

SORTA FINANCE COMMITTEE MEETING

TUESDAY, JANUARY 8TH, 2019 - 8:00 A.M.
SORTA/METRO BOARD ROOM
602 MAIN STREET, SUITE 1200
CINCINNATI, OHIO

General Items:

- Call to order
- Pledge of Allegiance
- Recite Mission and Vision Statement
- 1. Approval of Finance Committee Minutes: December 11th, 2018

Briefing Items

- 2. Quarterly Internal Audit Update: Q4 (**David A. Riposo**)
- 3. Financial Reports for December 2018 (**David A. Riposo**) *To be presented at meeting...*

Action Items

- 4. Investment of Funds Report as of December 31, 2018 (**David A. Riposo**)
- 5. Proposed Resolution: Approval of Contract with Fifth Third Bank (**Michelle Jeng**)

Other Items:

Adjournment

The next regular meeting of the Finance Committee has been scheduled for **February 12th, 2019 at 8:00 a.m.**, the SORTA/Metro Board Room, 602 Main Street, Suite 1200, Cincinnati, Ohio

FINANCE COMMITTEE
TUESDAY, DECEMBER 11TH, 2018 – 8:00 A.M.
SORTA/METRO MT. ADAMS BOARD ROOM
602 MAIN STREET, SUITE 1200
CINCINNATI, OHIO

COMMITTEE/BOARD MEMBERS PRESENT: Heidi Black, Brendon Cull, Allen Freeman, Robert Harris, Roderick Hinton, Thaddeus Hoffmeister, Pete McLinden and Mary Miller

COMMITTEE MEMBERS ABSENT: none

STAFF MEMBERS PRESENT: Dwight Ferrell, Donna Adkins, John Edmondson, Barbara Gardner-Evans, Dan Feldman, Pat Giblin, Paul Grether, Adriene Hairston, Darryl Haley, Sallie Hilvers, Brandy Jones, Caprice Jones, Maria Jones, Michelle Jeng, Greta Perry, Kelly Pierson, Cindy Resor, David Riposo, Judy Ross, Khaled Shammout, Shannel Satterfield

OTHERS PRESENT: Kim Schaefer (Vorys, Sater, Seymour & Pease, LLP), Seth Rensberger, Joe Schmidt and Jenna Skop (Clark Schaefer Consulting, LLC), Michael Fisher (Assured Partners, LLC), Taylor Cigging* (Channel 9*)

1. **Call to Order**

Ms. Black called the meeting to order.

2. **Pledge of Allegiance**

The Pledge of Allegiance was recited.

3. **SORTA's Vision and Mission Statements**

SORTA's vision and mission statements were recited.

4. **Approval of Minutes of November 7th**

Ms. Black made a motion that the minutes of the November 7th, 2018 meeting approved as previously emailed and Mr. Hinton seconded the motion. The Committee approved the minutes.

5. **Internal Audit: Storeroom**

Mr. Rensberger and Ms. Skop of Clark Schaefer Consulting presented the Storeroom Internal Audit report. They provided the Committee with a scope of the audit which included: policies and procedures related to inventory control, physical access to the storerooms, cycle counts, inventory adjustments and reconciliations, inventory receipts, transfers, and returns, excess and obsolete inventory, including disposition, etc. The report also provided the results of the audit, including observations and recommendations.

6. **Internal Audit: IT**

Mr. Schmidt of Clark Schaefer Consulting presented the IT Internal Audit report. He provided the Committee with a scope of the audit which included: review current IT infrastructure and processes, understand key personnel with responsibilities associated to control areas, perform a vulnerability assessment to identify potential weaknesses within the IT infrastructure and network architecture, and perform an external penetration testing by attempting to exploit vulnerabilities

identified to gain access to the network; commercial-grade software and manual validation was utilized, as necessary . The report also provided the results of the audit, including observations and recommendations.

7. **Financial Report as of November 30, 2018**

Mr. Riposo presented the November 2018 financial reports. Total revenues were \$8.2 million, which is favorable to budget by \$28,000. Total expenses were \$8.3 million, which is unfavorable to budget by \$57,000 or 0.7%. The final result was a net unfavorable variance of \$5,000 for the month. Fare revenue was favorable to budget by \$47,000 or 3.2%. Mr. Riposo then reviewed the contributing factors to these variances.

He also presented the Cincinnati Bell Connector financial report for November 2018. Total revenues were \$276,651 which is unfavorable to budget by \$69,477 or 20%. Total expenses were \$345,653 which is favorable to budget by \$475 or 0%. The end result is a net unfavorable variance of \$69,002 for the month. Mr. Riposo then reviewed the contributing factors to these variances. The Committee accepted the report as presented.

8. **Legal Expense Review**

Mr. Riposo presented the Legal Expenses Report per Board request at the November Committee/Board meetings. He reviewed the RFP process for legal services and stated SORTA's last proposal process was in late 2002 and the contract was awarded in 2003. Mr. Riposo discussed SORTA's current contracts with four (4) legal firms for representation in various areas of business. Lastly, in efforts to reduce legal cost staff has decided Public Records Request will be handled in house beginning January 2019 with support from legal counsel as needed.

9. **Investment of Funds as of October 31st, 2018 and November 30th, 2018**

Mr. Riposo presented the report noting the yield for October increased to 2.360%. He also presented the report noting the yield for November slightly increased to 2.435%.

The Committee approved the reports as presented.

10. **Proposed Motion: Approval of Legal Service Expenditures with Vorys, Sater, & Pease, LLC**

Mr. Riposo requested approval to issue a purchase order for legal services to Vorys, Sater, Seymour and Pease, LLP for the time period of January 1, 2019 through December 31, 2019 at the rates set forth in the engagement letter at a cost not to exceed \$240,000.

The Committee agreed to recommend the motion to the full Board.

11. **Proposed Resolution: Approval of Contract for Internal Audit Services**

Mr. Riposo recommended a contract be awarded to Clark Schaefer Consulting, LLC for a total estimated cost not to exceed \$750,000 for a performance period of January 1, 2019 through December 31, 2023 and five one (1) year options for internal audit consulting services.

The Committee agreed to recommend the motion to the full Board.

12. **Proposed Resolution: Approval of 2019 Insurance Program Renewal**

Ms. Jeng requested renewal of the liability insurance program with The Princeton Excess and Surplus Lines Insurance Company, Hanover Insurance Group and Ironshore, at a cost not to exceed \$291,000 for 1-year policies beginning January 1, 2019 through December 31, 2019. Also, the execution of a nine (9) month extension to the current one (1) year contract that expires on March 31, 2019 with Safety National Casualty Corporation on behalf of SORTA for excess workers compensation insurance for the period of April 1, 2019 through December 31, 2019, at a cost not to exceed \$81,000.

The Committee agreed to recommend the motion to the full Board.

13. **New Business**

The next regular meeting of the Finance Committee has been scheduled for Tuesday, January 8th, 2019 at 8:00 A.M.

14. **Adjournment**

The meeting adjourned at 9:15 A.M.

January 2019

BRIEFING ACTION – QUARTERLY INTERNAL AUDIT SUMMARY UPDATE

STRATEGIC PLAN GOAL / OBJECTIVE

- Operational Excellence

RECOMMENDATION

This is a briefing item. No action is required at this time.

BUSINESS PURPOSE

- Internal audits are conducted by Clark Schaefer on SORTA's behalf
- All findings are followed up on to assure compliance with the recommendations
- A quarterly report updating the Finance Committee is attached

SUBMITTED BY:



David A. Riposo
CFO/Sr. Vice President, Finance

AUDIT REPORT FINDINGS

This summary is provided as an overview of both internal and external audit work performed covering the period of 2016-2018 to date that have items not completed. The intent of this report is to provide Management and Board members with an executive level review of the key findings, audit recommendations, as well as a summary of Management's response to the findings.

The status of these findings is color coded to the following scale:

Management has communicated that the finding has been remediated.
Management provided an expected date for remediation of the finding and that date has not yet arrived or has been legitimately extended due to needs of the business.
Management provided an expected date for remediation of the finding and that date has passed without remediation occurring or no remediation plan currently exists.

No.	Date	Audit Team	Audit	Finding	Observation	Recommendation	Management Response	Owner	Status
1	July 2016	Clifton Larson Allen	Annual 2015 Audit	IT Strategic Plan		Establish an IT strategic plan and re-evaluate the plan and its progress on an annual basis. Also perform an information technology risk assessment and update the assessment on an annual basis.	SORTA will establish an appropriately tailored IT Strategy reflective of the scale, complexity and resources of the organization. Item #6 from December, 2016 report already addresses the elements of risk assessment.	<i>Pat Giblin</i>	<u>12/21 – UPDATE:</u> Approved 2019 Budget required 10% salaried headcount reduction so incremental staffing updates identified cannot be implemented at this time,
2	Dec. 2017	Clark Schaefer	Human Resources	Lack of succession planning for key roles	SORTA does not have formally documented succession planning for key roles.	Establish a formal written succession plan for key roles.	HR will design and implement an annual Talent Management/ Succession Planning process for key roles by December 2018.	<i>Adriene Hairston</i>	<u>June 30, 2018</u> <u>12/21 – UPDATE</u> The Talent Management and Succession Planning process is in the design phase and will be implemented in 2019.
3	Dec. 2017	Clark Schaefer	Human Resources	Bargaining unit employees do not receive key company policies	SORTA does not currently provide the administrative employee handbook to bargaining unit	Provide all bargaining unit employees the administrative employee handbook and require a signed	HR will create an employee handbook for bargaining unit employees by December 2018.	<i>Adriene Hairston</i>	<u>December 30, 2018</u> <u>12/21 – UPDATE</u> Handbooks for both Administrative and Bargaining unit employees are in final

AUDIT REPORT FINDINGS

					employees.	acknowledgement.		draft and are expected to be ready for roll-out March 2019.	
4	June 2018	Clark Schaefer	Payroll	Payroll Policies and Procedures	Some payroll procedures have not been updated to incorporate the transition from Ceridian to Paycor.	Management should monitor and update the payroll policies and procedures to reflect the change in processes due to the transition from Ceridian to Paycor.	This will be completed by the end of 4Q2018.	<i>Dan Feldman</i>	<i>Completed</i>
5	Sept. 2018	Clark Schaefer	Safety & Security	Safety Data Sheets	Safety data sheet "SDS" is not retained for all chemical materials at SORTA facilities. Two chemical materials at the MOF were in a flammable materials cabinet that did not have an SDS on file and SDS log at MOF had not been updated since April 2016.	An SDS should be retained for each approved chemical brought to a SORTA property. A chemical inventory is scheduled to be completed prior to the end of 2018 to include chemicals maintained at all maintenance facilities.	Transdev is responsible for conducting an inventory of chemicals and ensuring the current and correct SDS are on hand for those chemicals. SORTA Safety staff will complete an inventory of chemicals at the MOF by 9/30/18.	<i>TJ Thorn</i>	<i>Completed</i>
6	Sept. 2018	Clark Schaefer	Safety & Security	Coach Operator's Incident Report	The coach operator's incident reporting form is not consistently used. The form was redesigned to include space for reporting safety and security incidents. However, incidents were being reported in the previous format.	The current version of the coach operator's incident reporting form should be consistently used.	The currently used form will be replaced with the revised form and the old forms discarded. The form will be added to the controlled document procedures, and communicated to personnel by 10/31/18.	<i>TJ Thorn</i>	<i>Completed</i>

AUDIT REPORT FINDINGS

7	Nov. 2018	Clark Schaefer	Storeroom	Physical Storeroom Access	Badge access to the storeroom is not limited to employees with a business purpose. At Bond Hill it was noted a lock on an interior door leading to the storeroom did not remain secured if pressure as applied to the handle.	Ensure storeroom assets are safeguarded through appropriate badge access and operating locks. Individuals without a business purpose should not be granted badge access to the storeroom. The badge access process should be reviewed.	SORTA has engaged multiple function groups to determine appropriate policies and procedures that address facility access to high risk areas. In addition, the Inventory Manager will perform a quarterly review of reports to ensure appropriate access is in place. A request form will be developed and provided to all managers to be completed during the onboarding process of new employees. All to be completed by 3/31/19.	<i>John Edmondson</i>	
8	Nov. 2018	Clark Schaefer	Storeroom	Unsecured Inventory	At Bond Hill there is unsecured inventory included bus bumpers stored along the back wall of the garage.	Inventory should be safeguarded and kept in a secure area, accessible only to individuals with a business purpose.	All unsecured inventory has been transferred to a suitable location within the secured storeroom. The unsecured bumpers will be removed and housed within the cage at the Queensgate facility by 1/31/19.	<i>John Edmondson</i>	
9	Nov. 2018	Clark Schaefer	Storeroom	Obsolete and excess Inventory Recordkeeping	A snapshot of the June 2018 calculation of obsolete inventory has not been maintained as part of an audit trail to justify the total value at the time.	An audit trail, including the reason behind the decision to retain or purge inventory of all excess and obsolete inventory determinations should be retained.	The Inventory Manager will ensure that the data is kept on record and procedures will be revised to reflect this by 1/31/19.	<i>John Edmondson</i>	
10	Nov. 2018	Clark Schaefer	Storeroom	Procedure Reviews	There is not a review schedule for the written procedures used in the storeroom.	Similar to policies, all written procedures should be reviewed and updated on a regular	SORTA has a standard triennial review for all policies and procedures. Full review of applicable policies and procedures will be completed by	<i>John Edmondson</i>	

AUDIT REPORT FINDINGS

						basis.	3/31/19.		
11	Dec. 2018	Clark Schaefer	IT Vulnerability	Network Vulnerabilities	Multiple vulnerabilities were identified and assigned a severity level.	Systems and programs should be periodically reviewed to ensure the property configuration and patch levels. A plan should be implemented to evaluate and remediate the identified vulnerabilities in severity order and periodic scans should be performed to identify vulnerabilities.	The investigation and resolution of Severity 5 vulnerabilities will be addressed by 1/31/19. The rest of the lower severity items will be assessed and remediated as needed by 6/30/19.	<i>Patrick Giblin</i>	
12	Dec. 2018	Clark Schaefer	IT Vulnerability	End-of-Life Systems	Multiple instances of Windows XP and Windows Server 2003 were identified. Vendor support for these systems ended several years ago.	A plan should be developed to have all remaining XP and Server 2003 systems upgraded to new, supported, operating systems.	We have a plan in place to replace or update all Windows XP and Server 2003 systems by 1/31/19.	<i>Patrick Giblin</i>	
13	Dec. 2018	Clark Schaefer	IT Vulnerability	Vulnerability Management Program	Vulnerability assessments should be completed periodically throughout the year, such as quarterly, based on specific systems.	Management should consider developing a process to perform periodic internal assessments.	Staff will research the costs and resource commitment to implement a quarterly process by 3/31/19.	<i>Patrick Giblin</i>	

January, 2019

January 2019

BRIEFING ITEM – MONTHLY FINANCIAL REPORTS – AS OF DECEMBER 31, 2018

STRATEGIC PLAN GOAL / OBJECTIVE

- Operational Excellence

RECOMMENDATION

This is a briefing item. No action is required at this time.

BUSINESS PURPOSE

- As part of the monthly closing of the general ledger, the Accounting Department prepares various financial reports.
- One of the key reports is the Statement of Revenues and Expenses, also known as an Income Statement.
- This report gives summary information about how actual SORTA revenues and expenses in the newly closed month (as well as calendar year-to-date) compare with budgeted and prior year values.
- A separate Executive Summary is also prepared to give narrative descriptions behind key favorable and unfavorable actual results compared with budget values.
- Attached are Monthly Financial Reports for SORTA and the Connector as of December 31st, 2018.

SUBMITTED BY:



David A. Riposo
CFO/Sr. Vice-President, Finance



SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
Monthly Financial Report
Executive Summary
December 2018

SORTA's financial report for the month ending December 31, 2018 is attached.

- Total Revenue of \$8.5 million was favorable to budget by \$409,000 or 5.1%.
- Total Expense of \$8.5 million was unfavorable to budget by \$(475,000) or (5.9%);
 - Operations expense of \$7.3 million was 86.4% of revenue; and
 - Selling, General & Administrative (SG&A) expense of \$1.2 million was 14.3% of revenue.
 - Depreciation expense of \$1.3 million was incurred but not included in the budgeted expense figures.
- Result was a net unfavorable variance before prior year reserves of \$(66,000) in the month of December.
- Budgeted prior year reserves of \$25,000 were used in the month.
- The final result was a net unfavorable variance of \$(41,000) for the month and a favorable variance of \$1,001,000 year to date.

Below is a summary of the most significant factors driving the results for December:

- **Fare Revenue:** Favorable to budget by \$123,000 or 9.3% due to favorable ridership and fare price. The favorable Metro fare revenue of \$122,000 resulted in a farebox recovery ratio of 17.2% which was favorable to budget by 0.6%.
- **CPS Revenue:** Favorable to budget by \$243,000 or 56.0% due to budget calendarization based on preliminary school schedule.
- **Non-Transportation Revenue:** Favorable to budget by \$42,000 or 32.9% due to favorable investment income of \$47,000.
- **Employee Wages:** Wages from Operations were unfavorable to budget by \$(182,000) or (5.7%) primarily due to unfavorable operator wages of \$(120,000). SG&A wages were favorable to budget by \$8,000 or 1.5% due to slightly higher than anticipated open positions during the month.
- **Employee Benefits:** Benefits from Operations were unfavorable to budget by \$(16,000) or (0.9%) primarily due higher OPERS from higher than anticipated wages. Benefits from SG&A were favorable \$8,000 budget or 3.7%.
- **Parts & Supplies:** Unfavorable to budget by \$(138,000) or (28.4%) due to unfavorable revenue vehicle parts of \$(90,000) and excess & obsolete inventory reserve adjustment of \$(25,000).
- **Services:** Unfavorable to budget by \$(146,000) or (31.1%) due to unfavorable outsourced building maintenance of \$(155,000).
- **Salary Headcount:** There were 14 open positions at the end of December. This was the result of one new vacancy and two position filled during the month in Operations.

Open Positions	Prior Month	Current Month	Inc(Dec)
Operations	7	6	(1)
Administration	8	8	-
	15	14	(1)

Profit & Loss Statement

Twelve Months Ended 12/31/2018

Dollars In Thousands



	Current Month				Year To Date				Prior Yr				
	Actual	Budget	Variance Fav/(Unfav)		Actual	Budget	Variance Fav/(Unfav)		Actual				
Fixed Route Ridership	1,054,540	975,461	79,079	8.1%	13,749,274	13,754,063	(4,789)	(0.0%)	14,265,533				
Access Ridership	17,252	17,579	(327)	(1.9%)	231,099	226,685	4,414	1.9%	227,895				
Total Ridership	1,071,792	993,040	78,752	7.9%	13,980,373	13,980,748	(375)	(0.0%)	14,493,428				
Farebox Recovery Ratio (1)	17.2%	16.6%	0.6%		19.4%	18.3%	1.1%		20.0%				
	Dollars	% Rev	Dollars	% Rev	\$	%	Dollars	% Rev	Dollars	% Rev	\$	%	\$
Revenue													
Operating Revenue													
Fares													
Metro Fares (2)	\$ 1,372	16.2%	\$ 1,249	15.5%	\$ 122.3	9.8%	\$ 17,919	17.9%	\$ 16,749	17.1%	\$ 1,170.6	7.0%	\$ 17,990
Access Fares	73	0.9%	73	0.9%	0.5	0.7%	953	1.0%	937	1.0%	16.9	1.8%	982
Total Fares	1,445	17.1%	1,322	16.4%	122.8	9.3%	18,873	18.9%	17,685	18.0%	1,187.5	6.7%	18,971
CPS Contract Revenue	678	8.0%	435	5.4%	243.4	56.0%	8,255	8.3%	7,629	7.8%	625.9	8.2%	8,055
Non-Transportation Revenue (3)	169	2.0%	127	1.6%	41.8	32.9%	1,892	1.9%	1,683	1.7%	209.1	12.4%	1,454
Subtotal Operating Revenue	2,292	27.1%	1,884	23.4%	408.0	21.7%	29,020	29.0%	26,998	27.5%	2,022.5	7.5%	28,481
Subsidy Revenue													
Transit Fund Receipts	4,537	53.7%	4,537	56.4%	0.0	0.0%	56,433	56.4%	56,433	57.5%	0.0	0.0%	53,516
Federal Cash Grants	1,375	16.3%	1,364	17.0%	11.8	0.9%	11,596	11.6%	11,616	11.8%	(20.5)	(0.2%)	15,401
State & Other Subsidy Revenue (4)	246	2.9%	257	3.2%	(11.0)	(4.3%)	2,934	2.9%	3,014	3.1%	(80.8)	(2.7%)	1,690
Subtotal Subsidy Revenue	6,158	72.9%	6,157	76.6%	0.8	0.0%	70,962	71.0%	71,063	72.5%	(101.4)	(0.1%)	70,607
Total Revenue	8,450	100%	8,041	100.0%	408.8	5.1%	99,982	100.0%	98,061	100.0%	1,921.1	2.0%	99,088
Cost of Operations													
Wages	3,391	40.1%	3,209	39.9%	(182.3)	(5.7%)	39,874	39.9%	39,579	40.4%	(295.1)	(0.7%)	38,263
Employee Benefits	1,793	21.2%	1,777	22.1%	(16.1)	(0.9%)	21,914	21.9%	21,817	22.2%	(97.2)	(0.4%)	20,188
Fuel & Lubricants	411	4.9%	399	5.0%	(11.8)	(2.9%)	5,732	5.7%	5,498	5.6%	(233.6)	(4.2%)	6,252
Parts & Supplies	607	7.2%	469	5.8%	(138.3)	(29.5%)	5,948	5.9%	5,762	5.9%	(186.0)	(3.2%)	5,614
Purchased Transportation	562	6.6%	531	6.6%	(30.6)	(5.8%)	6,830	6.8%	6,469	6.6%	(361.3)	(5.6%)	6,223
Services	278	3.3%	132	1.6%	(145.2)	(109.7%)	1,526	1.5%	1,569	1.6%	42.2	2.7%	1,353
Utilities	128	1.5%	119	1.5%	(8.3)	(7.0%)	888	0.9%	1,003	1.0%	114.8	11.4%	918
Casualty & Liability	64	0.8%	71	0.9%	6.9	9.7%	1,682	1.7%	862	0.9%	(819.8)	(95.1%)	844
Taxes & Leases	67	0.8%	64	0.8%	(2.7)	(4.2%)	874	0.9%	849	0.9%	(25.2)	(3.0%)	1,043
Other (5)	4	0.0%	7	0.1%	3.9	52.7%	87	0.1%	123	0.1%	36.1	29.3%	113
Total Cost of Operations (6)	7,304	86.4%	6,780	84.3%	(524.4)	(7.7%)	85,356	85.4%	83,531	85.2%	(1,825.1)	(2.2%)	80,812
Selling, General & Administrative													
Wages	554	6.6%	562	7.0%	8.3	1.5%	6,272	6.3%	6,640	6.8%	367.4	5.5%	5,988
Employee Benefits	219	2.6%	227	2.8%	8.4	3.7%	2,579	2.6%	2,704	2.8%	124.5	4.6%	3,400
Parts & Supplies	18	0.2%	18	0.2%	0.1	0.3%	256	0.3%	321	0.3%	64.3	20.0%	314
Services	339	4.0%	338	4.2%	(0.9)	(0.3%)	3,532	3.5%	3,346	3.4%	(186.3)	(5.6%)	3,434
Utilities	18	0.2%	21	0.3%	2.2	10.8%	188	0.2%	230	0.2%	42.4	18.4%	149
Taxes & Leases	49	0.6%	40	0.5%	(9.2)	(23.2%)	458	0.5%	498	0.5%	40.0	8.0%	428
Other (5)	15	0.2%	55	0.7%	41.0	73.9%	633	0.6%	791	0.8%	158.3	20.0%	1,498
Total SG&A (6)	1,211	14.3%	1,261	15.7%	49.9	4.0%	13,920	13.9%	14,530	14.8%	610.5	4.2%	15,209
Total Expenses	8,516	100.8%	8,041	100.0%	(474.5)	(5.9%)	99,275	99.3%	98,061	100.0%	(1,214.6)	(1.2%)	96,021
Prior Year Surplus	25	0.3%	0	0.0%	24.6	0.0%	295	0.3%	0	0.0%	294.9	0.0%	
Surplus (Deficit)	\$ (41)	(0.5%)	\$ -	0.0%	\$ (41.1)		\$ 1,001	1.0%	\$ -	0.0%	\$ 1,001.5		\$ 3,067
Depreciation Expense	\$ 1,271	15.0%					\$ 15,251	15.3%					\$ 15,388

Notes:

- (1) Farebox Recovery Ratio = Metro Fares Revenue / (Total Expenses less Purchased Transportation Expense); Full Year Budgeted Farebox Recovery Ratio is 18.3%
- (2) Metro Fare Revenue includes Regular Fares & Passes, Fare Deal, and Special Program Fares
- (3) Non-Transportation revenues include advertising, investment income, parking revenue, warranty recoveries & fee SORTA receives from the City to manage the streetcar.
- (4) Other Subsidy Revenue includes county contracts, and payments from 5/3 Bank, Duke Energy, UC and Cincinnati State.
- (5) Other includes advertising, training, dues and subscriptions, travel and incentive fares.
- (6) Full year 2018 Budget: Operating Expense @ 85.1% of Revenue & SG&A @ 14.9% of Revenue.



SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
CINCINNATI BELL CONNECTOR
MONTHLY FINANCIAL REPORT
EXECUTIVE SUMMARY
DECEMBER, 2018

The Cincinnati Bell Connector financial report for the month ending December 31, 2018 is attached.

- Total Revenues were \$291,964 which is unfavorable to budget by \$57,186 or 16%.
- Total Expenses were \$345,461, which is favorable to budget by \$3,689 or 1%.
- December income is unfavorable to budget by \$53,497.
- Year to date income is favorable to budget by \$33,176.
- A favorable adjustment from a prior month to Fare Revenue of \$3,334; an unfavorable adjustment from prior months to City Parking Meter Contribution of \$39,583; a favorable adjustment from prior months to City Appropriated Surplus Parking of \$20,831; a favorable adjustment from prior months to the Transdev Contract Expense of \$54,771; and a favorable adjustment from a prior month to Direct Costs (Police Detail) of \$1,344 are all reflected in the year to date results.

Below is a summary of the most significant factors driving results for the month:

- **Ridership:** Favorable by 6,438 or 20% for the month.
- **Fare Revenue:** Favorable by \$4,696 or 19% for the month due to increased ridership.
- **Connector Advertising:** Unfavorable by \$62,984 or 93% for the month due to advertising contracts below budgeted expectations.

Cincinnati Bell Connector

Year to Date Financial Report

As of December 31, 2018

	Curr Mo Actual	Curr Mo Budget	Month Variance Fav / (Unfav)		YTD Actual	YTD Budget	YTD Variance Fav / (Unfav)	
Ridership	38,650	32,212	6,438	20%	262,637	292,361	(29,724)	-10%
Fares								
Regular Fares & Passes	\$29,090	\$24,394	\$4,696	19%	\$176,253	\$221,407	(\$45,154)	-20%
Charter Service	0	0	0	-	4,050	0	4,050	-
Total Fares	29,090	24,394	4,696	19%	180,303	221,407	(41,104)	-19%
Other Revenue								
City Parking Meter Contribution, (Net of City Overhead Expense)	78,693	78,693	0	0%	472,160	472,160	0	0%
City Appropriated Surplus Parking	55,153	55,153	0	0%	366,629	366,629	0	0%
Haile Foundation	75,000	75,000	0	0%	450,000	450,000	0	0%
Tax Incentive Policy (VTICA)	10,834	10,834	0	0%	65,000	65,000	0	0%
Federal Formula Funding	16,103	16,103	0	0%	161,027	96,615	64,412	67%
Connector Advertising	5,072	68,056	(62,984)	-93%	41,002	241,668	(200,666)	-83%
Naming Rights	22,019	20,917	1,102	5%	137,233	125,502	11,731	9%
Total Fares and Other Revenue	291,964	349,150	(57,186)	-16%	1,873,354	2,038,981	(165,627)	-8%
Expenses								
Transdev Contract	289,894	289,894	0	0%	1,517,928	1,710,937	193,009	11%
SORTA Management Fee	23,192	23,192	0	0%	136,876	136,876	0	0%
Direct Costs	32,375	36,064	3,689	10%	185,374	191,168	5,794	3%
Total Expenses	345,461	349,150	3,689	1%	1,840,178	2,038,981	198,803	10%
NET INCOME / (DEFICIT)	(\$53,497)	\$0	(\$53,497)		\$33,176	\$0	\$33,176	

January 2019

ACTION ITEM – INVESTMENT OF FUNDS REPORT – AS OF DECEMBER 31, 2018

STRATEGIC PLAN GOAL / OBJECTIVE

- Operational Excellence

RECOMMENDATION

This item requires Finance Committee approval.

BUSINESS PURPOSE

- Ohio Revised Code Section 135.14 states, "Whenever, during a period of designation, the treasurer classifies public moneys as interim moneys, he shall notify the governing board of such action. Such notification shall be given within thirty days after such classification . . ."
- This report is prepared by the Treasury department at the end of each month.
- The report provides a summary of overnight and long-term investment balances, as well as interest rates, purchase dates and maturity dates.
- In addition, it provides a weighted interest rate yield by investment type.
- Attached is SORTA's Investment of Funds Report as of December 31st, 2018.

SUBMITTED BY:



David A. Riposo
CFO/Sr. Vice President, Finance



Investment of Funds Report
Dec-18

	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Purchase Date</u>	<u>12/31/2018 Yield</u>	<u>Sec Days</u>	<u>Days to Maturity</u>
<u>Overnight Investments</u>						
STAR Ohio	\$ 13,341,448.49			2.490%		
Fifth Third Bank Concentration Account	1,284,808.53			0.100%		
Subtotal Overnight Investments / Average Rate	\$ 14,626,257.02			2.280%		
<u>Securities & CD's</u>						
R.J. O'Brien (Hedging):						
U.S. Treasury Note	741,095.53	10/31/19	11/01/18	2.715%	364	304
Fifth Third Bank Custody Account:						
Commercial Paper	691,012.39	01/10/19	07/03/18	2.451%	191	10
Commercial Paper	196,219.06	01/25/19	05/01/18	2.578%	269	25
Commercial Paper	426,773.06	01/25/19	05/03/18	2.599%	267	25
Commercial Paper	539,679.71	01/25/19	05/03/18	2.578%	267	25
Commercial Paper	372,897.80	02/05/19	05/14/18	2.567%	267	36
Commercial Paper	739,104.79	02/05/19	07/03/18	2.445%	217	36
Commercial Paper	1,030,771.00	02/08/19	05/16/18	2.505%	268	39
Commercial Paper	494,857.50	02/21/19	09/21/18	2.445%	153	52
Commercial Paper	559,352.08	03/11/19	06/15/18	2.547%	269	70
Commercial Paper	686,505.17	03/11/19	06/15/18	2.630%	269	70
Commercial Paper	785,055.56	03/11/19	06/15/18	2.547%	269	70
Commercial Paper	296,295.00	03/18/19	09/19/18	2.500%	269	77
Commercial Paper	296,265.00	03/18/19	09/19/18	2.520%	269	77
Commercial Paper	589,002.50	03/25/19	07/03/18	2.536%	265	84
Commercial Paper	441,661.00	04/01/19	07/06/18	2.527%	269	91
Commercial Paper	710,892.00	04/02/19	10/04/18	2.562%	180	92
Commercial Paper	833,552.50	05/21/19	08/24/18	2.630%	270	141
Commercial Paper	686,242.67	06/14/19	09/18/18	2.692%	269	165
Commercial Paper	1,372,381.11	06/25/19	10/03/18	2.733%	265	176
Commercial Paper	440,988.75	07/01/19	10/04/18	2.724%	270	182
Commercial Paper	489,650.00	07/12/19	10/15/18	2.818%	270	193
Commercial Paper	1,575,890.36	09/06/19	12/17/18	2.962%	263	249
Commercial Paper	381,480.88	09/17/19	12/17/18	2.934%	274	260
TriState Capital:						
CD	1,000,000.00	05/02/19	11/01/18	2.500%	182	122
CD	2,000,000.00	09/19/19	12/20/18	2.750%	273	262
CD	3,000,000.00	12/19/19	12/20/18	2.850%	364	353
Subtotal Securities & CD's / Weighted Yield / Maturity	\$ 21,377,625.42			2.672%	271	166
Total All Securities (12/31/2018) / Weighted Yield / Maturity	\$ 36,003,882.44			2.513%		100

Total All Securities (11/30/2018) / Weighted Yield / Maturity **\$ 40,100,884.41** **2.435%** **53**

Funds provided by (required for) Operations during December **\$ (4,096,416.97)** **Monthly Investment Income \$ 84,508.00**
Funds provided by (required for) Capital during December **\$ (585.00)** **Year to Date Investment Income \$713,652.00**

Change in Cash during DECEMBER 2018 **\$ (4,097,001.97)**

Total All Securities (12/31/2017) **\$ 36,959,843.36**

Submitted by:

Michelle Jeng

Michelle Jeng
Sr. Director of Treasury

Reviewed and Approved by:

David A. Riposo

David A. Riposo
CFO and Sr VP, Finance

BOARD OF TRUSTEES
SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
RESOLUTION NO. 2019-xx

APPROVAL OF EXTENSION OF CONTRACT FOR BANKING AND OTHER RELATED
SERVICES

WHEREAS:

1. SORTA requires banking services are required for the efficient financial operations of the Authority's payroll, accounts payables, investment and cash collection functions.
2. By Res. No 2014-04, the SORTA Board approved a five (5) year contract with Fifth Third Bank not to exceed \$1,500,000 which expires on March 31, 2019. The contract contains an option for 5 (five) years.
3. SORTA staff recommends exercising the five (5) 1 year contract with Fifth Third Bank for banking and other related services at a total additional cost not to exceed \$900,000 for a total contract value up to \$2,400,000.

THEREFORE, BE IT RESOLVED:

4. The Board hereby approves the extension agreement between SORTA and Fifth Third Bank and authorizes and directs the CEO/General Manager, EVP/COO, or the CFO/Secretary- Treasurer to execute it on behalf of SORTA for a total cost not to exceed \$2,400,000.

January 2019

ACTION ITEM- APPROVAL OF EXTENSION OF CONTRACT FOR BANKING AND OTHER RELATED SERVICES

STRATEGIC PLAN GOAL / OBJECTIVE

- Operational Excellence

RECOMMENDATION

Approval to execute five (5), one (1) year extensions of the current five (5) year contract that expires on March 31, 2019 with Fifth Third Bank on behalf of SORTA for banking and other related services for the period of April 1, 2019 through March 31, 2024, and increase the current contract funding by \$900,000.

FINANCIAL CONSIDERATIONS

- Fifth Third Bank provides service for all of SORTA's banking related needs at a cost of approximately \$20,000/month.
- The current contract was approved for \$1,500,000 for 5 years and expires on March 31, 2019. It is estimated that by the end of the current contract approximately \$350,000 in spending authority will remain unspent.
- The cost for these services over the next 5 years is estimated at \$1,250,000.

BUSINESS PURPOSE

- Banking services are required for the efficient financial operations of the Authority's payroll, accounts payables, investment and cash collection functions.

PROCUREMENT CONSIDERATIONS

- N/A

D/M/WBE CONSIDERATIONS

- N/A

LEGAL CONSIDERATIONS

- Section 306.43 of the Ohio Revised Code authorizes SORTA to contract for the provision of goods and services.

SUBMITTED BY:



David Riposo
CFO/Secretary-Treasurer



Dwight A. Ferrell
CEO/General Manager