



SORTA/Metro
Finance Committee
June 17, 2025
8:30 am-9:00 am Eastern Time

FINANCE COMMITTEE

TUESDAY, JUNE 17th, 2025 – 8:30 A.M.

SORTA/METRO AT HUNTINGTON CENTER

6th FLOOR SORTA BOARD ROOM

525 VINE STREET

CINCINNATI, OHIO 45202

General Items:

Call to order

Pledge of Allegiance

- 1 Approval of Finance Committee Minutes: April 15th, 2025

Briefing Items:

- 2 Financial Results as of May 31st 2025 (Tim Walker)
- 3 2025 Audit Finance Report (Crowe)
 - 3.1 Annual Comprehensive Financial Report
 - 3.2 Single Audit Report

Action Items:

- 4 Approval of 2026 Grant Application Resolution (Tim Walker/Mary Huller)
 - 4.1 Action Item:
- 5 Approval of Investment of Funds Reports as of April 30th 2025 and May 31st 2025 (Tim Walker)

Other Items:

New Business

Adjournment

The next regular meeting of the Finance Committee has been scheduled for

Tuesday, July 15th, 2025, at 8:30 a.m.

FINANCE COMMITTEE
TUESDAY, APRIL 15th, 2025 – 8:30 A.M.
SORTA/METRO AT HUNTINGTON CENTER
6th FLOOR SORTA BOARD ROOM
525 VINE STREET
CINCINNATI, OHIO 45202

COMMITTEE MEMEBERS APPOINTED: *Chelsea Clark (Chair), Jay Bedi, Dan Driehaus, and KZ Smith*

COMMITTEE/BOARD MEMBERS PRESENT: Tianay Amat, Chelsea Clark, Dan Driehaus, Trent Emeneker, Blake Ethridge, Neil Kelly, Pete Metz, Briana Moss, Sara Sheets, and KZ Smith

COMMITTEE MEMBERS ABSENT: Jay Bedi, Tony Brice, Kala Gibson, Greg Simpson, and Sonja Taylor

STAFF MEMBERS PRESENT: Andy Aiello, Norman Bouwie, John Edmondson, Dave Etienne, Darryl Haley, Adriene Hairston, Brandy Jones, Natalie Krusling, Bradley Mason, Jeff Mundstock, Tom Price, John Ravasio, Jason Roe, Tony Russo, Kevin Ruth, Mark Samaan, Khaled Shammout, Bill Spraul, Tim Walker and Mike Weil

OTHERS PRESENT: Kim Schaefer (Vory's)

1. **Call to Order**

Ms. Clark called the meeting to order.

2. **Pledge of Allegiance**

The Pledge of Allegiance was recited.

3. **Approval of Minutes of March 18th, 2025**

Ms. Clark moved, and Ms. Sheets seconded that the minutes from March 18th, 2025, be approved. By voice vote the committee approved the minutes.

4. **Financial Report as of March , 2025**

Mr. Walker presented the March financial results. Total revenues were \$14.3 million, which was unfavorable to budget by \$246K. Total expenses were \$13.7 million, which is favorable to budget by \$785k. Operating Capital Contribution was \$0.6 million, which was favorable to budget by \$539k. Ridership was 1,159k, which was unfavorable to budget by 48k. Mr. Walker then reviewed the contributing factors to these variances.

The Committee accepted the report as presented.

5. **Audit Observations**

Mr. Bouwie presented the audit observations. He reviewed prior audit observations, current audits and upcoming audits.

The Committee accepted the report as presented.

6. **Bridgestone Tire Audit Recap**

Mr. Bouwie presented the audit observations. He reviewed the background, audit selection, audit objective, audit scope and methodology and statement of auditing standards.

The Committee accepted the report as presented.

7. **Ridership Audit Recap**

Mr. Bouwie presented the ridership audit recap. He reviewed the background, audit selection, audit objective, audit scope and methodology and statement of auditing standards.

The Committee accepted the report as presented.

8. **Approval of Investment of Funds Reports as of March 31st, 2025**

Mr. Walker presented the March report noting the yields of SORTA 4.35% for March compared to the prior month of 4.35% for the month of February.

Mr. Walker presented the report noting yields for the Infrastructure Transit Fund of 4.41% for March compared to the prior month of 4.38% for the month of February.

Mr. Kelly moved, and Mr. Metz seconded that the Investment of Funds as of March 31st, 2025 be approved.

By voice vote the committee approved the reports.

The Committee approved the report as presented.

New Business

9. The next regular meeting of the Finance Committee has been scheduled for **Tuesday, May 20th, 2025, at 8:30 A.M.**

10. **Adjournment**

The meeting adjourned at 9:04 A.M.



Financial Summary - May 2025

Report Out Date – June 17, 2025

Agenda – Financial Summary

- Statement of Operations for May '25
 - Key Drivers
 - Detail Profit & Loss Statement
 - County Sales Tax Trend
- Cashflow and Obligation Report
- Investment Balance Update

Summary

- Total Revenue \$14.1M - unfavorable to Budget (\$639k) or (4.3%)
- Total Expense \$13.4M - favorable to Budget \$359k or 2.6%
- Operating Capital Contribution \$.7M - unfavorable to Budget (\$280k)
- Note: Ridership total is 1,163k – unfavorable to Budget (134k) or (10.3%)

Revenue

- Total Operating Revenue \$1.8M - unfavorable to Budget (\$280k) or (13.3%)
- Non-Transportation \$0.7M – favorable to Budget \$18k or 2.6%
- County Sales Tax \$10M – unfavorable to Budget (\$377k) based on Feb receipts;
see additional slide on county sales tax
- Federal Grants \$1.5M - on Budget

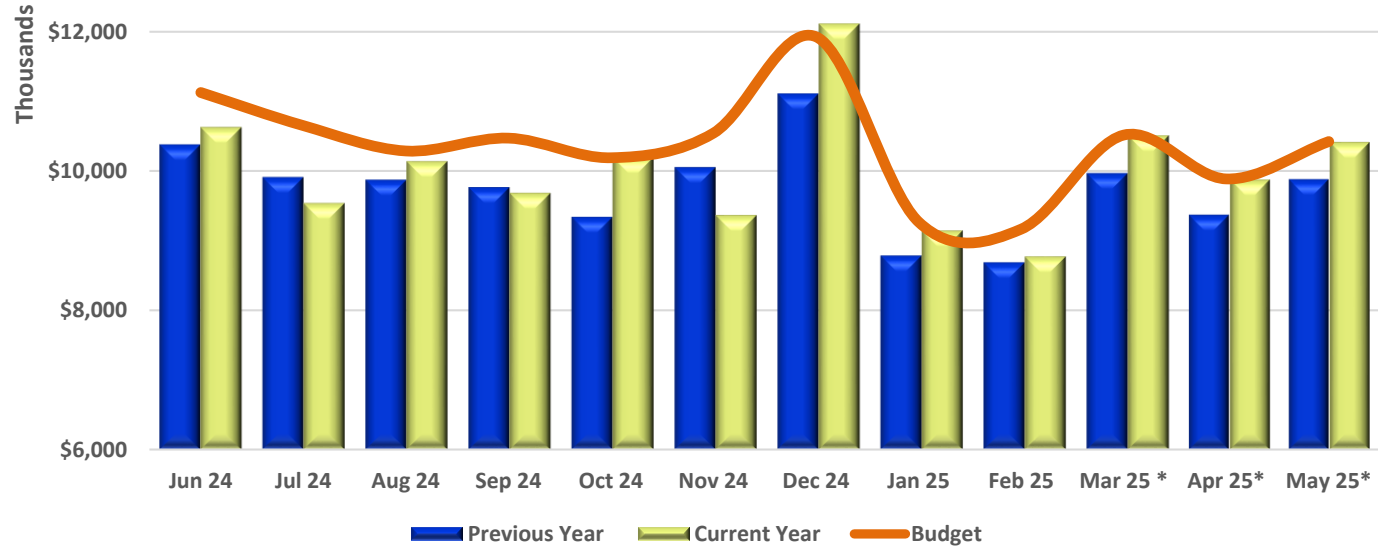
Expense

- Wages & Benefits \$9.8M - favorable to budget \$699k or 6.7%
- Fuel and Lubricants \$726k - unfavorable to budget (\$6k) or (0.8%)
- Parts & Supplies \$970k – unfavorable to Budget (\$109k) or (12.7%)
- All Other \$2M – unfavorable to Budget (\$228k) due to timing of advertising spend



5 Mos Ending May 31, 2025 (\$ In Thousands)	Month				Year to Date				
	Actual	Budget	Fav(Unfav)		Actual	Budget	Fav(Unfav)		Prior Year
Ridership									
Regular	993,977	1,140,236	(146,259)	(12.8%)	4,621,641	5,120,854	(499,213)	(9.7%)	4,649,071
CPS	143,477	130,200	13,277	10.2%	840,324	801,300	39,024	4.9%	738,670
Subtotal Fixed Route	1,137,454	1,270,436	(132,982)	(10.5%)	5,461,965	5,922,154	(460,189)	(7.8%)	5,387,741
Access	15,491	15,603	(112)	(0.7%)	72,597	77,671	(5,074)	(6.5%)	75,610
MetroNow!	10,544	11,100	(556)	(5.0%)	51,829	44,400	7,429	16.7%	27,900
Total Ridership	1,163,489	1,297,139	(133,650)	(10.3%)	5,586,391	6,044,225	(457,834)	(7.6%)	5,491,251
Operating Revenue									
Metro Fares	\$ 1,134	\$ 1,445	\$ (311)	(21.5%)	\$ 5,309	\$ 6,204	\$ (895)	(14.4%)	\$ 5,640
Access Fares	52	62	(10)	(16.1%)	258	307	(49)	(16.0%)	292
MetroNow! Fares	21	22	(1)	(4.5%)	104	90	14	15.6%	58
CPS Fares	419	366	53	14.5%	2,222	1,794	428	23.9%	1,710
Other	198	209	(11)	(5.3%)	959	1,006	(47)	(4.7%)	892
Total Operating Revenue	1,824	2,104	(280)	(13.3%)	8,852	9,401	(549)	(5.8%)	8,592
Non-Operating Revenue									
County Sales Tax	10,046	10,423	(377)	(3.6%)	48,773	49,260	(487)	(1.0%)	47,148
Federal Subsidies	1,513	1,513	-	-	7,565	7,565	-	-	4,213
Non Transportation	704	686	18	2.6%	3,342	3,506	(164)	(4.7%)	4,573
Total Non-Operating Revenue	12,263	12,622	(359)	(2.8%)	59,680	60,331	(651)	(1.1%)	55,934
Total Revenue	14,087	14,726	(639)	(4.3%)	68,532	69,732	(1,200)	(1.7%)	64,526
Expenses									
Employee Wages & Benefits	9,753	10,452	699	6.7%	49,258	51,672	2,414	4.7%	47,876
Fuel & Lubricants	726	720	(6)	(0.8%)	3,243	3,433	190	5.5%	3,339
Parts & Supplies	970	861	(109)	(12.7%)	4,750	4,259	(491)	(11.5%)	4,210
Casualty & Liability	-	-	-	n/a	-	-	-	n/a	-
Everybody Rides Metro Fund	32	35	3	8.6%	107	175	68	38.9%	-
Other	1,956	1,728	(228)	(13.2%)	9,800	9,654	(146)	(1.5%)	8,220
Total Expenses	13,437	13,796	359	2.6%	67,158	69,193	2,035	2.9%	63,645
Operating Capital Contribution	\$ 650	\$ 930	\$ (280)		\$ 1,374	\$ 539	\$ 835		\$ 881

County Sales Tax – Year to Date



(\$000's)	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25 *	Apr 25 *	May 25 *
Current Year	\$10,636	\$9,551	\$10,149	\$9,696	\$10,205	\$9,380	\$12,116	\$9,159	\$8,788	\$10,516	\$9,887	\$10,423
Budget	\$11,128	\$10,652	\$10,288	\$10,473	\$10,191	\$10,545	\$11,928	\$9,269	\$9,165	\$10,516	\$9,887	\$10,423
Previous Year	\$10,375	\$9,906	\$9,869	\$9,762	\$9,336	\$10,049	\$11,105	\$8,781	\$8,683	\$9,963	\$9,366	\$9,875

* Mar through May of 2025 are recorded at budget due to the 3-month delay in reporting from State Office

Cashflow and Obligation Report



Overnight Investments	\$51,849,707
Securities & CD's	\$113,748,809

Total All Securities (5/31/2025)	\$165,598,516
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Current Capital Reserve Obligations

<i>BRT Project Development (Hamilton & Reading Corridors) - Amts Pd</i>	<i>\$32,762,974</i>
<i>Future BRT Capital Match (Fed 70% & Local 30%)</i>	<i>\$40,500,000</i>

Total BRT	\$73,262,974
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Local Match - FTA and ODOT Grants	\$23,750,342
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100% Local Projects (Prior Years Open + Current Year)	\$35,193,326
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2 Months of Operating Expenses	\$26,000,000
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All Other Obligations	\$6,500,000
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Total Current Capital Reserve Obligations	\$164,706,642
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Net Unrestricted Securities Available	\$891,875
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2025 Remaining Operating Budget Surplus (Deficit) Jun-Dec	\$5,892,000
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Net Unrestricted Securities + '25 Operating Budget Surplus	\$6,783,875
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A low-angle, upward-looking shot of a modern skyscraper with a glass facade. The building's structure is composed of numerous triangular and polygonal glass panels, creating a complex geometric pattern. The sky is a clear, bright blue, visible through the central opening of the building's structure. The overall color palette is dominated by deep blues and greys, with the sky providing a lighter blue contrast.

Southwest Ohio Regional Transit Authority

Crowe LLP

Finance Committee Meeting
Year Ending December 31, 2024

Agenda

- Client Service Team
- Roles and Responsibilities
- Engagement Objectives
- Scope and Deliverables
- Approach
- Timeline
- Significant Risks
- Materiality
- Financial Statement Discussion
- Other Required Communications
- Independence Communications

Crowe Client Service Team

Role	Name	Definition of Role
Engagement Partner	Christine Torres	Christine is the partner in charge of the audit for Southwest Ohio Regional Transit Authority.
Audit Manager	Stacy Curnow	Stacy is the engagement manager overseeing the day-to-day progress of all significant areas of the audits.
Audit Senior Staff	Russell Egan	Russell is the senior on the audits working on the more complex areas and supervising the staff.

Roles and Responsibilities

Those Charged with Governance

- Oversight of external auditor, including scope, approach and planned timeline
- Oversight of the reporting and integrity of published financial information

Management

- Preparation and fair presentation of financial statements in accordance with Generally Accepted Accounting Principles (GAAP)
- Design, implementation and maintenance of internal control structure related to the preparation and fair presentation of the financial statements

Crowe

- Performance of audits under *Generally Accepted Auditing Standards* and *Government Auditing Standards*

Engagement Objectives

- The objective of an audit of financial statements is to express an opinion that the financial statements are in accordance with accounting principles generally accepted in the United States.
- The audit of financial statements will be performed in accordance with auditing standards generally accepted in the United States (GAAS) and generally accepted *Government Auditing Standards* (GAGAS).
- Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud.
- Our audit includes consideration of internal controls over financial reporting, but we do not express an opinion on the effectiveness of such internal controls. Management is responsible for the design and the effectiveness of internal controls.

Scope and Deliverables

- Independent Auditor's Reports
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Management Comment Letter, if applicable

Approach



- At all times acting with
 - **PROFESSIONAL SKEPTICISM**
 - **INDEPENDENCE**
 - **OBJECTIVITY**



- Auditing in phases with a continuous risk assessment and commitment to audit quality



- Performing inquiries with management and other staff
- Corroborating and testing internal controls over financially significant IT systems and key accounts



- Performing substantive testing over significant risks and key audit areas
 - Grant revenue
 - Sales and use tax revenue
 - Capital assets
 - Pension and OPEB asset/liabilities
 - Potential management override of controls

Accumulation and Evaluation of Results

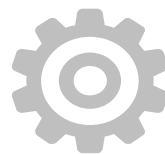
Timeline

November/December

- Planning and initial risk assessment
- Entrance conference with management
- Provide request list

March - April

- Substantive audit procedures
- Compliance procedures over federal grants
- Review draft financial statements



November/December

- Internal controls walkthroughs
- Testing of key accounts
- Testing of federal grant compliance

May - June

- Presentation to Finance Committee
- Finalize audit reports and recommendations

Continuously Evaluating Impact of Testing on Risk Assessment, Execution and Timing of the Audit

Significant Risks

- Definition: An identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration.
- Significant Risks:
 - Auditing standards require a presumed risk of management override of internal controls. Management is primarily responsible for the design, implementation and maintenance of internal controls.
 - Auditing standards require a presumed risk of revenue recognition. Management puts into place controls over grant revenues to properly recognize revenue.
 - Risk related to the implementation of GASB Statement 101 – Compensated Absences due to different leave policies for different employee groups.



Materiality

- In planning the audit, overall materiality is viewed as the maximum aggregate amount of misstatements, which if detected and not corrected, would cause us to modify our opinion on the financial statements. Overall materiality is an allowance not only for misstatements that will be detected and not corrected but also for misstatements that may not be detected by the audit.
- Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations.



Other Required Communications

As you consider your knowledge regarding Southwest Ohio Regional Transit Authority, reach out to us at anytime if you have any insights that would assist us in understanding Southwest Ohio Regional Transit Authority and its environment, in identifying appropriate sources of audit evidence, and in providing information about specific transactions or events. Please communicate to us any of the following matters that you consider relevant to the audit:

Weaknesses in
internal control
activities

Inappropriate tone
regarding fraudulent
activity

Known, alleged, or
suspected fraud

Oversight activities
that do not mitigate
risks of fraud

Tips or complaints
regarding financial
reporting

Actual or possible
violations of laws or
regulations that
might affect the
audit

Matters warranting
particular attention
during the audit

Significant or
unusual transactions

Other Required Communications - Fraud

- Fraud involves obtaining something of value through willful misrepresentation. Whether an act is, in fact, fraud is determined through the judicial or other adjudicative system and is beyond auditors' professional responsibility.
- Crowe will promptly communicate to you any fraud involving senior management and other fraud that causes a material misstatement of the financial statements, illegal acts that come to our attention, and disagreements with management and other serious difficulties encountered in performing the audit.



Financial Statement Discussion

(presented in thousands)

	As of December 31,		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current assets	\$ 216,302	\$ 215,892	\$ 196,691
Capital assets - net	161,707	144,618	125,552
Other non-current assets	138,319	116,536	83,556
Total assets	<u>516,328</u>	<u>477,046</u>	<u>405,799</u>
Deferred outflows of resources	<u>45,481</u>	<u>66,484</u>	<u>19,623</u>
Total assets and deferred outflows of resources	<u><u>561,809</u></u>	<u><u>543,530</u></u>	<u><u>425,422</u></u>

Financial Statement Discussion

(presented in thousands)

	As of December 31,		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current Liabilities	25,531	33,473	38,499
Non-current liabilities	129,887	142,685	46,578
Total liabilities	<u>155,418</u>	<u>176,158</u>	<u>85,077</u>
Deferred inflows of resources	<u>2,451</u>	<u>1,059</u>	<u>53,187</u>
Total liabilities and deferred inflows of resources	<u>157,869</u>	<u>177,217</u>	<u>138,264</u>
Net position			
Net investment in capital assets	152,231	124,456	100,558
Restricted	153,648	122,990	89,101
Unrestricted	<u>98,061</u>	<u>118,867</u>	<u>97,499</u>
Total net position	<u>403,940</u>	<u>366,313</u>	<u>287,158</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 561,809</u>	<u>\$ 543,530</u>	<u>\$ 425,422</u>

Financial Statement Discussion

(presented in thousands)

	For Fiscal Year Ending December 31		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenues:			
Passenger fares	\$ 17,245	\$ 15,400	\$ 14,448
Other operating revenues	<u>1,774</u>	<u>1,485</u>	<u>1,299</u>
Total operating revenues	19,019	16,885	15,747
Operating expenses other than depreciation and amortization	180,131	169,030	107,245
Depreciation and amortization expense	<u>18,795</u>	<u>16,722</u>	<u>15,670</u>
Total operating expenses	<u>198,926</u>	<u>185,752</u>	<u>122,915</u>
Operating loss	(179,907)	(168,867)	(107,168)

Financial Statement Discussion

(presented in thousands)

	For Fiscal Year Ending December 31		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Non-operating revenues:			
Operating assistance from City of Cincinnati	-	-	(416)
Sales and use tax revenue	141,791	141,710	141,872
Federal maintenance grants	11,630	68,379	71,867
State maintenance grants	3,606	2,320	3,473
Local operating grants and assistance	53	67	202
Other non-operating revenues	13,659	15,589	1,331
Total non-operating revenues	<u>170,739</u>	<u>228,065</u>	<u>218,329</u>
Net income (loss) before capital grant activity	(9,168)	59,198	111,161
Capital grant revenue	<u>46,795</u>	<u>19,956</u>	<u>21,842</u>
Change in net position	37,627	79,154	133,003
Net position, beginning of year	<u>366,313</u>	<u>287,159</u>	<u>154,156</u>
Net position, end of year	<u>\$ 403,940</u>	<u>\$ 366,313</u>	<u>\$ 287,159</u>

Other Required Communications

Significant Accounting Policies - Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Management has disclosed the summary of significant accounting policies in the footnotes of the report.

Adoption of New Accounting Standards – GASB 101, *Compensated Absences* was implemented during the fiscal year.

Other Required Communications



Management Judgments and Accounting Estimates – Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments.



- Fair Value of Investment Securities and Other Financial Instruments



- Useful Lives of Capital Assets



- Pension and Postretirement Obligations

Other Required Communications

Corrected Misstatements – No such misstatements.

Uncorrected Misstatements –

- a. Implementation of GASB 101 – all charged to expense in the current year due to immaterial increase in the amount of \$1.3M in the liability.
- b. Removal of internal designation of operating reserve from a liability account in the amount of \$1.2M, offset against an expense in the current year.
- c. Reclass of revenue between local grant revenue and sales tax for additions to capital assets paid with local funds in the amount of \$1.7M

Significant Issues – No significant issues.

Other Required Communications

Opinion

We have audited the financial statements of the Southwest Ohio Regional Transit Authority ("the Authority"), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Required Communications

- In the prior year there was a material weakness related to grant and sales tax revenue reporting. These were not repeated in the current year.
- In the prior year there was a significant deficiency related to grant reporting not occurring timely. This was not repeated in the current year.
- There were no material weaknesses or significant deficiencies identified during the current audit.

Independence Communications

- We wish to report that we are not aware of any relationship between Crowe LLP and Southwest Ohio Regional Transit Authority that, in our professional judgment, may reasonably be thought to impair our independence.
- Accordingly, and relating to our examination of the financial statements of the Authority as of December 31, 2024 and for the year then ended, we are independent certified public accountants with respect to the Authority within the meaning of the applicable pronouncements of the American Institute of Certified Public Accountants' Code of Professional Conduct, its interpretations and rulings.

Contact Information



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SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY

HAMILTON COUNTY, OHIO

REGULAR AUDIT

FOR FISCAL YEARS ENDED DECEMBER 31, 2024 AND 2023

PREPARED BY: FINANCE DEPARTMENT

Southwest Ohio Regional Transit Authority
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For Fiscal Years Ended December 31, 2024 and 2023

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INTRODUCTORY SECTION

SORTA

Southwest Ohio Regional Transit Authority

525 Vine Street, Suite 500
Cincinnati, Ohio 45202-3133
(513) 632-7610

Trustees

Blake Ethridge
Chair

Gwen L. Robinson
Vice Chair

Tianay Amat
Jay Bedi
Tony Brice, Jr.
Chelsea Clark
Dan Driehaus
Trent Emeneker
Kala Gibson
Neil Kelly
Briana Moss
Pete Metz
Sara Sheets
Greg Simpson
Kazava "KZ" Smith
Sonja Taylor

SORTA's Vision

20 million rides by 2026

SORTA's Mission

Regional transportation
connecting people and places, driving
economic growth and expanding
quality of life choices



July 8, 2024

Board of Trustees of the Southwest Ohio Regional Transit Authority and residents of Hamilton County, Ohio:

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the Southwest Ohio Regional Transit Authority ("SORTA" or "The Authority") for fiscal years ended December 31, 2024, and 2023. This ACFR was prepared by the Finance Department and represents SORTA's commitment to provide accurate, concise, and high-quality financial information to its Board of Trustees, interested parties and residents in its service area.

This ACFR contains financial statements and statistical data which provides full disclosure of SORTA's material financial operations. The financial statements, supplemental schedules, statistical information, and all data contained herein are the representations of SORTA's management. SORTA's management assumes full responsibility for the accuracy, completeness, and fairness of this ACFR presentation.

SORTA's independent auditor, Crowe LLP, has issued an unmodified ("clean") audit opinion on SORTA's financial statements for the fiscal year ended December 31, 2024. Crowe's Independent Auditors' Report can be found on page 12 of this ACFR.

SORTA also participates in the Federal single audit program, which consists of a single audit of all Federally funded programs administered by SORTA. As a requirement for continued funding eligibility, participation in the single audit program is mandatory for most local governments, including SORTA. The single audit performed by Crowe LLP meets the requirements set forth by the State of Ohio and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The single audit report for the fiscal year ended December 31, 2024, was issued with an unmodified ("clean") opinion.

We are very proud that the Governmental Finance Officers Association of the United States and Canada (GFOA) has again awarded a Certificate of Achievement for Excellence in Financial Reporting to SORTA for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2023, representing the 33rd consecutive year the Authority has received this award. The Certificate of Achievement is a prestigious national award recognizing conformance to the highest standards for preparation of state and local government financial reports. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

SORTA ACFR 2024

Southwest Ohio Regional Transit Authority
Letter of Transmittal

This ACFR is divided into the following three sections:

Introductory Section contains this letter of transmittal, a list of the members of the Board of Trustees and Administration, and a Table of Organization.

Financial Section includes the Independent Auditors' Report, Management's Discussion and Analysis, the financial statements (with related footnotes) for the years ended December 31, 2024 and 2023, the required supplementary information schedule of agency's proportionate share of net pension liability and benefit — OPERS traditional and combined plans, OPEB, the required supplementary information schedule of agency's contributions—OPERS traditional and combined plans, OPEB and the supplemental schedule of revenues, expenses, and changes in net position—budget and actual for the year ended December 31, 2024.

Statistical Section provides financial, economic, and demographic information which is useful for indicating trends for comparative fiscal periods.

PROFILE OF GOVERNMENT

General

SORTA was created under Chapter 306 of the Ohio Revised Code by a resolution of the Hamilton County Board of Commissioners adopted on October 2, 1968. SORTA's service area is comprised of 218 square miles in Hamilton County, 7 square miles in Clermont County, 17 square miles in Warren County and 10 square miles in Butler County. This service area encompasses 12 townships, 13 villages and 22 cities, including the City of Cincinnati.

Commencement of Operations and Funding

Voters approved a City of Cincinnati income tax increase for transit in November 1972, which permitted the City's purchase of the privately-owned Cincinnati Transit Inc. bus system. On February 8, 1973, an agreement (the City/SORTA agreement) was executed providing terms for the operation of the transit system and delineating the obligations of SORTA and the City of Cincinnati. SORTA's operation of the service commenced August 15, 1973.

SORTA receives operating and capital assistance from the U.S. Department of Transportation under the Urban Mass Transportation Act of 1964 (the Act), as amended. Among other requirements of the Act, state and local governments must provide a proportionate share of funds and/or support (as defined by the Federal Transit Administration guidelines) for operating and capital assistance. In this regard, under the terms of the City/SORTA agreement, the City provides operating and capital assistance to SORTA from revenues derived from the income tax designated for transit operations. Additional information about these funding sources can be found in Note 3 to the Financial Statements.

With the passage of Issue 7 in the spring of 2020, Hamilton County voters approved a sales tax levy of 0.8 percent and a new funding source for Metro. The funds from the sales tax levy replace the funds SORTA had previously received through the City due to a previous successful vote to (conditionally) rescind the portion of the City of Cincinnati's earnings tax (0.3 percent) that previously funded Metro services should the sales tax levy pass. The proportionate share of funds and/or support (as defined by the Federal Transit Administration guidelines) for operating and capital assistance is now provided for by the Hamilton County Sales Tax.

Southwest Ohio Regional Transit Authority
Letter of Transmittal

Services

SORTA provides public transportation services through two operating divisions, Metro and Access paratransit/on-demand. Metro provides fixed route bus service throughout the service area in Greater Cincinnati in Southwest Ohio. Currently, there are 48 fixed bus routes, including 30 local service routes and an additional 18 weekday peak hour commuter express service routes. One of these express routes operates seasonally between Downtown Cincinnati and the Kings Island amusement park during the summer and fall. Metro and Access operates 24-hours a day, 7 days a week, including all holidays. Metro's on-demand service MetroNow operates weekdays from 6a – 9p and weekends from 8a – 9p in two suburban zones. Based on a review of the 2020 Census data, approximately 830k residents live in SORTA's service area of within ¾-mile of Metro's fixed-route service. In 2024, Metro operated a total of about 857k hours of service over 11.15 million revenue miles, providing 13.3 million rides.

Access provides origin to destination, shared-ride service in Hamilton County for persons whose disabilities prevent them from riding Metro fixed route service. Effective January 1, 2020, Access is managed and operated by SORTA, which uses Access's fleet of 60 lift-equipped vehicles. SORTA's Director of ADA & Accessible Services provides oversight for this service. In 2024, Access provided 179,086 passenger trips over 1.8 million vehicle miles.

Management

SORTA is governed by a 16-member volunteer citizen's board of trustees. Eleven trustees are appointed by Hamilton County and five are appointed by the City of Cincinnati. Three of the Hamilton County appointees are non-voting trustees representing Butler, Clermont, and Warren counties.

The administration of SORTA, subject to the policies and supervision of its Board of Trustees, is directed by the Chief Executive Officer (CEO). The CEO selects the senior staff who manage the day-to-day operations of the Authority. A Table of Organization which depicts the key functional responsibilities is shown on page 10 of this Introductory Section.

Facilities

SORTA maintains six facilities at the following locations:

525 Vine Street, Suite 500, a leased facility in downtown Cincinnati, houses Metro's administrative offices, along with the office of SORTA staff and Board of Trustees.

120 East Fourth Street, a leased facility in downtown Cincinnati provides customer services, bus rider information, and sales services.

Bond Hill Operating Division, 4700 Paddock Road, provides indoor storage for up to 145 buses and light maintenance work areas.

Queensgate Operating Division and Maintenance Support Facility, 1401 Bank Street, provides indoor storage for up to 280 buses. Both heavy and light maintenance is performed at this location. The radio control room is also housed at this facility.

Silverton Assessment and Training Center, 7000 Montgomery Road. This facility is for assessment and training for people with disabilities.

Paratransit Operating Facility, 1801 Transpark Drive. This is the site from which our Access and MetroNow! divisions operate.

SORTA ACFR 2024

Southwest Ohio Regional Transit Authority
Letter of Transmittal

FINANCIAL INFORMATION

Basis of Accounting

SORTA's accounting records are maintained on the accrual basis. The activities are accounted for in a single enterprise (proprietary type) fund.

Budgetary Controls

The annual accrual-basis operating budget and capital budget are proposed by SORTA's management and adopted by the Board of Trustees in a public meeting. The annual budget is prepared using overall guidelines established after consideration of SORTA's strategic financial plan. All capital and operating items exceeding \$100,000 receive Board approval prior to purchase. The strategic plan, updated annually, projects revenue sources over the next ten years and establishes service levels and growth commensurate with such revenue limits.

SORTA maintains budgetary control by not permitting total operating expenses and expenditures for capital projects to exceed their appropriations without approval by the Board of Trustees. Management ensures that expenses and capital expenditures stay within the total appropriation. On a monthly basis, the Board reviews budget variations. It is the responsibility of each department to administer its operations in such a manner as to ensure that the use of funds is consistent with the goals and programs authorized by the Board of Trustees.

Internal Control Structure

The management of SORTA is responsible for establishing and maintaining an internal control structure designed to ensure that SORTA's assets are protected from loss, theft, or misuse. Its responsibility is also to ensure that accurate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

In developing and evaluating SORTA's accounting systems, emphasis is placed on the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the protection of assets against loss from unauthorized use or disposition, and the reliability of financial records used to prepare financial statements. The concept of "reasonable assurance" recognizes that the cost of the control should not exceed the benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. Management believes that SORTA's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. Management also believes that the data, as presented herein, is accurate in all material respects, that it presents fairly the financial position, results of operations and cash flows of SORTA, and that all disclosures necessary to enable the reader to obtain an understanding of SORTA's financial affairs have been included.

Financial Operating Results

Management's Discussion and Analysis (MD&A) on pages 15-20 of this ACFR provides a narrative introduction, overview and analysis of the Authority's basic Financial Statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

INTRODUCTORY SECTION

Southwest Ohio Regional Transit Authority
Letter of Transmittal

YEAR IN REVIEW

In 2024, Metro continued to roll out its aggressive Reinventing Metro plan to improve the customer experience in our region with the following service improvements and accomplishments:

- **Ridership** - Metro leads the nation in pre-pandemic ridership recovery at approximately 117%, compared to the national average of 85%.
- **On-demand transit service** - *MetroNow!* provided more than 66,000 trips, a 115% increase in ridership over the previous year. The two current service zones and hours of operation were also expanded due to overwhelming customer demand.
- **Metro Transit Infrastructure Fund** - Awarded \$19.2M for nine projects in seven municipalities, in addition to \$14.5M for the Western Hills Viaduct project, during the fourth round of Metro Transit Infrastructure Fund grants.
- **Bus Rapid Transit** - Engaged in robust community outreach to narrow down station design and location and the name for the new BRT service.
- **Rebranding** - Metro launched a refreshed brand and tagline as part of its continuing evolution into a modern, multi-modal transportation system.

ECONOMIC CONDITION AND OUTLOOK

General/Population

SORTA's primary service area is in Hamilton County, which is situated in the southwest corner of Ohio. The county seat is the City of Cincinnati, which is located on the southern boundary of the state on the Ohio River. Population in SORTA's principal service area since 1960 has been as follows:

<u>Year</u>	<u>Cincinnati</u>	<u>Hamilton County</u>
1960	502,550	864,121
1970	452,524	924,018
1980	385,497	873,224
1990	364,040	867,881
2000	331,285	845,303
2010	296,943	802,374
<u>2020</u>	306,487	820,710

Source: U.S. Bureau of the Census

Southwest Ohio Regional Transit Authority Letter of Transmittal

Hamilton County (Metro's primary service area) is situated in the southwest corner of Ohio with the City of Cincinnati as its county seat. The Cincinnati Metropolitan Statistical Area (MSA) consists of 13 counties: Brown, Butler, Clermont, Hamilton, and Warren in Ohio; Boone, Campbell, Gallatin, Grant, Kenton, and Pendleton in Kentucky; and Dearborn and Ohio in Indiana. The MSA population estimate for 2020 (the most recent U.S. Census) was 2.3 million. Hamilton County has the highest percentage of population at 36 percent, and the third largest numeric growth in population since 2010.

The Cincinnati region is 12th among its 22 peer cities in total population. The region currently ranks well against many of its local peers in this indicator, but trails high-growth counterparts in size, including Austin TX and Charlotte NC. Additionally, while currently being ahead of Columbus, Indianapolis, Nashville, and Raleigh in total population, the Cincinnati region is currently growing at a slower rate.

Economy

Hamilton County currently has a real GDP of \$157 billion, placing it at 12th compared to peer cities. The county has a diversified local economy with strong business clusters in healthcare, personal care products, aerospace, manufacturing, and chemicals/pharmaceuticals. The region had been projected to create 50,000 jobs from 2014 to 2024. Before the pandemic occurred, the county's low unemployment rate tracked with the rest of the nation and was lower than that of the State of Ohio.

Redevelopment is happening in the City of Cincinnati and in well-positioned suburban communities. Some communities, however, are financially constrained and/or limited in how they can partner with the private sector on redevelopment projects. The issue of tax abatements has been the subject of much debate, along with the effects of "gentrification" on such older communities as Over the Rhine, the West End, Madisonville, and Walnut Hills.

Finally, the county faces major infrastructure needs. The proposed construction of a new Brent Spence Bridge finally received Federal funding under the Infrastructure Investment and Jobs Act. The addition of Metro's Transit Infrastructure Fund or MTIF has begun to improve roads, streets, and bridges in Metro's service area, but it is critical for the County to determine its role in prioritizing other projects given the limited resources available.

Employment

The Cincinnati region has seen steady employment growth over the past five years. Among its peers, the region ranks 14th with 2.9 percent job growth out of 22 metropolitan areas. It currently boasts 1.1 million total jobs.

Increasing its employment growth will require attracting more prime working age individuals, which is one of the largest challenges as a region. The region is currently 18th in Millennial population out of its 22 peer cities.

The Cincinnati region's unemployment rate has been below four percent since September of 2021. Notably, the region's unemployment rate has outpaced the nation as a whole, creating a very tight local job market, particularly in the areas of hospitality/restaurants, manufacturing, and retail. Metro itself is facing a dearth of candidates for bus operator and maintenance technicians.

INTRODUCTORY SECTION

Southwest Ohio Regional Transit Authority
Letter of Transmittal

Longer-term, weak demographic trends will keep Southwest Ohio's economy growing more slowly than the rest of the U.S. Nevertheless, the region has several positive attributes working in its favor:

- The Cincinnati region has a total of seven Fortune 500 companies on the 2023 Fortune 500 list, ranking 9th out of the 22 peer cities. General Electric Aerospace has spun off as its own entity and will maintain its headquarters in Evendale, a northern suburb; this increases Cincinnati's total to seven. Among other companies calling Cincinnati home are Procter & Gamble, The Kroger Company, and Fifth Third Bancorp.
- Educational institutions, including the University of Cincinnati, Xavier University, Northern Kentucky University, Cincinnati State Technical & Community College, and the Great Oaks Vocational Education system all provide a well-educated workforce and a steady source of long-term growth that minimizes volatility.
- In particular, large manufacturers such as Procter & Gamble and GE are great sources of long-term stability and future growth for the area's economy.
- Finally, shipping giants Amazon and DHL continue adding jobs and spinoff economic effects to the region.

Income

The median household income in the United States is \$69,717, placing the Cincinnati region's median of \$77,804 well above the national figure.

However, the region also benefits from a lower-than-average cost of living, helping the median household income stretch further. At 96.8 percent, Hamilton County's cost of living is 13.5 percent lower than the U.S. average.

Housing

The Cincinnati region's housing outlook is balanced between affordability and growth, but the two are not mutually exclusive. While our region is affordable compared to its peers, we currently trail many of them in the number of housing permits generated. We rank 18th out of 22 peer metros for residential building permits and 15th for residential building permits per 1,000 population. Both measurements tell a similar story – construction of housing is not keeping pace with our population growth.

Housing affordability also plays a key role in attracting new residents, which drives regional population growth. According to the Zillow Home Value Index (ZHVI), the Cincinnati region has seen a rapid increase in home values, albeit at a slightly slower rate than the rest of the United States. Additionally, while rent in the Cincinnati region is comparatively affordable, currently ranking 10th among its peer cities at \$1,542 per month, the region has topped several lists for fastest rent growth over the past couple of years. These increases pose threats to our overall affordability as a region, which creates a barrier for prospective homeowners and residents entering the market. Pro-housing policies like modernizing zoning and updating supply-constraining housing regulations will be crucial to maintaining our relatively affordable position, something that benefits existing and future residents.

Since 2010, home prices in Cincinnati have steadily increased by 95 percent from about \$139,000 in 2010 to just over \$270,000 in 2023. For the United States as a whole, however, homes have increased by 112 percent in value. This housing shortage is also reflected in rental property: renters make up 35.8 percent of the Hamilton County population, yet only 2.3 percent of houses and apartments are available to rent.

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Southwest Ohio Regional Transit Authority
Letter of Transmittal

Hamilton County has also been experiencing an influx of real estate investors buying homes and converting them to rental properties and short-term housing, both of which have attracted the attention of local legislators on the lookout for “predatory” business practices and threats to the character and availability of housing stock in local neighborhoods.

The information in this Economic Condition and Outlook section was derived from the 2024 State of the Region report prepared by the Cincinnati USA Regional Chamber of Commerce. Visit [2024StateoftheRegion-Final-WEB.pdf](#) to view the complete report.

FUTURE PROJECTS

Initiatives planned for 2025 include:

- In a continuation of Reinventing Metro, Metro will launch additional *MetroNow!* service zones in 2025.
- The design phase for the bus rapid transit (BRT) corridors of Hamilton Ave. and Reading Rd. will continue, as will extensive public outreach.
- Metro will continue to install benches and shelters throughout its service area, as well as install more than 4,000 redesigned, standardized bus stops all focused on improving the customer experience.

OTHER INFORMATION

Acknowledgments

This report would not be possible without the determination and high standards of the entire staff of the Finance Department. SORTA wishes to thank all who contributed to this project.

The publication of this report reflects the excellence and professionalism of SORTA's Finance Department and illustrates the extent of SORTA's accountability to taxpayers.



James D. Haley
Chief Executive Officer, General Manager, and Secretary-Treasurer

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
BOARD OF TRUSTEES AND ADMINISTRATION
December 31, 2024

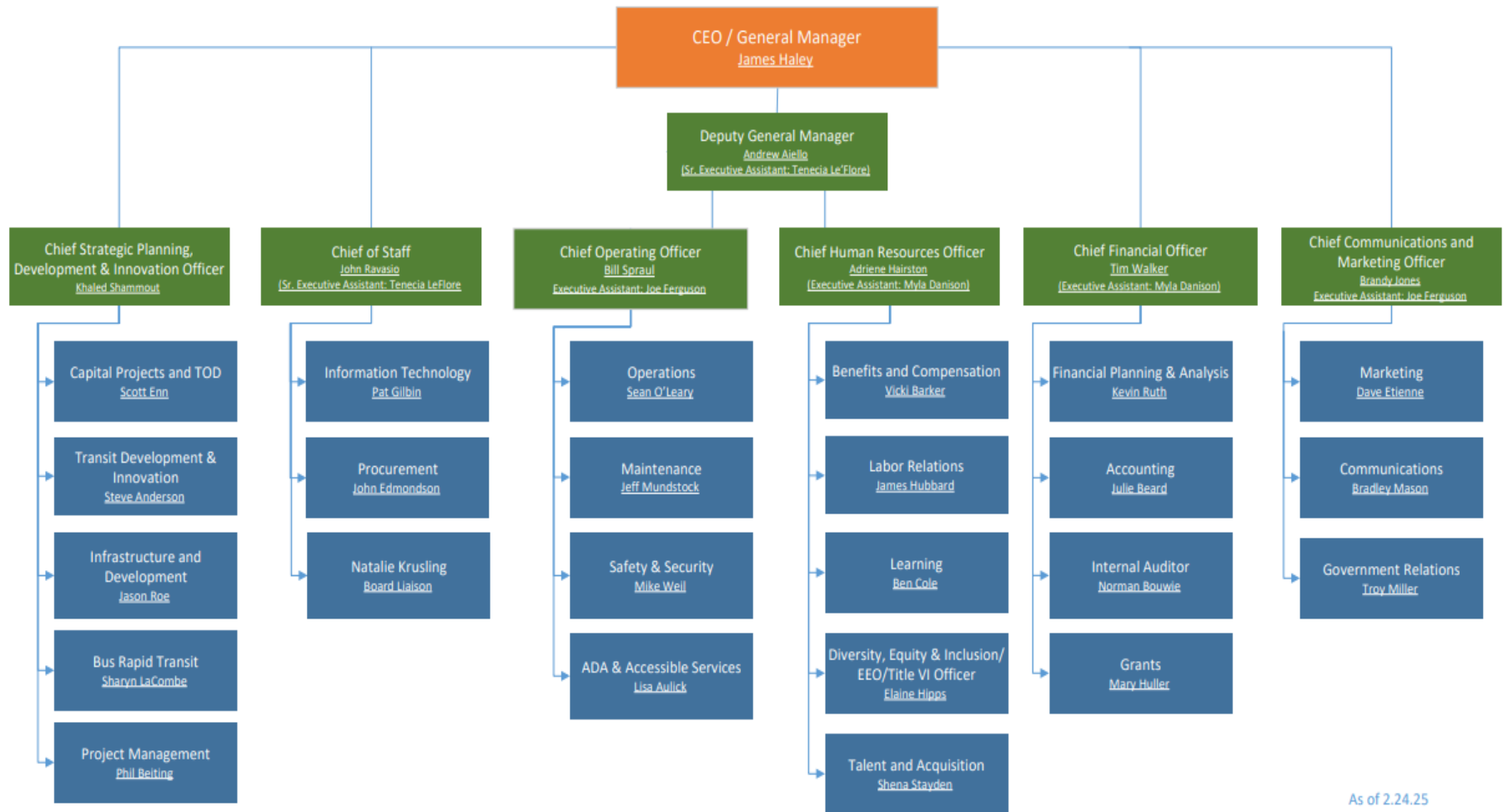
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Administration

Darryl Haley, Chief Executive Officer/General Manager, and Secretary-Treasurer
Andrew Aiello, Deputy General Manager
John Ravasio, Chief of Staff
Tim Walker, Chief Financial Officer
Khaled Shammout, Chief Strategic Planning, Development & Innovation Officer
Bill Spraul, Chief Operating Officer
Adriene Hairston, Chief Human Resources Officer
Brandy Jones, Chief Marketing Officer
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SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
TABLE OF ORGANIZATION
 December 31, 2024





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Southwest Ohio Regional Transit Authority

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Finance Committee
Southwest Ohio Regional Transit Authority
Cincinnati, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Southwest Ohio Regional Transit Authority ("the Authority"), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of Authority's proportionate share of net pension liability, the schedule of Authority's proportionate share of net pension asset, the schedules of the Authority's contributions and the schedule of Authority's proportionate share of net OPEB liability as identified in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental schedule of revenues, expenses and changes in net position – budget and actual (GAAP basis) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, supplemental schedule of revenues, expenses and changes in net position – budget and actual (GAAP basis) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated <>, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

[REDACTED]

Columbus, Ohio

<>, 2025

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

The Southwest Ohio Regional Authority (the "Authority") is pleased to present readers of these financial statements with the following narrative overview and analysis of the Authority's financial activities for the fiscal year ended December 31, 2024. This discussion and analysis is designed to assist the reader in focusing on material financial issues and activities and to identify material changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

- The Authority's total net position at the end of 2024 was \$403.9 million, which represents an increase of \$37.6 million or 10.3%, compared to the balance at the end of 2023.
- Operating revenue for the year was \$19.0 million, which represents an increase of about \$2.1 million, or 12.6%, from 2023.
- Operating expenses for the year (excluding depreciation and amortization) were \$180.1 million, which represents an increase of \$11.1 million, or 6.6% over 2023.
- Non-operating revenues, net of non-operating expenses, including federal, state and local subsidies, were \$170.7 million in 2024, which represents a decrease of \$57.3 million, or 25.1%, compared to 2023.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's financial statements, which includes the basic financial statements and the notes to the financial statements. This report contains supplementary information concerning the Authority's net position and changes in net position, in addition to the basic financial statements themselves.

Required Financial Statements

The financial statements of the Authority are designed to provide readers with a broad overview of the Authority's finances in a manner similar to private-sector business.

The Statement of Net Position presents financial information on all of the Authority's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information about how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as where cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Condensed Statements of Net Position Compared to Prior Year (amounts in thousands)

	As of December 31,		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current assets	\$ 216,302	\$ 215,892	\$ 196,691
Capital assets - net	161,707	144,618	125,552
Other non-current assets	138,319	116,536	83,556
Total assets	<u>516,328</u>	<u>477,046</u>	<u>405,799</u>
Deferred outflows of resources	<u>45,481</u>	<u>66,484</u>	<u>19,623</u>
Total assets and deferred outflows of resources	<u>561,809</u>	<u>543,530</u>	<u>425,422</u>
Current Liabilities	25,531	33,473	38,499
Non-current liabilities	129,887	142,685	46,578
Total liabilities	<u>155,418</u>	<u>176,158</u>	<u>85,077</u>
Deferred inflows of resources	<u>2,451</u>	<u>1,059</u>	<u>53,187</u>
Total liabilities and deferred inflows of resources	<u>157,869</u>	<u>177,217</u>	<u>138,264</u>
Net position			
Net investment in capital assets	152,231	124,456	100,558
Restricted	153,648	122,990	89,101
Unrestricted	98,061	118,867	97,499
Total net position	<u>403,940</u>	<u>366,313</u>	<u>287,158</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 561,809</u>	<u>\$ 543,530</u>	<u>\$ 425,422</u>

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

As noted earlier, net position over time may serve as a useful indicator of the Authority's financial position. As of December 31, 2024, the Authority's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$403.9 million, which is an increase in net position of \$37.6 million, or 10.3% from 2023. As of December 31, 2023, the Authority's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$366.3 million, which is an increase in net position of \$79.2 million, or 27.6% from 2022. It is further noted that over the past eleven years, the adoption of GASB 68 and 75 (see Notes 7 and 8) has decreased the net position of the Authority by \$69.8 million.

By far the largest portion of the Authority's net position is its investment in capital assets, less the outstanding balance of any debt used to acquire those assets. Capital assets include land and land improvements, revenue producing and service equipment, buildings and structures, shop equipment, office furnishings and computer equipment. With the implementation of GASB Statement No. 87 and No. 96 we are also including right to use lease assets and subscription-based information technology agreements (SBITAs). The Authority uses these capital assets to provide public transportation service in Hamilton County and small portions of Warren, Clermont and Butler Counties. These assets are not available to liquidate liabilities or for other spending.

The Authority's net capital assets as of December 31, 2024, amount to \$161.7 million, net of accumulated depreciation, which is an increase of \$17.1 million, or 11.8%, from 2023.

Major capital asset expenditures during 2024 included the following:

- \$26.2 million to purchase a combination of hybrid and diesel 40 foot fixed route buses.
- \$4.9 million to purchase 24 paratransit vehicles.
- \$1.2 million to purchase 7 *MetroNow!* buses.

Depreciation and amortization were \$18.8 million in 2024.

The Authority's net capital assets as of December 31, 2023, amounts to \$144.6 million, net of accumulated depreciation, which is an increase of \$19.0 million, or 15.2%, from 2022.

Major capital asset expenditures during 2023 included the following:

- \$8.2 million to purchase 12 new 40-foot diesel buses.
- \$2.2 million to purchase 14 *MetroNow!* buses.

Depreciation and amortization were \$16.7 million in 2023.

See Note 5 to the financial statements for more detailed information regarding capital assets.

Debt Administration

The Authority has no outstanding debt as of December 31, 2024. However, due to the implementation of GASB Statement No. 87 in 2022 and GASB Statement No. 96 in 2023, the Authority has facilities, equipment, and subscription-based information technology lease liabilities at December 31, 2023 and 2024.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

The following summarizes the changes in the lease/SBITAs liabilities at December 31, 2023 and 2024:

<u>Area</u>	<u>2023 Beginning Liability</u>	<u>2023 Ending Liability</u>	<u>2024 Ending Liability</u>
MCA Center	\$ 223,264	\$ 188,808	\$ 153,299
Huntington Center	8,047,948	7,548,675	7,032,194
Duke Energy	45,688	33,344	20,921
FP Mailing Solutions	18,824	13,492	8,122
HD Lot	-	-	116,547
Dell 2024	163,775	-	-
Open Gov	457,681	337,310	232,205
Dell 2027	-	-	525,560
Unit 4	-	-	244,423
	<u>\$ 8,957,180</u>	<u>\$ 8,121,629</u>	<u>\$ 8,333,271</u>

Amortization expense was \$1.0 million for 2024.

Leases and SBITAs including long term are presented in detail in Note 11.

(Continued)

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SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

Condensed Statements of Revenues, Expenses and Changes in Net Position (amounts in thousands)

	For Fiscal Year Ending December 31		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenues:			
Passenger fares	\$ 17,245	\$ 15,400	\$ 14,448
Other operating revenues	<u>1,774</u>	<u>1,485</u>	<u>1,299</u>
Total operating revenues	19,019	16,885	15,747
Operating expenses other than depreciation and amortization	180,131	169,030	107,245
Depreciation and amortization expense	<u>18,795</u>	<u>16,722</u>	<u>15,670</u>
Total operating expenses	<u>198,926</u>	<u>185,752</u>	<u>122,915</u>
Operating loss	(179,907)	(168,867)	(107,168)
Non-operating revenues:			
Operating assistance from City of Cincinnati	-	-	(416)
Sales and use tax revenue	141,791	141,710	141,872
Federal maintenance grants	11,630	68,379	71,867
State maintenance grants	3,606	2,320	3,473
Local operating grants and assistance	53	67	202
Other non-operating revenues	<u>13,659</u>	<u>15,589</u>	<u>1,331</u>
Total non-operating revenues	<u>170,739</u>	<u>228,065</u>	<u>218,329</u>
Net income (loss) before capital grant activity	(9,168)	59,198	111,161
Capital grant revenue	<u>46,795</u>	<u>19,956</u>	<u>21,842</u>
Change in net position	37,627	79,154	133,003
Net position, beginning of year	<u>366,313</u>	<u>287,159</u>	<u>154,156</u>
Net position, end of year	<u>\$ 403,940</u>	<u>\$ 366,313</u>	<u>\$ 287,159</u>

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

Operating Revenues

The Authority's operating revenues were \$19.0 million in 2024, which represents an increase of \$2.1 million, or 12.6%, compared to 2023. This increase is due primarily to increased service provided resulting in an increase in ridership during the year.

The Authority's operating revenues were \$16.9 million in 2023, which represents an increase of \$1.1 million, or 7.2%, compared to 2022. This increase is due primarily to increased service provided resulting in an increase in ridership during the year.

Operating Expenses

The Authority's operating expenses, other than depreciation and amortization, were \$180.1 million in 2024, which represents an increase of \$11.1 million, or 6.6%, compared to 2023. This increase was driven by several factors:

- \$9.4 million increase in labor and fringe due to increased service during 2024, and bi-annual increases for bargaining unit employees
- \$ 2.7 million decrease in GASB 68 and 75 pension and OPEB expenses.
- \$5.2 million increase in payments for Transit Infrastructure program.

The Authority's operating expenses, other than depreciation and amortization, were \$169.0 million in 2023, which represents an increase of \$61.8 million, or 57.6%, compared to 2022. This increase was driven by several factors:

- \$9.5 million increase in labor and fringe due to increased service during 2023, and bi-annual increases for bargaining unit employees
- \$ 30.3 million increase in GASB 68 and 75 pension and OPEB expenses.
- \$8.5 million increase in payments for Transit Infrastructure program.

Non-Operating Revenues

Non-operating revenues were \$170.7 million in 2024, which is a decrease of \$57.3 million, or 25.1%, over 2023. This was due to a decrease of \$56.7 million from federal and state grants and reimbursements.

Non-operating revenues were \$228.1 million in 2023, which is an increase of \$9.7 million, or 4.5%, over 2022. This increase is due to \$8.8 million from investment earnings and \$5.7 million from an increase in investments fair market value. These increases were offset by a decrease of \$4.6 million from federal and state grants and reimbursements.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those who are interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Southwest Ohio Regional Transit Authority, Chief Financial Officer, 525 Vine Street, Suite 500, Cincinnati, Ohio, 45202.

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SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
STATEMENTS OF NET POSITION
As of December 31, 2024 and 2023

ASSETS AND DEFERRED OUTFLOWS	<u>2024</u>	<u>2023</u>
Current Assets:		
Cash and cash equivalents (Note 4)	\$ 3,032,412	\$ 1,816,675
Investments (Note 4)	159,693,908	162,785,541
Receivables:		
Sales and use tax	42,268,794	40,654,820
State assistance	1,221,477	1,039,730
Capital assistance	247,657	1,880,785
Other	4,679,222	3,817,178
Inventory of materials and supplies	2,535,835	2,089,692
Prepaid expenses and other current assets	2,622,809	1,808,214
Total current assets	<u>216,302,114</u>	<u>215,892,635</u>
Noncurrent Assets:		
Restricted investments (Note 4)	133,207,420	115,669,105
Net pension asset (Note 7)	1,092,491	866,703
Net OPEB asset - OPERS (Note 8)	4,018,506	-
Capital assets (Note 5):		
Land and buildings	15,284,789	15,284,789
Improvements	48,767,117	44,104,581
Revenue vehicles	176,452,982	176,544,501
Other equipment	44,366,398	47,555,868
Construction in progress	16,498,472	22,835,852
Total capital assets	301,369,758	306,325,591
Less allowance for depreciation	(147,675,189)	(169,402,682)
Amortized assets, net	8,012,309	7,695,044
Capital assets, net	161,706,878	144,617,953
Total noncurrent assets	<u>300,025,295</u>	<u>261,153,761</u>
Total assets	<u>516,327,409</u>	<u>477,046,396</u>
Deferred Outflows of Resources:		
OPEB (Note 8)	3,710,898	8,076,343
Pension (Note 7)	41,770,645	58,407,247
Total deferred outflows of resources	<u>45,481,543</u>	<u>66,483,590</u>
Total assets and deferred outflows of resources	<u>\$ 561,808,952</u>	<u>\$ 543,529,986</u>

The accompanying notes are an integral part of the financial statements.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
STATEMENTS OF NET POSITION (Continued)
As of December 31, 2024 and 2023

LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>2024</u>	<u>2023</u>
Current liabilities:		
Accounts payable	\$ 3,944,601	\$ 3,098,452
Accounts payable - capital additions	1,135,338	12,506,539
Accrued payroll	2,486,725	2,126,591
Accrued payroll taxes and other benefits	11,017,247	10,605,713
Current portion of estimated claims payable (Note 9)	4,352,527	3,600,569
Lease and subscription liability (Note 11)	1,214,254	675,010
Other current liabilities	<u>1,380,251</u>	<u>860,306</u>
Total current liabilities	<u>25,530,943</u>	<u>33,473,180</u>
Noncurrent Liabilities:		
Estimated claims payable, net of current portion (Note 9)	4,112,159	4,022,686
Net pension liability (Note 7)	117,927,535	126,530,701
Net OPEB liability - OPERS (Note 8)	-	2,676,554
Other post employment benefits (Note 8)	721,241	787,602
Lease and subscription liability, due in more than one year (Note 11)	7,126,332	7,450,162
Other non-current liabilities	<u>-</u>	<u>1,217,100</u>
Total non-current liabilities	<u>129,887,267</u>	<u>142,684,805</u>
Total liabilities	<u>155,418,210</u>	<u>176,157,985</u>
Deferred Inflows of Resources:		
OPEB (Note 8)	2,299,385	882,747
Pension (Note 7)	<u>151,987</u>	<u>176,621</u>
Total deferred inflows of resources	<u>2,451,372</u>	<u>1,059,368</u>
Net position:		
Net investment in capital assets	152,230,952	124,455,913
Restricted for:		
Net pension asset	1,092,491	866,703
Net OPEB asset - OPERS	4,018,506	-
City of Cincinnati Income Tax Transit Fund escrow	-	3,000,000
Oasis Trail	3,000,000	3,000,000
Sales and use tax - Infrastructure	145,536,839	116,123,021
Unrestricted deficit	<u>98,060,582</u>	<u>118,866,996</u>
Total net position	<u>403,939,370</u>	<u>366,312,633</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 561,808,952</u>	<u>\$ 543,529,986</u>

The accompanying notes are an integral part of the financial statements.

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SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 For Fiscal Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Passenger fares for transit service	\$ 17,244,838	\$ 15,400,213
Special transit fares	871,170	732,298
Auxiliary transportation revenue	902,595	752,416
Total operating revenues	<u>19,018,603</u>	<u>16,884,927</u>
Operating expenses other than depreciation:		
Labor	80,801,979	74,806,169
Fringe benefits	37,052,116	33,678,049
Materials and supplies consumed	18,398,258	17,362,514
Services	9,695,744	8,247,905
Grant pass-through– FRA	250,010	3,502,264
Utilities	2,188,096	2,400,709
Casualty and liability expense	3,525,483	3,139,759
Taxes	1,545,826	1,347,201
Leases and rentals	335,938	441,967
Miscellaneous	4,919,390	5,223,378
Infrastructure program payments	14,547,853	9,322,000
Pension and OPEB expense	6,870,037	9,557,821
Total operating expenses other than depreciation	<u>180,130,730</u>	<u>169,029,736</u>
Depreciation and amortization (Note 5)	<u>18,795,354</u>	<u>16,722,219</u>
Total operating expenses	<u>198,926,084</u>	<u>185,751,955</u>
Operating loss	<u>\$ (179,907,481)</u>	<u>\$ (168,867,028)</u>

The accompanying notes are an integral part of the financial statements.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued)
 For Fiscal Years Ended December 31, 2024 and 2023

Nonoperating Revenues (Expenses):	<u>2024</u>	<u>2023</u>
Sales and use tax revenue	\$ 141,790,799	\$ 141,710,015
Federal maintenance grants and reimbursements (Note 6)	11,629,810	68,379,052
State maintenance grants, reimbursements and special fare assistance (Note 6)	3,605,761	2,319,937
Local operating grants and special fare assistance (Note 6)	53,160	66,690
Investment income, net (Note 4)	11,696,834	11,577,966
Increase in fair value of investments	959,677	3,256,527
Non-transportation revenue	<u>1,003,043</u>	<u>754,882</u>
Total nonoperating revenues (expenses)	<u>170,739,084</u>	<u>228,065,069</u>
 Net income (loss) before capital grant activity	 (9,168,397)	 59,198,041
 Capital grant revenue (Note 6)	 <u>46,795,134</u>	 <u>19,956,106</u>
 Increase in net position during the year	 37,626,737	 79,154,147
 Net position, beginning of year	 <u>366,312,633</u>	 <u>287,158,486</u>
 Net position, end of year	 <u>\$ 403,939,370</u>	 <u>\$ 366,312,633</u>

The accompanying notes are an integral part of the financial statements.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
STATEMENTS OF CASH FLOWS
For Fiscal Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities:		
Receipts from fares and special service	\$ 19,428,016	\$ 16,571,916
Payments for labor and employee benefits	(117,470,954)	(99,735,397)
Payments to suppliers	(53,380,601)	(51,880,472)
Grant pass-through to subrecipients	(250,010)	(3,502,264)
Payments for claims and insurance	(2,331,986)	(2,598,632)
Net cash used in operating activities	<u>(154,005,535)</u>	<u>(141,144,849)</u>
Cash Flows From Noncapital Financing Activities:		
Federal maintenance grants and reimbursements	11,629,810	68,379,052
State maintenance grants, reimbursements and special fare assistance	3,424,014	4,847,708
Sales and use tax	140,176,825	141,177,031
Other local operating assistance received	53,160	66,690
Net cash provided by noncapital financing activities	<u>155,283,809</u>	<u>214,470,481</u>
Cash Flows From Capital and Related Financing Activities:		
Capital grants received:		
Federal and other local	48,428,262	29,497,192
Additions to capital assets	(46,205,909)	(39,719,486)
Lease and subscription principal paid	(713,678)	(835,551)
Interest paid on lease and subscription	(120,479)	(136,866)
Net cash provided by (used in) capital and related financing activities	<u>1,388,196</u>	<u>(11,194,711)</u>
Cash Flows From Investing Activities:		
Net cash payments from investment securities	(13,487,006)	(71,545,016)
Interest received	12,036,273	10,256,274
Net cash used in investing activities	<u>(1,450,733)</u>	<u>(61,288,742)</u>
Net increase in cash and cash equivalents	1,215,737	842,179
Cash and Cash Equivalents at Beginning of Year	<u>1,816,675</u>	<u>974,496</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,032,412</u>	<u>\$ 1,816,675</u>

The accompanying notes are an integral part of the financial statements.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
STATEMENTS OF CASH FLOWS (Continued)
For Fiscal Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Operating Loss to Net		
Cash Used in Operating Activities:		
Operating loss	\$ (179,907,481)	\$ (168,867,028)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	18,795,354	16,722,219
Non-transportation revenue	1,003,043	752,416
Effect of changes in assets, liabilities, deferred outflows and inflows:		
Lease receivables	-	73,683
Other receivables	(1,201,482)	1,216,175
Deferred outflow of resources - OPEB	4,365,445	(7,102,266)
Deferred outflow of resources - pension	16,636,602	(39,758,909)
Inventory of materials and supplies	(446,143)	(219,991)
Prepaid expenses and other current assets	(814,595)	(328,924)
Net pension asset	(225,788)	574,859
Net OPEB asset/liability	(6,695,060)	14,608,867
Accounts payable	846,149	(1,114,420)
Accrued expenses	771,668	822,757
Other liabilities	(697,155)	(397,843)
Estimated claims payable	841,431	1,204,884
Net pension liability	(8,603,166)	93,290,857
Other post employment benefits	(66,361)	(495,043)
Deferred inflow of resources - OPEB	1,416,638	(11,445,754)
Deferred inflow of resources - pension	(24,634)	(40,609,833)
Deferred inflow of resources - lease	-	(71,555)
Net cash used in operating activities	<u>\$ (154,005,535)</u>	<u>\$ (141,144,849)</u>
Supplemental Disclosure of Noncash Activity		
Increase (decrease) in fair value of investments	<u>\$ 959,677</u>	<u>\$ 3,256,527</u>
Capital additions in payables	<u>\$ 1,135,338</u>	<u>\$ 12,506,539</u>
Issuance of leases/subscriptions	<u>\$ 925,320</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

1. Organization and Reporting Entity

A. Organization

The Southwest Ohio Regional Transit Authority ("SORTA" or the "Authority" or "Metro") is responsible for the operation of the Greater Cincinnati public transit system. SORTA is organized under Sections 306.30 through 306.53 of the Ohio Revised Code and is not subject to income taxes. SORTA is the policy-making body for the transit system known as Metro and operated under an agreement with the City of Cincinnati (the "City") through September 30, 2020. On October 1, 2020, SORTA began receiving sales tax revenue from Hamilton County, Ohio (the "County") as a result of the successful passage of a ballot initiative in May 2020 (see Note 3).

B. Reporting Entity

The Authority has adopted the provisions of GASB codification. Accordingly, the accompanying financial statements include only the accounts and transactions of the Authority. Under the criteria specified in Statements No. 14, 39 and 61, the Authority has no material component units, nor is it considered a component unit of the City or the County. These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Authority is not financially accountable for any other organization, nor is the City or County accountable for SORTA. This is evidenced by the fact that the Authority is a legally and fiscally separate and distinct organization under the provisions of the Ohio Revised Code.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, which require the economic resources measurement focus and the accrual basis of accounting. Revenues and expenses are recognized in the period earned or incurred, regardless of the timing of the related cash flows. All transactions are accounted for in a single enterprise fund.

B. Net Position Classifications

GASB Statement No. 34, "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus," as amended by GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," requires the classification of net position into the following three components:

- i. Net investment in capital assets – consisting of capital assets, net of accumulated depreciation and reduced by the outstanding balance of borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- ii. Restricted – consisting of net position, the use of which is limited by external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, constitutional provisions or enabling legislation, reduced by liabilities and deferred inflows of resources related to those assets.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (Continued)

- iii. Unrestricted – consisting of net position, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of “investment in capital assets” or “restricted.” This includes amounts that are designated or reserved by the Board of Trustees.

C. Non-Exchange Transactions

The Authority follows GASB Statement No. 33, “Accounting and Financial Reporting for Non-exchange Transactions.” In general, GASB Statement No. 33 establishes accounting and financial reporting standards about when to report the results of non-exchange transactions involving financial or capital resources. In a non-exchange transaction, an entity gives (or receives) value without directly receiving or giving equal value in return. The Authority’s principal non-exchange transactions involve the receipt of monies from sales tax collections from Hamilton County, Ohio (see Note 3), along with federal, state, and local grants for operating assistance and the acquisition of property, facilities and equipment. Substantially all of the Authority’s non-exchange transactions represent reimbursement-type grants, which are recorded as revenue in the period the related expenditures are incurred and are recorded as liabilities when the funds are received until the expenditures are incurred.

D. Passenger Fares

Passenger fares are recorded as revenue at the time services are performed and revenues pass through the farebox.

E. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and certificates of deposit to be cash equivalents.

F. Investments

The Authority’s investments (including cash equivalents) are recorded at fair value (based on quoted market prices), except that short-term, highly-liquid debt investments, with a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

The Authority has invested funds in STAROhio, an investment pool managed by the State Treasurer’s office that allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price, which is the price at which the investment could be sold.

G. Inventory of Materials and Supplies

Materials and supplies are stated at cost, which is determined using the average cost method. These items are expensed when consumed or used, rather than when purchased.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (Continued)

H. Restricted Assets

Restricted assets consist of funds received or receivable under various federal, state and local capital grants, including the local matching share received from the City Income Tax-Transit Fund (see Note 3). These assets are restricted for capital and other project expenditures. When both restricted or unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

I. Right-to-Use Leases and Subscriptions

As part of normal operations, SORTA has entered into various agreements as lessee or subscriber for equipment, subscription-based information technology arrangements (SBITAs), and other right to use asset classes. This has resulted in the reporting of right to use lease and SBITA assets and liabilities, which are calculated at the present value of the fixed lease payments expected over the term of the lease and remeasured for any change in lease payment or lease modification. SORTA recognizes all leases and SBITAs with an initial net present value of \$100,000 or more. The right to use lease and SBITA assets are reduced for any incentives and are amortized over the shorter of the useful life of the asset or the remaining lease term. The lease liabilities decrease as payments are made and interest expense is recognized for the period.

J. Capital Assets and Depreciation

Capital assets are stated at cost and include expenditures which substantially increase the utility or useful lives of existing assets. Maintenance parts are expensed when placed in service. Routine maintenance and repairs are expensed as incurred. Assets acquired with capital grants having a value of \$10,000 or more or under leases having an initial net present value of \$100,000 or more are also included in capital assets, and depreciation/amortization of the cost of those assets is included in the Statements of Revenues, Expenses and Changes in Net Position. Depreciation/amortization is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Description	Year(s)
Buildings	40
Improvements	15
Revenue Vehicles	4-12
Other Equipment	3-10
Lease Assets	2-12
Subscription Assets	2-4

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (Continued)

K. Claims

As described in Note 10, SORTA is self-insured for public liability, personal injury, third-party property damage, health insurance, and workers' compensation claims. SORTA recognizes a liability for such claims if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated.

The liability recorded includes the estimated incremental expenses to be incurred to settle the claims, including legal fees. Claims liabilities are based on evaluations of individual claims and a review of experience, with respect to the probable number and nature of claims arising from losses that have been incurred but have not yet been reported. The claims liabilities represent the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors. Estimated future recoveries on settled and unsettled claims, such as subrogations, if any, are evaluated in terms of their estimated realizable value and deducted from the liability for unpaid claims. Any adjustments resulting from the actual settlement of the claims are reflected in earnings at the time the adjustments are determined.

L. Compensated Absences

SORTA recognizes a liability for compensated absences in the year the benefits—such as vacation and sick leave—are earned, provided they accumulate, carry forward, and are more likely than not to be used for time off or paid out upon separation from service.

M. Budgetary Accounting and Control

SORTA's annual budget is prepared on the accrual basis of accounting. The budget includes amounts for current year revenues and expenses as well as new capital projects. The Authority maintains budgetary control by not permitting total operating expenses (excluding depreciation and amortization) and expenditures for individual capital projects to exceed revenue sources without approval by the Board of Trustees. No budget amendments were passed for 2024 or 2023. All operating budget amounts lapse at year end.

N. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows, deferred inflows, and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Operating and Non-operating Revenues and Expenses

The Authority considers passenger fares, special transit fares and bus advertising revenues as operating revenues. Non-operating revenues include investment and other miscellaneous income and subsidies received from federal, state and local sources. Expenses incurred for the daily operations of the transit system are considered operating expenses. The Authority does not currently have any non-operating expense.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (Continued)

P. Pensions/Other Postemployment Benefits (OPEB)

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

Q. Deferred Outflows and Inflows

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. See Notes 7 and 8 for detail on the Authority's deferred outflows of resources related to its net pension liability (asset) and net other postemployment benefits (OPEB) liability, respectively. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. See Notes 7 and 8 for detail on the Authority's deferred inflows of resources related to its net pension liability (asset) and net OPEB liability, respectively.

R. Implementation of New GASB Pronouncement for the Year Ended December 31, 2024

During fiscal year ended December 31, 2024, SORTA has implemented the following new GASB Pronouncements:

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, for the reporting periods beginning after June 15, 2023. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This pronouncement was implemented by SORTA in 2024.

GASB Statement No. 101 — In June 2022, GASB issued Statement No. 101, *Compensated Absences* for the reporting periods beginning after December 15, 2023. The objective of the statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. SORTA implemented this standard for the year ended December 31, 2024, and determined the impact on beginning net position to be immaterial. SORTA recorded the impact of the standard on the compensated absences liability in the current year and incorporated any required changes to financial reporting.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

3. Federal Grants and Local Reimbursement

SORTA receives capital assistance from the U.S. Department of Transportation under the Urban Mass Transportation Act of 1964 (the Act), as amended. Among other requirements of the Act, state and local governments must provide a proportionate share of funds and/or support (as defined by the Federal Transit Administration guidelines) for capital assistance. In addition to federal and state capital assistance, funding is also provided by a portion of the County sales tax levy which became effective October 1, 2020.

In May, 2020, the voters of the County passed Issue 7, which approved a 0.8 percent countywide sales tax increase for transit service (75 percent) and transit-related infrastructure improvements (25 percent). Infrastructure improvement projects are awarded on a competitive basis and 2023 marked the first year that SORTA had significant payouts for this program. This also triggered elimination of the 0.3 percent City of Cincinnati earnings tax (City Income Tax-Transit Fund) on City residents and workers that had been Metro's primary funding source for more than 40 years.

Collections of the 0.3 percent City of Cincinnati earnings tax stopped the day after the new sales tax collection started on October 1, 2020. The Authority began receiving sales tax funding from the approved 0.8% increase in January 2021.

4. Cash and Investments

The investment and deposit of Authority monies are governed by the provisions of the Ohio Revised Code and the Authority's established policies. Accordingly, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The Authority is also permitted to invest its monies in certificates of deposit, savings accounts, money market accounts, STAROhio, commercial paper and obligations of the United States government and certain agencies thereof. The Authority may also enter into repurchase agreements for a period not exceeding thirty days with banks located within the State of Ohio with which the Authority has signed a Master Repurchase Agreement. At the time of making an investment, the Authority's Treasurer must reasonably expect that the investment can be held until maturity. To the extent possible, the Treasurer will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the Treasurer will not directly invest in securities maturing more than five years from the settlement date of purchase.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC), may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution, or may deposit surety company bonds that when executed shall be for an amount in excess of collateral requirements. Re-purchase agreements must be secured by the specific government securities upon which the re-purchase agreements are based. These securities must be obligations of or guaranteed by the United States Government and must mature or be redeemable within five years of the date of the related repurchase agreement. The fair value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.

The Authority is prohibited from investing in any financial instrument, contract, or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse repurchase agreements.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

4. Cash and Investments (Continued)

As of December 31, 2024 and 2023, the Authority maintained restricted cash and cash equivalents and investments of \$133,207,420 and \$115,669,105, respectively, and unrestricted cash and cash equivalents and investments of \$162,726,320 and \$164,602,216, respectively. The total cash and investments of \$295,933,740 and \$280,271,321, respectively, consisted of \$3,032,412 and \$1,816,675, respectively, in deposits and \$292,901,328 and \$278,454,646, respectively, in investments.

Interest Rate Risk

Interest rate risk is the risk that the fair value of an investment may decline based on changes in market interest rates. This risk can be reduced, but not eliminated, through the use of common portfolio strategies such as structure (maintaining laddered maturity dates) and diversification (by type of investment, by issuer or by maturity date). Generally, SORTA utilizes a strategy of diversifying its investments while maintaining sufficient liquidity to cover anticipated operating expenses. The Ohio Revised Code limits the investment options for all Ohio public entities, including SORTA.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority's policy for deposits is collateral is required for demand deposits and certificates of deposit at 105% of all deposits not covered by federal deposit insurance. The collateral is pooled through the Ohio Pooled Collateral System (OPCS). Under this program, public depositories that pledge a collateral pool using the method prescribed in Ohio Rev. Code § 135.18(A)(2) or Ohio Rev. Code § 135.37(A)(2) shall pledge to the Treasurer of State a single pool of eligible securities for the benefit of all public depositors to secure the repayment of all uninsured public deposits at the public depository; provided that at all times the total fair value of securities so pledged is at least equal to either 102% of the total amount of all uninsured public deposits or an amount determined by rules adopted by the Treasurer of State that set forth the criteria for determining the aggregate fair value of the pool of eligible securities pledged by a public depository. Such criteria shall include, but are not limited to, prudent capital and liquidity management by the public depository and the safety and soundness of the public depository as determined by a third-party rating organization. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities, school districts, and district corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required. The carrying value of the Authority's deposits was \$3,032,412 and \$1,816,675 at December 31, 2024 and 2023, respectively. At December 31, 2024, the bank balance was \$1,348,915. Of that balance, \$250,000 was covered by federal depository insurance and \$1,098,915 was covered by OPCS. At December 31, 2023, the bank balance was \$206,084. The entire balance was covered by federal depository insurance.

Although the pledging bank has an investment and securities pool used to collateralize all public deposits, which held in the financial institution's name, noncompliance with federal requirements could potentially subject the Authority to a successful claim by the FDIC. The deposits not covered by federal depository insurance are considered uninsured and uncollateralized and subject to custodial credit risk.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

4. Cash and Investments (Continued)

Investments

As of December 31, 2024 and 2023, the fair value of the Authority's investments were as follows:

	<u>2024</u>	<u>2023</u>
Star Treasury Reserve of Ohio (STAROhio)	\$ 64,371,226	\$ 102,705,553
U.S. Agency bonds	207,151,239	132,251,897
Commercial paper	<u>21,378,863</u>	<u>43,497,196</u>
 Total investments	 <u>\$ 292,901,328</u>	 <u>\$ 278,454,646</u>

Investments held by the Authority at December 31, 2024 are presented below, categorized by investment type, maturity, and credit quality rating. Credit quality ratings provide information about the investments' credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. No deposits were subject to custodial credit risk. STAROhio does not have any minimum holding periods or withdrawal penalties.

Investment Type	<u>Balance</u>	<u>Not Rated</u>	<u>AAA</u>	<u>AAAm</u>	<u>Below BBB</u>
Star Treasury Reserve of Ohio (STAROhio)	\$ 64,371,226	\$ -	\$ -	\$ 64,371,226	\$ -
U.S. Agency bonds	207,151,239	-	207,151,239	-	-
Commercial paper	<u>21,378,863</u>	<u>21,378,863</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Investments	 <u>\$ 292,901,328</u>	 <u>\$ 21,378,863</u>	 <u>\$ 207,151,239</u>	 <u>\$ 64,371,226</u>	 <u>\$ -</u>

The following table presents the Authority's investments as of December 31, 2024, by length of maturity.

Investment Type	<u>Balance</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>
Star Treasury Reserve of Ohio (STAROhio)	\$ 64,371,226	\$ 64,371,226	\$ -	\$ -	\$ -
U. S. Agency bonds	207,151,239	62,457,941	144,693,298	-	-
Commercial paper	<u>21,378,863</u>	<u>21,378,863</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Investments	 <u>\$ 292,901,328</u>	 <u>\$ 148,208,030</u>	 <u>\$ 144,693,298</u>	 <u>\$ -</u>	 <u>\$ -</u>

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

4. Cash and Investments (Continued)

Investments held by the Authority at December 31, 2023 are presented below, categorized by investment type, maturity, and credit quality rating. Credit quality ratings provide information about the investments' credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. No deposits were subject to custodial credit risk. STAROhio does not have any minimum holding periods or withdrawal penalties.

Investment Type	Balance	Not Rated	AAA	AAAm	Below BBB
Star Treasury Reserve of Ohio (STAROhio)	\$ 102,705,553	\$ -	\$ -	\$ 102,705,553	\$ -
U.S. Agency bonds	132,251,897	-	132,251,897	-	-
Commercial paper	43,497,196	43,497,196	-	-	-
Total Investments	\$ 278,454,646	\$ 43,497,196	\$ 132,251,897	\$ 102,705,553	\$ -

The following table presents the Authority's investments as of December 31, 2023, by length of maturity.

Investment Type	Balance	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Star Treasury Reserve of Ohio (STAROhio)	\$ 102,705,553	\$ 102,705,553	\$ -	\$ -	\$ -
U. S. Agency bonds	132,251,897	24,492,996	107,758,901	-	-
Commercial paper	43,497,196	43,497,196	-	-	-
Total Investments	\$ 278,454,646	\$ 170,695,745	\$ 107,758,901	\$ -	\$ -

STAROhio is valued at amortized cost.

The Authority categorizes its fair value measurements at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs (quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or inputs such as investments and yield curves, implied volatility, and credit spreads); Level 3 inputs are significant unobservable inputs.

As of December 31, 2024, the Authority's investments had the following recurring fair value measurements:

Investment Type	Level 1	Level 2	Level 3	Total
U. S. Agency bonds	\$ -	\$ 207,151,239	\$ -	\$ 207,151,239
Commercial paper	-	21,378,863	-	21,378,863
Total Investments	\$ -	\$ 228,530,102	\$ -	\$ 228,530,102

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

4. Cash and Investments (Continued)

As of December 31, 2023 the Authority's investments had the following recurring fair value measurements:

Investment Type	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U. S. Agency bonds	\$ -	\$ 132,251,897	\$ -	\$ 132,251,897
Commercial paper	-	43,497,196	-	43,497,196
Total Investments	\$ -	\$ 175,749,093	\$ -	\$ 175,749,093

Cash, cash equivalents and investments at December 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Deposits	\$ 1,796,005	\$ 824,348
Certificates of deposit	1,236,407	992,327
STAROhio	64,371,226	102,705,553
U.S. Agency bonds	207,151,239	132,251,897
Commercial paper	21,378,863	43,497,196
	<u>\$ 295,933,740</u>	<u>\$ 280,271,321</u>

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

5. Capital Assets

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance January 1, 2024	Additions	Deletions	Transfers	Balance December 31, 2024
Capital assets not being depreciated:					
Land	\$ 13,823,548	\$ -	\$ -	\$ -	\$ 13,823,548
Construction in progress	<u>22,835,852</u>	<u>12,613,290</u>	<u>-</u>	<u>(18,950,670)</u>	<u>16,498,472</u>
Total capital assets not being depreciated	<u>36,659,400</u>	<u>12,613,290</u>	<u>-</u>	<u>(18,950,670)</u>	<u>30,322,020</u>
Capital assets being depreciated:					
Buildings	1,461,241	-	-	-	1,461,241
Improvements	44,104,581	676,631	596,929	4,582,834	48,767,117
Revenue vehicles	176,544,501	19,349,336	30,893,432	11,452,577	176,452,982
Other equipment	<u>47,555,868</u>	<u>2,042,571</u>	<u>8,147,300</u>	<u>2,915,259</u>	<u>44,366,398</u>
Total capital assets being depreciated	<u>269,666,191</u>	<u>22,068,538</u>	<u>39,637,661</u>	<u>18,950,670</u>	<u>271,047,738</u>
Less accumulated depreciation:					
Buildings	889,891	36,531	-	-	926,422
Improvements	33,340,272	1,578,308	569,754	-	34,348,826
Revenue vehicles	96,454,766	12,938,850	30,841,439	-	78,552,177
Other equipment	<u>38,717,753</u>	<u>3,236,189</u>	<u>8,106,178</u>	<u>-</u>	<u>33,847,764</u>
Total accumulated depreciation	<u>169,402,682</u>	<u>17,789,878</u>	<u>39,517,371</u>	<u>-</u>	<u>147,675,189</u>
Total capital assets being depreciated, net	<u>100,263,509</u>	<u>4,278,660</u>	<u>120,290</u>	<u>18,950,670</u>	<u>123,372,549</u>
Right to Use Assets (See Note 2, part I)					
Leases	9,029,446	155,338	-	-	9,184,784
SBITAs	1,017,538	1,167,403	-	-	2,184,941
Less accumulated amortization	<u>2,351,940</u>	<u>1,005,476</u>	<u>-</u>	<u>-</u>	<u>3,357,416</u>
Amortized assets, net	<u>7,695,044</u>	<u>317,265</u>	<u>-</u>	<u>-</u>	<u>8,012,309</u>
Total capital assets, net	<u>\$ 144,617,953</u>	<u>\$ 17,209,215</u>	<u>\$ 120,290</u>	<u>\$ -</u>	<u>\$ 161,706,878</u>

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

5. Capital Assets (Continued)

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance January 1, 2023	Additions	Deletions	Transfers	Balance December 31, 2023
Capital assets not being depreciated:					
Land	\$ 13,823,548	\$ -	\$ -	\$ -	\$ 13,823,548
Construction in progress	18,899,701	20,879,734	-	(16,943,583)	22,835,852
Total capital assets not being depreciated	<u>32,723,249</u>	<u>20,879,734</u>	<u>-</u>	<u>(16,943,583)</u>	<u>36,659,400</u>
Capital assets being depreciated:					
Buildings	1,461,241	-	-	-	1,461,241
Improvements	42,168,586	616,415	-	1,319,580	44,104,581
Revenue vehicles	167,311,930	10,535,111	16,021,015	14,718,475	176,544,501
Other equipment	43,232,068	3,809,658	391,386	905,528	47,555,868
Total capital assets being depreciated	<u>254,173,825</u>	<u>14,961,184</u>	<u>16,412,401</u>	<u>16,943,583</u>	<u>269,666,191</u>
Less accumulated depreciation:					
Buildings	853,360	36,531	-	-	889,891
Improvements	32,103,243	1,237,029	-	-	33,340,272
Revenue vehicles	100,178,025	12,297,756	16,021,015	-	96,454,766
Other equipment	36,838,749	2,270,390	391,386	-	38,717,753
Total accumulated depreciation	<u>169,973,377</u>	<u>15,841,706</u>	<u>16,412,401</u>	<u>-</u>	<u>169,402,682</u>
Total capital assets being depreciated, net	<u>84,200,448</u>	<u>(880,522)</u>	<u>-</u>	<u>16,943,583</u>	<u>100,263,509</u>
Right to Use Assets (See Note 2, part I)					
Leases	9,029,446	-	-	-	9,029,446
SBITAs	1,017,538	-	-	-	1,017,538
Less accumulated amortization	1,418,208	933,732	-	-	2,351,940
Amortized assets, net	<u>8,628,776</u>	<u>(933,732)</u>	<u>-</u>	<u>-</u>	<u>7,695,044</u>
Total capital assets, net	<u>\$ 125,552,473</u>	<u>\$ 19,065,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,617,953</u>

Prior to 1986, under terms of the former operating agreement with the City, SORTA agreed to operate transportation equipment and certain operating facilities which had been purchased by the City primarily under FTA and ODOT capital grants. During 1986, the City transferred the title to existing transit system physical assets, except for real estate, construction projects and certain assets which had been conveyed to a bank under a sale and leaseback arrangement.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

6. Grants, Reimbursements, and Special Fare Assistance

Grants, reimbursements, and special fare assistance included in the Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Non-operating revenues:		
Federal:		
FTA-Maintenance and other assistance	\$ 11,629,810	\$ 68,379,052
State:		
ODOT-Fuel tax reimbursement	\$ 1,344,554	\$ 1,280,207
ODOT-Maintenance and other assistance	2,261,207	1,039,730
Total	<u>\$ 3,605,761</u>	<u>\$ 2,319,937</u>
County:		
Sales and use tax	<u>\$ 141,790,799</u>	<u>\$ 141,710,015</u>
Local:		
Other	<u>\$ 53,160</u>	<u>\$ 66,690</u>
Capital grant revenue:		
Federal	\$ 30,061,523	\$ 5,291,061
State	655,000	-
Local	<u>16,078,611</u>	<u>14,665,045</u>
Total	<u>\$ 46,795,134</u>	<u>\$ 19,956,106</u>

7. Defined Benefit Pension Plan

The net pension liability reported on the statement of net position represents a liability to employees for pensions, or an asset in the case of a net pension asset. Pensions are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

7. Defined Benefit Pension Plan (Continued)

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued liabilities.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features, while members (e.g., Authority employees) may elect the member-directed plan and the combined plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

7. Defined Benefit Pension Plan (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS ACFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

7. Defined Benefit Pension Plan (Continued)

Funding Policy

The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>2024</u>	<u>2023</u>
Statutory Maximum Contribution Rates		
Employer	14.0%	14.0%
Employee	10.0%	10.0%
Actual Contribution Rates		
Employer:		
Pension	14.0%	14.0%
Post-employment Health Care Benefits	<u>0.0%</u>	<u>0.0%</u>
Total Employer	<u>14.0%</u>	<u>14.0%</u>
Employee	<u>10.0%</u>	<u>10.0%</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payrolls. The Authority's contractually required contribution was approximately \$11,418,000 for 2024 and \$10,599,000 for 2023. All required contributions have been paid.

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

The 2024 net pension liability (asset) for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 2024 OPERS total pension liability was measured as of December 31, 2023, and was determined by rolling forward the total pension liability as of January 1, 2023 to December 31, 2023, and for 2023, January 1, 2022 rolled forward to December 31, 2022. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>2024</u>			
	<u>Traditional</u>	<u>Combined</u>	<u>Member</u>	<u>Total</u>
Proportionate share of the Net Pension Liability (Asset)	\$ 117,927,535	\$ (1,048,670)	\$ (43,821)	\$ 116,835,044
Proportion of the Net Pension Liability	0.450442%	0.341162%	0.392843%	
Pension Expense	\$ 29,482,982	\$ 299,813	\$ 296,525	\$ 30,079,320

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

7. Defined Benefit Pension Plan (Continued)

	2023			
	<u>Traditional</u>	<u>Combined</u>	<u>Member</u>	<u>Total</u>
Proportionate share of the Net Pension Liability (Asset)	\$ 126,530,701	\$ (836,688)	\$ (30,015)	\$ 125,663,998
Proportion of the Net Pension Liability	0.428336%	0.354996%	0.383815%	
Pension Expense	\$ 24,319,145	\$ 106,022	\$ 154,761	\$ 24,579,928

At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Traditional</u>	<u>Combined</u>	<u>Member</u>	<u>Total</u>
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 1,927,426	\$ 42,496	\$ 94,078	\$ 2,064,000
Net difference between projected and actual earnings on pension plan investments	23,802,806	170,558	7,799	23,981,163
Change in assumptions	-	38,919	1,511	40,430
Changes in proportion and differences between Authority contributions and proportionate share of contributions	4,186,191	80,440	691	4,267,322
Authority contributions subsequent to the measurement date	<u>11,206,700</u>	<u>211,030</u>	<u>-</u>	<u>11,417,730</u>
Total Deferred Outflows of Resources	<u>\$ 41,123,123</u>	<u>\$ 543,443</u>	<u>\$ 104,079</u>	<u>\$ 41,770,645</u>
Deferred Inflows of Resources				
Net difference between expected and actual experience	\$ -	\$ 103,720	\$ -	\$ 103,720
Changes in proportion and differences between Authority contributions and proportionated share of contributions	<u>-</u>	<u>30,358</u>	<u>17,909</u>	<u>48,267</u>
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 134,078</u>	<u>\$ 17,909</u>	<u>\$ 151,987</u>

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

7. Defined Benefit Pension Plan (Continued)

At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Traditional</u>	<u>Combined</u>	<u>Member</u>	<u>Total</u>
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 4,202,819	\$ 51,439	\$ 86,254	\$ 4,340,512
Net difference between projected and actual earnings on pension plan investments	36,065,225	304,924	14,070	36,384,219
Change in assumptions	1,336,708	55,393	1,907	1,394,008
Changes in proportion and differences between Authority contributions and proportionate share of contributions	5,637,707	50,508	918	5,689,133
Authority contributions subsequent to the measurement date	<u>10,380,056</u>	<u>219,319</u>	<u>-</u>	<u>10,599,375</u>
Total Deferred Outflows of Resources	<u>\$ 57,622,515</u>	<u>\$ 681,583</u>	<u>\$ 103,149</u>	<u>\$ 58,407,247</u>
Deferred Inflows of Resources				
Net difference between expected and actual experience	\$ -	\$ 119,552	\$ -	\$ 119,552
Changes in proportion and differences between Authority contributions and proportionated share of contributions	<u>-</u>	<u>39,890</u>	<u>17,179</u>	<u>57,069</u>
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 159,442</u>	<u>\$ 17,179</u>	<u>\$ 176,621</u>

Contributions subsequent to the measurement date of \$11.4 million are reported as deferred outflows of resources related to pension as they will be recognized as a reduction of the net pension liability in the year ending December 31, 2025 rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending December 31:	<u>Amortization</u>
2025	\$ 9,315,951
2026	8,907,227
2027	15,308,762
2028	(3,402,338)
2029	16,634
Thereafter	<u>54,692</u>
Total	<u>\$ 30,200,928</u>

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

7. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – OPERS

OPERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2023 and 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Traditional</u>	<u>Combined</u>	<u>Member</u>
Wage Inflation	2.75%	2.75%	2.75%
Future Salary Increases, Including Inflation	2.75% – 10.75%	2.75% - 8.25%	2.75% - 8.25%
Cost-of-Living Adjustment	Pre-1/7/2013 Retirees: 3% Simple Post-1/7/2013 Retirees: 2.30% Simple through 2024, then 2.05% Simple	Pre-1/7/2013 Retirees: 3% Simple Post-1/7/2013 Retirees: 2.30% Simple through 2024, then 2.05% Simple	Pre-1/7/2013 Retirees: 3% Simple Post-1/7/2013 Retirees: 2.30% Simple through 2024, then 2.05% Simple
Investment Rate of Return	6.90%	6.90%	6.90%
Actuarial Cost Method	Individual entry age	Individual entry age	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

7. Defined Benefit Pension Plan (Continued)

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The tables below displays the Board-approved asset allocation policy for 2023 and 2022 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation for 2023</u>	<u>Weighted Average Long Term Expected Real Rate of Return</u>
Fixed Income	24.00%	2.85%
Domestic Equities	21.00%	4.27%
Real Estate	13.00%	4.46%
Private Equity	15.00%	7.52%
International Equities	20.00%	5.16%
Risk Parity	2.00%	4.38%
Other Investments	<u>5.00%</u>	3.46%
Total	100.00%	

<u>Asset Class</u>	<u>Target Allocation for 2022</u>	<u>Weighted Average Long Term Expected Real Rate of Return</u>
Fixed Income	22.00%	2.62%
Domestic Equities	22.00%	4.60%
Real Estate	13.00%	3.27%
Private Equity	15.00%	7.53%
International Equities	21.00%	5.51%
Risk Parity	2.00%	4.37%
Other Investments	<u>5.00%</u>	3.27%
Total	100.00%	

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

7. Defined Benefit Pension Plan (Continued)

Discount Rate The total pension liability was calculated using the discount rate of 6.90 percent for 2024 and 2023. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute.

Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.90 percent for 2024 and 2023). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate Net pension liability (asset) is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 6.90 percent for 2024 and 2023, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90 percent), or one percentage point higher (7.90 percent) than the current rate.

2024:	1% Decrease <u>(5.90%)</u>	Current Discount <u>Rate (6.90%)</u>	1% Increase <u>(7.90%)</u>
Authority's proportionate share of the net pension liability (asset)			
- Traditional Pension Plan	\$ 185,649,629	\$ 117,927,535	\$ 61,602,434
- Combined Plan	\$ (634,562)	\$ (1,048,670)	\$ (1,374,884)
- Member-Directed Plan	\$ (31,427)	\$ (43,821)	\$ (54,998)
2023:	1% Decrease <u>(5.90%)</u>	Current Discount <u>Rate (6.90%)</u>	1% Increase <u>(7.90%)</u>
Authority's proportionate share of the net pension liability (asset)			
- Traditional Pension Plan	\$ 189,538,769	\$ 126,530,701	\$ 74,119,296
- Combined Plan	\$ (436,645)	\$ (836,688)	\$ (1,153,736)
- Member-Directed Plan	\$ (19,191)	\$ (30,015)	\$ (38,382)

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SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

8. Postemployment Benefits

Net OPEB Liability

The net OPEB liability reported on the Statements of Net Position represents a liability to employees for OPEB. OPEB is a component of exchange transactions - between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee - in a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to allocate resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unforeseen future events require adjusting these estimates annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' ACFR referenced below for additional information.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

8. Postemployment Benefits (Continued)

The Ohio Revised Code permits but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024 and 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2024 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Authority did not make any contributions to OPERS to fund health care in 2024.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, and December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year.

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SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

8. Postemployment Benefits (Continued)

The following is information related to the proportionate share and OPEB expense:

	<u>2024</u>	<u>2023</u>
Proportion of the Net OPEB Liability:		
Current Measurement Date	0.445252%	0.424500%
Prior Measurement Date	<u>0.424500%</u>	<u>0.380962%</u>
Change in Proportionate Share	<u>0.020752%</u>	<u>0.043538%</u>
Proportionate Share of the Net OPEB Liability (Asset)	\$ (4,018,506)	\$ 2,676,554
OPEB Expense (Income)	\$ (912,977)	\$ (3,939,153)

At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 2,413,341
Change in assumptions	1,034,565
Change in proportionate share	<u>262,992</u>
Total Deferred Outflows of Resources	<u>\$ 3,710,898</u>
Deferred Inflows of Resources	
Net difference between expected and actual experience	\$ 571,949
Change in assumptions	<u>1,727,436</u>
Total Deferred Inflows of Resources	<u>\$ 2,299,385</u>

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

8. Postemployment Benefits (Continued)

At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 5,315,730
Change in assumptions	2,614,251
Change in proportionate share	<u>146,632</u>
Total Deferred Outflows of Resources	<u>\$ 8,076,343</u>
Deferred Inflows of Resources	
Net difference between expected and actual experience	\$ 667,637
Change in assumptions	<u>215,110</u>
Total Deferred Inflows of Resources	<u>\$ 882,747</u>

The Authority did not report any amounts as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date, therefore, none will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2025.

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

Year Ending December 31,	<u>OPERS</u>
2025	\$ 70,839
2026	277,002
2027	1,878,572
2028	<u>(814,900)</u>
Total	\$ 1,411,513

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

8. Postemployment Benefits (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, and a 2021 valuation rolled forward to 2022. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	<u>2023</u>	<u>2022</u>
Wage Inflation	2.75%	2.75%
Projected Salary Increases, including inflation	2.75% to 10.75% including wage inflation	2.75% to 10.75% including wage inflation
Single Discount Rate:		
Current measurement date	5.70%	5.22%
Prior Measurement date	5.22%	6.00%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	3.77%	4.05%
Health Care Cost Trend Rate	5.50%, initial 3.50%, ultimate in 2038	5.50%, initial 3.50%, ultimate in 2036
Actuarial Cost Method	Individual entry age	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

A single discount rate of 5.70% was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

8. Postemployment Benefits (Continued)

Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2023 and 2022 and the long-term expected real rates of return:

Asset Class	2023		2022	
	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	37.00%	2.82%	34.00%	2.56%
Domestic Equities	25.00%	4.27%	26.00%	4.60%
REITs	5.00%	4.68%	7.00%	4.70%
International Equities	25.00%	5.16%	25.00%	5.51%
Risk Parity	3.00%	4.38%	2.00%	4.37%
Other Investments	<u>5.00%</u>	2.43%	<u>6.00%</u>	1.84%
Total	<u>100.00%</u>		<u>100.00%</u>	

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0% for 2023.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

8. Postemployment Benefits (Continued)

The following table presents the net OPEB liability or asset calculated using the single discount rate of 5.70% as of December 31, 2023, and the expected net OPEB liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
2023:			
Authority's proportionate share of the net OPEB liability (asset)	\$2,208,450	\$(4,018,506)	\$(9,176,644)

The following table presents the net OPEB liability or asset calculated using the single discount rate of 5.22% as of December 31, 2022, and the expected net OPEB liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
2022:			
Authority's proportionate share of the net OPEB liability (asset)	\$9,109,770	\$2,676,554	\$(2,631,900)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following tables present the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

		Health Care Cost Trend Rate Assumption	
2024:	<u>1% Decrease</u>		<u>1% Increase</u>
Authority's proportionate share of the net OPEB liability (asset)	\$(4,185,369)	\$(4,018,506)	\$(3,829,167)
2023:			
	<u>1% Decrease</u>	<u>Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Authority's proportionate share of the net OPEB liability (asset)	\$2,508,795	\$2,676,554	\$2,865,375

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

8. Postemployment Benefits (Continued)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPERS financial report.

Payable to the OPEB Plan

The Authority did not have a payable to the OPEB plan as of December 31, 2024 and 2023.

Other Benefits Provided

In addition to the other postemployment benefits provided by OPERS, SORTA also provides a \$2,500 life insurance benefit to each retired hourly employee.

The life insurance benefits are provided through group insurance arrangements which are funded by SORTA through payment of monthly insurance premiums. As of December 31, 2024, 516 individuals were eligible to receive life insurance benefits.

On its Statements of Net Position as of December 31, 2024 and 2023, SORTA has recorded an accrued liability for life insurance benefits of \$721,241 and \$787,602, respectively. These liabilities represent the present value of the estimated future life insurance premiums that are expected to be paid for retirees who were eligible for benefits as of each of the dates indicated. The liability for life insurance benefits includes a provision for estimated amounts which will be paid for existing employees.

These liabilities were determined based on the following assumptions:

	<u>2024</u>	<u>2023</u>
Future annual increases in life insurance premiums	2.90%	3.40%
Remaining life expectancy* - Life	12.9 yrs.	12.9 yrs.
Interest factor	4.40%	4.30%

*Based on U.S. National Center for Health Statistics, Vital Statistics of the U.S. 2021 (most recent available).

The total provision recognized by the Authority for postemployment benefits not provided under OPERS was approximately \$66,000 and \$(495,000) for the years ended December 31, 2024 and 2023, respectively.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

9. Risk Management

SORTA is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; cyber-attacks and natural disasters. Blanket insurance coverage has been obtained to cover damage or destruction to the Authority's property and SORTA is self-insured for public liability, personal injury, and third-party property damage claims. During 2019, the City of Cincinnati transferred \$3,000,000 of funds previously held in the City Income Tax-Transit Fund (see Note 3) to SORTA. These funds may be used to fund individual claims against SORTA to the extent that each claim is in excess of \$100,000 per incident. Claims expense and a liability are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

On January 1, 1995, the Authority became self-insured for workers' compensation benefits. Prior to 1995, SORTA was insured through the State of Ohio for workers' compensation benefits. The State of Ohio Bureau of Workers' Compensation continues to be liable for all claims prior to January 1, 1995. As shown below, the estimated amount due for workers' compensation claims is included in the accrual for estimated claims payable. SORTA carries liability insurance to cover any workers' compensation claim in excess of \$250,000 through December 31, 2001, \$350,000 through December 31, 2003, \$400,000 through January 31, 2011, \$500,000 through March 31, 2017, \$550,000 through December 31, 2020, and \$750,000 thereafter.

On January 1, 2018, the Authority became self-insured for public liability/property damage insurance. Prior to this date, the Authority is responsible for all losses incurred; for claims occurring after this date, the Authority is only responsible for \$1,000,000 per occurrence. Effective December 1, 2021, the Authority commenced participation in the Ohio Transit Risk Pool (OTRP) related to its public liability insurance. OTRP retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by excess insurance and reinsurance contracts. OTRP's per-occurrence retention for liability claims (including auto liability, public officials' liability, and general liability) was \$2,000,000. OTRP's per-occurrence retention for crime and fidelity coverage was \$100,000. For each per-occurrence claim within OTRP's self-insured retention, the Authority is charged a deductible. For 2021, Authority's liability deductible stayed at \$1,000,000 and had a \$1,000 deductible for crime and fidelity. Per occurrence, reinsurance coverage is maintained by OTRP equal to \$10,000,000 for qualified casualty losses. Any underfunding of the plan's liabilities is shared by the members on a pro rata basis based on the amount contributed by each member for the given loss year. Each member's contribution is determined by pool contribution factors comprised of population, full-time employees, vehicles, property values, budget, claims history times two and net operating expenses, along with their selected deductible.

On January 1, 2017, the Authority became self-funded for health insurance. In 2024 and 2023, the plan assumed zero specific stop loss in both years, and a \$300,000 stop loss for the group in both years.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

9. Risk Management (Continued)

The changes in the liabilities for self-insured risks for the years ended December 31, 2024, 2023 and 2022 are as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>Public</u> <u>Liability/</u> <u>Property</u> <u>Damage</u>	<u>Health/</u> <u>Dental</u> <u>Insurance</u>	<u>Total</u>
Balance, January 1, 2022	\$ 4,253,222	\$ 3,085,551	\$ 1,046,716	\$ 8,385,489
Claims, net of changes in estimates	567,070	(1,848,917)	12,160,007	10,878,160
Payments	<u>(671,520)</u>	<u>(67,735)</u>	<u>(12,106,023)</u>	<u>(12,845,278)</u>
Balance, December 31, 2022	4,148,772	1,168,899	1,100,700	6,418,371
Claims, net of changes in estimates	946,662	2,656,327	14,837,951	18,440,939
Payments	<u>(926,520)</u>	<u>(1,675,985)</u>	<u>(14,633,551)</u>	<u>(17,236,055)</u>
Balance, December 31, 2023	4,168,914	2,149,241	1,305,100	7,623,255
Claims, net of changes in estimates	548,971	3,650,783	14,345,405	18,545,159
Payments	<u>(871,137)</u>	<u>(2,331,986)</u>	<u>(14,500,605)</u>	<u>(17,703,728)</u>
Balance, December 31, 2024	<u>\$ 3,846,748</u>	<u>\$ 3,468,038</u>	<u>\$ 1,149,900</u>	<u>\$ 8,464,686</u>

The liabilities above represent the Authority's best estimates based upon available information. Settled claims have not exceeded the Authority's commercial insurance coverage for any of the past three years.

10. Contingencies and Commitments

a. Litigation and Claims

It is the Authority's policy, within certain limits (see Note 9), to act as self-insurer for certain insurable risks consisting primarily of public liability, property damage, health insurance and workers' compensation. As of December 31, 2024, SORTA had been named in various public liability and property damage claims and suits, some of which seek significant damages. The ultimate outcome of those matters cannot be determined; however, it is the opinion of management that any resulting liability to the Authority in excess of the amount provided for in the accompanying Statements of Net Position, and which is not covered by insurance, will not have a material adverse effect on the Authority's financial position.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

10. Contingencies and Commitments (Continued)

b. Federal and State Grants

Under the terms of the Authority's various grants, periodic audits are required where certain costs could be questioned as not being eligible expenditures under the terms of the grants. At December 31, 2024, there were no questioned costs that had not been resolved with appropriate federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of SORTA's management, no material grant expenditures will be disallowed.

c. Purchase Commitments

The Authority has committed to purchase 15 Metro buses during 2025 at a cost of approximately \$11.3 million, of which Federal grant funding is expected to pay for approximately \$7.2 million. There were also 6 electric buses that were part of the 2023 purchase commitments that were not delivered during 2024 and are expected to be here in late 2025. The total cost of these 6 buses is \$7.5 million, of which Federal grant funding is expected to pay approximately \$5.9 million.

11. Leases

a. Lessor Activity

SORTA, as lessor, has leased office space. The office space lease terminated at the end of 2023. There was no lease or interest revenue for 2024. Lease revenue and interest revenue for 2023 were \$9,218 and \$663, respectively.

b. Lessee/Subscriber Activity

On December 31, 2024, SORTA recorded five lease agreements for equipment and building use and three subscription-based information technology agreements (SBITAs). The remaining terms on the leases and subscriptions range from 9 months to 11 years. The calculated interest rates used a range between .64% and 4.58% depending on the length of the lease and subscription.

On December 31, 2024, the value of the lease liability was \$7,331,083. Associated interest expense for 2024 was \$109,026. On December 31, 2023, the value of the lease liability was \$7,784,319. Associated interest expense for 2023 was \$117,403.

On December 31, 2024, the value of the SBITA liability was \$1,002,188 with an additional accrued interest liability of \$7,315. Associated interest expense for 2024 was \$15,225. On December 31, 2023, the value of the SBITA liability was \$337,310, with an additional accrued interest liability of \$3,543. Associated interest expense for 2023 was \$18,735.

(Continued)

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SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

11. Leases (Continued)

Principal and interest payments to maturity as of December 31, 2024, are as follows:

<u>Year</u>	<u>Leases</u>			<u>SBITAs</u>		
	<u>Interest</u>	<u>Principal</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2025	\$ 101,040	\$ 704,366	\$ 805,406	\$ 30,774	\$ 509,888	\$ 540,662
2026	92,236	599,116	691,352	13,460	492,300	505,760
2027	83,706	606,326	690,032	-	-	-
2028	74,938	625,191	700,129	-	-	-
2029	66,075	602,708	668,783	-	-	-
2030 - 2034	191,236	3,288,705	3,479,941	-	-	-
2035 - 2036	9,003	904,671	904,558	-	-	-
Total	\$ 618,234	\$ 7,331,083	\$7,949,317	\$ 44,234	\$1,002,188	\$1,046,422

c. Changes in Lease and Subscription Long-Term Liabilities

Lease and subscription liability activity for the year ended December 31, 2024 was as follows:

	<u>Balance</u> <u>1/1/2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2024</u>	<u>Due Within</u> <u>One Year</u>
Leases	\$ 7,784,319	\$ 155,337	\$ (608,573)	\$ 7,331,083	\$ 704,366
Subscriptions	337,310	769,983	(105,105)	1,002,188	509,888
Accrued Interest - Subscriptions	3,543	7,315	(3,543)	7,315	-
Total Lease and Subscription Liability	\$ 8,125,172	\$ 932,635	\$ (717,221)	\$ 8,340,586	\$ 1,214,254

Lease and subscription liability activity for the year ended December 31, 2023 was as follows:

	<u>Balance</u> <u>1/1/2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2023</u>	<u>Due Within</u> <u>One Year</u>
Leases	\$ 8,335,724	\$ -	\$ (551,405)	\$ 7,784,319	\$ 569,905
Subscriptions	621,456	-	(284,146)	337,310	105,105
Accrued Interest - Subscriptions	4,271	3,543	(4,271)	3,543	-
Total Lease and Subscription Liability	\$ 8,961,451	\$ 3,543	\$ (839,822)	\$ 8,125,172	\$ 675,010

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

12. Compensated Absences

Compensated absences are recorded as a portion of the accrued payroll taxes and other benefits liability on the Statements of Net Position. Changes for the years ended December 31, 2024 and 2023 are as follows. The change is a net change for the year.

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
2024	\$ 7,036,964	\$ 1,685,451	\$ -	\$ 8,722,415
2023	7,279,176	-	(242,212)	7,036,964

13. Energy Forward Pricing Mechanisms

Pursuant to Attorney General Opinion No.89-080 dated October 16, 1989, SORTA may enter into forward pricing mechanisms (e.g., commodity-type futures, options, contracts, etc.) as a budget risk reduction tool to manage price variability and cost/budget uncertainty associated with the purchase of Authority-consumed energy (e.g., diesel fuel). Since May 2006, SORTA has hedged its diesel consumption (approximately 3 million gallons per year) with Energy Forward Pricing Mechanisms (EFPM). This program's objective is to manage a large portion of Metro's exposure to fuel price swings. EFPMs may be comprised of any single or combined use of futures, options, options on futures, or fixed price delivery contracts. In 2024 and 2023, heating oil #2 futures contracts ("contracts") and fixed-price supply contracts were utilized. The SORTA Board approval limits contracts in-place to ninety percent of consumption expected in any one month. Additionally, a dynamic strategy using futures will also enhance SORTA's ability to maintain a relatively static forward pricing profile. This means that at any point in time, SORTA's fuel supply will be 90% hedged for each of the next 12 to 24 months and 50% for each of the next 25 to 36 months. The initial value of each contract is zero. The price of diesel fuel purchased any day is the published Cincinnati rack price for the prior day plus or minus a differential agreed to through a competitive bidding process.

When fuel is purchased, contracts are exercised, thereby effectively tying the fuel price to the price of #2 heating oil as of the date of the contract's creation. For the year ending December 31, 2024 a loss of (\$87,671) (\$.23 per gallon) occurred and recognized as an increase in diesel fuel expense and for year ending December 31 2023, a gain of \$842,810 (\$.30 per gallon) was recognized as a decrease in diesel fuel expense. On December 31, 2024, the remaining open contracts had unrealized losses of \$448,337 while December 31, 2023, had unrealized losses of \$168,277. There is no debt associated with these contracts and unrealized losses are fully funded.

As outlined in Governmental Accounting Standards Board Technical Bulletin 2003-1, there are certain risks attached to this program. Metro may face increased costs if: (1) fuel consumption falls below the contract levels, or (2) the closing value of the contract is below its nominal value.

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

14. Everybody Rides Metro

In 2006, the Authority formed “Everybody Rides Metro” (ERM), a charitable foundation authorized under section 501(c)3 of the Internal Revenue Code and registered in Ohio and Kentucky. The foundation was formed to provide transportation fare subsidies to poor or disabled individuals by underwriting fares. The revenues of ERM were derived from grants, donations and a monthly subsidy from SORTA. Prior to 2024, the foundation met the criteria for a “discretely presented component unit” as defined in GASB Statement No. 14 “The Financial Reporting Entity”. After a five-year period of inactivity, ERM was able to resume operations during 2021. However, since ERM’s total assets and liabilities as of December 31, 2023, and revenue and expenses for the year then ended were immaterial to the Authority’s basic financial statements, ERM financial information was not included as a discretely presented component unit in the Authority’s basic financial statements. The decision was made to dissolve the ERM charitable foundation in 2024 and the final tax documents were filed. As of August 2024, ERM activity is now being included in the Operating Fund and all activity is recorded and accounted for in the consolidated financial statements for SORTA.

15. Subsequent Events

In 2025, SORTA and the Amalgamated Transit Union Local 627 Access Division completed contract negotiations and ratified a new contract that is good through March 1, 2028.

Litigation: SORTA has been named as a defendant in various legal proceedings arising in the normal course of operations. Although the ultimate outcome of these matters cannot be presently determined, it is the opinion of management of SORTA that resolution of these matters will not have a material adverse impact on the financial statements.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY-
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – OPERS TRADITIONAL PLAN
DEFINED BENEFIT PENSION PLAN
LAST TEN YEARS (1)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.450442%	0.428336%	0.382049%	0.361138%	0.343881%	0.347693%	0.345032%	0.355328%	0.351326%	0.354394%
Authority's Proportionate Share of the Net Pension Liability	\$117,927,535	\$126,530,701	\$33,239,844	\$53,476,710	\$67,970,413	\$95,226,064	\$54,128,882	\$80,688,946	\$60,854,092	\$42,743,877
Authority's Covered Payroll	\$74,143,257	\$64,806,979	\$56,881,507	\$50,861,671	\$48,373,671	\$47,053,297	\$45,604,538	\$45,953,908	\$50,985,667	\$50,690,058
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.05%	195.24%	58.44%	105.14%	140.51%	202.38%	118.69%	175.59%	119.36%	84.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.01%	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%

Amounts presented as of the Authority's measurement date which is the prior fiscal year end.

(1) Information is required to be presented for 10 years.

See accompanying notes to the required supplementary information.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION ASSET –
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – OPERS COMBINED PLAN
DEFINED BENEFIT PENSION PLAN
LAST TEN YEARS (1)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Asset	0.341162%	0.354996%	0.365874%	0.368807%	0.352314%	0.362772%	0.315025%	0.374267%	0.33512%	0.333761%
Authority's Proportionate Share of the Net Pension Asset	\$ (1,048,670)	\$ (836,688)	\$ (1,441,562)	\$ 1,064,610	\$ 734,660	\$ 405,661	\$ 428,851	\$ 208,305	\$ 163,077	\$ 128,506
Authority's Covered Payroll	\$ 1,566,564	\$ 1,599,243	\$ 1,706,479	\$ 1,625,329	\$ 1,568,336	\$ 1,458,932	\$ 1,290,177	\$ 1,456,850	\$ 1,415,300	\$ 1,363,792
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-66.94%	-52.32%	-84.48%	65.50%	46.84%	27.81%	33.24%	14.30%	11.52%	9.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	144.55%	137.14%	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%

Amounts presented as of the Authority's measurement date which is the prior fiscal year end.

(1) Information is required to be presented for 10 years.

See accompanying notes to the required supplementary information.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – OPERS TRADITIONAL PLAN
DEFINED BENEFIT PENSION PLAN
LAST TEN YEARS (1)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$11,206,700	\$10,380,056	\$9,072,977	\$7,963,411	\$7,120,634	\$6,772,314	\$6,587,461	\$5,928,590	\$5,514,469	\$6,118,280
Contributions in Relation to the Contractually Required Contribution	<u>(11,206,700)</u>	<u>(10,380,056)</u>	<u>(9,072,977)</u>	<u>(7,963,411)</u>	<u>(7,120,634)</u>	<u>(6,772,314)</u>	<u>(6,587,461)</u>	<u>(5,928,590)</u>	<u>(5,514,469)</u>	<u>(6,118,280)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Authority's Covered Payroll	\$80,047,857	\$74,143,257	\$64,806,979	\$56,881,507	\$50,861,671	\$48,373,671	\$47,053,297	\$45,604,538	\$45,953,908	\$50,985,667
Contributions as a Percentage of Covered Payroll	14%	14%	14%	14%	14%	14%	14%	13%	12%	12%

(1) Information is required to be presented for 10 years.

See accompanying notes to the required supplementary information.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – OPERS COMBINED PLAN
DEFINED BENEFIT PENSION PLAN
LAST TEN YEARS (1)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$211,030	\$219,319	\$223,894	\$238,907	\$227,546	\$219,567	\$204,251	\$167,723	\$174,822	\$169,836
Contributions in Relation to the Contractually Required Contribution	(211,030)	(219,319)	(223,894)	(238,907)	(227,546)	(219,567)	(204,251)	(167,723)	(174,822)	(169,836)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Authority's Covered Payroll	\$1,507,357	\$1,566,564	\$1,599,243	\$1,706,479	\$1,625,329	\$1,568,336	\$1,458,932	\$1,290,177	\$1,456,850	\$1,415,300
Contributions as a Percentage of Covered Payroll	14%	14%	14%	14%	14%	14%	14%	13%	12%	12%

(1) Information is required to be presented for 10 years.

See accompanying notes to the required supplementary information.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY-
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – OPEB TRADITIONAL AND COMBINED PLANS
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS
LAST EIGHT YEARS (1)

	2024	2023	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.445252%	0.424500%	0.380962%	0.360500%	0.342849%	0.346368%	0.341613%	0.000000%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	\$ (4,018,506)	\$ 2,676,554	\$ (11,932,313)	\$ (6,415,827)	\$ 47,356,353	\$ 45,158,211	\$ 37,096,623	\$ 44,699,416
Authority's Covered Payroll	\$ 75,709,821	\$ 66,406,222	\$ 58,587,986	\$ 52,487,000	\$ 49,942,007	\$ 48,512,229	\$ 46,894,715	\$ 47,410,758
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	(5.31%)	4.03%	(20.37%)	(12.22%)	94.82%	93.09%	79.11%	94.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	107.77%	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

Amounts presented as of the Authority's measurement date which is the prior fiscal year end.

(1) Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

See accompanying notes to the required supplementary information.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – OPEB TRADITIONAL AND COMBINED PLANS
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS
LAST NINE YEARS (1)

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 468,947	\$ 948,215
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	(468,947)	(948,215)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$81,555,214	\$75,709,821	\$66,406,222	\$58,587,986	\$52,487,000	\$49,942,007	\$48,512,229	\$46,894,715	\$47,410,758
Contributions as a Percentage of Covered Payroll	0%	0%	0%	0%	0%	0%	0%	1%	2%

(1) Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

See accompanying notes to the required supplementary information.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
As of December 31, 2024 and 2023

1. Changes in Assumptions — OPERS Pension — Traditional Plan

OPERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2023 and 2022 actuarial valuation for the OPERS Pension—Traditional Plan was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2023	2022
Wage Inflation	2.75%	2.75%
Future Salary Increases, Including Inflation	2.75% – 10.75%	2.75% – 10.75%
Cost-of-Living Adjustment	3% Simple	3% Simple
Investment Rate of Return	6.90%	6.90%
Actuarial Cost Method	Individual entry age	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

2. Changes in Assumptions — OPERS Pension — Combined Plan

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2023 and 2022 actuarial valuation for the OPERS Pension—Combined Plan was determined using the following actuarial assumptions, applied to all periods included in the measurement:

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
As of December 31, 2024 and 2023

2. Changes in Assumptions — OPERS Pension — Combined Plan (Continued)

	2023	2022
Wage Inflation	2.75%	2.75%
Future Salary Increases, Including Inflation	2.75% - 8.25%	2.75% - 8.25%
Cost-of-Living Adjustment	3% Simple	3% Simple
Investment Rate of Return	6.90%	6.90%
Actuarial Cost Method	Individual entry age	Individual entry age

3. Changes in Assumptions — OPERS OPEB — Traditional and Combined Plans

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, and a 2021 valuation rolled forward to 2022. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	<u>2023</u>	<u>2022</u>
Wage Inflation	2.75%	2.75%
Projected Salary Increases, including inflation	2.75 to 10.75% including wage inflation	2.75 to 10.75% including wage inflation
Single Discount Rate:		
Current measurement date	5.70%	5.22%
Prior Measurement date	5.22%	6.00%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	3.77%	4.05%
Health Care Cost Trend Rate	5.50%, initial 3.50%, ultimate in 2038	5.50%, initial 3.50%, ultimate in 2036
Actuarial Cost Method	Individual entry age	Individual entry age

(Continued)

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
As of December 31, 2024 and 2023

3. Changes in Assumptions — OPERS OPEB — Traditional and Combined Plans (Combined)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

SORTA ACFR 2024

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION –
BUDGET AND ACTUAL (GAAP BASIS)
For Fiscal Year Ended December 31, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Increase (Decrease)</u>
Operating revenues	\$ 16,970,350	\$ 19,018,603	\$ 2,048,253
Operating expenses other than depreciation and amortization:			
Labor	81,033,930	80,801,979	231,951
Fringe benefits	38,706,441	37,052,116	1,654,325
Materials and supplies consumed	18,252,129	18,398,258	(146,129)
Services	10,975,660	9,695,744	1,279,916
Grant pass-through-FRA	-	250,010	(250,010)
Utilities	2,698,477	2,188,096	510,381
Casualty and liability expense	1,961,849	3,525,483	(1,563,634)
Taxes	1,353,707	1,545,826	(192,119)
Leases and rentals	1,220,150	335,938	884,212
Miscellaneous	3,965,671	4,919,390	(953,719)
Infrastructure program payments	-	14,547,853	(14,547,853)
Pension and OPEB expense	-	6,870,037	(6,870,037)
Total	<u>160,168,014</u>	<u>180,130,730</u>	<u>(19,962,716)</u>
Depreciation and amortization	<u>18,795,354</u>	<u>18,795,354</u>	<u>-</u>
Total operating expenses	<u>178,963,368</u>	<u>198,926,084</u>	<u>(19,962,716)</u>
Operating loss	<u>(161,993,018)</u>	<u>(179,907,481)</u>	<u>(17,914,463)</u>
Non-operating revenues (expenses)			
Sales and use tax revenue	124,201,062	\$ 141,790,799	17,589,737
Federal maintenance grants and reimbursements	10,111,992	11,629,810	1,517,818
State maintenance grants, reimbursements and special fare assistance	2,418,994	3,605,761	1,186,767
Local operating grants and special fare assistance	1,006,561	53,160	(953,401)
Investment income-net	7,495,000	11,696,834	4,201,834
Increase in fair value of investments	-	959,677	959,677
Non-transportation revenue	<u>294,864</u>	<u>1,003,043</u>	<u>708,179</u>
Total	<u>145,528,473</u>	<u>170,739,084</u>	<u>25,210,611</u>
Net income (loss) before capital grant activity	<u>(16,464,545)</u>	<u>(9,168,397)</u>	<u>7,296,148</u>
Capital grant revenue	<u>-</u>	<u>46,795,134</u>	<u>46,795,134</u>
Increase (decrease) in net position during the year	<u>(16,464,545)</u>	<u>37,626,737</u>	<u>54,091,282</u>
Net position, beginning of year	<u>366,312,633</u>	<u>366,312,633</u>	<u>-</u>
Net position, end of year	<u>\$ 349,848,088</u>	<u>\$ 403,939,370</u>	<u>\$ 54,091,282</u>

STATISTICAL SECTION

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
STATISTICAL SECTION

This part of the Southwest Ohio Regional Transit Authority's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Contents

	Page(s)
Financial Trends	73-80
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	
Debt Capacity	81
These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.	
Economic and Demographic Information	82-83
These schedules offer economic and demographic indicators to help the reader understand the environment within which the Authority's financial activities take place.	
Operating Information	84-90
These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.	
Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.	

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NET POSITION AND CHANGES IN NET POSITION
LAST TEN YEARS
(dollars in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating revenues										
Passenger fares for transit service	\$ 21,859	\$ 21,220	\$ 20,623	\$ 20,151	\$ 21,210	\$ 11,100	\$ 11,500	\$ 14,448	\$ 15,400	\$ 17,245
Special transit fares	871	921	982	953	935	413	500	622	732	871
Auxiliary transportation revenue	666	907	991	1,049	916	426	529	677	752	903
Total operating revenues	23,396	23,048	22,596	22,153	23,061	11,939	12,529	15,747	16,885	19,019
Non-operating revenues										
Income Tax-Transit Fund	47,340	50,242	50,535	54,759	56,104	60,380	9,480	(416)	-	-
Sales and use tax revenue	-	-	-	-	-	33,464	134,772	141,872	141,710	141,791
Federal maintenance grants and reimbursements	14,764	15,325	15,401	15,204	14,400	47,068	24,206	71,867	68,379	11,630
Federal grant pass-through	13,545	3,833	-	-	-	-	-	-	-	-
State maintenance grants and reimbursements and special fare assistance	790	780	767	780	5,105	2,716	4,104	3,473	2,320	3,606
Local operating grants and fare assistance	6,442	6,276	6,454	6,669	6,221	2,778	1,913	202	67	53
Investment income, net	118	151	327	714	754	176	87	2,735	11,578	11,697
Increase (decrease) in fair value of investments	12	4	(6)	3	(2)	-	(126)	(2,428)	3,257	959
Non-transportation revenue	1,114	2,397	3,841	3,618	3,938	437	823	1,024	755	1,003
Total non-operating revenues	84,126	79,009	77,318	81,747	86,520	147,019	175,259	218,329	228,065	170,739
Total Revenues	<u>107,522</u>	<u>102,057</u>	<u>99,914</u>	<u>103,900</u>	<u>109,581</u>	<u>158,958</u>	<u>187,788</u>	<u>234,076</u>	<u>244,950</u>	<u>189,758</u>
Operating expenses										
Labor	42,947	43,689	44,251	46,317	47,601	51,230	56,404	64,435	74,806	80,802
Fringe benefits	19,756	25,835	35,824	29,779	43,191	26,639	30,858	34,512	33,678	37,052
Materials and supplies consumed	14,677	12,735	12,179	12,069	11,802	10,674	11,889	13,551	17,363	18,398
Services	4,553	6,537	5,309	6,550	5,512	5,073	7,312	7,074	8,248	9,696
Utilities	1,435	1,108	1,201	1,212	1,389	2,162	1,809	2,420	2,401	2,188
Casualty and liability	14	788	844	1,671	4,751	69	11,273	(53)	3,140	3,526
Taxes	842	830	818	844	1,071	1,008	1,277	1,328	1,347	1,546
Purchased transportation services	6,131	7,768	9,277	9,785	10,283	49	-	-	-	-
Leases and rentals	596	613	654	671	578	727	546	568	442	336
Miscellaneous	652	758	768	738	1,010	916	3,647	3,311	5,223	4,919
Infrastructure program payments	-	-	-	-	-	-	-	803	9,322	14,548
Pension and OPEB expense (revenue)	-	-	-	-	-	8,165	(44,128)	(20,705)	9,558	6,870
Grant pass-through	13,545	3,833	-	-	-	-	-	-	3,502	250
Depreciation and amortization	14,783	15,389	15,249	14,147	14,691	15,843	16,519	15,670	16,722	18,795
Total operating expenses	119,930	119,883	126,374	123,783	141,879	122,555	97,406	122,915	185,752	198,926
Non-operating expenses	1,117	1,061	1,026	1,011	1,143	1,559	-	-	-	-
Total Expenses	<u>121,047</u>	<u>120,944</u>	<u>127,400</u>	<u>124,794</u>	<u>143,022</u>	<u>124,114</u>	<u>97,406</u>	<u>122,915</u>	<u>185,752</u>	<u>198,926</u>

STATISTICAL SECTION

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NET POSITION AND CHANGES IN NET POSITION (CONCLUDED)
LAST TEN YEARS
(dollars in thousands)

SORTA ACFR 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Capital grant revenue	\$ 20,804	\$ 12,321	\$ 1,327	\$ 4,313	\$ 31,558	\$ 16,980	\$ 24,709	\$ 21,841	\$ 19,956	\$ 46,795
Increase (decrease) in net position	<u>\$ 7,278</u>	<u>\$ 8,823</u>	<u>\$ (26,159)</u>	<u>\$ (16,581)</u>	<u>\$ (1,883)</u>	<u>\$ 51,824</u>	<u>\$ 115,090</u>	<u>\$ 133,003</u>	<u>\$ 79,153</u>	<u>\$ 37,627</u>
Net position at year-end										
Net investment in capital assets	\$ 109,815	\$ 106,713	\$ 76,535	\$ 67,422	\$ 93,763	\$ 99,144	\$ 109,869	\$ 100,558	\$ 124,456	\$ 152,231
Restricted	494	312	555	2,697	406	12,101	48,409	89,102	122,990	153,648
Unrestricted	<u>(34,886)</u>	<u>(38,168)</u>	<u>(34,392)</u>	<u>(78,503)</u>	<u>(104,438)</u>	<u>(69,690)</u>	<u>(4,122)</u>	<u>97,499</u>	<u>118,867</u>	<u>98,061</u>
Total net position	<u>\$ 75,423</u>	<u>\$ 68,857</u>	<u>\$ 42,698</u>	<u>\$ (8,384)</u>	<u>\$ (10,269)</u>	<u>\$ 41,555</u>	<u>\$ 154,156</u>	<u>\$ 287,159</u>	<u>\$ 366,313</u>	<u>\$ 403,940</u>

Source: SORTA's audited financial statements for each year. Some balances may have been reclassified to conform with the current year's presentation.

Note: The 2015 net position reflects a \$35,497 adjustment related to the adoption of GASB 68.

Note: The 2018 net position reflects a \$34,504 adjustment related to the adoption of GASB 75.

Note: The 2020 net position reflects a \$2,490 adjustment related to the adoption of GASB 2019-1.

Note: The 2022 net position reflects a \$211 adjustment related to the adoption of GASB 96.

Note: Totals shown above may not be mathematically accurate as displayed due to rounding.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
REVENUES BY SOURCE
LAST TEN YEARS
(dollars in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating Revenues										
Passenger fares for transit service (1)	\$28,301	\$27,496	\$27,077	\$26,820	\$27,431	\$13,878	\$13,413	\$14,650	\$15,467	\$17,298
Special transit fares	871	921	982	953	935	413	500	622	732	871
Auxiliary transportation revenue	666	907	991	1,049	916	426	529	677	752	903
Total operating revenues	29,838	29,324	29,050	28,822	29,282	14,717	14,442	15,949	16,952	19,072
Non-Operating Revenues										
Income Tax-Transit Fund	47,340	50,242	50,535	54,759	56,104	60,380	9,480	(416)	-	-
Sales and use tax revenue	-	-	-	-	-	33,464	134,772	141,872	141,710	141,791
Federal grants and reimbursements (1)	14,764	15,325	15,401	15,204	14,400	47,068	24,206	71,867	68,379	11,630
Federal grant pass-through: City of Cincinnati Streetcar	13,355	3,770	-	-	-	-	-	-	-	-
Federal grant pass-through: Everybody Rides Metro	190	63	-	-	-	-	-	-	-	-
State grants and reimbursements (1)	790	780	767	780	5,105	2,716	4,104	3,473	2,320	3,606
Investment income	130	155	321	717	752	176	(39)	307	14,834	12,656
Non-transportation revenues	1,114	2,397	3,841	3,618	3,938	437	823	1,024	755	1,003
Total non-operating revenues	77,683	72,732	70,864	75,078	80,299	144,241	173,346	218,127	227,998	170,686
Total Revenues	\$107,521	\$102,057	\$99,914	\$103,900	\$109,581	\$158,958	\$187,788	\$234,076	\$244,950	\$189,758

Amounts are presented in accordance with accounting principles generally accepted in the United States of America.

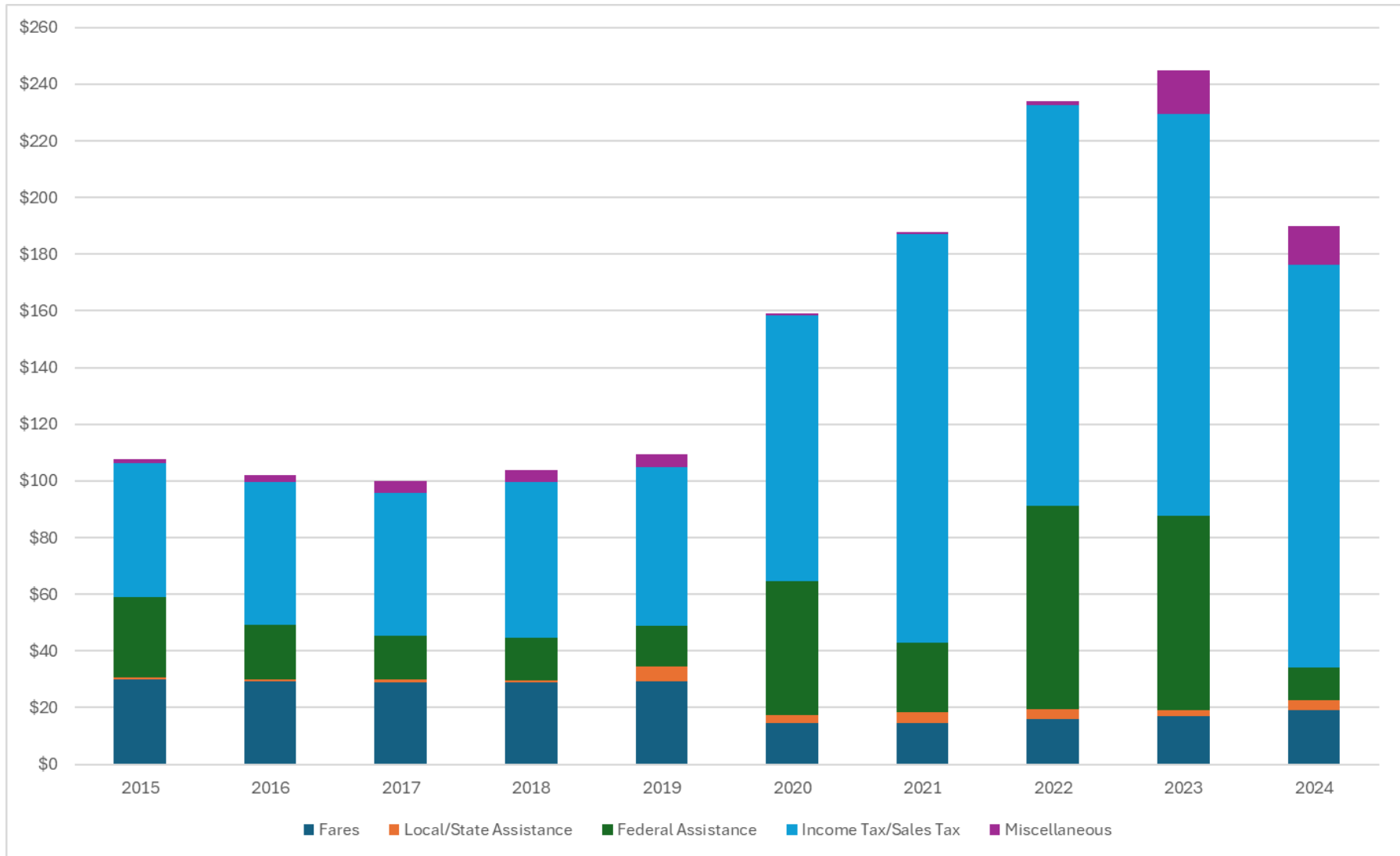
Totals may not be mathematically accurate as displayed due to rounding.

Source: Derived from SORTA's independently audited annual financial statements, except for passenger revenue, and State grants and reimbursements.

Note 1: For purposes of the table above, Passenger Fares include farebox revenues, along with subsidies received from FTA, ODOT, Cincinnati Public Schools, and certain government units to support farebox discounts offered at certain times during the year. Subsidies are classified as Non-Operating Revenues in the Authority's Basic Financial Statements.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
REVENUES BY SOURCE (GRAPH PRESENTATION)
LAST TEN YEARS
(dollars in millions)

SORTA ACFR 2024



SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
REVENUES AND OPERATING ASSISTANCE – COMPARISON TO INDUSTRY TREND DATA
LAST TEN YEARS

TRANSPORTATION INDUSTRY (1):

<u>YEAR</u>	<u>OPERATING AND OTHER REVENUE</u>			<u>OPERATING ASSISTANCE</u>			<u>TOTAL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER (2)</u>	<u>TOTAL</u>	<u>STATE & LOCAL (3)</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
2015	32.5%	4.9%	37.4%	54.3%	8.3%	62.6%	100.0%
2016	31.3%	5.0%	36.3%	55.7%	8.0%	63.7%	100.0%
2017	31.3%	5.0%	36.3%	55.2%	8.5%	63.7%	100.0%
2018	30.7%	5.4%	36.1%	55.3%	8.6%	63.9%	100.0%
2019	29.5%	4.5%	34.0%	58.1%	7.9%	66.0%	100.0%
2020	16.6%	4.1%	20.7%	52.8%	26.5%	79.3%	100.0%
2021	11.8%	3.6%	15.4%	47.6%	37.0%	84.6%	100.0%
2022	15.5%	3.5%	19.0%	42.5%	38.5%	81.0%	100.0%
2023	*	*	*	*	*	*	*
2024	*	*	*	*	*	*	*

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY:

<u>YEAR</u>	<u>OPERATING AND OTHER REVENUE</u>			<u>OPERATING ASSISTANCE</u>			<u>TOTAL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER (2)</u>	<u>TOTAL</u>	<u>STATE & LOCAL (3)</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
2015	27.2%	1.4%	28.6%	45.0%	26.4%	71.4%	100.0%
2016	27.8%	3.4%	31.2%	50.0%	18.8%	68.8%	100.0%
2017	28.1%	5.2%	33.3%	51.3%	15.4%	66.7%	100.0%
2018	26.7%	5.2%	31.9%	53.5%	14.6%	68.1%	100.0%
2019	25.9%	5.1%	31.0%	55.9%	13.1%	69.0%	100.0%
2020	9.0%	0.7%	9.7%	60.7%	29.6%	90.3%	100.0%
2021	7.4%	0.7%	8.1%	79.0%	12.9%	91.9%	100.0%
2022	6.9%	0.9%	7.6%	61.8%	30.6%	92.4%	100.0%
2023	6.8%	6.7%	13.5%	58.7%	27.8%	86.5%	100.0%
2024	9.6%	7.7%	17.3%	76.6%	6.1%	82.7%	100.0%

*Information is not available

(1) Source: The American Public Transit Association, "2024 APTA Public Transportation Fact Book". Table 87

(2) Includes auxiliary transportation revenues, interest income, and other non-transportation revenues.

(3) Includes local income tax revenues, state operating grants, state fuel tax reimbursements.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
EXPENSES BY OBJECT CLASS
LAST TEN YEARS

SORTA ACFR 2024

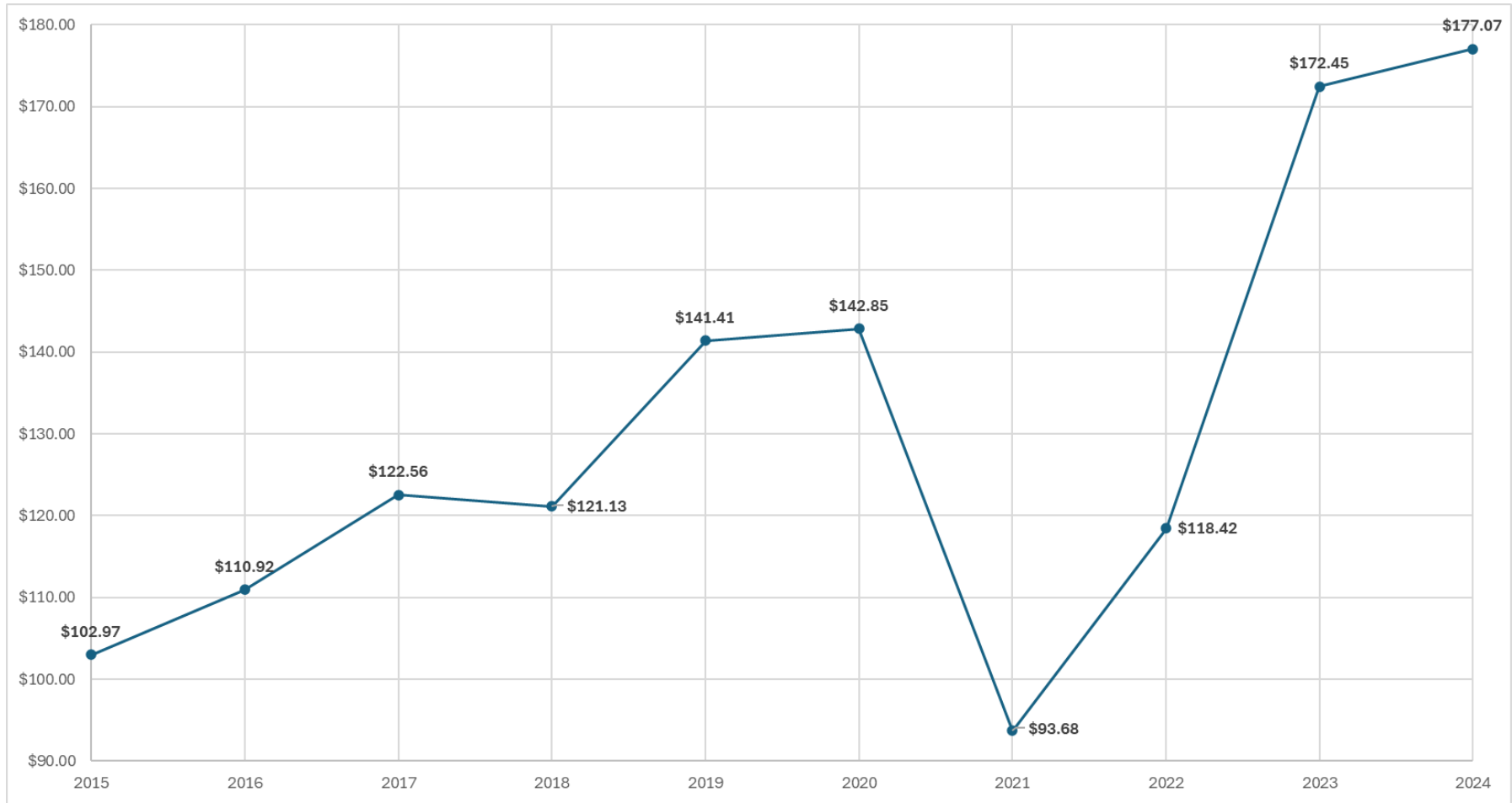
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating Expenses Other Than Depreciation and Amortization:										
Labor	\$ 42,947	\$ 43,689	\$ 44,251	\$ 46,317	\$ 47,601	\$ 51,230	\$ 56,404	\$ 64,435	\$ 74,806	\$ 80,802
Fringe Benefits	19,756	25,835	35,824	29,779	43,191	26,639	30,858	34,512	33,678	37,052
Materials and supplies consumed	14,677	12,735	12,179	12,069	11,802	10,674	11,889	13,551	17,363	18,398
Services	4,553	6,537	5,309	6,550	5,512	5,073	7,312	7,074	8,248	9,696
Utilities	1,435	1,108	1,201	1,212	1,389	2,162	1,809	2,420	2,401	2,188
Casualty and liability	14	788	844	1,671	4,751	69	11,273	(53)	3,140	3,526
Taxes	842	830	818	844	1,071	1,008	1,277	1,328	1,347	1,546
Purchased transportation services	6,131	7,768	9,277	9,785	10,283	49	-	-	-	-
Leases and rentals	596	613	654	671	578	727	546	568	442	336
Miscellaneous	652	758	768	738	1,010	916	3,647	4,115	5,223	4,919
Infrastructure program payments									9,322	14,548
Pension and OPEB expense (revenue)	-	-	-	-	-	8,165	(44,128)	(20,705)	9,558	6,870
Total	91,602	100,661	111,125	109,636	127,188	106,712	80,887	107,245	165,528	179,881
 Federal grant pass-through: City of Cincinnati										
Streetcar	13,355	3,770	-	-	-	-	-	-	-	-
Federal grant pass-through: Everybody Rides										
Metro	190	63	-	-	-	-	-	-	-	-
Federal grant pass-through: FRA	-	-	-	-	-	-	-	-	3,502	250
 Depreciation and Amortization	14,783	15,389	15,249	14,147	14,691	15,843	16,519	15,670	16,722	18,795
 Total Operating Expenses	\$ 119,930	\$ 119,883	\$ 126,374	\$ 123,783	\$ 141,879	\$ 122,555	\$ 97,406	\$ 122,915	\$ 185,752	\$ 198,926

Amounts are presented in accordance with accounting principles generally accepted in the United States of America.

Totals may not be mathematically accurate as displayed due to rounding.

Source: SORTA's independently audited annual financial statements.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
OPERATING EXPENSES PER VEHICLE HOUR (GRAPH PRESENTATION)
LAST TEN YEARS



SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
OPERATING EXPENSES – COMPARISON TO INDUSTRY TREND DATA
LAST TEN YEARS

SORTA ACFR 2024

TRANSPORTATION INDUSTRY (1):

<u>YEAR</u>	<u>LABOR AND FRINGES</u>	<u>MATERIALS AND SUPPLIES</u>	<u>SERVICES</u>	<u>UTILITIES</u>	<u>CASUALTY AND LIABILITY</u>	<u>PURCHASED TRANSPOR- TATION</u>	<u>OTHER</u>	<u>TOTAL OPERATING EXPENSES (2)</u>
2015	61.5%	9.8%	7.3%	3.0%	2.4%	14.2%	1.8%	100.0%
2016	62.8%	8.9%	7.6%	2.7%	2.7%	13.7%	1.6%	100.0%
2017	61.9%	8.7%	8.0%	2.8%	2.8%	14.2%	1.6%	100.0%
2018	61.5%	8.7%	8.3%	2.9%	2.6%	14.5%	1.5%	100.0%
2019	61.0%	8.0%	9.0%	3.0%	3.0%	15.0%	1.0%	100.0%
2020	62.0%	8.0%	9.0%	3.0%	2.0%	15.0%	1.0%	100.0%
2021	62.0%	7.0%	10.0%	3.0%	3.0%	14.0%	1.0%	100.0%
2022	59.9%	8.5%	9.7%	2.9%	2.8%	15.1%	1.2%	100.0%
2023	*	*	*	*	*	*	*	*
2024	*	*	*	*	*	*	*	*

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY (3):

<u>YEAR</u>	<u>LABOR AND FRINGES</u>	<u>MATERIALS AND SUPPLIES</u>	<u>SERVICES</u>	<u>UTILITIES</u>	<u>CASUALTY AND LIABILITY</u>	<u>PURCHASED TRANSPOR- TATION</u>	<u>OTHER</u>	<u>TOTAL OPERATING EXPENSES (2)</u>
2015	68.5%	16.0%	5.0%	1.6%	0.0%	6.7%	2.2%	100.0%
2016	69.1%	12.7%	6.5%	1.1%	0.8%	7.7%	2.1%	100.0%
2017	72.1%	11.0%	4.8%	1.1%	0.7%	8.3%	2.0%	100.0%
2018	69.4%	11.0%	6.0%	1.1%	1.5%	8.9%	2.1%	100.0%
2019	71.4%	9.3%	4.3%	1.1%	3.7%	8.1%	2.1%	100.0%
2020	79.0%	10.8%	5.2%	2.2%	0.1%	0.0%	2.7%	100.0%
2021	69.8%	9.5%	5.8%	1.5%	9.0%	0.0%	4.4%	100.0%
2022	77.4%	10.6%	5.4%	1.9%	0.0%	0.0%	4.7%	100.0%
2023	68.0%	10.9%	5.2%	1.5%	2.0%	0.0%	12.4%	100.0%
2024	65.5%	10.2%	5.4%	1.2%	2.0%	0.9%	14.8%	100.0%

* Information is not available

(1) Source: The American Public Transit Association, "2024 APTA Transit Fact Book". Table 70

(2) Operating expenses exclude depreciation and amortization and grant pass-through.

(3) Source: Derived from SORTA's independently audited annual financial statements.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
OUTSTANDING DEBT
LAST TEN YEARS
(in thousands, except per capita amounts)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Outstanding debt by type:										
Lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8	\$ 8	\$ 7
SBITA obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total outstanding debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 8</u>	<u>\$ 8</u>
Population - Hamilton County, Ohio (1) (2)	808	809	814	817	817	821	824	827	827	827
Outstanding debt per capita	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01	\$0.01	\$0.01

Notes: Lease/SBITA result of GASB 87/96

Source:

(1) Hamilton County Data Center 2021 and prior

(2) Bestplaces.net 2022 and forward

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
DEMOGRAPHIC STATISTICS

SORTA ACFR 2024

<u>YEAR (1)</u>	<u>MEDIAN AGE</u>	<u>MEDIAN INCOME</u>	<u>YEAR</u>	<u>K-12 SCHOOL ENROLLMENT (2)</u>	<u>UNEMPLOYMENT RATE (3) (4)</u>	<u>POPULATION (5) (6) (7)</u>
1960	30.3	\$5,483	2013	149,179	7.1%	804,520
1970	*	\$10,486	2014	134,943	5.3%	806,631
1980	30.0	\$10,673	2015	134,734	4.5%	807,598
1990	32.7	\$15,354	2016	134,786	4.3%	809,099
2000	35.5	\$24,053	2017	134,916	4.4%	813,822
2010	37.1	\$29,197	2018	*	4.1%	816,684
2020	36.8	\$32,732	2019	*	3.8%	817,473
			2020	*	7.7%	820,710
			2021	*	3.2%	823,557
			2022	*	4.4%	826,790
			2023	*	3.4%	837,359
			2024	*	4.1%	*

Note: All information presented is for Hamilton County, Ohio.

** Information is not available.*

Source:

(1) U.S. Bureau of the Census.

(2) MDR's School Directory - Ohio/American Fact Finder for 2017 and prior years

(4) OhioLMI.com. for 2021 and prior years

(5) <https://bestplaces.net> for 2022

(6) [Quickfacts.census.gov](https://quickfacts.census.gov). for 2021 and prior years

(7) [Quickfacts.census.gov](https://quickfacts.census.gov). for 2023 and future years

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
PRINCIPAL EMPLOYERS IN PRIMARY SERVICE AREA
CALENDAR YEARS 2024 AND 2015

<u>2024</u>			
Employer	Nature of Business	Employees	Percentage of Total County Employment
Kroger Co.	National grocery retailer	20,000	4.9%
Cincinnati Children's Hospital Medical Center	Pediatric medical center	18,502	4.5%
Trihealth, Inc.	Health care system	12,096	2.9%
University of Cincinnati	Public university	11,141	2.7%
Procter & Gamble Co.	Consumer products company	11,000	2.7%
UC Health	Health care system	10,353	2.5%
GE Aerospace	Jet engines/components	9,816	2.4%
Mercy Health-Cincinnati	Health care system	7,500	1.8%
Fifth Third Bancorp	Banking and financial services	7,500	1.8%
Cincinnati Public Schools	Public School System	6,500	1.6%
	Total	<u>114,408</u>	<u>27.8%</u>
	Total County Employment:	<u>411,900</u>	

<u>2015</u>			
Employer	Nature of Business	Employees	Percentage of Total County Employment
Kroger Co.	National grocery retailer	21,646	5.6%
University of Cincinnati	Public university	16,016	4.2%
Cincinnati Children's Hospital Medical Center	Pediatric medical center	14,944	3.9%
Trihealth, Inc.	Health care system	11,800	3.1%
Procter & Gamble	Consumer products company	11,000	2.9%
UC Health	Health care system	10,000	2.6%
GE Aviation	Jet engines/components	7,800	2.0%
Mercy Health	Health care system	7,500	2.0%
Fifth Third Bancorp	Banking and Financial Services	6,882	1.8%
City of Cincinnati	Municipal government	6,530	1.7%
	Total	<u>114,118</u>	<u>29.7%</u>
	Total County Employment	<u>384,600</u>	

Source: 2024 Business Courier Book of Lists; 2015 Business Courier Book of Lists.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
OPERATING STATISTICS
LAST TEN YEARS

SORTA ACFR 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Vehicle Hours Operated (1)										
Motor bus	787,944	793,414	790,422	785,193	777,731	676,494	782,653	813,788	873,260	903,079
Demand response	109,880	114,106	116,291	119,912	121,708	70,526	80,776	95,324	106,904	114,208
Vehicle Revenue Hours (1)										
Motor bus	731,157	736,542	734,962	731,941	724,450	630,330	721,124	750,343	803,885	829,081
Demand response	88,198	92,111	94,096	97,140	98,619	54,807	63,622	76,271	84,893	89,865
Diesel Fuel Consumption (In Gallons) (1)	2,911,345	2,900,930	2,839,431	2,890,234	2,763,826	2,119,266	2,491,190	2,549,475	2,750,003	2,934,130
Fleet Requirements (During Peak Hours) (1)										
Motor bus	297	299	299	294	281	281	286	281	252	253
Demand response	48	48	48	48	48	48	40	40	40	46
Total Revenue Vehicles During Period (1)										
Motor bus	357	0	360	356	356	356	316	309	279	306
Demand response	56	11	56	56	56	56	56	56	56	56
Number of Full Time Employees (2) (3)	834	780	859	821	848	924	938	1,006	1,140	1,165

Sources:

(1) SORTA's annual "National Transit Database" (NTD) report filed with the Federal Transit Administration. Note that in 2012, SORTA began reporting annual system ridership using data provided by farebox transactions, which represents a change from the sampling methodology used in prior years.

(2) Human Resources Department "Personnel Distribution - Department Breakdown" report.

(3) Beginning in 2017 -- Budgeted Headcount report prepared by the Finance Department.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
CAPITAL ASSET INFORMATION (CONTINUED)
AS OF DECEMBER 31, 2024

QUEENSGATE OPERATING DIVISION

1401 Bank Street, Cincinnati, OH 45214

Building Total Square Footage **285,000**

Real Estate Acreage **19.89**

ACCESS

1801 Transpark Drive, Cincinnati, OH 45229

Building Total Square Footage **76,518**

Sq. Ft. parking lot **41,430**

Real Estate Acreage **5.65**

FOREST PARK, PARK AND RIDE

1160 Kemper Meadow Drive, Cincinnati, OH 45240

Real Estate Acreage **2.34**

Park and Ride Spaces **120**

OAKLEY TRANSIT CENTERIntersection of Marburg and Ibsen Avenues,
Cincinnati, OH 45209

Real Estate Acreage **0.41**

Park and Ride Spaces **10**

BOND HILL OPERATING DIVISION

4700 Paddock Road, Cincinnati, OH 45229

Building Total Square Footage **240,000**

Real Estate Acreage **10.75**

SILVERTON

7000 Montgomery Road, Cincinnati, OH 45236

Building Total Square Footage **3,237**

Sq. Ft. parking lot **28,800**

Real Estate Acreage **2.25**

Park and Ride Spaces **120**

NORTHSIDE TRANSIT CENTER

4041 Spring Grove Avenue, Cincinnati, OH 45223

Real Estate Acreage **1.88**

Park and Ride Spaces **10**

GLENWAY CROSSING TRANSIT CENTER

5080 Glencrossing Way, Cincinnati, OH 45238

Real Estate Acreage **0.70**

Park and Ride Spaces **70**

(continued)

STATISTICAL SECTION

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
CAPITAL ASSET INFORMATION (CONCLUDED)
AS OF DECEMBER 31, 2024

SORTA ACFR 2024

PARATRANSIT VEHICLES

<u>Quantity</u>	<u>Year</u>	<u>Manufacturer</u>
5	2013	Eldorado
9	2015	Eldorado
1	2016	Eldorado
20	2017	Eldorado
11	2019	Ford
17	2023	Dodge
63	Total Paratransit Vehicles	

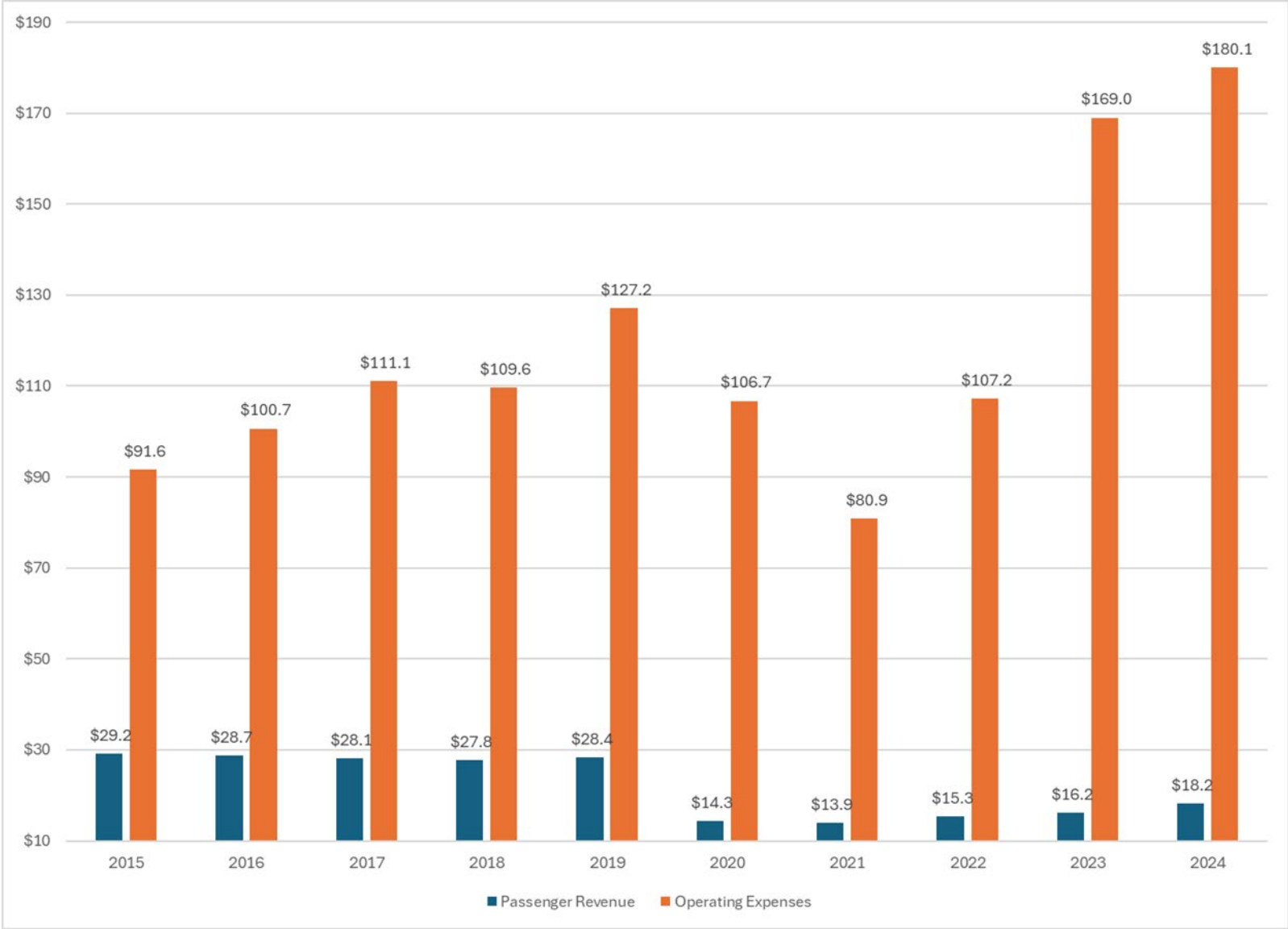
METRO ON-DEMAND VEHICLES

<u>Quantity</u>	<u>Year</u>	<u>Manufacturer</u>
14	2023	Dodge
7	2024	Dodge
21	Total MOD Vehicles	

BUSES

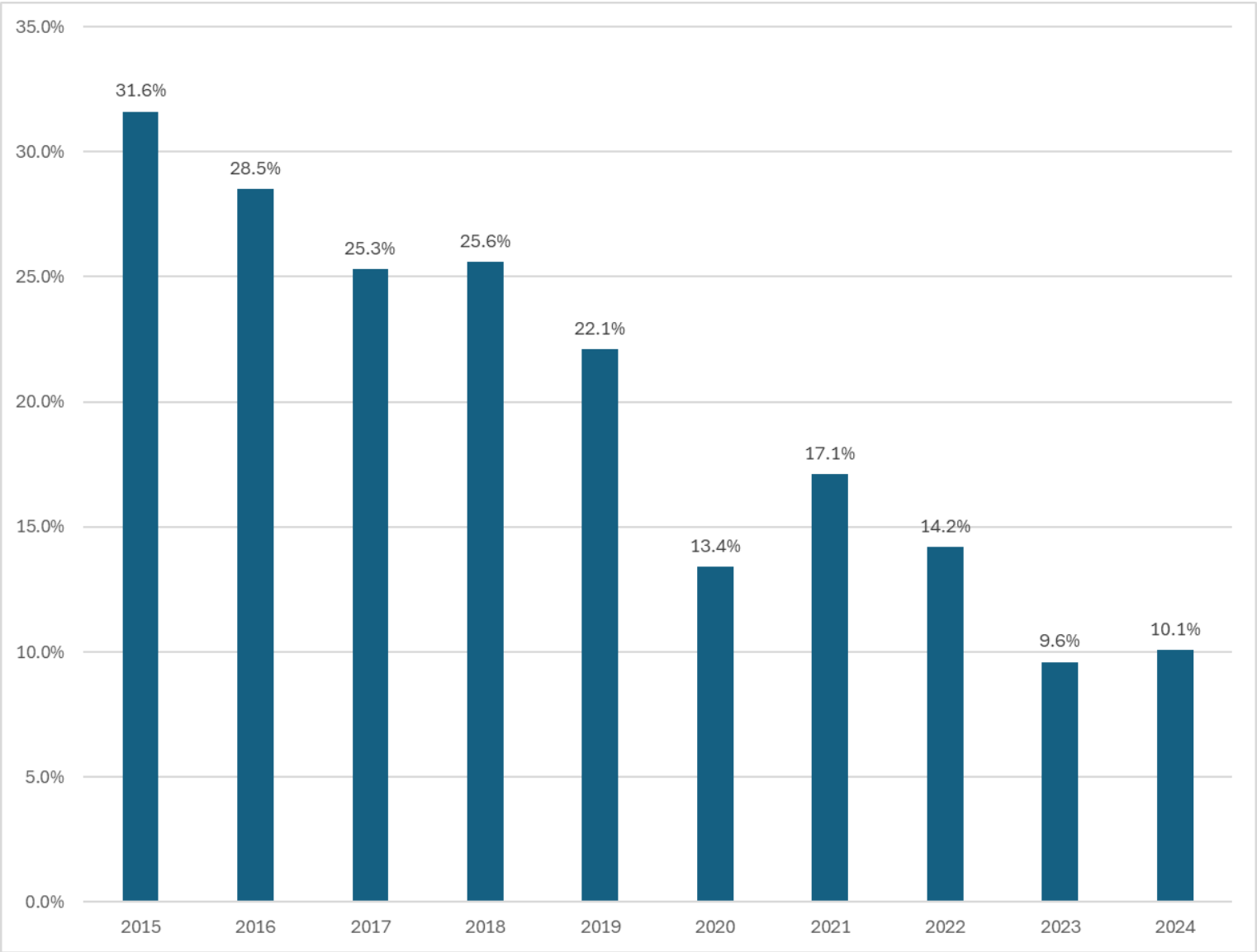
<u>Quantity</u>	<u>Year</u>	<u>Manufacturer</u>
25	2012	New Flyer
33	2013	Gillig
37	2015	Gillig
22	2016	Gillig
23	2018	Gillig
41	2019	Gillig
29	2020	Gillig
31	2021	Gillig
25	2022	Gillig
25	2023	Gillig
19	2024	Gillig
310	Total Buses	

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
PASSENGER FARES VS. OPERATING EXPENSES (GRAPH PRESENTATION)
LAST TEN YEARS
(dollars in millions)



SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
PASSENGER FARES RECOVERY RATIO
LAST TEN YEARS

SORTA ACFR 2024



**SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
REVENUE RATES
LAST TEN YEARS**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Cash or Token Fares										
Zone 1 fare (3)	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75	\$2.00	\$2.00	\$2.00	\$2.00
Zone 2 fare (3)	\$2.65	\$2.65	\$2.65	\$2.65	\$2.65	\$2.65	\$2.65	\$2.65	\$2.65	\$2.65
Zone 3 fare (3)	N/A	N/A	N/A	N/A	N/A	N/A	\$3.75	\$3.75	\$3.75	\$3.75
Day Pass Zone 1 fare (3)	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.00	\$4.00	\$4.00	\$4.00
Day Pass Zone 2 fare (3)	\$6.30	\$6.30	\$6.30	\$6.30	\$6.30	\$6.30	\$5.30	\$5.30	\$5.30	\$5.30
Day Pass Zone 3 fare (3)	N/A	N/A	N/A	N/A	N/A	N/A	\$7.50	\$7.50	\$7.50	\$7.50
Day Pass Metro/Tank Zone 1 (3)	N/A	N/A	N/A	N/A	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
Express Service (Monday-Friday)(Harrison)	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	N/A	N/A	N/A	N/A
Express Service(Monday-Friday)(Clermont County)	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75	N/A	N/A	N/A	N/A
Express Service (Monday-Friday) Zone 4 (3)	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	N/A	N/A	N/A	N/A
Express Service (Monday-Friday) Zone 5 (3)	\$4.25	\$4.25	\$4.25	\$4.25	\$4.25	\$4.25	N/A	N/A	N/A	N/A
Parking Meter shuttle (Monday-Friday)	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	N/A	N/A
Transfers	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	N/A	N/A	N/A	N/A
Access Zone 1 (1)	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$4.00	\$4.00	\$4.00	\$4.00
Access Zone 2 (1)	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	N/A	N/A	N/A	N/A
Monthly Passes										
MetroCard Zone 1 Pass	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$80.00	\$80.00	\$80.00	\$80.00
MetroCard Zone 2 Pass	\$106.00	\$106.00	\$106.00	\$106.00	\$106.00	\$106.00	\$106.00	\$106.00	\$106.00	\$106.00
MetroCard Zone 3 Pass	N/A	N/A	N/A	N/A	N/A	N/A	\$150.00	\$150.00	\$150.00	\$150.00
MetroCard Harrison Zone Pass	\$120.00	\$120.00	\$120.00	\$120.00	\$120.00	\$120.00	N/A	N/A	N/A	N/A
MetroCard Clermont Zone Pass	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	N/A	N/A	N/A	N/A
MetroCard Zone 4 Pass (Butler County)	\$140.00	\$140.00	\$140.00	\$140.00	\$140.00	\$140.00	N/A	N/A	N/A	N/A
MetroCard All Pass Zone 5 (Warren County and all zones)	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	N/A	N/A	N/A	N/A
Metro/Tank Pass (Zone 1) (3)	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00
Fare Deal (2)	\$38.50	\$38.50	\$38.50	\$38.50	\$38.50	\$38.50	\$40.00	\$40.00	\$40.00	\$40.00
Discount Fares (Fare Deal (2) and Children under 45")										
Zone 1 fare	\$0.85	\$0.85	\$0.85	\$0.85	\$0.85	\$0.85	\$1.00	\$1.00	\$1.00	\$1.00
Zone 2 fare	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
Zone 3 fare	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.85	\$1.85	\$1.85	\$1.85

(1) Demand-responsive, wheelchair lift-equipped paratransit vehicles.

(2) Photo identification card, good in all zones, for riders 65 and over, Medicare enrolled and people with disabilities.

(3) Three zones - 1) Hamilton County local, 2) Hamilton County Express, 3) Suburban County Express

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
FULL-TIME EQUIVALENT EMPLOYEES AS OF YEAR END
LAST TEN YEARS

SORTA ACFR 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Vehicle Operations	528.0	503.5	541.0	521.0	546.0	537.0	529.0	569.0	573.0	572.0
Vehicle Maintenance	173.0	169.0	196.0	182.0	189.0	187.0	189.0	186.0	168.0	186.0
Non-Vehicle Maintenance	35.0	26.0	28.0	30.0	28.0	28.0	36.0	39.0	38.0	37.0
General Administration	100.0	81.0	88.0	82.0	75.0	72.0	84.0	109.0	238.0	239.0
Paratransit Service	4.5	4.5	6.0	6.0	10.0	100.0	100.0	103.0	123.0	131.0
Total Employees	840.5	784.0	859.0	821.0	848.0	924.0	938.0	1,006.0	1,140.0	1,165.0

Notes: Full-time-equivalent employees totals for Vehicle Operations, General Administration and Paratransit Service include one full-time-equivalent employee to two part-time employees

**SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
HAMILTON COUNTY, OHIO**

SINGLE AUDIT
Year Ended December 31, 2024

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
HAMILTON COUNTY, OHIO

SINGLE AUDIT
YEAR ENDED DECEMBER 31, 2024

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Crowe LLP
Independent Member Crowe Global

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

Finance Committee
Southwest Ohio Regional Transit Authority
Cincinnati, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Southwest Ohio Regional Transit Authority ("the Authority") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated **June <>, 2025**.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Crowe LLP

Columbus, Ohio
June <>, 2025



Crowe LLP
Independent Member Crowe Global

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Finance Committee
Southwest Ohio Regional Transit Authority
Cincinnati, Ohio

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited the Southwest Ohio Regional Transit Authority's ("the Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2024. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated **June <>, 2025**, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe LLP

Columbus, Ohio
June <>, 2025

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024

Federal Grantor Agency/ Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-through Identifying Number	Total Federal Expenditures	Amount Passed Through to Subrecipients
U.S. Department of Transportation:				
Federal Railroad Administration (FRA):				
Received directly from FTA:				
Consolidated Rail Infrastructure and Safety Improvements (CRISI)	20.325	N/A	\$ 511,671	\$ 250,010
Total CRISI			511,671	250,010
Federal Transit Administration (FTA):				
Federal Transit Cluster:				
Received directly from FTA:				
Formula Grants	20.507	N/A	7,802,199	-
Formula Grants	20.507	N/A	11,629,810	-
Formula Grants	20.507	N/A	672,000	-
Formula Grants	20.507	N/A	5,511,800	-
Formula Grants	20.507	N/A	160,070	-
Formula Grants	20.507	N/A	1,069,999	-
Formula Grants	20.507	N/A	890,676	-
Subtotal Federal AL 20.507			27,736,554	-
State of Good Repair Grants	20.525	N/A	58,761	-
Bus and Bus Facilities Program	20.526	N/A	2,524,648	-
Bus and Bus Facilities Program	20.526	N/A	9,806,428	-
Bus and Bus Facilities Program	20.526	N/A	1,458,431	-
Subtotal Federal AL 20.526			13,789,507	-
Total Federal Transit Cluster			41,584,822	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 42,096,493	\$ 250,010

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESGeneral:

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Authority. The Authority's reporting entity is defined in Note 1 to the Authority's financial statements.

Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Basis of Accounting:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

De Minimis Cost Rate:

The Authority has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 2 - NON-CASH AND FEDERAL INSURANCE

There were no non-cash awards or Federal Insurance maintained in the current year.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes ✓ No

Significant deficiency(ies) identified?

_____ Yes ✓ None Reported

Noncompliance material to financial statements noted?

_____ Yes ✓ No

Federal Awards

Internal Control over major federal programs:

Material weakness(es) identified?

_____ Yes ✓ No

Significant deficiency(ies) identified?

_____ Yes ✓ None Reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

_____ Yes ✓ No

Identification of major federal programs:

Assistance Listing Number(s)

20.507, 20.525, & 20.526

Name of Federal Program or Cluster

Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$1,262,895

Auditee qualified as low-risk auditee?

_____ Yes ✓ No

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings

None reported.

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2024

Finding 2023-001 – Revenue Reporting – Material Weakness

Condition and Context:

Grant Revenue – During our testing of the SEFA and the reconciliation to federal grant revenues per the Statement of Revenues, Expenses, and Changes in Net Position, we identified approximately \$13.5 million of federal grant revenue and receivable recorded for a grant award that was not yet executed as of year-end. The award was properly excluded from the SEFA, however it should not have been recorded as a federal grant revenue. Additionally, we identified approximately \$0.4 million of expenditures that were properly recorded as federal grant revenue and receivable, but were improperly excluded from the Schedule of Expenditures of Federal Awards (SEFA).

Sales Tax Revenue – During our testing of sales tax revenue, we noted the sales tax revenue recorded on the general ledger was lower than the amount per the tax distribution reports obtained directly from Hamilton County by approximately \$7.1 million. Management noted they did not record the portion of the tax revenue and receivable that is restricted for use for infrastructure projects, which represents 25% of sales tax receipts.

Status: Resolved

Finding 2023-002 – Consolidated Rail Infrastructure and Safety Improvements (CRISI) Reporting – Significant Deficiency

Condition and Context: During our testing of internal controls over reporting, we noted the quarterly progress report and federal financial reports are prepared by the Project Grant Administrator, however there was no separate reviewer. Additionally, for the Federal Funding Accountability and Transparency Act, the submission is no later than the last day of the month following the month in which the subaward/subaward amendment obligation was made. The award was obligated in May 2021; however, the submission did not occur until November 2023, therefore it did not occur timely.

Status: Resolved



BOARD OF TRUSTEES
SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
RESOLUTION NO. 2025-xx

APPROVAL TO FILE 2026 GRANT APPLICATIONS

WHEREAS:

1. SORTA is a Designated Recipient of federal grant funds for the Ohio portion of the Greater Cincinnati urbanized area.
2. Each year, SORTA must apply for federal, state, and local funds for the upcoming fiscal year. SORTA wishes to apply for the maximum amount available in federal, state, and local assistance for federal fiscal year (FFY) 2026.
3. Other sources of federal, state, and local funding or opportunities for funding and partnerships with outside agencies may become available. In such circumstances, management plans to submit applications for the maximum amounts available consistent with SORTA's needs and long-term priorities.

THEREFORE, BE IT RESOLVED:

4. The Board authorizes and directs the CEO/General Manager/ Secretary-Treasurer or the CFO, or their designee, to file applications with the appropriate entities, including the Federal Transit Administration (FTA) and the State of Ohio, for the maximum amount deemed to be in SORTA's best interest for any federal, state, and local grants or other sources of funding that may become available during the year.
5. The Board authorizes the CEO/General Manager/ Secretary-Treasurer or the CFO to: (i) execute all contracts, agreements, certifications, assurances, and other documents necessary to apply for, receive and comply with such grants and sources of funding; and (ii) undertake all activities set forth in Category 01.A. of the FTA Fiscal Year 2026 Certifications and Assurances.



BOARD OF TRUSTEES ACTION ITEM

DATE: June 17, 2025

FROM: Mary Huller, Director of Grants and Administration
Tim Walker, Chief Financial Officer

PROJECT NO.:

REQUEST:

BACKGROUND

SORTA is a Designated Recipient of federal grant funds for the Ohio portion of the Greater Cincinnati urbanized area.

Each year, SORTA must apply for federal, state, and local funds for the upcoming fiscal year. SORTA wishes to apply for the maximum amount available in federal, state, and local assistance for federal fiscal year (FFY) 2026.

Other sources of federal, state, and local funding or opportunities for funding and partnerships with outside agencies may become available. In such circumstances, management plans to submit applications for the maximum amounts available consistent with SORTA's needs and long-term priorities.

BUSINESS PURPOSE

Each year, SORTA must apply for federal, state, and local funds for the upcoming fiscal year. Board approval is required by the Federal Transit Administration (FTA) and the State of Ohio. Maximum flexibility is required to allow staff to react to changing conditions at the federal, state, and local level.

Historically, the Board has authorized the Chief Executive Officer (CEO)/ General Manager/ Secretary - Treasurer and/or the Chief Financial Officer (CFO) to carry out the filing and executing of grant contracts.

Other sources of federal, state, and local funding or opportunities for funding and partnerships with outside agencies may become available. In such circumstances, management plans to submit applications for the maximum amounts available consistent with SORTA's needs and long-term priorities.

PROJECT FINANCING

None

PROJECT PROCUREMENT

None

PROJECT DIVERSITY

None

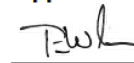
RECOMMENDED BOARD ACTION

Approval of a resolution authorizing the CEO/General Manager/ Secretary-Treasurer or the CFO to file applications with the appropriate entities for the maximum amount deemed to be in SORTA's best interest for any federal, state, and local grants or other sources of funding that may become available during the year.

The Board authorizes the CEO/General Manager/ Secretary-Treasurer or the CFO to: (i) execute all contracts, agreements, certifications, assurances, and other documents necessary to apply for, receive and comply with such grants and sources of funding; and (ii) undertake all activities set forth in Category 01.A. of the FTA Fiscal Year 2026 Certifications and Assurances.

	Operating Fund		Infrastructure Fund	
	Principal	Yield	Principal	Yield
<u>Overnight Investments</u>				
STAR Ohio	\$35,369,728	4.49%	\$45,370,097	4.49%
Trust Account/Fed Govt Oblig Issue MM	-	0.00%	334,613	4.24%
Fifth Third Bank Concentration Account	99,279	0.00%	134,394	0.00%
Subtotal Overnight Investments	\$35,469,007	4.48%	\$45,839,104	4.48%
<u>Securities and CD's</u>				
U.S. Agencies	\$75,319,915	4.61%	\$27,922,389	4.47%
Certificate of Deposit	1,481,284	2.33%	-	0.00%
Commercial Paper	5,315,783	4.60%	9,461,395	4.51%
U.S. Treasuries	31,483,492	3.76%	60,188,519	4.39%
Subtotal Securities and CD's	\$113,600,474	4.34%	\$97,572,303	4.42%
Days to Maturity	500		496	
Total All Securities (4/30/2025)	\$149,069,481	4.37%	\$143,411,407	4.44%
Total All Securities (3/31/2025)	\$155,763,377	4.35%	\$139,966,827	4.44%
Funds provided by (required for) Operations	(\$5,657,896)		\$3,501,642	
Funds provided by (required for) Capital	(\$1,036,000)		(\$57,062)	
Change in Cash during April 2025	(\$6,693,896)		\$3,444,580	
Monthly Investment Income	\$548,393		\$517,731	
Year to Date Investment Income	\$2,258,987		\$2,001,014	
NOTE: Total All Securities (4/30/2024)	\$171,149,597		\$115,511,852	

Approved:



Tim Walker
Chief Financial Officer

Investment of Funds Report



	Operating Fund		Infrastructure Fund	
	Principal	Yield	Principal	Yield
<u>Overnight Investments</u>				
STAR Ohio	\$51,661,908	4.48%	\$45,343,672	4.48%
Trust Account/Fed Govt Oblig Issue MM	-	0.00%	317,641	4.22%
Fifth Third Bank Concentration Account	187,799	0.00%	44,314	0.00%
Subtotal Overnight Investments	\$51,849,707	4.46%	\$45,705,627	4.47%
<u>Securities and CD's</u>				
U.S. Agencies	\$70,919,453	4.59%	\$26,921,564	4.47%
Certificate of Deposit	1,481,284	2.33%	-	0.00%
Commercial Paper	2,421,308	4.33%	10,928,104	4.51%
U.S. Treasuries	38,926,764	3.82%	60,219,919	4.39%
Subtotal Securities and CD's	\$113,748,809	4.29%	\$98,069,587	4.42%
Days to Maturity	537		496	
Total All Securities (5/31/2025)	\$165,598,516	4.35%	\$143,775,214	4.44%
Total All Securities (4/30/2025)	\$149,069,481	4.37%	\$143,411,407	4.44%
Funds provided by (required for) Operations	\$17,832,011		\$3,583,319	
Funds provided by (required for) Capital	(\$1,302,976)		(\$3,219,512)	
Change in Cash during May 2025	\$16,529,035		\$363,807	
Monthly Investment Income	\$604,423		\$524,617	
Year to Date Investment Income	\$2,863,410		\$2,525,631	
NOTE: Total All Securities (5/31/2024)	\$167,301,863		\$118,232,413	

Approved:

Tim Walker
Chief Financial Officer