SORTA/Metro
Finance Committee
July 23, 2026
8:30 am-9:00 am Eastern Time

FINANCE COMMITTEE

THURSDAY, JULY 23RD 2026 – 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: May 19th, 2026

Briefing Items:

2 Fixed Assets Audit Presentation (Norman Bouwie III)
   2.1 Fixed Asset Report

3 Quarterly Internal Audit Update (Norman Bouwie III)

4 Financial Results as of June 30th 2026 (Tim Walker)

Action Items:

5 Approval of 2027 Grant Application (Tim Walker/Mary Huller)
   5.1 Action Item:

6 Approval of Investment of Funds Report as of May 31st 2026 (Tim Walker)

7 Approval of Investment of Funds Report as of June 30th 2026 (Tim Walker)

Other Items:

New Business

Adjournment

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

Tuesday, August 18th, 2026, at 8:30 a.m.

FINANCE COMMITTEE
TUESDAY, MAY 19TH, 2026 – 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, Trent Emeneker, Neil Kelly, Sonja Taylor, Kala Gibson, and Greg Simpson*

COMMITTEE/BOARD MEMBERS PRESENT: Tianay Amat, Trent Emeneker, Blake Ethridge, Pete Metz, Rickell Smith and Sara Sheets

COMMITTEE MEMBERS ABSENT: Jay Bedi, Tony Brice, Chelsea Clark, Dan Driehaus, Kala Gibson, Neil Kelly, Briana Moss, Greg Simpson, KZ Smith and Sonja Taylor

STAFF MEMBERS PRESENT: Andy Aiello, Steve Anderson, Julie Beard, Norman Bouwie, Adriene Hairston, Brandy Jones, Nick Keeling, Natalie Krusling, Jeff Mundstock, John Ravasio, Jason Roe, Tony Russo, Kevin Ruth, Khaled Shammout, Bill Spraul and Tim Walker

OTHERS PRESENT: Christine Torres (Crowe), Paul Durham (HDR) and Kim Schaefer (Vory's)

1. **Call to Order**

   Mr. Ethridge called the meeting to order.

2. **Pledge of Allegiance**

   The Pledge of Allegiance was recited.

3. **Approval of Minutes of April 21st, 2026**

   Mr. Metz moved, and Ms. Sheets seconded that the minutes from April 21st, 2026, be approved.

   By voice vote the committee approved the minutes.

4. **Financial Report as of April 30th, 2026**

   Mr. Walker presented the April financial results. Total revenues were $15.2 million, which was favorable to budget by $639K. Total expenses were $14.6 million, which is unfavorable to budget by $349k. Operating Capital Contribution was $0.6 million, which was favorable to budget by $289k. Ridership was 1,283k, which was favorable to budget by 359k. Mr. Walker then reviewed the contributing factors to these variances.

   The Committee accepted the report as presented.

5. **2025 Fiscal Year Results**

   Christine Torres from Crowe presented the 2025 Fiscal Years Results Presentation. She reviewed the engagement team, roles and responsibilities, engagement objectives, scope of services, audit approach, audit timeline, auditor independence, significant risks and key accounting estimates, materiality considerations, financial statement discussion and required communications.

   The Committee accepted the report as presented.

6. **Approval of Investment of Funds Reports as of April 30th 2026**

Mr. Walker presented the April report noting the yields of SORTA 4.14% for April compared to the prior month of 4.12% for the month of March.

Mr. Walker presented the report noting yields for the Infrastructure Transit Fund of 3.89% for April compared to the prior month of 3.87% for the month of March.

Mr. Metz moved, and Ms. Amat seconded the Investment of Funds as of April 30th, 2026.

By voice vote the committee approved the report.

The Committee approved the report as presented.

7. **New Business**

Mr. Ethridge acknowledged recent shooting aboard bus 46. Offered deep condolences to the victims family, friends and all others involved. Commended Metro staff and the Cincinnati Police Department for their swift response.

8. **Adjournment**

The meeting adjourned at 9:01 A.M.

Fixed Assets Audit Report

Finance Committee Presentation | July 23, 2026

Prepared by Norman Bouwie III, Director of Internal Audit

Scope & Objectives

Audit Objectives

- **Assess** the accuracy, classification, and valuation of capital assets.
- **Verify** assets exist and are safeguarded against lost, theft, or misuse.
- **Evaluate** controls over asset acquisitions, transfers, disposals, and retirements.
- **Determine** depreciation complies with SORTA policy and GASB requirements.
- **Assess** compliance with SORTA policies and applicable FTA and TAM requirements

Audit Scope

Period: April 1, 2024 – March 31, 2025

Systems: PeopleSoft and related asset tools

Focus: Additions, disposals, depreciation, insurance, inventory, maintenance, TAM and FTA compliance.

Overall Audit Result

SATISFACTORY

Overall Rating

Strong

Meets or exceeds SORTA standards, controls fully implemented

Satisfactory

Meets SORTA standards, minor findings, no significant risk

Needs Improvement

Does not meet standards, important issues identified

Unsatisfactory

Significant non-compliance; high risk to operations

SORTA's fixed asset management processes are satisfactory and provide a strong control foundation. Implementing recommended improvements will further strengthen governance, compliance, and asset accountability.

Summary of Observations

7	0	3	4	0
Total Observations	High	Medium	Low	Informational

High	Medium	Low	Informational
Significant non-compliance; may result in legal, financial, or reputational harm if not addressed immediately.	Partial compliance or procedural gaps could lead to non-compliance if not corrected. Moderate operational impact.	Minor issues or deviations from best practices with limited impact. Typically administrative or easily correctable.	Opportunities for improvement or enhanced controls. Do not represent non-compliance.

Key Process Area	High	Medium	Low	Informational
Asset Management & Financial Reporting	0	2	2	0
Governance & Internal Controls	0	1	1	0
Asset Stewardship & Regulatory Compliance	0	0	1	0
Total	**0**	**3**	**4**	**0**

Observation 1: Asset Tracking and Verification Gaps

MEDIUM

Observation

Internal Audit identified weaknesses in SORTA's asset tracking and verification processes, including older, fully depreciated assets that could not be located or validated. These inaccuracies reduce the reliability of the fixed asset register and limit effective asset stewardship.

Risk

- Inaccurate Fixed Asset Records
- Potential financial reporting and insurance impacts
- Reduced compliance with FTA requirements

Recommendations

- Validate legacy assets
- Remove unverifiable assets
- Strengthen asset documentation

Management Response: Management agreed with the observation and will perform a comprehensive review of legacy assets, remove assets that cannot be validated, and improve documentation practices. These efforts will enhance the accuracy of the fixed asset register and support the upcoming biennial inventory.

Remediation Date: June 30, 2026

Observation 2: Depreciation Control Gaps and Policy Misalignment

MEDIUM

Observation

Internal Audit identified inconsistencies in depreciation practices, including incorrect useful lives and policy application. These issues resulted from insufficient documentation, approval, and alignment with established accounting guidance.

Risk

- Inaccurate financial reporting
- Noncompliance with GASB and FTA Guidance
- Inconsistent accounting practices

Recommendations

- Update depreciation policy
- Require management approval
- Correct depreciation calculations

Management Response: Management agreed and will update the Fixed Asset Policy, formalize approval requirements, and correct depreciation for affected assets. Annual compliance reviews will be implemented to ensure ongoing consistency.

Remediation Date: June 30, 2026

Observation 3: Lack of Required Executive Approvals for Asset Disposals

MEDIUM

Observation

Internal Audit found that required CEO and CFO approvals were not consistently documented for asset disposals identified during the physical inventory process. This represents noncompliance with SORTA's Fixed Asset Disposal Policy.

Risk

- Unauthorized asset disposals
- Reduced accountability
- Policy noncompliance

Recommendations

- Require documented executive approvals
- Verify approvals before processing disposals
- Periodically monitor compliance

Management Response: Management agreed and will revise disposal procedures to require documented executive approval before assets are removed from the fixed asset system. The revised requirements will be incorporated into the updated Fixed Asset Manual.

Remediation Date: June 30, 2026

Observation 4: Executive Approval Gaps for Capital Purchases

LOW

Observation

Internal Audit identified missing executive approvals for several high-dollar purchase orders due to workflow gaps within Maximo. Although purchases were properly recorded, approval documentation was incomplete.

Risk

- Procurement policy noncompliance
- Reduced management oversight
- Increased governance risk

Recommendations

- Strengthen workflow controls
- Monitor approval exceptions
- Reinforce approval requirements

Management Response: Management agreed and determined the issue resulted from workflow routing deficiencies rather than intentional control overrides. Maximo workflows and monitoring procedures will be enhanced to ensure approvals remain current when organizational changes occur.

Remediation Date: June 30, 2026

Observation 5: Inadequate Insurance Coverage for Vehicle Fleet

LOW

Observation

Internal Audit determined that SORTA's vehicle insurance coverage does not fully align with the replacement value of the fleet in a catastrophic loss scenario. In addition, discrepancies were identified within insurance reporting data.

Risk

- Financial exposure
- Insurance reporting inaccuracies
- Operational disruption

Recommendations

- Reassess insurance coverage
- Improve data reconciliation
- Review annual insurance strategy

Management Response: Management agreed and has initiated reconciliation procedures for insurance reporting data while continuing to evaluate vehicle insurance coverage with the Ohio Transit Risk Pool. Future reviews will align insurance coverage with asset values and operational risks.

Remediation Date: Ongoing

Observation 6: Missing Preventive Maintenance Schedule

LOW

Observation

Internal Audit identified gaps in preventive maintenance scheduling and Maximo asset setup for certain non-revenue vehicles. Delayed maintenance activities reduce the effectiveness of SORTA's preventive maintenance program.

Risk

- Increased equipment failures
- Reduced asset reliability
- Maintenance compliance issues

Recommendations

- Complete PM schedules
- Improve Maximo controls
- Monitor overdue maintenance

Management Response: Management agreed and will enhance Maximo job plans and work-order processes for non-revenue vehicles to improve preventive maintenance scheduling and reporting. These enhancements will align maintenance tracking across all vehicle fleets.

Remediation Date: July 31, 2026

Observation 7: Lack of Annual Vehicle Assessment Records

LOW

Observation

Internal Audit found that required annual vehicle assessment records supporting the Transit Asset Management (TAM) Plan were not consistently completed or retained. This limits SORTA's ability to demonstrate compliance with FTA requirements.

Risk

- FTA compliance risk
- Incomplete asset documentation
- Reduced lifecycle planning

Recommendations

- Centralize assessment records
- Standardize assessment process
- Track completion annually

Management Response: Management agreed and will require annual vehicle assessments to be completed, documented, and integrated into Maximo. Standardized workflows and tracking will improve accountability and regulatory compliance.

Remediation Date: June 30, 2026

Fixed Assets Audit

May 7, 2026

Date: May 7, 2026

To: Tim Walker, Chief Financial Officer

From: Norman C. Bouwie III, CPA, Director of Internal Audit

Copies to: SORTA Finance Committee
Andy Aiello, Chief Executive Officer
Julie Beard, Director of Accounting
Jeff Mundstock, Director of Fleet & Facilities

Subject: 2026 Fixed Assets Audit

Attached is the Fixed Assets Audit Report. The primary objective of this audit was to assess SORTA's fixed asset management processes to determine whether policies, procedures, practices, and internal controls are designed and operating effectively to ensure completeness, accuracy, safeguarding, tracking, and proper accounting of capital assets throughout their lifecycle.

We would like to thank the accounting staff and maintenance staff for their assistance, cooperation, and time provided during this audit. If you need any further information, please contact me.

Attachment

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Executive Summary

Internal Audit (IA) conducted a comprehensive review of the Southwest Ohio Regional Transit Authority's (SORTA) fixed asset management processes to evaluate the effectiveness of internal controls, compliance with applicable policies and regulations, and the accuracy and completeness of capital asset records. The audit focused on key areas including asset acquisition, tracking and verification, depreciation, disposals, insurance coverage, and maintenance-related practices.

Overall, SORTA has established foundational processes to manage its significant investment in capital assets, and assets were generally found to be properly recorded and capitalized within the financial system. However, the audit identified several control gaps and process inconsistencies that, if not addressed, may impact financial reporting accuracy, regulatory compliance, and asset stewardship.

IA identified a total of seven observations, including three rated as medium risk and four rated as low risk. Medium-risk observations were primarily related to asset tracking and verification, depreciation practices, and compliance with asset disposal approval requirements. These areas require strengthened oversight, improved documentation, and alignment with Governmental Accounting Standards Board (GASB) and Federal Transit Administration (FTA) guidance to ensure consistent and compliant application.

The observation related to executive approval gaps for capital asset purchases was assessed as low risk due to the presence of compensating controls that reduce the likelihood of unauthorized or inappropriate transactions. While limitations within the Maximo workflow process, including challenges associated with proxy approvals, contributed to gaps in documented approvals, additional review and oversight procedures were in place to help ensure purchases received appropriate authorization. Continued enhancements to workflow controls and monitoring processes remain important to support consistent compliance with approval requirements.

Similarly, the observation related to vehicle fleet insurance coverage was also rated as low risk. Although a gap existed between prior coverage levels and the total replacement value of the fleet, management has taken corrective action to reassess its insurance strategy and enhance coverage levels. This proactive response, along with planned improvements in data reconciliation and oversight of insurance-related information, reduces the overall risk exposure.

The audit also identified weaknesses in asset tracking and verification processes, particularly related to older and fully depreciated assets that could not be located or validated. While the financial impact of these specific items was not material, the condition indicates broader risks related to the accuracy of the fixed asset register, insurance coverage, and asset lifecycle decision-making. Management has initiated corrective actions to address these issues, including a targeted cleanup of legacy assets and enhancements to documentation practices.

Additional lower-risk observations were identified in operational areas, including preventive maintenance scheduling and retention of required Transit Asset Management (TAM) documentation. While these issues do not indicate systemic failure, they reflect opportunities to strengthen system controls, improve documentation practices, and enhance compliance with federal requirements.

Management has been responsive to the audit findings and has developed corrective action plans to address each observation. These actions include policy updates, system enhancements, improved monitoring controls, and increased coordination across departments. Implementation of these corrective measures is expected to strengthen internal controls, improve data accuracy, and enhance overall asset management practices.

In summary, while SORTA maintains a solid foundation for fixed asset accounting and management, enhancements are needed to strengthen governance, improve compliance, and ensure the accuracy and reliability of asset-related data. Addressing the identified observations will better position SORTA to safeguard its assets, support informed decision-making, and maintain compliance with applicable financial and regulatory requirements.

Introduction

Background

Fixed assets represent a significant investment for the Southwest Ohio Regional Transit Authority (SORTA) and are fundamental to the delivery of public transportation services throughout Hamilton County. SORTA maintains a diverse portfolio of capital assets, including rolling stock, transit facilities and garages, leasehold improvements, equipment, and information technology infrastructure.

Effective fixed asset management is critical to ensuring compliance with Governmental Accounting Standards Board (GASB) requirements related to capitalization, depreciation, asset valuation, and financial statement presentation. In addition, as a recipient of federal transit funding, SORTA is subject to Federal Transit Administration (FTA) requirements that emphasize asset accountability, safeguarding, and stewardship of federally funded assets. These requirements are further reinforced through Transit Asset Management (TAM) regulations, which require transit agencies to maintain accurate asset inventories, assess asset condition, and support data-driven decision-making related to asset lifecycle planning and investment prioritization.

Strong internal controls over fixed assets, including accurate recording, periodic reconciliation, physical verification, and timely retirement or disposal, are essential to maintaining financial reporting integrity, ensuring service continuity, and demonstrating accountability for public resources. Deficiencies in these areas may result in misstated financial records, increased risk of asset loss or misuse, and noncompliance with federal and accounting standards.

This audit was conducted in accordance with the approved Internal Audit Plan for FY25 and was designed to evaluate the adequacy of policies, procedures, and internal controls governing fixed asset accounting and management. The engagement supports management's objectives to strengthen compliance with GASB and FTA requirements, enhance Transit Asset Management practices, and improve overall financial stewardship of capital assets.

Audit Selection

IA conducted this audit in accordance with the Audit Plan for 2025.

Audit Objective

The objective of the Fixed Assets audit was to provide reasonable assurance that SORTA's capital assets are accurately recorded, properly classified, and appropriately valued in the financial records in accordance with applicable accounting standards. The audit also sought to determine whether fixed assets exist and are adequately safeguarded against loss, theft, or misuse, and whether asset additions, disposals, and retirements are properly authorized and timely and accurately reflected in the fixed asset system. In addition, the audit evaluated whether depreciation is calculated correctly and consistently in accordance with established accounting policies and relevant GASB requirements. Finally, the audit assessed compliance with SORTA's internal policies, contractual obligations, and applicable Federal Transit Administration (FTA) and Transit Asset Management (TAM) regulatory requirements related to asset accountability and lifecycle management.

Audit Scope and Methodology

The scope of this audit included fixed assets recorded in SORTA's financial records for the period April 1, 2024, through March 31, 2025. The review encompassed asset additions, disposals, retirements, and transfers occurring during the period under audit. Audit procedures focused on selected high-value and high-risk asset categories, including rolling stock (buses), significant facility improvements, and technology-related equipment.

Internal Audit evaluated key asset management processes, including asset tagging and identification practices, physical safeguarding controls, periodic inventory procedures, and reconciliation processes between physical assets and accounting records. The audit also included a review of compliance with SORTA's internal policies, contractual requirements, and applicable external financial reporting and regulatory requirements, including relevant GASB standards and FTA Transit Asset Management (TAM) expectations.

Systems supporting fixed asset accounting were reviewed, primarily within PeopleSoft and any related ancillary asset management tools used to record, monitor, and report capital assets. Audit procedures consisted of inquiry, observation, walkthroughs, data analysis, and sample-based testing of transactions and controls. Activities and transactions outside of April 1, 2024, through March 31, 2025, timeframe were considered only as necessary to obtain an understanding of processes, prior-period activity, or historical context.

Statement of Auditing Standards

This audit was performed according to the Institute of Internal Auditor's ("IIA") International Standards for the Professional Practice of Internal Audits.

Observations & Recommendations

Based upon Internal Audit's review of Southwest Ohio Regional Transit Authority's (SORTA) Fixed Asset processes, including asset capitalization, inventory, disposals, and insurance coverage, we identified several areas where internal controls could be strengthened to improve accountability, compliance with internal policies, and risk management. A ranking of reach observations is provided below.

Observation #1: Asset Tracking and Verification Gaps	Severity: Medium

Observation

Internal Audit's review of SORTA's asset tracking and physical verification processes identified issues related to the continued inclusion of older, fully depreciated assets in the fixed asset records when those assets could not be located, validated, or were no longer in service. Of the 25 assets selected for physical verification, Internal Audit was able to verify 21 through direct observation, indirect evidence (photographs or GFI history), or alternate procedures.

Four older, fully depreciated assets could not be verified because the assets were underground with no remaining original documentation, could not be identified or located by staff, or had been replaced without corresponding updates to the fixed asset listing. These assets had a combined original book value of $46,154. Retaining such assets on the fixed asset register without periodic validation reduces the accuracy of asset records and limits management's ability to ensure proper asset stewardship.

Risk

Failure to identify and remove fixed assets that are no longer in service in a timely fashion exposes SORTA to the following risks:

- **Financial Reporting Risk:** Fixed asset balances and accumulated depreciation may be misstated if assets that no longer exist remain recorded.

- **Insurance Cost Risk:** SORTA may overpay insurance premiums by continuing to insure assets that have been destroyed, replaced, or disposed of.

- **Compliance Risk:** Inaccurate asset records increase the risk of noncompliance with FTA property management and reporting expectations.

- **Governance Risk:** Management decisions related to capital planning, replacement, and lifecycle management may be based on incomplete or inaccurate data.

Recommendation

Internal Audit recommends that Management take the following actions:

1. **Identify and Review Older Assets:** Perform a targeted review of older and fully depreciated assets to determine whether they remain in service and can be reasonably verified.

METRO

Observation #1: Asset Tracking and Verification Gaps (Continued) **Severity: Medium**

2. **Remove Unverifiable Assets:** Remove assets from the fixed asset records when they can no longer be located, validated, or are confirmed to have been replaced or disposed of.

3. **Strengthen Documentation:** Ensure adequate supporting documentation is maintained for assets that are difficult to physically observe (e.g., underground, or infrastructure-related assets).

4. **Enhance Coordination:** Continue coordination between Accounting, Facilities, and Operations to promptly update asset records when assets are replaced, destroyed, or retired.

Implementing these actions will strengthen SORTA's compliance with FTA expectations, improve the accuracy of its asset records, and reduce the risk of asset loss or misstatement.

Management Response

Management appreciates Internal Audit's review and agrees with the observation and recommendations. To strengthen the accuracy and reliability of our fixed asset records, we are implementing the following actions:

Disposition of Outdated and Low-Value Assets:
The Fixed Asset team will dispose of the Capitalized Radio Lease agreement assets, which both Accounting and Internal Audit have confirmed should be removed. During the same period, we will also dispose of all fully depreciated assets with an original cost below the $10,000 capitalization threshold.

Review of Older Fully Depreciated Assets:
The team will evaluate all fully depreciated assets (excluding land, buildings, and vehicles) acquired in 2006 or earlier. Because Maximo purchase records prior to 2007 lack supporting documentation, these items will be grouped by department, reviewed to the extent possible, and discussed with the respective department managers to validate status and confirm next steps.

Targeted Cleanup of High-Volume Items:
Management has identified **662 fixed asset line items**, with a combined acquisition cost of **$31.5 million**, that require disposal or additional analysis. Completing this cleanup will materially improve the accuracy and completeness of SORTA's fixed asset register ahead of the biennial full inventory count beginning in October 2026.

Management is committed to strengthening asset accountability, improving documentation standards, and ensuring timely removal of assets that are no longer in service. Management anticipates completing corrective actions by **June 30, 2026.**

Observation #2: Depreciation Control Gaps and Policy Misalignment **Severity: Medium**

Observation

Internal Audit identified several inconsistencies in SORTA's depreciation practices that deviate from established policy and federal guidelines:

- Two buses placed in service in 2023 were depreciated using a 14-year life instead of the FTA-recommended minimum 12-year life. This change was made without documented authorization or approval.
- A total of 44 buses (5 in 2023 and 39 in 2024), with a combined capital cost of $34,418,925, were depreciated using the incorrect 14-year life.
- Bus 1207, which was out of service from 2012 to 2014 due to an accident, had depreciation suspended during that period without formal approval or policy guidance.
- The fixed asset policy states that assets will be depreciated for one half year in both the year of acquisition and the year of disposal. However, actual practice applies one half year in the year of acquisition and one half year at the end of the asset's useful life, regardless of disposal status.

Risk

- Non-compliance with FTA Circular 5010.1E and TAM Plan requirements may result in audit findings, potential funding repayment obligations, or reputational harm.
- Inaccurate depreciation schedules can lead to misstated financial reports, misrepresentation of asset values, and impaired capital planning and asset replacement decisions.
- Lack of formal controls and documentation around depreciation adjustments increases the risk of unauthorized changes and inconsistent application of policy.

Recommendation

- Update the Fixed Asset Policy to clearly define procedures for:
  - Assigning and modifying useful lives, including required approvals.
  - Depreciation treatment for assets temporarily out of service.
  - Clarifying the half-year depreciation rule to align with actual practice.

- Require formal review and approval by Finance leadership for any changes to depreciation assumptions or methodology.

- Recalculate depreciation for affected buses and adjust financial records to reflect the correct 12-year life per FTA guidance.

- Implement a periodic compliance review to ensure depreciation practices align with FTA, GAAP, and internal policies.

Observation #2: Depreciation Control Gaps and Policy (Continued) **Severity: Medium**

Management Response

Management agrees with Internal Audit's observation that depreciation adjustments were made without the required level of review, authorization, and policy guidance. We recognize that modifications to useful lives, suspension of depreciation, and changes to depreciation

methodology must not be made at the staff level without documented approval from Finance leadership.

To address these control gaps and ensure consistent, compliant depreciation practices, Management will take the following corrective actions:

1. **Strengthen Review & Approval Controls**
   Management will formalize a requirement that all changes to useful life assumptions, depreciation methodologies, or temporary suspension of depreciation be reviewed and approved by the Director of Accounting and CFO prior to implementation. These approvals will be documented and retained.

2. **Update Fixed Asset Policy**
   The Fixed Asset Policy and manual will be updated to:
   - Clarify who has authority to initiate and approve depreciation-related adjustments.
   - Establish formal procedures for modifying useful lives, including documentation requirements.
   - Define acceptable treatment for assets temporarily out of service.
   - Align half-year depreciation rules with actual practice or update the practice to match policy.

3. **Correct Prior Depreciation Entries:**
   Accounting will revise the useful lives of the affected buses from 14 years to 12 years and record the necessary correcting journal entries during the annual accumulated depreciation review.

4. **Implement Periodic Compliance Reviews**
   Finance will incorporate depreciation policy compliance testing into its annual internal review to ensure ongoing alignment with FTA requirements, GAAP, and internal policy.

Management is committed to strengthening oversight roles, ensuring appropriate escalation of significant accounting decisions, and maintaining accurate, compliant depreciation practices going forward. Management anticipates completing corrective actions by **June 30, 2026.**

Observation #3: Lack of Required Executive Approvals for Asset Disposals **Severity: Medium**

Observation

Internal Audit reviewed 25 asset disposals from the 2024 calendar year to determine compliance with federal, state, and internal requirements. Asset disposal information for 2025 was not available for review at the time of testing. Of the 25 disposals evaluated, ten were identified by department heads or the Fixed Asset Accountant as destroyed and subsequently removed from the asset database. However, documentation of CEO/CFO approval, as required by SORTA's Fixed Asset Disposal Policy, was not available for these disposals.

Risk

The absence of required executive approval increases the risk of unauthorized or inappropriate asset disposals, potential noncompliance with internal policy, and weakened accountability over capital assets. This may result in misstatement of asset balances, loss of asset accountability, or audit findings related to noncompliance with policy and regulatory requirements.

Recommendation

Management should reinforce compliance with the Fixed Asset Disposal Policy by ensuring that all disposals whether through sale, destruction, or other means are supported by documented CEO/CFO approval prior to removal from the asset system and property. The Fixed Asset Accountant should verify that approval forms are on file before processing disposals in the fixed asset module. In addition, management should consider implementing a periodic monitoring or control review to confirm that no disposals are finalized without the required executive authorization.

Management Response

Management acknowledges the observation and agrees with the recommendation.

The identified issue is primarily associated with disposals resulting from the biennial physical fixed asset inventory process. Historically, the process has required department managers to certify and confirm disposals identified during the inventory count; however, documented CEO/CFO approval was not consistently obtained for these items as required by policy.

To address this, management will revise the inventory confirmation process to incorporate a requirement for CFO approval of all disposals identified during the physical inventory. In addition, the Fixed Asset Disposal Policy and related procedures will be updated to reinforce the requirement for documented executive approval prior to processing disposals in the fixed asset system.

These updates will be incorporated into a broader revision of the Fixed Asset Manual to address this and other audit findings. The revised procedures and documentation will be finalized and implemented by **June 30, 2026.**

Observation #4: Executive Approval Gaps for Capital Assets Purchases **Severity: Low**

Observation

Internal Audit identified that 3 of the 7 sampled capital asset Purchase Orders (POs), totaling $26,047,215, did not contain the required executive-level approvals as required by SORTA's Procurement Standards and Requirements.

Based on policy:
- CFO approval is required for all procurement transactions starting at $250,001, and
- CEO approval is required for all procurement transactions exceeding $500,001.

During the review, IA examined the electronic approval history stored in Maximo, which serves as evidence of workflow authorization for procurement activity. The Maximo workflow indicated that:
- All three POs were missing the required CFO approval, and
- One of the three POs was also missing the required CEO approval, despite exceeding the designated approval thresholds.

Although the associated assets were correctly capitalized and recorded within the asset master in CODA, the absence of required executive approval represents a breakdown in internal controls over high value purchasing activity.

Risk

The missing CFO and CEO approvals create several financial, operational, and governance risks, including:
- Non-compliance with procurement policies, federal expectations around internal controls, and SORTA governance standards.
- Potential for unauthorized or inappropriate commitments of funds, particularly given the high dollar value of the purchases.
- Financial misstatements resulting from transactions processed without the appropriate level of executive oversight.
- Cash flow impacts from large purchases processed without scrutiny, which may be significant for a nonprofit entity with limited unrestricted reserves.
- Increased exposure to external audit findings related to procurement, compliance, or internal control deficiencies.

Recommendation

Internal Audit recommends that Management:

1. Reinforce the Procurement Standards and Requirements by communicating CFO and CEO approval thresholds to all procurement, project management, and finance staff.

2. Strengthen workflow controls within Maximo to ensure procurement transactions cannot progress without the required executive approvals based on dollar thresholds.

Observation #4: Executive Approval Gaps for Capital Asset Purchases (Continued) Severity: Low

3. Develop an automated exception report or dashboard identifying POs processed without proper workflow approvals for timely follow-up and corrective action.

4. Implement periodic compliance testing of high-dollar POs to verify that approval requirements are being consistently met.

5. Provide refresher training to staff involved in procurement to ensure awareness of approval responsibilities and the importance of following workflow protocols.

Management Response

Management agrees with the observation and appreciates Internal Audit's review of executive-level approval controls over capital asset purchases.

Management's review determined that the identified instances were not the result of intentional override of controls, but rather a process gap within the Maximo workflow. Specifically, the system did not address situations in which an associate assigned within the approval workflow was no longer employed by SORTA. As a result, certain approval steps were not properly reassigned or re-routed, leading to missing documented approvals despite the purchases being operationally authorized and the assets properly capitalized in CODA.

To address this deficiency, Management will:

1. **Document a formal procedure** requiring workflow reassignment when an approver separates from the organization or changes roles.
2. **Enhance Maximo workflow controls** to ensure approval routing is updated promptly upon employee termination or role changes.
3. **Implement periodic monitoring** of high-dollar purchase orders to verify required CFO and CEO approvals are present and documented.
4. **Coordinate between HR, Procurement, and IT** to ensure timely notification and system updates when personnel changes occur that impact approval hierarchies.

Management anticipates completing corrective actions by **June 30, 2026.**

Observation #5: Inadequate Insurance Coverage for Vehicle Fleet Severity: Low

Observation

Internal Audit (IA) identified that SORTA's current automobile insurance coverage through the Ohio Transit Risk Pool (OTRP) provides a maximum of $50 million for each and every loss. This level of coverage is generally adequate for isolated incidents involving one or several vehicles. However, in the rare event of a catastrophic loss that impacts a substantial portion or the entirety of SORTA's revenue fleet, the coverage would not be sufficient. As of December 31, 2024, the fleet's total replacement cost was approximately $252 million, which indicates a significant gap in coverage if a large-scale or systemwide loss were to occur.

IA also noted unexplained discrepancies between SORTA's Pool Contribution Factor (PCF) data submitted to OTRP and supporting data maintained by the Director of Accounting. The PCF

Observation #5: Inadequate Insurance Coverage for Vehicle Fleet (Continued) Severity: Low

submission directly influences annual premium calculations, yet management could not explain the differences between the two data sets.

Additionally, while buildings and contents have adequate coverage relative to book value, the significant gap in vehicle coverage poses potential exposure in the event of a catastrophic loss.

Risk

- **Financial Exposure:** In the event of a catastrophic loss (e.g., fire or explosion at a garage), SORTA could incur unrecoverable losses exceeding $200 million for vehicles alone.
- **Compliance Risk:** Insufficient coverage may not meet federal requirements under 2 CFR § 200.310 for assets purchased with grant funds.
- **Operational Impact:** Loss of a significant portion of the fleet could disrupt service delivery and damage SORTA's reputation.

Recommendation

Internal Audit recommends management:

1. **Reassess Vehicle Insurance Coverage Needs**
   Conduct a comprehensive review of the value of vehicle assets and evaluate the feasibility of increasing OTRP coverage limits, purchasing supplemental insurance, or implementing alternative risk transfer strategies to reduce SORTA's exposure.

2. **Strengthen Controls over PCF Data Submission**
   - Implement standardized procedures to reconcile PCF data submitted to OTRP with internal fixed asset and financial records.
   - Require documented review and approval of PCF submissions, including variance explanations.

3. **Align Insurance Strategy with Asset Management (TAM) Priorities**
   Integrate TAM data on asset condition, useful life, and replacement cycles into the annual insurance risk assessment to ensure SORTA's risk posture reflects current operational realities.

4. **Engage OTRP for Coverage Review**
   Initiate discussions with OTRP to determine options for increasing fleet coverage or adjusting risk-pooling arrangements to better align with the true value of SORTA's assets.

Management Response

SORTA maintained vehicle insurance coverage through the Ohio Transit Risk Pool (OTRP) at a limit of $50 million per occurrence during the audit period. While this level of coverage was sufficient to address losses at individual operating locations based on the net-book value of vehicles assigned to each facility, management acknowledges that it did not fully align with the total replacement value of the fleet in the event of a large-scale or systemwide loss.

Observation #5: Inadequate Insurance Coverage for Vehicle Fleet (Continued) Severity: Low

In response to the discrepancies identified in the Pool Contribution Factor (PCF) data, management has initiated a reconciliation of data submitted to OTRP with internal fixed asset and financial records. Going forward, management will implement standardized procedures to ensure PCF submissions are accurate, supported by appropriate documentation, and subject to formal review and approval, including the investigation and resolution of any variances.

Management will continue to engage with OTRP and internal stakeholders to periodically evaluate insurance coverage levels and ensure alignment with SORTA's asset base, operational risks, and Transit Asset Management (TAM) priorities.

Observation #6: Missing Preventative Maintenance Schedule Severity: Low

Observation

Internal Audit (IA) conducted an evaluation of the maintenance policies and practices related to the capital assets that SORTA owns and utilizes. Metro incorporates both revenue and non-revenue vehicles into a Preventive Maintenance (PM) program through Maximo software to ensure the delivery of a safe, efficient, and reliable fleet to the public.

- **Revenue vehicles** include all buses used to transport customers through fixed-route and MetroNow services.
- **Non-revenue vehicles** include assets used to support operations such as road supervisor vehicles, administrative fleet units, and vehicles used for facility maintenance.

IA's review of Maximo identified gaps in the completeness and accuracy of PM schedules:

1. **Missing PM Schedules**
   - One non-revenue vehicle did not have a PM schedule assigned in Maximo, despite SORTA's Master Maintenance SOP requiring scheduled preventive maintenance for all non-revenue automobiles and trucks.
   - A population review indicated that additional non-revenue vehicles may also be missing PM schedules.

2. **Incomplete Asset Setup in Maximo**
   - One sampled asset was not recorded as an asset in Maximo, preventing any PM schedule or maintenance history from being assigned to it.

3. **Delayed Preventive Maintenance Execution**
   - Of 147 PM-generated work orders reviewed, 55 (37%) were completed after the required mileage or time interval.
     - Mileage delays averaged **2,573 miles** late.
     - Time-based delays averaged **41 days** late.
   - These delays contradict SORTA's preventive maintenance standards and reduce the effectiveness of the PM program.

Observation #6: Missing Preventative Maintenance Schedule (Continued) **Severity: Low**

These issues collectively indicate inconsistent adherence to PM scheduling requirements and weaknesses in Maximo asset management controls.

Risk

Lack of accurate PM schedules and delayed preventive maintenance creates:

- **Safety Risk:** Increased likelihood of mechanical failure, roadside breakdowns, or unsafe operating conditions.
- **Operational Disruption:** More unplanned repairs, reduced vehicle reliability, and potential service interruptions.
- **Inaccurate Maintenance Reporting:** Weakens SORTA's ability to rely on Maximo for asset condition monitoring, NTD reporting, and TAM Plan updates.
- **Accelerated Asset Deterioration:** Increases lifecycle costs due to premature wear, lack of timely inspections, and reduced asset lifespan.
- **Compliance Risk:** Deviations from preventive maintenance intervals may conflict with SORTA's internal SOPs and expectations associated with federally funded assets.

Recommendation

Internal Audit recommends Management:

1. **Reconcile all capital assets to Maximo** to ensure every qualifying asset is:
   - Properly established in the asset module
   - Assigned a complete and accurate PM schedule.
   - Linked to the correct PM criteria (time, mileage, or both)

2. **Implement automated exception monitoring** in Maximo to identify PM tasks completed late or not completed.

3. **Strengthen supervisory review** by requiring documented approval and justification for all PM delays beyond established tolerances.

4. **Provide training/refresher sessions** for planners and technicians on PM scheduling expectations and Maximo data entry standards.

5. **Conduct periodic internal spot checks** (quarterly or semiannual) to confirm sustained compliance.

Management Response

Management acknowledges Internal Audit's observation regarding gaps in the preventive maintenance (PM) tracking of non-revenue vehicles within Maximo. Although all non-revenue vehicles receive the required preventive maintenance through coordination between the operating departments and the Main Shop, Management agrees that the consistency and transparency of PM tracking within Maximo must be strengthened.

Observation #6: Missing Preventative Maintenance Schedule (Continued) **Severity: Low**

To address this, Management will develop and implement enhanced Maximo job plans and work-order structures for all non-revenue vehicles, aligning them with the more robust PM processes currently used for fixed-route and paratransit/MOD fleets. This improvement will ensure complete, accurate, and system-driven PM scheduling, execution, and reporting. Management anticipates completing the system enhancements by **July 31, 2026.**

Observation #7: Lack of Annual Vehicle Assessment Records **Severity: Low**

Observation

Internal Audit could not obtain documentation for required annual vehicle assessments outlined in SORTA's four-year Transit Asset Management (TAM) Plan (2022–2026):

- SORTA's Director of Maintenance confirmed that annual vehicle assessments must be completed and retained, as the FTA may request them at any time.
- For the sampled set of vehicles (revenue and non-revenue), no annual assessment documentation could be produced.
- Only one assessment—unrelated to the sample—was provided, further indicating inconsistency in record retention.
- Federal regulation 49 CFR 625.53 requires providers to maintain TAM Plan documentation, performance targets, investment strategies, and condition assessment reports for audit and grant oversight purposes.

The absence of required assessment files indicates a breakdown in documentation retention and oversight.

Risk

Failure to retain annual vehicle assessments exposes SORTA to:

- **FTA Compliance Risk:** Missing documentation may be considered non-compliance with 49 CFR 625.53 and TAM Plan requirements, potentially resulting in corrective action or impacts on federal funding.
- **State of Good Repair (SGR) Uncertainty:** Without documented assessments, SORTA cannot reliably demonstrate whether assets meet defined condition thresholds.
- **Ineffective Asset Management:** Incomplete assessment data hinders long-term planning, replacement forecasting, and TAM performance reporting.
- **Audit Trail Weakness:** Inability to produce documentation during audits or regulatory review reduces transparency and accountability.

Recommendation

Internal Audit recommends that Management:

1. Establish a centralized digital repository (e.g., SharePoint, Maximo attachments, or a dedicated network directory) for storing all annual vehicle assessments.

2. Assign clear ownership for assessment completion and record retention (Maintenance, Grants, Asset Management, or jointly).

Observation #7: Lack of Annual Vehicle Assessment Records (Continued) **Severity: Low**

3. Assign clear ownership for assessment completion and record retention (Maintenance, Grants, Asset Management, or jointly).

4. Develop a standardized assessment template and workflow, including:
   - Required scoring fields.
   - Signatures/approvals
   - Required completion deadlines.
   - Upload requirements

5. Implement annual completeness checks during TAM Plan updates to ensure all assessments are completed and stored.

6. Integrate assessment tracking into Maximo or other maintenance systems to ensure assessments are tied to the corresponding asset record.

Management Response

Management acknowledges Internal Audit's observation regarding the absence of completed annual vehicle maintenance assessments required under the Transit Asset Management (TAM) Plan for the audit period. While the assessment framework and reporting template were developed as part of the TAM Plan, Management recognizes that these assessments were not consistently completed or retained for most vehicles during the period under review.

To address this deficiency, Management will ensure that all required annual vehicle assessments are completed going forward and properly documented. Additionally, Management will develop corresponding job plans and work orders within Maximo to track completion, ensure accountability, and integrate the assessment process into SORTA's standard asset-management workflow.

Management anticipates completing implementation of these improvements by **June 30, 2026.**

Internal Audit Updates

July 23, 2026 Norman C. Bouwie III, CPA

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Agenda

- Audit Observations
- Current Audits
- Upcoming Audits

Audit Observations

History of Audit Observations

- 23 Audit Reports Issued Since 2022
- 101 Total Observations Noted
  - 11% High
  - 36% Medium
  - 33% Low
  - 20% Informational
- 90.1% of Observations Fully Remediated

Open Audit Observations

Project Name	Entity	Severity Level	Recommendation Title	Estimated Implementation Date	Days Overdue	Actual Implementation Date	Actual Closed Date
Ridership Audit	Service Planning & Scheduling	Medium	Ridership Count	9/30/25	206	4/24/26	4/30/26
Paycor 3rd Party Audit (IT)	IT Operations	Medium	Routine User Access Review	3/31/26	114		
Fixed Assets Audit	Finance / Accounting	Medium	Asset Tracking and Verification Gaps	6/30/26	0	6/12/26	7/9/26
Fixed Assets Audit	Finance / Accounting	Medium	Depreciation Control Gaps and Policy Misalignment	6/30/26	0	6/12/26	7/9/26
Fixed Assets Audit	Finance / Accounting	Medium	Lack of Required Executive Approvals for Asset Disposals	6/30/26	23		

- Remediated

- Over 90 Days Past Due

Open Audit Observations

Project Name	Entity	Severity Level	Recommendation Title	Estimated Implementation Date	Days Overdue	Actual Implementation Date	Actual Closed Date
Accounts Payable and P Card Audit (CSC)	AP & Payroll	Low	Logical Access Policies & Procedures	12/31/25	201	7/20/26	7/22/26
Fixed Assets Audit	Finance / Accounting	Low	Executive Approval Gaps for Capital Assets Purchases	6/30/26	23		
Fixed Assets Audit	Finance / Accounting	Low	Missing Preventative Maintenance Schedule	7/31/26	N/A		
Fixed Assets Audit	Finance / Accounting	Low	Lack of Annual Vehicle Assessment Records	6/30/26	23		
Fuel Hedging Compliance	Executive Operations	Low	Variance Between Financial Disclosure and Hedging Practice	6/30/26	23		

- Remediated

- Over 90 Days Past Due

Open Audit Observations

Project Name	Entity	Severity Level	Recommendation Title	Estimated Implementation Date	Days Overdue	Actual Implementation Date	Actual Closed Date
Fuel Hedging Compliance	Executive Operations	Low	Deficient Forecast Distribution & Variance Tracking	8/31/26	N/A		
Paycor 3rd Party Audit (IT)	IT Operations	Low	SOC 2 Report Review	3/31/26	114		
Fuel Hedging Compliance	Executive Operations	Informational	Commodity Account Record Keeping	3/31/26	90	6/29/26	7/14/26
Paycor 3rd Party Audit (IT)	IT Operations	Informational	Password Policies	3/31/26	114		
Paycor 3rd Party Audit (IT)	IT Operations	Informational	Access Division Manual Time Adjustments	9/30/26	N/A		

- Remediated

- Over 90 Days Past Due

Current Audits

Current Audits

Description	Fieldwork Kick-Off Date	Estimated Draft Report Date
Gas Credit Card	July ’25	July ‘26
Masabi (CSC)	April ’26	August ‘26
Metro Now	April ’26	August ‘26

Upcoming Audits

Upcoming Audits

Description	Fieldwork Kick-Off Date	Estimated Draft Report Date
Dispatch Audit	July ’26	September ‘26
Claims Activity	TBD	TBD
Parts Ordering & Receiving	TBD	TBD

Questions
Thank you for your time!

If you wish to discuss any aspects of this presentation in more detail, please feel free to contact us:

Norman Bouwie III: NBouwie@Go-Metro.com

Financial Summary

July 23, 2026

Agenda – Financial Summary

- Statement of Operations for June ’26
  - Key Drivers
  - Detail Profit & Loss Statement
  - County Sales Tax Trend
- Cashflow and Obligation Report
- Investment Balance Update

Profit & Loss – Summary / Key Drivers

Summary

- Total Revenue $15.5M - favorable to Budget $188k or 1.2%
- Total Expense $14.4M - unfavorable to Budget ($188k) or (1.3%)
- Operating Capital Contribution $1.1M - favorable to Budget $1k
- Note: Ridership total is 1,123k – favorable to Budget 7k or 0.6%

Revenue

- Total Operating Revenue $1.6M - unfavorable to budget ($151k) or (8.8%)
- Non-Transportation $0.6M – on budget
- County Sales Tax $11.9M – favorable to budget $339k due to receipt of April actuals
- Federal Grants $1.5M - on Budget

Expense

- Wages & Benefits $10.8M - unfavorable to budget ($356k) or (3.4%)
- Fuel and Lubricants $776k - unfavorable to budget ($155k) or (25.0%)
- Parts & Supplies $1.2M – unfavorable to Budget ($192k) or (19.6%)
- All Other $1.6M – favorable to Budget $505k

6 Mos Ending June 30, 2026 ($ In Thousands)	Month				Year to Date				
	Actual	Budget	Fav(Unfav)		Actual	Budget	Fav(Unfav)		Prior Year
Ridership									
Regular	1,070,549	1,051,742	18,807	1.8%	5,843,925	5,862,098	(18,173)	(0.3%)	5,605,580
CPS	22,725	30,000	(7,275)	(24.3%)	846,011	885,000	(38,989)	(4.4%)	873,834
Subtotal Fixed Route	1,093,274	1,081,742	11,532	1.1%	6,689,936	6,747,098	(57,162)	(0.8%)	6,479,414
Access	15,419	15,524	(105)	(0.7%)	90,042	90,032	10	0.0%	87,353
MetroNow!	14,684	19,500	(4,816)	(24.7%)	87,676	103,400	(15,724)	(15.2%)	62,708
Total Ridership	1,123,377	1,116,766	6,611	0.6%	6,867,654	6,940,530	(72,876)	(1.1%)	6,629,475
Operating Revenue									
Metro Fares	$ 1,238	$ 1,359	$ (121)	(8.9%)	$ 6,964	$ 7,252	$ (289)	(4.0%)	$ 6,531
Access Fares	58	56	2	4.0%	368	340	28	8.1%	309
MetroNow! Fares	37	39	(2)	(5.9%)	224	214	10	4.6%	125
CPS Fares	15	64	(49)	(76.9%)	2,301	2,501	(200)	(8.0%)	2,280
Other Contract Revenue	220	201	19	9.3%	1,279	1,164	115	9.9%	1,160
Total Operating Revenue	1,568	1,719	(151)	(8.8%)	11,135	11,472	(337)	(2.9%)	10,405
Non-Operating Revenue									
County Sales Tax	11,893	11,554	339	2.9%	63,716	63,416	300	0.5%	60,775
Federal Subsidies	1,476	1,476	-	-	8,857	8,857	-	-	9,078
Non Transportation	554	554	(0)	(0.0%)	3,300	3,360	(59)	(1.8%)	4,023
Total Non-Operating Revenue	13,924	13,585	339	2.5%	75,872	75,632	241	0.3%	73,876
Total Revenue	15,492	15,304	188	1.2%	87,007	87,104	(96)	(0.1%)	84,281
Expenses									
Employee Wages & Benefits	10,837	10,482	(356)	(3.4%)	63,931	62,531	(1,401)	(2.2%)	59,320
Fuel & Lubricants	776	621	(155)	(25.0%)	4,235	3,809	(426)	(11.2%)	3,901
Parts & Supplies	1,172	980	(192)	(19.6%)	5,997	5,937	(61)	(1.0%)	5,750
Everybody Rides Metro Fund	24	35	11	30.3%	165	210	45	21.5%	135
Other	1,561	2,066	505	24.4%	11,335	12,793	1,458	11.4%	12,261
Total Expenses	14,371	14,183	(188)	(1.3%)	85,663	85,279	(384)	(0.5%)	81,367
Operating Capital Contribution	$ 1,121	$ 1,120	$ 1		$ 1,344	$ 1,825	$ (480)		$ 2,914

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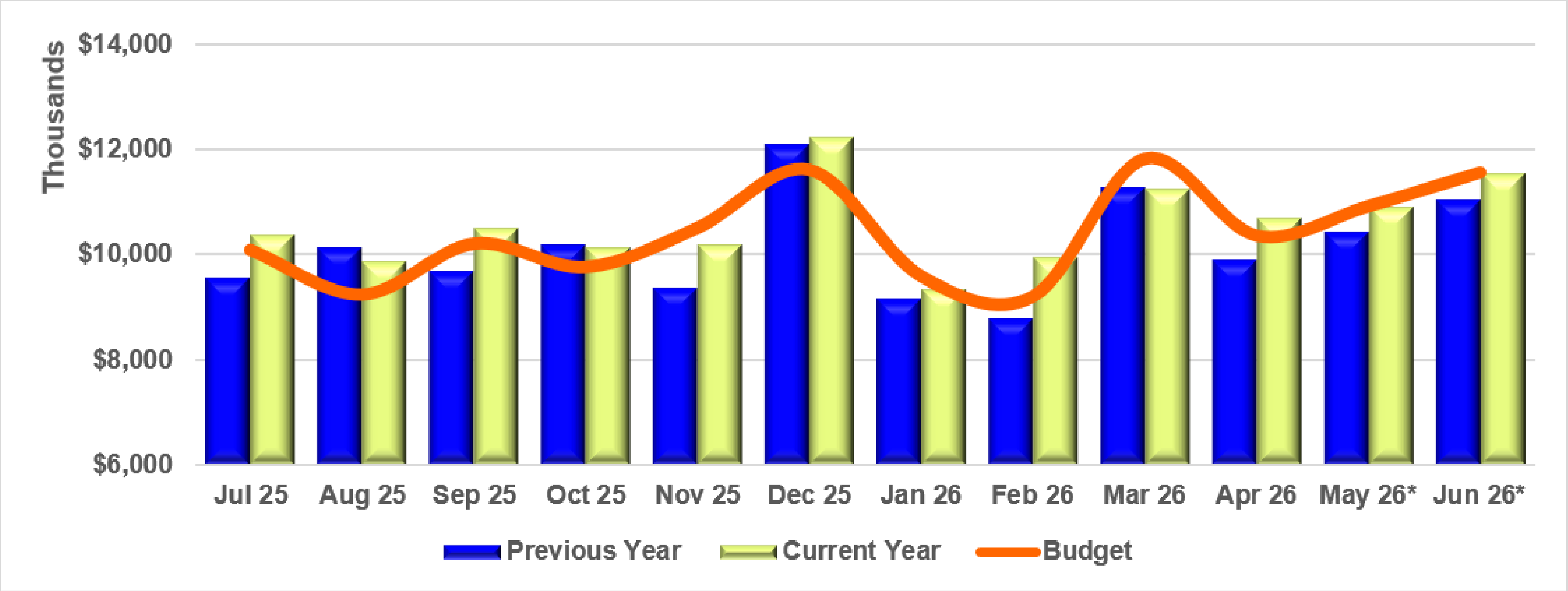
County Sales Tax – Year to Date



($000's)	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26	Apr 26	May 26 *	Jun 26 *
Current Year	$10,384	$9,891	$10,526	$10,151	$10,201	$12,230	$9,341	$9,945	$11,270	$10,693	$10,913	$11,554
Budget	$10,081	$9,234	$10,201	$9,756	$10,501	$11,605	$9,584	$9,196	$11,815	$10,354	$10,913	$11,554
Previous Year	$9,551	$10,149	$9,696	$10,205	$9,380	$12,116	$9,159	$8,788	$11,291	$9,895	$10,429	$11,042

* May through June of 2026 are recorded at estimates based on current year trends due to the delay in reporting from State Office

Cashflow and Obligation Report

Overnight Investments		$26,247,414
Securities & CD's		$88,542,533
Total All Securities (6/30/2026)		**$114,789,947**
Current Capital Reserve Obligations		
BRT Project Development (Hamilton & Reading Corridors) - Amts Pd	*$25,274,277*	
Future BRT Capital Match (Fed 70% & Local 30%)	*$40,500,000*	
Total BRT		$65,774,277
Local Match - FTA and ODOT Grants		$5,311,601
100% Local Projects *(Prior Years Open + Current Year)*		$18,724,431
2 Months of Operating Expenses		$26,000,000
All Other Obligations		$3,500,000
Total Current Capital Reserve Obligations		**$119,310,309**
Net Unrestricted Securities Available		**($4,520,362)**
2026 Remaining Operating Budget Surplus (Deficit) Jul-Dec		$5,046,000
Net Unrestricted Securities + '26 Operating Budget Surplus		**$525,638**

BOARD OF TRUSTEES
SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY
RESOLUTION NO. 2026-xx

APPROVAL TO FILE 2027 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) 2027.

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 funding 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 2027 Certifications and Assurances.

BOARD OF TRUSTEES ACTION ITEM

DATE:	July 23, 2026
FROM:	Mary Huller, Director of Grants and Administration Tim Walker, Chief Financial Officer
PROJECT NO.:	
STRATEGIC.:	Highly Effective Organization, Grow Ridership, Connect the Region, & Drive Economic Development
REQUEST:	Approval for 2027 Grant Submissions

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 years. SORTA wishes to apply for the maximum amount available in federal, state, and local assistance grants offered within the federal fiscal year (FFY) 2027 that are consistent with SORTA's needs and long-term priorities.

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 that too are consistent with SORTA's needs and long-term priorities.

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.

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 provided through a blanket approval of 2027 application efforts allows staff to react to changing conditions and quick turn-around application times at the federal, state, and local level.

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.

Grant funding is a significant part of SORTA's operational and capital budget, supporting ongoing efforts that include planning, operations, maintaining a state of good repair with existing assets, and capital project implementation. These efforts promote an efficient and effective organization.

PROJECT FINANCING

None

PROJECT PROCUREMENT

None

PROJECT DIVERSITY

None

RECOMMENDED BOARD ACTION

Approval of a resolution authorizing SORTA management to file funding 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 2027 federal fiscal 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 2027 Certifications and Assurances.

	Operating Fund		Infrastructure Fund	
	Principal	Yield	Principal	Yield
Overnight Investments				
STAR Ohio	$20,097,234	3.82%	$36,082,612	3.82%
Trust Account/Fed Govt Oblig Issue MM	-	0.00%	356,662	3.54%
Fifth Third Bank Concentration Account	137,271	0.00%	25,887	0.00%
Subtotal Overnight Investments	$20,234,505	3.79%	$36,465,161	3.81%
Securities and CD's				
U.S. Agencies	$40,587,961	4.59%	$61,578,373	4.09%
Certificate of Deposit	737,522	3.89%	-	0.00%
Commercial Paper	7,560,400	3.93%	-	0.00%
U.S. Treasuries	48,369,210	4.03%	79,359,369	3.94%
Subtotal Securities and CD's	$97,255,093	4.26%	$140,937,742	4.01%
Days to Maturity	394		394	
Total All Securities (5/31/2026)	$117,489,598	4.18%	$177,402,903	3.97%
Total All Securities (4/30/2026)	$120,898,411	4.14%	$174,419,976	3.88%
Funds provided by (required for) Operations	($1,902,049)		$4,020,959	
Funds provided by (required for) Capital	($1,506,764)		($1,038,032)	
Change in Cash during May 2026	($3,408,813)		$2,982,927	
Monthly Investment Income	$500,216		$622,609	
Year to Date Investment Income	$2,258,597		$2,844,761	
NOTE: Total All Securities (5/31/2025)	$165,598,516		$143,775,214	

Approved:

Tim Walker
Chief Financial Officer

Investment of Funds Report

	Operating Fund		Infrastructure Fund	
	Principal	Yield	Principal	Yield
Overnight Investments				
STAR Ohio	$25,829,172	3.84%	$28,392,917	3.84%
Trust Account/Fed Govt Oblig Issue MM	-	0.00%	676,261	3.50%
Fifth Third Bank Concentration Account	418,242	0.00%	37,952	0.00%
Subtotal Overnight Investments	$26,247,414	3.78%	$29,107,130	3.83%
Securities and CD's				
U.S. Agencies	$38,730,416	4.62%	$61,290,240	4.16%
Certificate of Deposit	737,522	3.89%	-	0.00%
Commercial Paper	4,647,601	3.89%	-	0.00%
U.S. Treasuries	44,426,994	3.97%	89,842,592	3.94%
Subtotal Securities and CD's	$88,542,533	4.25%	$151,132,832	4.02%
Days to Maturity	402		394	
Total All Securities (6/30/2026)	$114,789,947	4.14%	$180,239,962	3.99%
Total All Securities (5/31/2026)	$117,489,598	4.18%	$177,402,903	3.97%
Funds provided by (required for) Operations	$599,974		$4,381,667	
Funds provided by (required for) Capital	($3,299,625)		($1,544,608)	
Change in Cash during June 2026	($2,699,651)		$2,837,059	
Monthly Investment Income	$443,121		$796,232	
Year to Date Investment Income	$2,701,717		$3,640,993	
NOTE: Total All Securities (6/30/2025)	$161,973,188		$148,061,648	

Approved:

Tim Walker
Chief Financial Officer

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