

SORTA FINANCE COMMITTEE MEETING

TUESDAY, AUGUST 13TH, 2019 - 8:30 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: June 11th, 2019

Briefing Items

- 2. Quarterly Internal Audit Update: Q2 (**Michelle Jeng**)
- 3. Quarterly Fuel Hedging Report: Q2 (**Michelle Jeng**)
- 4. Financial Reports for July 2019 (**Michelle Jeng**) *To be presented at meeting...*

Action Items

- 5. Investment of Funds Report as of June 30th, 2019 and July 31st, 2019 (**Michelle Jeng**)
- 6. Proposed Resolution: Approval of Revenue Agreement with Cincinnati State (**Dave Etienne**)

Other Items:

Adjournment

The next regular meeting of the Finance Committee has been scheduled for **September 10th, 2019**
at 8:00 a.m., the SORTA/Metro Board Room,
602 Main Street, Suite 1200, Cincinnati, Ohio

FINANCE COMMITTEE
TUESDAY, JUNE 11TH, 2019 – 8:00 A.M.
SORTA/METRO MT. ADAMS BOARD ROOM
602 MAIN STREET, SUITE 1200
CINCINNATI, OHIO

COMMITTEE/BOARD MEMBERS PRESENT: Heidi Black, Robert Harris, Roderick Hinton, Kreg Keesee, Thaddeus Hoffmeister, Pete McLinden, and Mary Miller

COMMITTEE MEMBERS ABSENT: none

STAFF MEMBERS PRESENT: Darryl Haley, Donna Adkins, Dave Etienne, Dan Feldman, Pat Giblin, Paul Grether, Adriene Hairston, Mary Huller, Caprice Jones, Maria Jones, Michelle Jeng, Cindy Resor, Shannel Satterfield, Alan Solomon, and T.J Thorn

OTHERS PRESENT: Kim Schaefer (Vorys, Sater, Seymour & Pease, LLP), Bob Vickery (City of Cincinnati), Joe Schmidt and Jenna Skop (Clark Schaefer), Tim Loeffler and Hope Wheeler (Clifton Larson Allen LLP), M. Wall (Sierra Club), Ali Triango (GSG) and Dani Isaacsohn (CoHear)

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 May 14th**

Mr. Harris made a motion that the minutes of the May 14th, 2019 meeting approved as previously emailed and Mr. Hinton seconded the motion. The Committee approved the minutes.

5. **Internal Audit: Attendance and Leave Policy**

Ms. Skop from Clark Schaefer Consulting, LLC presented the attendance and leave policy audit report. She provided the Committee a scope of the audit which included: interviews with key SORTA staff regarding their roles and responsibilities related to attendance and leave policies, performed walkthroughs to review April 2019 PTO policy changes, inspected attendance and leave policies to verify adequacy and completeness; and validated adequate records were maintained for employee acknowledgement of the PTO policy and management approval for requested time off under the new PTO policy. The report also provided the results of the audit, including observations and recommendations.

The Committee accepted the report as presented.

6. **Presentation of Audited Financial Statements**

Mr. Loeffler and Ms. Wheeler with CliftonLarsonAllen, LLC presented SORTA's 2018 Audited Financial Statements as for the year ended December 31, 2018. Ms. Wheeler provided an overview of the audit process and noted that the audit contained a clean opinion.

Ms. Wheeler walked through the Comprehensive Annual Financial Report (CAFR), including Management's Discussion & Analysis, Statement of net Position, Statements of Revenues, Expenses and Changes in Net Position, and Notes to the Financial Statements, highlighting pension liabilities, including future healthcare costs.

Ms. Wheeler then presented the OMB Circular A-133 "Single Audit" report for the year ended December 31, 2018, regarding SORTA's federal programs. She also presented the management letter that contained recommendations for improved internal controls.

The Committee accepted the report as presented.

7. **Financial Report as of May 31st, 2019**

Ms. Jeng presented the May 2019 financial reports. Total revenues were \$11.0 million, which is unfavorable to budget by \$2.9 million. Total expenses were \$11.3 million, which is unfavorable to budget by \$2.9 million or 34.5%. The final result was a net favorable variance of \$19,000 for the month. Fare revenue was unfavorable to budget by \$50,000. Ms. Jeng then reviewed the contributing factors to these variances.

She also presented the Cincinnati Bell Connector financial report for May 2019. Total revenues were \$277,603 which is unfavorable to budget by \$65,350 or 19%. Total expenses were \$346,222 which is unfavorable to budget by \$3,269 or <1%. The end result is a net unfavorable variance of \$68,619 for the month. Ms. Jeng then reviewed the contributing factors to these variances.

The Committee accepted the report as presented.

8. **Investment of Funds as May 31st, 2019**

Ms. Jeng presented the report noting the yield for May slightly decreased to 2.662%.

The Committee approved the report as presented.

9. **New Business**

The next regular meeting of the Finance Committee has been scheduled for Tuesday, July 9th 2019 at 8:00 A.M.

10. **Adjournment**

The meeting adjourned at 8:41 A.M.

August 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:



Michelle Jeng
Interim CFO

AUDIT REPORT FINDINGS

This summary is provided as an overview of both internal and external audit work performed covering the period of 2016-2019 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 7/2 – UPDATE</u> The Talent Management and Succession Planning process is in the design phase and will be implemented in Q4 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 7/2 – 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 Q3 2019. |
| 4 | 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. | Mary Moning | July 2019 UPDATE All tasks have been completed with the exception of the development of a new door access request form. The new form will be developed as part of the implementation of a new AMAG system in late 2019. |
| 5 | 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. | Mary Moning | Complete All unsecured inventory has been secured within the storeroom. Only non-inventoried scrap bumpers remain along the back wall of the Bond Hill garage. |
| 6 | 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. | Mary Moning | Complete |
| 7 | Nov. 2018 | Clark Schaefer | Storeroom | Procedure Reviews | There is not a review | Similar to policies, all | SORTA has a standard triennial review for all | Mary Moning | Complete |

AUDIT REPORT FINDINGS

| | | | | | | | | | |
|----|------------|----------------|-------------------|----------------------------------|---|---|--|-----------------------|--|
| | | | | | schedule for the written procedures used in the storeroom. | written procedures should be reviewed and updated on a regular basis. | policies and procedures. Full review of applicable policies and procedures will be completed by 3/31/19. | | |
| 8 | 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> | <i>Completed</i> |
| 9 | 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> | <i>Completed</i> |
| 10 | 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> | <i>Completed</i> |
| 11 | April 2019 | Clark Schaefer | Vendor Management | CODA Administrative | The Accounting Manager is the only | Remove the Accounting Manager as the | Management will develop an approval process | <i>Dan Feldman</i> | <i>New approval process was created, and</i> |

AUDIT REPORT FINDINGS

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|----|------------|----------------|-------------------------------|---|---|---|--|--------------------|---|
| | | | | Access | personnel with the ability to set up a new vendor within CODA and has the ability o alter their own permissions as well as others. | Administrator within CODA and transfer that access back to IT to reduce and mitigate business risk. | regarding the modification of user permissions in CODA and the Administrator rights will be transferred to the IT department. Proper approval requests will be submitted to IT to make changes by 5/31/19. | | <i>agreed upon by both Accounting and IT. Complete.</i> |
| 12 | April 2019 | Clark Schaefer | Vendor Management | Documenting Monitoring Activities | There is no formalized documentation of monitoring activities performed by SORTA to ensure contract terms and responsibilities are being met by the vendor. | Inspections performed for monitoring activities should be tracked and documented to provide an audit trail for future use. | SORTA will develop a process to document all required contract deliverables to include changes to work scopes, quantity or quality of goods, or timeline within which deliverables are required. Development and implementation of this process by 7/31/19. | <i>Mary Moning</i> | <i>July 2019 UPDATE Due to recent turnover within the department, development and implementation of this process has been delayed and is expected to be completed by the end of 2019.</i> |
| 13 | April 2019 | Clark Schaefer | Vendor Management | Remediation Process for Non-Compliant Vendors | There is not a consistent process for addressing vendors not in compliance with the original contract terms. These issues are handled at the Project Manager level and then escalated to the procurement department if warranted. | Introduce procedures and policies surrounding the issues process. This would allow Project Managers to have direction in handling the various types of issues arising from a lack of compliance from vendors. | SORTA will develop a policy that requires project managers to escalate issues of noncompliance to the Procurement Department for formal procurement mitigation. These procedures will include formal notification to the vendor, instructions for actions required, and consequences for failure to cure. This will be complete by 7/31/19. | <i>Mary Moning</i> | <i>July 2019 UPDATE Due to recent turnover within the department, development and implementation of this process has been delayed and is expected to be completed by the end of 2019.</i> |
| 14 | June 2019 | Clark Schaefer | Attendance and Leave Policies | Vault Puller Attendance Policies | Vault pullers do not have an existing attendance policy. | Ensure all employees are subject to written attendance requirements. HR and Operations should jointly create policies for any group of | HR will partner with Operations to develop a Vault Puller Attendance Policy by 8/31/19. | <i>Hairston</i> | <i>July 3, 2019 7/3 – UPDATE HR and Ops will work to create a Vault Puller Attendance Policy for implementation no later than September</i> |

AUDIT REPORT FINDINGS

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|----|-----------|----------------|-------------------------------|------------------------|--|---|--|-----------------|---|
| | | | | | | employees not currently subject to them. | | | <i>1 2019.</i> |
| 15 | June 2019 | Clark Schaefer | Attendance and Leave Policies | Written Policy Reviews | There is not a review schedule for employee attendance and leave policies. | All written policies should be reviewed and updated on a regular basis to ensure current practices, controls, and employee roles and responsibilities are documented. | HR will ensure any legal updates are incorporated into policies on an annual basis. HR will conduct a comprehensive review of all policies every three years. | <i>Hairston</i> | <i>July 3, 2019 7/3 – UPDATE HR will draft a SOP for its ongoing policy review processes and timelines no later than Q4 2019.</i> |

July, 2019

August 2019

BRIEFING ITEM – DIESEL FUEL HEDGING REPORT – AS OF JUNE 30TH, 2019

STRATEGIC PLAN GOAL / OBJECTIVE

- Organizational Sustainability

RECOMMENDATION

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

BUSINESS PURPOSE

- SORTA spends approximately 7% of its annual budget on diesel fuel.
- In May 2006 by Resolution 2006-21, the SORTA Board approved an Energy Forward Pricing Strategy (EFPS) which authorized staff to hedge SORTA's fuel supply for up to 18 months in an effort to reduce uncertainty regarding the cost and price risk associated with purchasing diesel fuel to operate the system.
- In November 2008 by Resolution 2008-62, the SORTA Board amended the EFPS to authorize hedging up to 90% for 24 months and up to 50% for 25-36 months.
- SORTA's Energy Forward Pricing Strategy ("EFPS") was developed to:
 - Increase probability to remain within approved energy cost budget
 - Reduce the volatility of energy costs
 - Achieve a lower overall long-term fuel cost
 - Achieve time diversification/dollar cost averaging
 - Apply a dynamic strategy that balances risk and opportunity
- Attached is SORTA's Diesel Fuel Hedging Report as of June 30th, 2019.

SUBMITTED BY:



Michelle Jeng
Interim CFO/Sr. Vice-President, Finance

Southwest Ohio Regional Transit Authority
 Diesel Fuel Hedging Report
 As of June 30, 2019

| | Year to Date | |
|------------------------------------|------------------------|-------------------|
| | <u>Total</u> | <u>Per Gallon</u> |
| Fuel Purchased | \$2,721,164 | \$1.98 |
| Hedging Gains / (Losses) | 370,169 | \$0.27 |
| Net Fuel Cost | <u>2,350,995</u> | \$1.71 |
| Budget | 2,381,468 | \$1.73 |
| Variance Favorable / (Unfavorable) | <u><u>\$30,473</u></u> | 1.3% |

| <u>Future Hedges:</u> | <u>Gallons Hedged</u> | | <u>Average Cost per Gallon</u> | <u>Unrealized Gain/(Loss)</u> |
|-----------------------|-----------------------|----------------|------------------------------------|-----------------------------------|
| | <u>Total</u> | <u>Percent</u> | | |
| 2019 | 924,000 | 66% | \$2.09 | (\$101,503) |
| 2020 | 2,184,000 | 79% | \$1.89 | \$119,504 |
| 2021 | 84,000 | 3% | \$1.83 | \$7,871 |
| | | | | <u><u>\$25,872</u></u> |

| <u>Hedging Policy</u> | <u>Policy</u> | <u>Hedged</u> | <u>Prior Qtr Hedged</u> |
|-----------------------|---------------|---------------|-------------------------|
| 0 - 24 Months | 90% | 75% | 61% |
| 25 - 36 Months | 50% | 6% | 4% |

Historical Performance

| | <u>Fuel Purchased</u> | <u>Realized Gain / (Loss)</u> | <u>Net</u> | <u>Budget</u> | <u>Variance</u> |
|------------|----------------------------|-----------------------------------|----------------------------|----------------------------|---------------------------|
| 2011 | 9,055,222 | \$2,597,327 | 6,457,895 | 6,180,421 | (\$277,474) |
| 2012 | 9,372,628 | \$1,319,310 | 8,053,318 | 8,209,351 | 156,033 |
| 2013 | 9,132,996 | \$372,338 | 8,760,658 | 9,210,597 | 449,939 |
| 2014 | 8,830,791 | (\$117,562) | 8,948,353 | 9,345,585 | 397,232 |
| 2015 | 5,074,405 | (\$3,021,063) | 8,095,468 | 8,958,919 | 863,451 |
| 2016 | 4,065,532 | (\$2,721,152) | 6,786,684 | 7,162,468 | 375,784 |
| 2017 | 4,915,044 | (\$1,114,172) | 6,029,216 | 6,213,987 | 184,771 |
| 2018 | 6,325,084 | \$845,763 | 5,479,321 | 5,229,423 | (\$249,898) |
| YTD 2019 | 2,721,164 | \$370,169 | 2,350,995 | 2,381,468 | 30,473 |
| Aggregate: | <u><u>\$59,492,866</u></u> | <u><u>(\$1,469,043)</u></u> | <u><u>\$60,961,909</u></u> | <u><u>\$62,892,219</u></u> | <u><u>\$1,930,310</u></u> |

August 2019

BRIEFING ITEM – MONTHLY FINANCIAL REPORTS – AS OF JULY 31ST, 2019

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 July 31st, 2019.

SUBMITTED BY:



Michelle Jeng
Interim CFO/Sr. Vice-President, Finance



SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
Monthly Financial Report
Executive Summary
July 2019

SORTA's financial report for the month ending July 31, 2019 is attached.

- Total Revenue of \$8.4 million was favorable to budget by \$394,000 or 4.9%.
- Total Expense of \$8.5 million was unfavorable to budget by \$(158,000) or (1.9%);
 - Operations expense of \$7.4 million was 87.8% of revenue; and
 - Selling, General & Administrative (SG&A) expense of \$1.1 million was 13.1% 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 reserves and prior year surplus of \$(79,000) in the month of July.
- Budgeted reserves of \$234,000 and prior year surplus of \$82,000 were used in the month.
- The final result was a net favorable variance of \$237,000 for the month and favorable variance of \$279,000 year to date.

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

- **Fare Revenue**: Favorable to budget by \$78,000 or 5.1%. Metro fare revenue was favorable to budget by \$82,000 and resulted in a farebox recovery ratio of 19.3% which was favorable to budget by 0.7%.
- **Non-Transportation Revenue**: Favorable to budget by \$138,000 or 80.7% primarily due to an adjustment to recognize deferred income from expired passes that was favorable to budget by \$135,000.
- **State & Other Subsidy Revenue**: Favorable to budget by \$176,000 or 69.5% primarily due to the accrued Gas Tax Revenue of \$142,000 and the increase to the Reimbursement of Ohio Fuel Tax of \$47,000 as a result of the higher fuel tax.
- **Employee Wages**: Wages from Operations were unfavorable to budget by \$(160,000) or (5.0%). SG&A wages were favorable to budget by \$22,000 or 4.0%.
- **Employee Benefits**: Benefits from Operations were unfavorable to budget by \$(33,000) or (1.6%). Benefits from SG&A were favorable \$26,000 to budget or 11.5%.
- **Total Services (Operations & SG&A)**: Favorable to budget by \$61,000 or 16.1% primarily due to favorable Legal expense of \$26,000 and Outsourced Services of \$17,000.
- **Fuel & Lubricants (Operations)**: Unfavorable to budget by \$(51,000) or (11.5%) due to unfavorable Diesel Fuel of \$(53,000).
- **Taxes & Leases (Operations & SG&A)**: Unfavorable to budget by \$(62,000) or (48.8%) primarily due to the increase in the fuel tax to \$0.47/gallon. The increase in the fuel tax was almost entirely offset by the favorable to budget fuel tax reimbursement reported in State & Other Subsidy Revenue.
- **Salary Headcount**: There were 10 open positions at the end of July.

| Open Positions | Prior Month | Current Month | Inc(Dec) |
|-----------------------|------------------------|--------------------------|-----------------|
| Operations | 3 | 3 | - |
| Administration | 8 | 7 | (1) |
| | 11 | 10 | (1) |

Profit & Loss Statement

Seven Months Ended 7/31/2019

Dollars In Thousands



| | Current Month | | | | Year To Date | | | | Prior Yr | | | | |
|--|------------------|----------------|-------------------------|---------------|------------------|------------------|-------------------------|---------------|------------------|---------------|------------------|---------------|-----------------|
| | Actual | Budget | Variance Fav/(Unfav) | | Actual | Budget | Variance Fav/(Unfav) | | Actual | | | | |
| Fixed Route Ridership | 985,794 | 979,779 | 6,015 | 0.6% | 7,484,787 | 7,541,241 | (56,454) | (0.7%) | 7,773,855 | | | | |
| Access Ridership | 18,974 | 19,724 | (750) | (3.8%) | 133,274 | 136,530 | (3,256) | (2.4%) | 134,715 | | | | |
| Total Ridership | 1,004,768 | 999,503 | 5,265 | 0.5% | 7,618,061 | 7,677,771 | (59,710) | (0.8%) | 7,908,570 | | | | |
| Farebox Recovery Ratio (1) | 19.3% | 18.6% | 0.7% | | 17.6% | 18.1% | (0.6%) | | 19.2% | | | | |
| | Dollars | % Rev | Dollars | % Rev | \$ | % | Dollars | % Rev | Dollars | % Rev | \$ | % | \$ |
| Revenue | | | | | | | | | | | | | |
| Operating Revenue | | | | | | | | | | | | | |
| Fares | | | | | | | | | | | | | |
| Metro Fares (2) | \$ 1,525 | 18.4% | \$ 1,443 | 18.0% | \$ 82.0 | 5.7% | \$ 9,982 | 17.0% | \$ 9,728 | 17.5% | \$ 254.0 | 2.6% | \$ 10,244 |
| Access Fares | 78 | 0.9% | 82 | 1.0% | (4.0) | (4.5%) | 552 | 0.9% | 568 | 1.0% | (16.0) | (2.8%) | 556 |
| Total Fares | 1,603 | 19.0% | 1,525 | 19.0% | 78.0 | 5.1% | 10,534 | 17.9% | 10,296 | 18.5% | 238.0 | 2.3% | 10,800 |
| CPS Contract Revenue | 2 | 0.0% | 0 | 0.0% | 2.0 | 0.0% | 4,017 | 6.8% | 4,247 | 7.6% | (230.0) | (5.4%) | 4,374 |
| Non-Transportation Revenue (3) | 309 | 3.7% | 171 | 2.1% | 138.0 | 80.7% | 1,398 | 2.4% | 1,159 | 2.1% | 239.0 | 20.7% | 1,050 |
| Subtotal Operating Revenue | 1,914 | 22.7% | 1,696 | 21.1% | 218.0 | 12.9% | 15,949 | 27.1% | 15,702 | 28.3% | 247.0 | 1.6% | 16,224 |
| Subsidy Revenue | | | | | | | | | | | | | |
| Transit Fund Receipts | 6,025 | 72.8% | 6,025 | 75.1% | 0.0 | 0.0% | 34,321 | 58.4% | 31,321 | 56.4% | 3,000.0 | 9.6% | 33,474 |
| Federal Cash Grants | 52 | 0.6% | 52 | 0.7% | 0.0 | 0.0% | 6,766 | 11.5% | 6,766 | 12.2% | 0.0 | 0.0% | 6,648 |
| State & Other Subsidy Revenue (4) | 430 | 5.1% | 254 | 3.2% | 176.3 | 69.5% | 1,895 | 3.2% | 1,735 | 3.1% | 160.1 | 9.2% | 1,688 |
| Subtotal Subsidy Revenue | 6,507 | 77.3% | 6,331 | 78.9% | 176.3 | 2.8% | 42,982 | 72.9% | 39,822 | 71.7% | 3,160.1 | 7.9% | 41,810 |
| Total Revenue | 8,421 | 100.0% | 8,027 | 100.0% | 394.3 | 4.9% | 58,931 | 100.0% | 55,524 | 100.0% | 3,407.1 | 6.1% | 58,034 |
| Cost of Operations | | | | | | | | | | | | | |
| Wages | 3,357 | 40.5% | 3,197 | 39.8% | (160.0) | (5.0%) | 23,747 | 40.4% | 23,430 | 42.2% | (317.0) | (1.4%) | 23,030 |
| Employee Benefits | 2,067 | 25.0% | 2,034 | 25.3% | (33.0) | (1.6%) | 13,379 | 22.8% | 13,272 | 23.9% | (106.0) | (0.8%) | 12,844 |
| Fuel & Lubricants | 500 | 6.0% | 448 | 5.6% | (51.0) | (11.5%) | 2,983 | 5.1% | 2,961 | 5.3% | (22.0) | (0.7%) | 3,301 |
| Parts & Supplies | 468 | 5.6% | 466 | 5.8% | (2.0) | (0.4%) | 3,487 | 5.9% | 3,252 | 5.9% | (235.0) | (7.2%) | 3,235 |
| Purchased Transportation | 594 | 7.2% | 599 | 7.5% | 5.0 | 0.9% | 4,140 | 7.0% | 4,151 | 7.5% | 11.0 | 0.3% | 3,909 |
| Services | 93 | 1.1% | 118 | 1.5% | 25.0 | 21.2% | 681 | 1.2% | 884 | 1.6% | 203.0 | 22.9% | 870 |
| Utilities | 65 | 0.8% | 55 | 0.7% | (10.0) | (17.8%) | 638 | 1.1% | 589 | 1.1% | (49.0) | (8.3%) | 554 |
| Casualty & Liability | 117 | 1.4% | 90 | 1.1% | (26.6) | (29.6%) | 3,433 | 5.8% | 631 | 1.1% | (2,802.1) | (444.4%) | 937 |
| Taxes & Leases | 132 | 1.6% | 64 | 0.8% | (68.0) | (106.4%) | 534 | 0.9% | 485 | 0.9% | (49.0) | (10.0%) | 501 |
| Other (5) | 2 | 0.0% | 9 | 0.1% | 7.0 | 77.8% | 19 | 0.0% | 51 | 0.1% | 32.0 | 62.7% | 48 |
| Total Cost of Operations (6) | 7,395 | 87.8% | 7,080 | 88.2% | (314.6) | (4.4%) | 53,041 | 90.0% | 49,706 | 89.5% | (3,335.1) | (6.7%) | 49,229 |
| Selling, General & Administrative | | | | | | | | | | | | | |
| Wages | 528 | 6.5% | 550 | 6.9% | 22.0 | 4.0% | 3,648 | 6.2% | 3,704 | 6.7% | 56.0 | 1.5% | 3,581 |
| Employee Benefits | 203 | 2.5% | 229 | 2.9% | 26.0 | 11.5% | 1,500 | 2.6% | 1,585 | 2.9% | 85.0 | 5.4% | 1,483 |
| Parts & Supplies | 15 | 0.2% | 31 | 0.4% | 17.0 | 52.8% | 166 | 0.3% | 180 | 0.3% | 15.0 | 8.1% | 157 |
| Services | 224 | 2.7% | 260 | 3.2% | 36.0 | 13.7% | 1,786 | 3.0% | 1,856 | 3.3% | 71.0 | 3.8% | 2,050 |
| Utilities | 16 | 0.2% | 15 | 0.2% | (1.0) | (4.6%) | 109 | 0.2% | 106 | 0.2% | (3.0) | (2.6%) | 110 |
| Taxes & Leases | 59 | 0.7% | 64 | 0.8% | 5.0 | 8.5% | 345 | 0.6% | 434 | 0.8% | 88.0 | 20.3% | 262 |
| Other (5) | 60 | 0.7% | 113 | 1.4% | 53.0 | 46.9% | 392 | 0.7% | 288 | 0.5% | (104.0) | (36.3%) | 505 |
| Total SG&A (6) | 1,105 | 13.1% | 1,262 | 15.7% | 157.0 | 12.4% | 7,946 | 13.5% | 8,153 | 14.7% | 207.0 | 2.5% | 8,148 |
| Total Expenses | 8,500 | 100.9% | 8,342 | 103.9% | (157.6) | (1.9%) | 60,987 | 103.5% | 57,859 | 104.2% | (3,128.1) | (5.4%) | 57,377 |
| Use of Prior Year Reserves | 234 | 2.8% | 234 | 2.9% | 0.0 | 0.0% | 1,635 | 2.8% | 1,635 | 2.9% | 0.0 | 0.0% | 172 |
| Use of Prior Year Surplus | 82 | 1.0% | 82 | 1.0% | 0.0 | 0.0% | 700 | 1.2% | 700 | 1.3% | 0.0 | 0.0% | 0 |
| Surplus (Deficit) | \$ 237 | 2.8% | \$ - | 0.0% | \$ 236.6 | | \$ 279 | 0.5% | \$ - | 0.0% | \$ 279 | | \$ 829 |
| Depreciation Expense | \$ 1,313 | 15.6% | | | | | \$ 6,840 | 11.6% | | | | | \$ 8,896 |

Notes:

- (1) Farebox Recovery Ratio = Metro Fares Revenue / (Total Expenses less Purchased Transportation Expense and \$3.0 M Claims Exp as a result of receipt of funds from City); Full Year Budgeted Farebox Recovery Ratio is 19.1%
- (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 2019 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
JULY, 2019

The Cincinnati Bell Connector financial report for the month ending July 31, 2019 is attached.

- Total Revenues were \$344,559 which is favorable to budget by \$1,558 or <1%;
- Total Expenses were \$305,705, which is favorable to budget by \$37,296 or 11%;
- July and year to date result is net favorable income of \$38,854 and a favorable variance to budget of \$38,854.

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

- **Connector Advertising:** Favorable \$8,143 or 118% for the month due to advertising contracts exceeding budgeted expectations.
- **Transdev Contract:** Favorable \$28,989 or 10% for the month due to disincentive penalty.

Southwest Ohio Regional Transit Authority

Cincinnati Bell Connector
Year to Date Financial Report
As of July 31, 2019

| | Curr Mo Actual | Curr Mo Budget | Month Variance Fav / (Unfav) | | YTD Actual | YTD Budget | YTD Variance Fav / (Unfav) | |
|--|---------------------------|---------------------------|---|------------|-----------------------|-----------------------|---------------------------------------|------------|
| <u>Ridership</u> | 58,382 | 58,009 | 373 | 1% | 58,382 | 58,009 | 373 | 1% |
| <u>Fares</u> | | | | | | | | |
| Regular Fares & Passes | \$35,209 | \$37,959 | (\$2,750) | -7% | \$35,209 | \$37,959 | -\$2,750 | -7% |
| Charter Service | 0 | 0 | 0 | - | 0 | 0 | 0 | - |
| Total Fares | 35,209 | 37,959 | (2,750) | -7% | 35,209 | 37,959 | (2,750) | -7% |
| <u>Other Revenue</u> | | | | | | | | |
| City Parking Meter Contribution (Net of City Overhead Expense and additional cost for parking enforcement) | 83,934 | 83,934 | 0 | 0% | 83,934 | 83,934 | 0 | 0% |
| City Appropriated Surplus Parking | 103,508 | 103,508 | 0 | 0% | 103,508 | 103,508 | 0 | 0% |
| Haile Foundation | 75,000 | 75,000 | 0 | 0% | 75,000 | 75,000 | 0 | 0% |
| Federal Formula Funding | 16,365 | 16,365 | 0 | 0% | 16,365 | 16,365 | 0 | 0% |
| Connector Advertising | 15,043 | 6,900 | 8,143 | 118% | 15,043 | 6,900 | 8,143 | 118% |
| Naming Rights | 15,500 | 19,335 | (3,835) | -20% | 15,500 | 19,335 | (3,835) | -20% |
| Total Fares and Other Revenue | 344,559 | 343,001 | 1,558 | 0% | 344,559 | 343,001 | 1,558 | 0% |
| <u>Expenses</u> | | | | | | | | |
| Transdev Contract | 260,905 | 289,894 | 28,989 | 10% | 260,905 | 289,894 | 28,989 | 10% |
| SORTA Management Fee | 23,192 | 23,192 | 0 | 0% | 23,192 | 23,192 | 0 | 0% |
| Direct Costs | 21,608 | 29,915 | 8,307 | 28% | 21,608 | 29,915 | 8,307 | 28% |
| Total Expenses | 305,705 | 343,001 | 37,296 | 11% | 305,705 | 343,001 | 37,296 | 11% |
| NET INCOME / (DEFICIT) | \$38,854 | \$0 | \$38,854 | | \$38,854 | \$0 | \$38,854 | |

August 2019

ACTION ITEM – INVESTMENT OF FUNDS REPORT – AS OF JUNE 30TH, 2019 AND JULY 31ST, 2019

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 June 30th, 2019 and July 31st, 2019.

SUBMITTED BY:



Michelle Jeng
Interim CFO/Sr. Vice President, Finance



Investment of Funds Report
Jun-19

| | Principal Amount | Maturity Date | Purchase Date | 6/30/2019 Yield | Sec Days | Days to Maturity |
|---|-----------------------------|------------------|------------------|--|-------------|---------------------|
| <u>Overnight Investments</u> | | | | | | |
| STAR Ohio | \$ 9,864,019 | | | 2.470% | | |
| Fifth Third Bank Concentration Account | \$ 320,141 | | | 0.100% | | |
| Subtotal Overnight Investments / Average Rate | <u>\$ 10,184,160</u> | | | 2.395% | | |
| <u>Securities & CD's</u> | | | | | | |
| R.J. O'Brien (Hedging): | | | | | | |
| U.S. Treasury Note | \$ 741,096 | 10/31/19 | 11/01/18 | 2.715% | 364 | 123 |
| Fifth Third Bank Custody Account: | | | | | | |
| Commercial Paper | \$ 440,989 | 07/01/19 | 10/04/18 | 2.724% | 270 | 1 |
| Commercial Paper | \$ 489,650 | 07/12/19 | 10/15/18 | 2.818% | 270 | 12 |
| Commercial Paper | \$ 1,575,890 | 09/06/19 | 12/17/18 | 2.962% | 263 | 68 |
| Commercial Paper | \$ 381,481 | 09/17/19 | 12/17/18 | 2.934% | 274 | 79 |
| Commercial Paper | \$ 523,569 | 10/04/19 | 01/09/19 | 2.932% | 268 | 96 |
| Commercial Paper | \$ 670,666 | 10/07/19 | 01/10/19 | 2.850% | 270 | 99 |
| Commercial Paper | \$ 1,225,247 | 11/01/19 | 02/07/19 | 2.723% | 267 | 124 |
| Commercial Paper | \$ 264,693 | 12/03/19 | 03/12/19 | 2.710% | 266 | 156 |
| Commercial Paper | \$ 524,608 | 12/06/19 | 03/11/19 | 2.641% | 270 | 159 |
| Commercial Paper | \$ 853,163 | 12/06/19 | 03/12/19 | 2.640% | 269 | 159 |
| Commercial Paper | \$ 382,424 | 12/13/19 | 03/18/19 | 2.641% | 270 | 166 |
| Commercial Paper | \$ 382,219 | 12/13/19 | 03/19/19 | 2.720% | 269 | 166 |
| Commercial Paper | \$ 578,538 | 12/27/19 | 04/02/19 | 2.651% | 269 | 180 |
| TriState Capital: | | | | | | |
| CD | \$ 2,000,000 | 09/19/19 | 12/20/18 | 2.750% | 273 | 81 |
| CD | \$ 3,000,000 | 12/19/19 | 12/20/18 | 2.850% | 364 | 172 |
| CD | \$ 1,000,000 | 01/02/20 | 01/03/19 | 2.850% | 364 | 186 |
| CD | \$ 2,000,000 | 05/28/20 | 05/30/19 | 2.500% | 364 | 333 |
| Subtotal Securities & CD's / Weighted Yield / Maturity | <u>\$ 17,034,233</u> | | | 2.759% | 307 | 148 |
| Total All Securities (6/30/2019) / Weighted Yield / Maturity | <u>\$ 27,218,393</u> | | | 2.623% | | 93 |
| Total All Securities (5/31/2019) / Weighted Yield / Maturity | <u>\$ 27,836,194</u> | | | 2.675% | | 109 |
| Funds provided by (required for) Operations during June | \$ (236,976) | | | Monthly Investment Income \$ 61,239 | | |
| Funds provided by (required for) Capital during June | \$ (380,825) | | | Year to Date Investment Income \$ 414,896 | | |
| Change in Cash during JUNE 2019 | <u>\$ (617,801)</u> | | | | | |
| Total All Securities (6/30/2018) | <u>\$ 29,951,873</u> | | | | | |

Reviewed and Approved by:

Michelle Jeng
Michelle Jeng
Interim CFO



Investment of Funds Report
Jul-19

| | Principal Amount | Maturity Date | Purchase Date | 7/31/2019 Yield | Sec Days | Days to Maturity |
|---|-----------------------------|------------------|------------------|--------------------------------|-------------|---------------------|
| <u>Overnight Investments</u> | | | | | | |
| STAR Ohio | \$ 4,749,171 | | | 2.380% | | |
| Fifth Third Bank Concentration Account | \$ 82,873 | | | 0.100% | | |
| Subtotal Overnight Investments / Average Rate | <u>\$ 4,832,044</u> | | | 2.341% | | |
| <u>Securities & CD's</u> | | | | | | |
| R.J. O'Brien (Hedging): | | | | | | |
| U.S. Treasury Note | \$ 741,096 | 10/31/19 | 11/01/18 | 2.715% | 364 | 92 |
| Fifth Third Bank Custody Account: | | | | | | |
| Commercial Paper | \$ 1,575,890 | 09/06/19 | 12/17/18 | 2.962% | 263 | 37 |
| Commercial Paper | \$ 381,481 | 09/17/19 | 12/17/18 | 2.934% | 274 | 48 |
| Commercial Paper | \$ 523,569 | 10/04/19 | 01/09/19 | 2.932% | 268 | 65 |
| Commercial Paper | \$ 670,666 | 10/07/19 | 01/10/19 | 2.850% | 270 | 68 |
| Commercial Paper | \$ 1,225,247 | 11/01/19 | 02/07/19 | 2.723% | 267 | 93 |
| Commercial Paper | \$ 264,693 | 12/03/19 | 03/12/19 | 2.710% | 266 | 125 |
| Commercial Paper | \$ 524,608 | 12/06/19 | 03/11/19 | 2.641% | 270 | 128 |
| Commercial Paper | \$ 853,163 | 12/06/19 | 03/12/19 | 2.640% | 269 | 128 |
| Commercial Paper | \$ 382,424 | 12/13/19 | 03/18/19 | 2.641% | 270 | 135 |
| Commercial Paper | \$ 382,219 | 12/13/19 | 03/19/19 | 2.720% | 269 | 135 |
| Commercial Paper | \$ 578,538 | 12/27/19 | 04/02/19 | 2.651% | 269 | 149 |
| TriState Capital: | | | | | | |
| CD | \$ 2,000,000 | 09/19/19 | 12/20/18 | 2.750% | 273 | 50 |
| CD | \$ 3,000,000 | 12/19/19 | 12/20/18 | 2.850% | 364 | 141 |
| CD | \$ 1,000,000 | 01/02/20 | 01/03/19 | 2.850% | 364 | 155 |
| CD | \$ 2,000,000 | 05/28/20 | 05/30/19 | 2.500% | 364 | 302 |
| Subtotal Securities & CD's / Weighted Yield / Maturity | <u>\$ 16,103,594</u> | | | 2.758% | 309 | 125 |
| Total All Securities (7/31/2019) / Weighted Yield / Maturity | <u>\$ 20,935,638</u> | | | 2.662% | | 96 |
| Total All Securities (6/30/2019) / Weighted Yield / Maturity | <u>\$ 27,218,393</u> | | | 2.623% | | 109 |
| Funds provided by (required for) Operations during July | \$ (6,194,906) | | | Monthly Investment Income | \$ 58,791 | |
| Funds provided by (required for) Capital during July | \$ (87,849) | | | Year to Date Investment Income | \$ 473,688 | |
| Change in Cash during JULY 2019 | <u>\$ (6,282,755)</u> | | | | | |
| Total All Securities (7/31/2018) | <u>\$ 26,632,794</u> | | | | | |

Reviewed and Approved by:

Michelle Jeng

Michelle Jeng
Interim CFO

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

APPROVAL OF REVENUE AGREEMENT WITH CINCINNATI
STATE TECHNICAL & COMMUNITY COLLEGE

WHEREAS:

1. SORTA staff has been making efforts to increase revenue and ridership, strengthen relationships with major regional traffic generators, assist with parking issues, and attempt to develop riding habits among local college students.
2. By Resolution 2010-20, the SORTA Board approved an agreement with Cincinnati State whereby Cincinnati State subsidizes discounted rides for students. Each year the agreement has been modified to extend the term for an additional academic year.
3. SORTA staff and Cincinnati State have agreed on a one-year agreement for the 2019-2020 academic year for an estimated contract value of \$62,500. SORTA staff recommends Board approval of the agreement

THEREFORE, BE IT RESOLVED:

4. The SORTA Board hereby authorizes and directs the Interim CEO/General Manager/ Secretary- Treasurer, Interim EVP/COO, or the Interim CFO to execute an amendment in substantially the form attached with Cincinnati State for the 2019-2020 academic year.

August 2019

ACTION ITEM – APPROVAL OF REVENUE AGREEMENT WITH CINCINNATI STATE TECHNICAL & COMMUNITY COLLEGE

STRATEGIC PLAN GOAL/OBJECTIVE

- Operational Excellence
- Strategic Partnering

RECOMMENDATION

Staff recommends the SORTA Board approve the ninth amendment extending the terms of the Agreement between SORTA and Cincinnati State Community & Technical College and authorize the Interim CEO/General Manager/ Secretary- Treasurer, Interim EVP/COO, or the Interim CFO to execute it on behalf of SORTA. The estimated contract value for August 26, 2019 to August 22, 2020 is \$62,500 (unchanged from the previous year.)

FINANCIAL CONSIDERATIONS

- Since Nov. 5, 2010, SORTA and Cincinnati State have participated in an agreement whereby Cincinnati State subsidizes discounted rides for students. Each year, the agreement has been modified to extend the term for an additional academic year. The current agreement expires August 22, 2019.
- The new term of the agreement is August 26, 2019 to August 22, 2020. The other terms and conditions of the new agreement are the same as the expiring agreement.

BUSINESS PURPOSE

- The new agreement with Cincinnati State to subsidize discounted rides for students states:
 1. Cincinnati State will pay SORTA \$62,500 to provide a photo ID card to all eligible participants each semester good for discounted rides.
 2. The photo ID card allows eligible participants unlimited rides on all Metro routes for a \$1.00 cash drop each way for the entire semester. Transfers may also be purchased for \$.50 if needed.
 3. Eligible participants must register for a new card each semester through Cincinnati State.
 4. Cincinnati State sends Metro staff a file each semester containing names, photos and student ID numbers for the production of cards, which are then produced by Metro staff and returned by U.S. mail to students.
 5. This program does not apply to faculty or staff of Cincinnati State.

PROCUREMENT CONSIDERATIONS

- This is a one-year revenue contract.

D/M/WBE CONSIDERATIONS

- N/A

LEGAL CONSIDERATIONS

- N/A

SUBMITTED BY:

A handwritten signature in black ink, appearing to read "David A. Etienne". The signature is fluid and cursive, with a long horizontal stroke at the end.

David A. Etienne
Director, Marketing & Communications