs. 9/30	
	#	%	#	%	#	%
Administrative	-4	(2.6%)	-2	(1.4%)	-6	(4.1%)
Rider Support/Operations	-29	(8.4%)	-3	(0.9%)	-4	(1.3%)
Total	-33	(6.6%)	-5	(1.1%)	-10	(2.2%)

MATA Est. Gross Ann. Salary (000s)	3/31/2024		6/30/2024		7/31/2024		8/31/2024		9/30/2024		10/31/2024	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Administrative	10,447	35.1%	10,266	35.5%	10,266	36.2%	9,990	37.5%	9,891	37.5%	9,561	37.0%
Rider Support/Operations	19,306	64.9%	18,686	64.5%	18,101	63.8%	16,645	62.5%	16,487	62.5%	16,273	63.0%
Total	29,753	100.0%	28,951	100.0%	28,367	100.0%	26,635	100.0%	26,377	100.0%	25,834	100.0%

	Period-to-Period Change					
	8/31 vs. 7/31		9/30 vs. 8/31		10/31 vs. 9/30	
	\$	%	\$	%	\$	%
Administrative	(276)	(2.7%)	(100)	(1.0%)	(330)	(3.3%)
Rider Support/Operations	(1,456)	(8.0%)	(158)	(0.9%)	(214)	(1.3%)
Total	(1,732)	(6.1%)	(258)	(1.0%)	(543)	(2.1%)

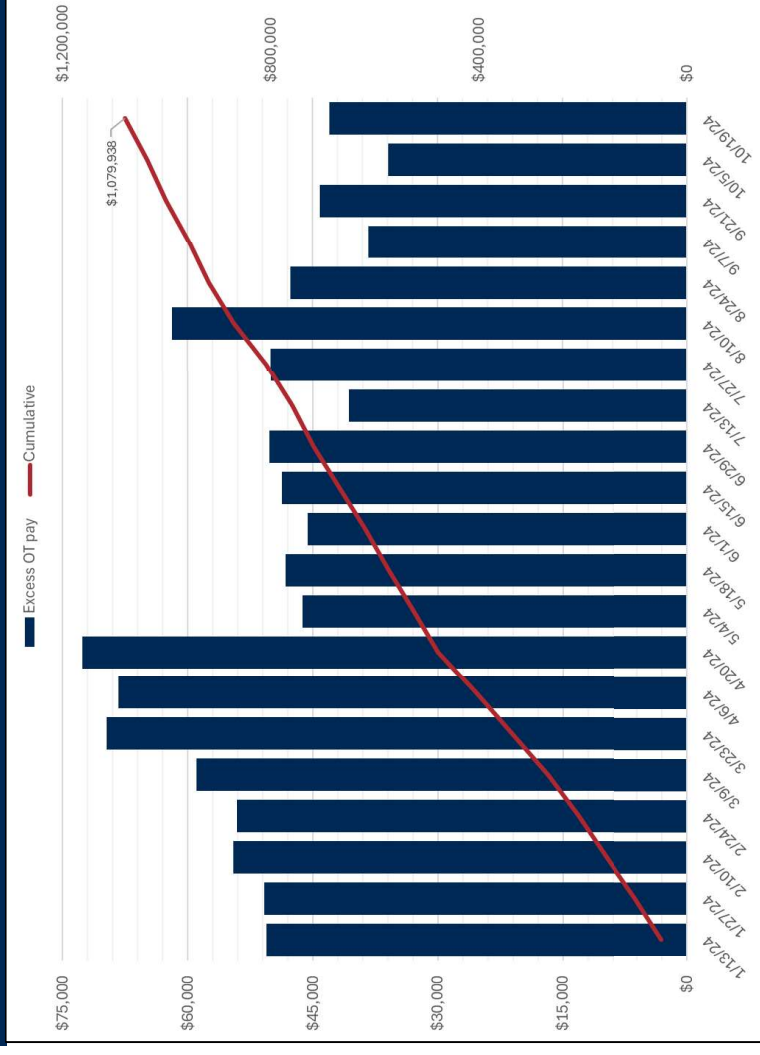
- Management tentatively planned a reduction in force of 31 administrative employees as part of its 11/3/24 schedule/fare changes, but the implementation was delayed in conjunction with the delay of the schedule change implementation
 - The delay in Administrative headcount reduction (as envisioned by Management) costs the agency over **\$14,000 each business day**
 - This represents an opportunity for cost saving that could be implemented in the very near term
- We believe MATA needs a wholesale reassessment and restructuring of its administrative organizational structure
 - Significant opportunities exist to streamline an overstuffed and inefficient bureaucracy that has not sufficiently adapted to the **51% drop in ridership since FY2019**
 - Some areas, such as Finance, may benefit from additional resources as part of a restructuring via redistribution of headcount

¹ TARC Peer Agency Transit Report, TransPro, February 2024

Uses of Cash: Employees

- Misalignment of operational employees has led to reliance on overtime (OT) labor, an expense which could have otherwise been deployed for the hiring/employment of needed fixed route operators
 - **MATA spent over \$1 million on OT** in calendar year 2024 by the end of September
 - MATA is on pace to spend **over \$1.3 million on excess OT costs** in calendar year 2024
 - If 75% of OT was reallocated to needed operator hiring, the agency could have onboarded at least 14 operators (at current average fully loaded salary and benefits)
- MATA has approximately 45 mechanical technician (MT) positions. With 60 buses and 35 MATA+ vehicles currently operational, this is a ratio of 2.1 vehicles per mechanic
 - Benchmark maintenance ratios of 4-6 vehicles per mechanic suggest a MT team of 16-24 technicians
 - With proper training to bring MT capabilities and staffing in line with benchmarks, MATA could reallocate 21-29 positions to other needed areas, including fixed route operators
- Between excess overtime and misallocated maintenance employees, MATA could self-fund sufficient fixed route operators to overcome its driver shortfall

Overtime Cost Per Pay Period



Uses of Cash: Vendors

Summary of Situation

- **Non-employment costs account for ~40% of total operating expenses, with “Services” representing half of that (\$16M in FY24)**
 - Of ~175 vendors, two account for over 10% each of Services costs
 - Walden Security represented 15.5% of FY24 expenses
 - Downtown Memphis Commission represented 11.2%
 - The remaining vendors each represented 6.7% or less of total spend
 - Services spending has increased 12.5% annually from FY21-24 (similar to increase in employment costs); additional data needed to assess why
- **“Materials & Supplies” and “Other” expenses represent an extremely wide range of vendors and expenditure categories**
 - Based on available data, a synopsis of the vendor base (or cost category) is not yet able to be usefully summarized
- **Aged payables (60+ days past due) decreased from nearly \$9 million in August 2024 to \$1.1 million currently – including \$4 million paid down the week of 11/8/24 to almost eliminate the 90+ DPD category**

Improvement Opportunities

- **Observations:**
 - Via team interviews, **business unit heads do not follow proper procedures** for submittal / approval of invoices
 - The finance team is regularly **burdened by vendors seeking payment**
- **Actions:**
 - **Procedures should be implemented and enforced immediately**
 - Deliver training to drive understanding and cooperation
 - Identify and follow-up on consequences for subverting process
 - Review invoices for business purpose and historical abnormalities
 - **Perform analysis on number of vendors, business need, and cost savings from vendor rationalization and reduction**
 - **Update Source-to-Pay procedures to minimize operational disruptions and excessive time spent managing vendors**

Accounts Payable Aging Schedule as of 11/14/2024

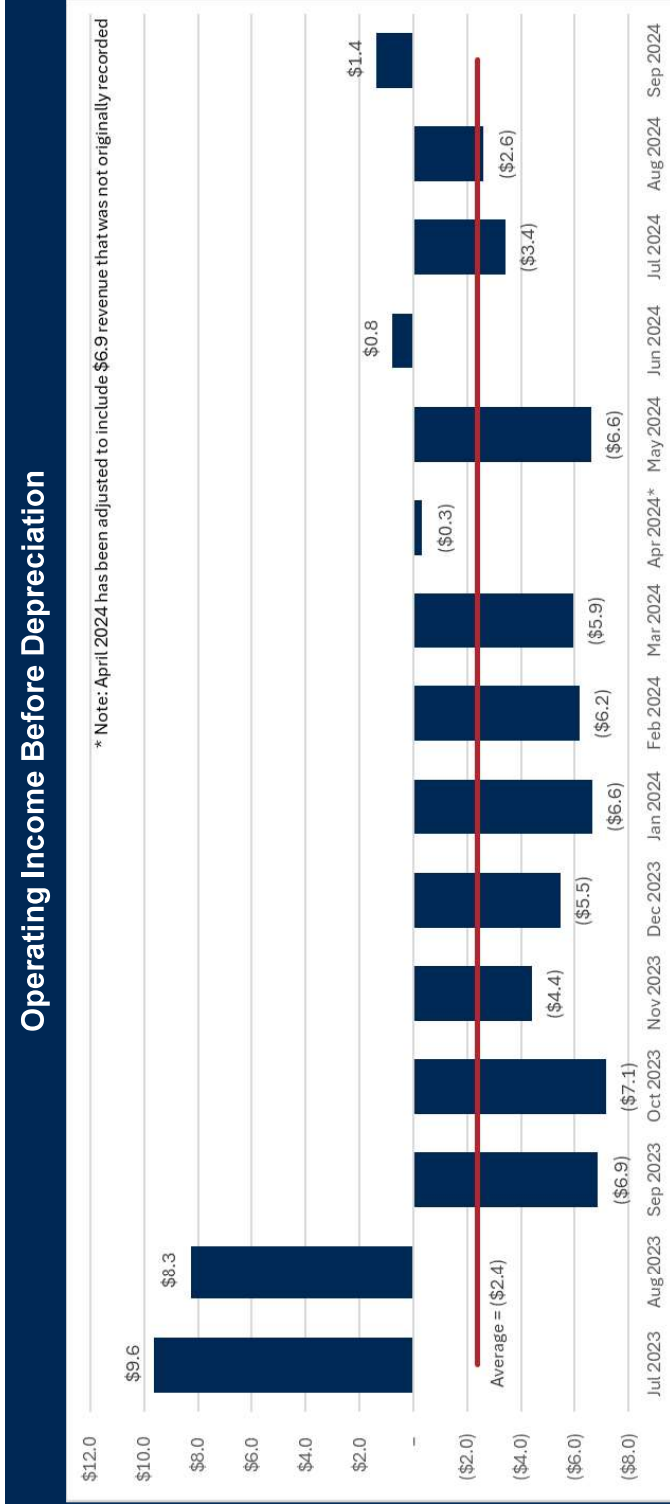
Days Past Due:	Current	30 - 60	60 - 90	90 & Over	Total
Total \$	202,049	1,662,949	802,600	290,203	2,957,800
% of Total	6.8%	56.2%	27.1%	9.8%	100.0%
# of Vendors *	39	60	26	12	89

* Many of the 89 vendors have outstanding invoices in multiple aging categories

Confidential Draft – Only for intended recipients

Monthly Operating Income – FY24 and FY25 YTD

- MATA's monthly operating income is highly variable, based primarily on the timing of revenue recognition, and **ranged from (\$7.1M) to \$9.6M** during FY24-FY25 YTD (before depreciation)
- Monthly operating expenses are relatively more consistent, ranging from \$5.6M to \$7.6M during FY24-FY25 YTD (before depreciation)
- *Note: the \$20M bridge loan from the City of Memphis, which was funded in Jan, Mar and Apr 2024, is not Revenue, and therefore not included in these numbers*



Other Observations

What You Should Know

- **As previously noted, MATA failed to record revenue for the \$6.9M State of Tennessee grant funds received in April 2024**
 - M3 raised the concern upon discovery in October 2024
 - MATA plans to make an out-of-period adjustment for audit purposes
 - For future analytics, manual adjustments to account for this in MATA's financial reporting will be needed for purposes of comparability and correctness
- **Financial reporting has proven error-prone and laborious, since much of it is done manually in Excel**
- **MATA's PTO Policy appears off-market with significant rollover each year and may benefit from being aligned with City policy or other benchmarks**
 - This will have a sizeable effect on any RIF/severance analysis
 - As of 6/30/24, Average weeks of accrued PTO are as follows:

Level	Weeks	EE Count
Executive	15.9	7
Director	13.0	7
Other Salaried	7.9	96
Hourly non-CBA	3.4	40
Hourly CBA	1.2	85
Former CEO Rosenfield	52.8	1

Improvement Opportunities

- **ERP improvement or replacement**
 - A commitment to either replace or re-focus on existing ERP tools would help minimize the level of human intervention in financial reporting, reducing errors and increasing efficiency, which would allow the finance team to focus on more strategic activities
- **Financial reporting**
 - A rolling 13-week cash flow forecast would greatly improve visibility and understanding of cash needs in the near term
 - Historical monthly financial reporting has suffered from inconsistency, lack of comprehensiveness and labor-intensive production
 - Embracing improvements in ERP, as cited above, would create a strong foundation for significantly improved financial reporting
 - Develop standardized reporting for repeatability and consistency of information sharing with the Board and City
- **Finance HR considerations**
 - The addition of a Financial Planning & Analysis (FP&A) resource would advance the agency's ability to analyze financial data and create strategic plans – a function that is common in similar organizations but lacking at MATA
 - The Director of Finance will reach the 25-year milestone in early 2025 suggesting a need to proactively plan for succession and transition

Cash Flow Tracker – FY24 and FY25 YTD – Quarterly/Annual

(\$ in 000s)

Period Ending:	13 weeks 9/29/2023	13 weeks 12/29/2023	13 weeks 3/29/2024	13 weeks 6/28/2024	13 weeks 9/27/2024	52 weeks 6/28/2024	52 weeks 9/27/2024
Cash Operating Receipts							
System Collections	\$561,883	\$631,950	\$994,194	\$549,936	\$497,406	\$2,737,963	\$2,673,486
Federal	2,629,434	892,712	3,262,939	6,806,111	10,919,261	13,591,196	21,881,023
State	2,321,937	199,118	465	6,882,162	2,687	9,403,682	7,084,432
County	613,460	1,000,000	—	—	500	1,613,460	1,000,500
City Ops Funding	30,841,371	1,500,000	1,953,803	650,358	16,858,153	34,945,532	20,962,315
City Bridge Loan	—	—	16,100,000	3,900,000	—	20,000,000	20,000,000
Other	—	—	—	567,915	—	567,915	567,915
Total Cash Operating Receipts	\$36,968,084	\$4,223,780	\$22,311,401	\$19,356,482	\$28,278,008	\$82,859,748	\$74,169,671
Cash Operating Disbursements							
Payroll & Payroll-Related (incl CBA-related)	9,282,971	7,811,894	8,928,751	8,607,100	9,296,859	34,630,717	34,644,605
Healthcare/Benefits/Employee Spending Accts	1,599,490	1,798,743	921,143	1,200,164	1,361,526	5,519,540	5,281,576
Vendor Payments	10,663,848	9,320,682	10,513,908	8,484,883	10,861,471	38,983,321	39,180,943
Amex P Card	—	—	—	237,336	61,078	237,336	298,414
Bank Charges	19,879	16,154	15,113	14,009	15,456	65,155	60,732
Insurance	801,000	—	—	—	1,008,773	801,000	1,008,773
Workers Comp	171,745	145,961	164,190	132,950	115,630	614,846	568,731
Self-Insurance Payments	3,000	93,000	6,000	3,000	60,874	105,000	162,874
Grant Invoice Payments	2,074,329	715,974	—	—	—	2,790,303	715,974
Other	—	—	497,991	—	—	497,991	497,991
Total Cash Operating Disbursements	\$24,616,263	\$19,902,408	\$21,047,096	\$18,679,441	\$22,781,668	\$84,245,208	\$82,410,613
Net Operating Cash Flow	\$12,351,822	(\$15,678,628)	\$1,264,305	\$677,041	\$5,496,340	(\$1,385,459)	(\$8,240,941)
Transfer From Savings	4,000,000	16,000,000	1,439,535	6,577,658	10,375,215	28,017,193	34,392,408
Transfer To Savings	(20,000,000)	—	(2,397,976)	(7,500,000)	(9,088,768)	(29,897,976)	(18,986,744)
Total Savings Transfers	(\$16,000,000)	\$16,000,000	(\$958,441)	(\$922,342)	\$1,286,447	(\$1,880,783)	\$15,405,665
Net Cash Flow - Operating Account	(\$3,648,178)	\$321,372	\$305,864	(\$245,300)	\$6,782,787	(\$3,266,242)	\$7,164,723
Bank Cash							
BOP Bank Cash Balance	\$3,878,697	\$230,519	\$551,891	\$857,756	\$612,455	\$3,878,697	\$230,519
Net Cash Flow	(3,648,178)	321,372	305,864	(245,300)	6,782,787	(3,266,242)	7,164,723
Revolver Draw / (Paydown)	—	—	—	—	—	—	—
EOP Bank Cash Balance	\$230,519	\$551,891	\$857,756	\$612,455	\$7,395,242	\$612,455	\$7,395,242

Note:
Cumulative City Funding starting FY24 (7/1/2023)

30,841,371 32,341,371 50,395,174 54,945,532 71,803,686 71,803,686

Why This Matters

- Cash receipts and disbursements, typically tracked on a **weekly** basis, do not perfectly align with accounting periods, which typically have month-end timing and use accruals
- However, tracking the receipts and disbursements of cash provides a better understanding of the current financial health of the agency
- With this historical tracker built and structured into a format that is digestible by non-finance MATA stakeholders, a basis is set for the next step: **implement a robust forecasting process**

Callouts on this report

- As noted, cash receipts are lumpy; thus, net operating cash flow is lumpy, since a large subset of disbursements (payroll) have a non-discretionary timing requirement
- Payroll occurs every 2 weeks, resulting in either 6 or 7 payrolls per 13-week period; hence the variation across 13-week periods
- Vendor payments tend to be a function of available cash; hence the 9/27/24 period increase, due to receipt of funding from the City of Memphis

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Cash Flow Tracker – FY24 and FY25 YTD – Monthly

Extending the “quarterly” view to “monthly” highlights the cash flow patterns that will be taken into account in finalizing the forward-looking cash forecast.

(\$ In 000s)

Period Ending:	4 weeks 7/28/2023	5 weeks 9/1/2023	4 weeks 9/29/2023	5 weeks 11/3/2023	4 weeks 12/1/2023	4 weeks 12/29/2023	5 weeks 2/2/2024	4 weeks 3/1/2024	4 weeks 3/29/2024	5 weeks 5/3/2024	4 weeks 5/31/2024	4 weeks 6/28/2024	5 weeks 8/2/2024	4 weeks 8/30/2024	4 weeks 9/27/2024	5 weeks 11/1/2024
Cash Operating Receipts																
System Collections	\$154,262	\$221,486	\$186,135	\$260,828	\$173,896	\$197,226	\$168,712	\$638,024	\$187,458	\$190,890	\$204,441	\$154,605	\$186,289	\$175,425	\$135,692	\$173,392
Federal	–	1,160,000	1,459,434	90,635	–	802,077	–	2,889,913	373,026	341,587	707,578	5,756,946	1,016,274	512,182	9,391,805	162,647
State	78,282	2,113,520	130,135	612	198,446	60	45	420	–	6,881,832	180	150	–	432	795	1,550,420
County	–	–	–	–	1,000,000	–	–	–	–	–	–	–	–	–	–	–
City Ops Funding	15,000,000	15,841,371	–	–	1,500,000	–	–	1,953,803	–	596,594	53,764	–	3,350,200	5,743,445	7,764,509	2,768,994
City Bridge Loan	–	–	–	–	–	–	10,100,000	–	6,000,000	3,900,000	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	587,915	–	–	–	–	–	–
Total Cash Operating Receipts	\$15,232,544	\$19,825,316	\$1,910,224	\$352,075	\$2,872,342	\$999,363	\$10,268,757	\$5,482,160	\$6,560,484	\$12,478,818	\$965,963	\$5,911,701	\$4,553,723	\$6,431,484	\$17,292,800	\$4,675,453
Cash Operating Disbursements																
Payroll & Payroll-Related (incl CBA-related)	2,559,100	3,940,753	2,783,119	2,735,096	2,543,396	2,533,402	3,447,254	2,951,945	2,529,553	3,486,220	2,495,555	2,695,325	3,636,869	3,038,194	2,419,797	2,561,595
Healthcare/Benefits/Employee Spending Accts	332,676	661,020	605,794	533,549	614,052	651,142	325,212	315,734	280,197	606,054	519,255	74,855	593,205	307,529	460,493	465,631
Vendor Payments	3,705,609	4,363,877	2,594,362	3,975,185	2,869,997	2,475,500	2,946,389	4,670,831	2,896,688	4,068,978	1,505,271	2,910,634	2,156,538	1,323,074	7,381,859	2,163,800
Amex P Card	–	–	–	–	–	–	–	–	–	177,210	28,039	32,087	12,150	48,928	–	51,854
Bank Charges	13,457	4,623	1,799	10,854	3,507	1,793	10,044	2,641	2,428	10,230	–	3,779	10,791	558	4,107	10,775
Insurance	–	801,000	–	–	–	–	–	–	–	–	–	–	–	1,008,773	–	–
Workers Comp	54,082	77,548	40,115	66,235	54,702	25,025	84,008	50,271	29,911	54,669	24,006	54,275	31,361	42,417	41,852	28,754
Self-Insurance Payments	–	–	3,000	–	–	93,000	–	3,000	3,000	–	–	–	60,874	–	–	–
Grant Invoice Payments	–	–	–	875	704,857	10,242	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	497,991	–	–	–	–	–	–	–	–	–
Total Cash Operating Disbursements	\$6,664,923	\$9,848,921	\$8,102,518	\$7,321,784	\$6,790,511	\$5,790,103	\$7,310,898	\$7,994,421	\$5,741,777	\$8,376,361	\$4,572,125	\$5,730,956	\$6,703,788	\$5,769,772	\$10,308,108	\$5,272,510
Net Operating Cash Flow	\$8,567,620	\$9,976,395	\$6,192,294	\$6,369,719	\$3,918,169	\$4,790,740	\$2,957,859	\$2,512,261	\$818,707	\$4,102,457	(\$3,606,162)	\$180,746	(\$2,150,064)	\$661,711	\$6,984,693	(\$597,057)
Transfer From Savings	–	–	4,000,000	10,000,000	3,000,000	3,000,000	–	39,535	1,400,000	1,200,000	3,198,044	2,181,615	4,995,145	3,493,109	1,886,961	2,339,719
Transfer To Savings	(10,000,000)	(10,000,000)	–	–	–	–	2,024	–	(2,400,000)	(5,500,000)	–	(2,000,000)	(3,345,000)	(3,616,000)	(2,127,768)	(1,804,583)
Total Savings Transfers	(\$10,000,000)	(\$10,000,000)	\$4,000,000	\$10,000,000	\$3,000,000	\$3,000,000	\$2,024	\$39,535	(\$1,000,000)	(\$4,300,000)	–	(\$181,615)	\$1,650,145	(\$122,891)	(\$240,807)	\$535,135
Net Cash Flow – Operating Account	(\$1,432,380)	(\$23,605)	(\$2,192,294)	\$3,030,281	(\$918,168)	(\$1,790,740)	\$2,959,883	(\$2,472,726)	(\$181,293)	(\$197,543)	(\$410,118)	\$362,360	(\$499,919)	\$538,821	\$6,743,886	(\$61,921)
Bank Cash																
BOP Bank Cash Balance	\$3,878,697	\$2,446,317	\$2,422,813	\$230,519	\$3,260,800	\$2,342,632	\$651,891	\$3,511,774	\$1,039,048	\$857,756	\$660,213	\$250,095	\$612,455	\$112,536	\$651,356	\$7,395,242
Net Cash Flow	(1,432,380)	(23,605)	(2,192,294)	3,030,281	(918,168)	(1,790,740)	2,959,883	(2,472,726)	(181,293)	(197,543)	(410,118)	362,360	(499,919)	538,821	6,743,886	(61,921)
Revoluer Draw / (Paydown)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
EOP Bank Cash Balance	\$2,446,317	\$2,422,813	\$230,519	\$3,260,800	\$2,342,632	\$551,891	\$3,511,774	\$1,039,048	\$857,756	\$660,213	\$250,095	\$612,455	\$112,536	\$651,356	\$7,395,242	\$7,333,321

Note: Cumulative City Funding starting FY24 (7/1/2023)

15,000,000	30,841,371	30,841,371	30,841,371	30,841,371	32,341,371	32,341,371	32,341,371	44,395,174	50,395,174	54,891,768	54,891,768	54,945,532	54,945,532	58,295,732	64,039,177	64,039,177	71,803,686	74,592,680
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