

## SORTA FINANCE COMMITTEE MEETING

TUESDAY, APRIL 16<sup>TH</sup>, 2023 - 9:00 A.M.  
SORTA/METRO AT HUNTINGTON CENTER,  
SORTA BOARD ROOM (6<sup>TH</sup> FLOOR),  
525 VINE STREET  
CINCINNATI, OHIO 45202

### General Items:

- Call to order
- Pledge of Allegiance
- 1. Approval of Finance Committee Minutes: March 21<sup>st</sup>, 2023

### Briefing Items

- 2. Internal & External Audit Summary Review: Q1 (**Norman Bouwie III**)
- 3. Financial Reports as of March 28<sup>th</sup>, 2023 (**Larry Pinkelton**)
- 4. Review of Investment Funds Reserve Summary (**Larry Pinkelton**)

### Action Items

- 5. Approval of Investment of Funds Reports as of March 28<sup>th</sup>, 2023 (**Larry Pinkelton**)

### Other Items:

- New Business
- Adjournment

The next regular meeting of the Finance Committee has been scheduled for  
**May 16<sup>th</sup>, 2023, at 9:00 a.m.**

FINANCE COMMITTEE  
TUESDAY, MARCH 21<sup>ST</sup>, 2023 – 9:00 A.M.  
SORTA/METRO AT HUNTINGTON CENTER  
6<sup>TH</sup> FLOOR SORTA BOARD ROOM  
525 VINE STREET  
CINCINNATI, OHIO 45202

COMMITTEE MEMEBERS APPOINTED: *Sonja Taylor (Chair), Jay Bedi, Dan Driehaus, Chelsea Clark, Allen Freeman, Rod Hinton, and KZ Smith*

COMMITTEE/BOARD MEMBERS PRESENT: Kreg Keesee, Dan Driehaus, and Sara Sheets

COMMITTEE MEMBERS ABSEN: Sonja Taylor, Chelsea Clark, Allen Freeman, and Rod Hinton

STAFF MEMBERS PRESENT: *Darryl Haley (CEO), Andy Aiello, Steve Anderson, John Edmondson, Adriene Hairston, Mary Huller, James Hubbard, Brandy Jones, Maria Jones, Natalie Krusling, Pat LaFleur, Jeff Mundstock, Adam Przeklasa, John Ravasio, Jason Roe, Shannel Satterfield, Khaled Shammout and Tara Walker*

OTHERS PRESENT: Kim Schaefer (Legal Counsel-Vorys), Andrew Sizemore (Clark Schaefer), and Kelsey Lichtefeld (Clark Schaefer)

1. **Call to Order**

Mr. Keesee called the meeting to order.

2. **Pledge of Allegiance**

The Pledge of Allegiance was recited.

3. **Approval of Minutes of February 21<sup>st</sup>, 2023**

Mr. Keesee moved and seconded that the minutes of the February 21<sup>st</sup>, 2023, be approved. By voice vote the committee approved the minutes.

4. **Risk Assessment**

A collective presentation was presented by Mr. Sizemore and Ms. Lichtefeld from Clark Schaefer and Mr. Bouwie of SORTA. The 2023 Risk Assessment report included: the audit scope, methodology, assessment results, and the 2023 audit plan based on low, medium, and high-risk items ranking.

The Committee accepted the report as presented.

5. **Financial Report as of February 28<sup>th</sup>, 2023**

Mr. Pinkelton presented the February financial reports. Total revenues were \$16.7 million, which is favorable to budget by \$578,000. Total expenses were \$10.9 million, which is favorable to budget by \$1.2 million. Fare revenue was \$1 million favorable to budget by \$177,00k. Mr. Pinkelton then reviewed the contributing factors to these variances.

The Committee accepted the report as presented.

6. **Investment of Funds Report as of February 28<sup>th</sup>, 2023**

Mr. Pinkelton presented the report noting the yields of SORTA 4.05% for February compared to the prior month of 3.81% for the month of January.

Mr. Pinkelton presented the report noting yields for the Infrastructure Transit Fund of 3.99% for February compared to the prior month of 3.73% for the month of January.

The Committee approved the report as presented.

7. **Review of Investment Funds Reserve Summary**

Mr. Pinkelton presented a new report to the Committee. The Investment of Funds Reserve Summary provides transparency of the agency's current capital reserve obligations for FY23.

The Committee accepted the report as presented.

8. **New Business**

The next regular meeting of the Finance Committee has been scheduled for Tuesday, April 18<sup>th</sup>, 2023, at 9:00 A.M.

9. **Adjournment**

The meeting adjourned at 9:28 A.M.

# SORTA Internal & External Audit Findings

April 18, 2023 | Norman C. Bouwie III







# Agenda

- Closed Audit Findings (No Updates)
- Open Audit Findings with an Expected Remediation Date
- Open Audit Findings without a Remediation or Plan( No Updates)
- Current and Upcoming Audits





# Open Audit Findings with an Expected Remediation Date



# Open Audit Findings with an Expected Remediation Date



Open Items - Expected Remediation Date in Future or Extended for Business Purposes									
No.	Date	Team	Audit	Finding	Observation	Recommendation	Management Response	Owner	Status
1	Apr. 2019	Clark Schaefer	Vendor Management	Documenting Monitoring Activities	There is no formalized documentation of monitoring activities performed by SORTA to ensure contract terms and responsibilities are being met by the vendor.	Inspections performed for monitoring activities should be tracked and documented to provide an audit trail for future use.	SORTA will develop a process to document all required contract deliverables to include changes to work scopes, quantity or quality of goods, or timeline within which deliverables are required.	Andrew Aiello	The Vendor Performance Manager was hired in Q1 2023. Vendor Performance policies and procedures to be completed in Q2 2023.
2	Apr. 2019	Clark Schaefer	Vendor Management	Remediation Process for Non-Compliant Vendors	There is not a consistent process for addressing vendors not in compliance with the original contract terms. These issues are handled at the Project Manager level and then escalated to the procurement department if warranted.	Introduce procedures and policies surrounding the issues process. This would allow Project Managers to have direction in handling the various types of issues arising from a lack of compliance from vendors.	SORTA will develop a policy that requires project managers to escalate issues of noncompliance to the Procurement Department for formal procurement mitigation. These procedures will include formal notification to the vendor, instructions for actions required, and consequences for failure to cure.	Andrew Aiello	The Vendor Performance Manager was hired in Q1 2023. Vendor Performance policies and procedures to be completed in Q2 2023.
3	Sept. 2021	Clark Schaefer	Business Continuity & Disaster Recovery	Disaster Recovery Planning	A formal IT Disaster Recovery Plan has not been implemented.	Management should formalize their IT Disaster Recovery Planning as part of their overall contingency planning process and follow steps to ensure the proper effective implementation of the IT Disaster Recovery Plan.	Management will begin to budget and work to complete the plan in FY2022 and begin testing portions of the plan in 2023.	Pat Giblin	Consultant has been engaged. Workshop was completed in Q1 2023. Plan is scheduled for completion Q2 2023.



# Open Audit Findings with an Expected Remediation Date



## Open Items - Expected Remediation Date in Future or Extended for Business Purposes

No.	Date	Team	Audit	Finding	Observation	Recommendation	Management Response	Owner	Status
4	Jan. 2022	Clark Schaefer	Paratransit (Access) Services	ADA Compliance	Procedures and guidelines had not undergone revision since 2012	Management should review the guidelines and procedures for changes needed and make update accordingly.	Management agrees and the guidelines and procedures are under construction and will be finalized in early 2022.	Lisa Aulick	Guideline content is complete; document is in final design. Distribution in Q2 2023.
5	Feb. 2022	Clark Schaefer	Advertising and Social Media	Advertisement Installation/ Removal Details (bus only)	Adsposure is not meeting contractual obligations to communicate and post installation or removal details in the portal.	Management should communicate expectations to the vendor to ensure requirements are met.	Management agrees and is developing an SOP for distribution to the contractor when finalized.	Dave Eitienne	We are currently renegotiating our contract with Adsposure, expected completion Q2 2023.
6	Feb. 2022	Clark Schaefer	Advertising and Social Media	Monitoring of Shelter and Bench Maintenance	Adsposure is not meeting contractual obligations regarding maintenance and repair records.	Management should communicate expectations to the vendor to ensure requirements are met.	Management agrees and in the future will require the vendor to supply monthly cleaning and maintenance reports.	Dave Eitienne	We are currently renegotiating our contract with Adsposure, expected completion Q2 2023.



# Open Audit Findings with an Expected Remediation Date



Open Items - Expected Remediation Date in Future or Extended for Business Purposes									
No.	Date	Team	Audit	Finding	Observation	Recommendation	Management Response	Owner	Status
7	Dec. 2022	Clark Schaefer	Hourly Payroll	Exception Review & Approval	Exceptions are documented, however, evidence of supervisor review and approval of exceptions is not formally documented.	Capture formal evidence of supervisor review and approval within the existing timecard exception review and approval process.	Management will add a Sup/Mgr signature line on the exception report. This document will be signed-off on daily before being sent to Payroll. Completion Q1 of 2023.	John Ravasio	The procedure documents are being fine tuned, expected completion Q2 2023.
8	Dec. 2022	Clark Schaefer	Hourly Payroll	Operators Pick Selection Approval	Observed operator Pick Slips unsigned or missing.	Request signatures to verify the driver selections were made by the driver and approved by the union and management.	Transportation will have the pick selections documented during each pick to maintain record and approval by end of Q1 2023.	John Ravasio	The procedure documents are being fine tuned, expected completion Q2 2023.
9	Dec. 2022	Clark Schaefer	Hourly Payroll	Time Approval – Operators	Station Managers review daily boards, but there is no documented evidence of this review / approval.	Formal documented review and approval process be implemented to capture an audit trail for review of the prior day's board and exception time.	Transportation will add a signature requirement for the previous days Board and payroll to include any reports and related documents. Completed by Q1 2023.	John Ravasio	The procedure documents are being fine tuned, expected completion Q2 2023.





# Current and Upcoming Audits



## Current and Upcoming Audits

#	Audit Area	Prior Audit Timing	Est. Hours	Audit Start	Estimated Completion
1	*Fleets & Facilities Maintenance Audit	2020	110	Q1 2023	Q2 2023
2	Riverfront Transit Center Parking	2009	100	Q2 2023	Q2 2023
3	*Staffing Levels and Succession Planning	2022	110	Q2 2023	Q3 2023
4	Accounts Payable	2022	120	Q2 2023	Q3 2023

\* Designates Audits that are planned to be performed by Clark Schaefer Consulting





# Southwest Ohio Regional Transit Authority

Financial Summary - March 2023

Report Out Date – April 18, 2023





# Agenda – Financial Summary

- Statement of Operations for March '23
  - Revenue Chart
  - Expense Chart
  - Key Drivers
  - Detail Profit & Loss Statement
- Investment Balance Update ( separate attachment )
- Investment Funds Reserve Summary





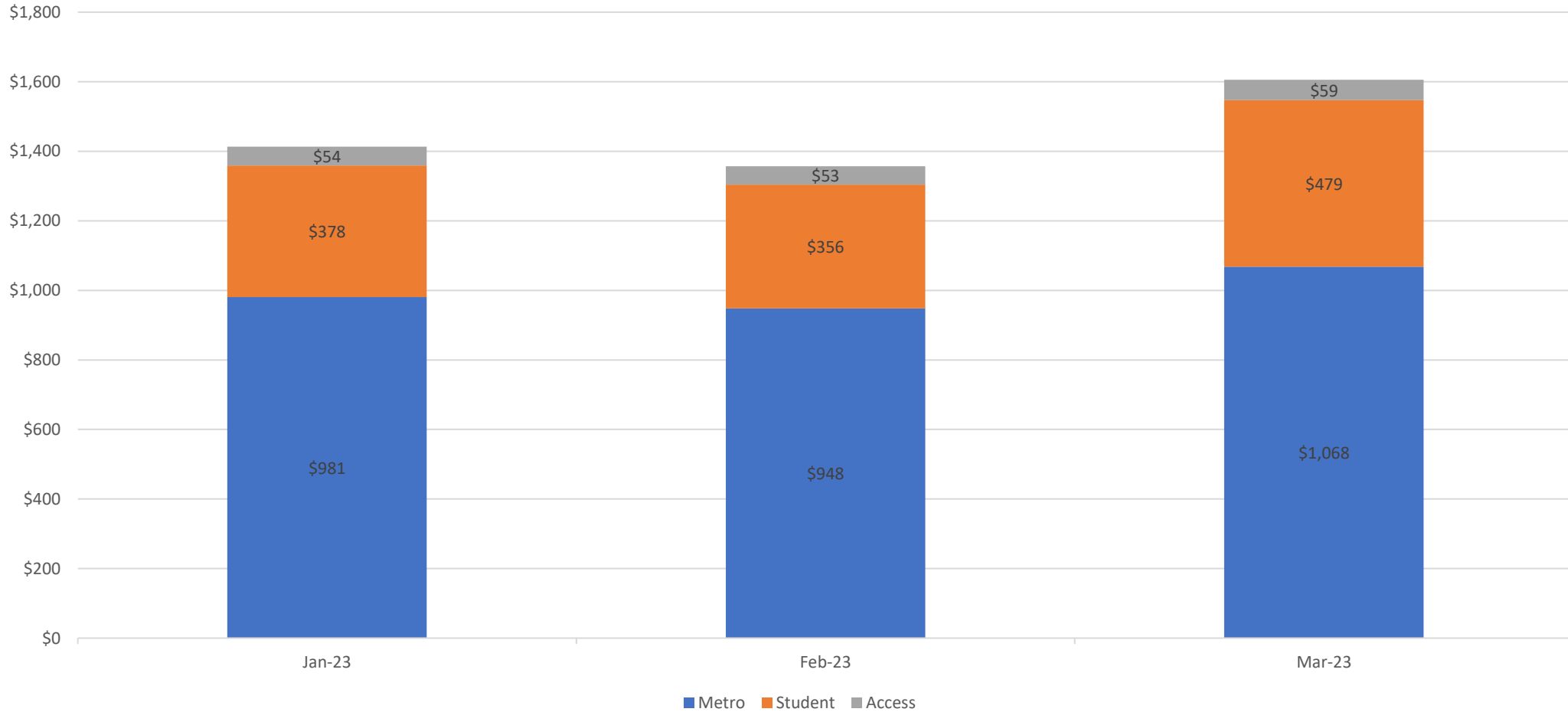


# STATEMENT OF OPERATIONS

# MARCH 2023 – FARE REVENUE SOURCES

## 3 MONTH TREND – JANUARY 2023 THRU MARCH 2023

In Thousands

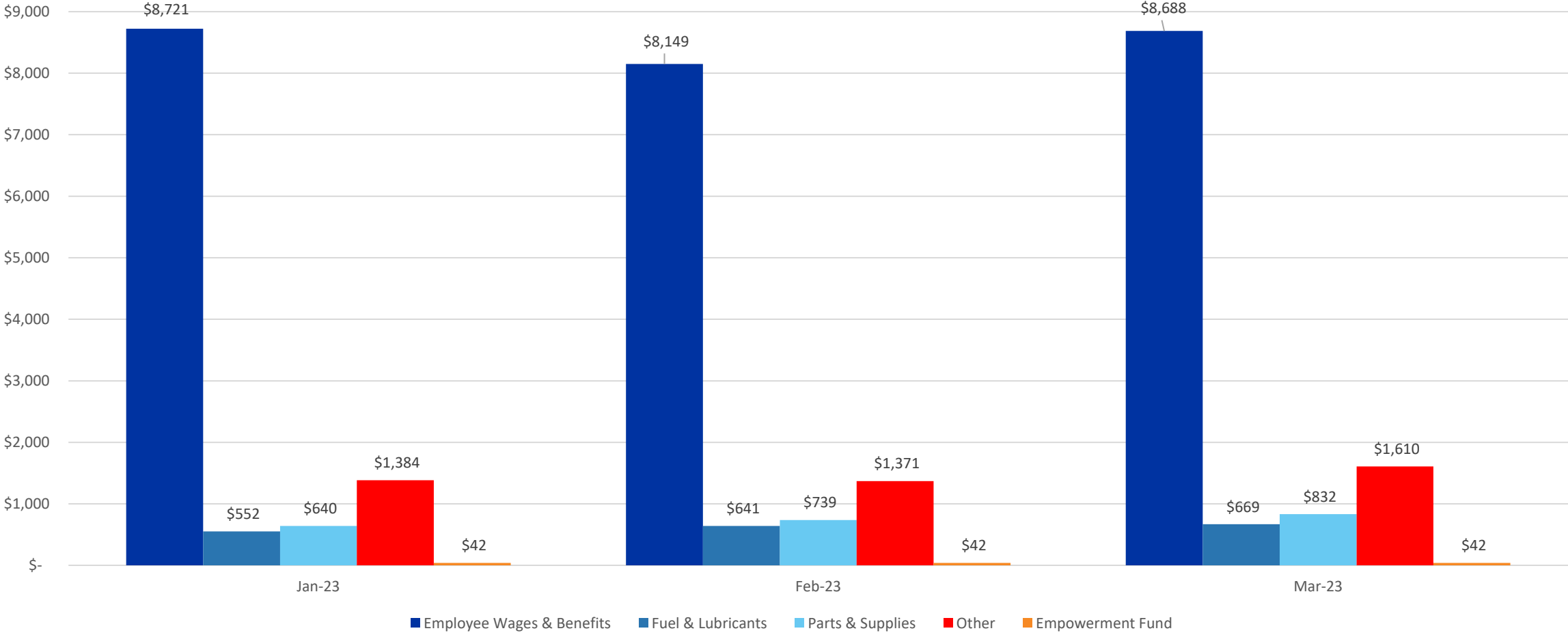




# MARCH 2023 – OPERATING EXPENSE SOURCES

## 3 MONTH TREND – JANUARY 2023 THRU MARCH 2023

In Thousands



# Profit & Loss – Summary / Key Drivers



## Summary

- Total Revenue \$18.1M - favorable to Budget \$729k or 4.2%
- Total Expense \$11.8M - favorable to Budget \$923k or 7.2%
- Surplus / ( Deficit ) \$6.3M - favorable to Budget \$1.7M
- Note: Ridership total is 1.08M - favorable to Budget 97k or 9.9%

## Revenue

- Total Fares \$1.1M - favorable to Budget \$103k or 10.1%.
- CPS Revenue \$479k - favorable to Budget \$152k or 46.5%. Root Cause: YTD true-up for extra curricular passes
- Non-Transportation \$618k - favorable to Budget \$514k or 494.2%. Root Cause: Investment portfolio income higher than projected
- County Sales Tax \$9.9M, which is on Budget. Note: Jan – Mar '23 will be on plan due to 3-month lag in actual receipts
- Federal Grants \$5.8M, which is on Budget

## Expense

- Wages & Benefits \$8.7M - favorable \$422k or 4.6% to Budget. Root Cause: Open positions
- Fuel and Lubricants \$669k - favorable \$111k or 14.2% to Budget. Root Cause: Diesel Fuel gallon usage and hedging gains \$118k
- Parts & Supplies \$832k - unfavorable (\$101k) to Budget or (13.8%). Root Cause: Revenue Vehicle Parts (\$80k)
- All Other \$1.6M - favorable \$491k to Budget or 23.4%. Root Cause: Outsourced Services \$533k



## Southwest Ohio Regional Transit Authority 2023 Profit & Loss Statement

3 Mos Ending Mar 31, 2023 (\$ In Thousands)	Month				Year to Date				Prior Year
	Actual	Budget	Fav(Unfav)		Actual	Budget	Fav(Unfav)		
<b>Ridership</b>									
Regular	918,640	841,432	77,208	9.2%	2,639,968	2,434,715	205,253	8.4%	1,706,021
CPS	144,124	124,823	19,301	15.5%	455,040	348,703	106,337	30.5%	338,885
<b>Subtotal Fixed Route</b>	<b>1,062,764</b>	<b>966,255</b>	<b>96,509</b>	<b>10.0%</b>	<b>3,095,008</b>	<b>2,783,418</b>	<b>311,590</b>	<b>11.2%</b>	<b>2,044,906</b>
Access	16,017	15,465	552	3.6%	43,895	39,031	4,864	12.5%	37,825
<b>Total Ridership</b>	<b>1,078,781</b>	<b>981,720</b>	<b>97,061</b>	<b>9.9%</b>	<b>3,138,903</b>	<b>2,822,449</b>	<b>316,454</b>	<b>11.2%</b>	<b>2,082,731</b>
<b>Revenue</b>									
Metro Fares	\$ 1,068	\$ 975	\$ 93	9.5%	\$ 2,997	\$ 2,590	\$ 407	15.7%	\$ 2,371
Access Fares	59	49	10	20.4%	167	139	28	20.1%	134
<b>Total Fares</b>	<b>1,127</b>	<b>1,024</b>	<b>103</b>	<b>10.1%</b>	<b>3,164</b>	<b>2,729</b>	<b>435</b>	<b>15.9%</b>	<b>2,505</b>
CPS Contract	479	327	152	46.5%	1,213	1,040	173	16.6%	845
Other Contract Revenue	118	135	(17)	(12.6%)	363	404	(41)	(10.1%)	350
Non Transportation	618	104	514	494.2%	1,648	312	1,336	428.2%	309
County Sales Tax	9,872	9,872	-	-	28,065	28,065	-	-	31,727
Federal Subsidies	1,200	1,200	-	-	3,600	3,600	-	-	-
ARP	2,100	2,100	-	-	6,300	6,300	-	-	6,326
ARP Comp	2,500	2,500	-	-	7,500	7,500	-	-	8,072
State Subsidies	107	130	(23)	(17.7%)	298	370	(72)	(19.5%)	427
<b>Total Revenue</b>	<b>18,121</b>	<b>17,392</b>	<b>729</b>	<b>4.2%</b>	<b>52,151</b>	<b>50,320</b>	<b>1,831</b>	<b>3.6%</b>	<b>50,561</b>
<b>Expenses</b>									
Employee Wages & Benefits	8,688	9,110	422	4.6%	25,557	27,046	1,489	5.5%	22,456
Fuel & Lubricants	669	780	111	14.2%	1,863	2,186	323	14.8%	957
Parts & Supplies	832	731	(101)	(13.8%)	2,212	2,182	(30)	(1.4%)	2,002
Empowerment Fund	42	42	-	-	126	126	-	-	125
Other	1,610	2,101	491	23.4%	4,375	6,155	1,780	28.9%	6,773
<b>Total Expenses</b>	<b>11,841</b>	<b>12,764</b>	<b>923</b>	<b>7.2%</b>	<b>34,133</b>	<b>37,695</b>	<b>3,562</b>	<b>9.4%</b>	<b>32,313</b>
<b>Surplus(Deficit) Before Adj</b>	<b>\$ 6,280</b>	<b>\$ 4,628</b>	<b>\$ 1,652</b>		<b>\$ 18,018</b>	<b>\$ 12,625</b>	<b>\$ 5,393</b>		<b>\$ 18,248</b>
Capital Reserve Transfer	(6,280)	(4,628)			(18,018)	(12,625)			(18,248)
<b>Remaining Funds</b>	<b>\$ -</b>	<b>\$ -</b>			<b>\$ -</b>	<b>\$ -</b>			<b>\$ -</b>



**Investment of Funds Report**  
**March 31, 2023**

	<u>Principal Amount</u>	<u>3/31/2023 Yield</u>
<b><u>Overnight Investments</u></b>		
STAR Ohio	\$104,320,436	5.02%
Fifth Third Bank Concentration Account	\$94,683	0.00%
<b>Subtotal Overnight Investments / Average Rate</b>	<b><u>\$104,415,119</u></b>	<b>5.02%</b>
<b><u>Securities &amp; CD's</u></b>		
Fifth Third Bank Custody Account:		
Agency Bond	\$12,179,666	1.90%
Commercial Paper	\$3,363,090	5.45%
Certificate of Deposit	\$992,327	0.76%
U.S. Treasury Bond	\$4,785,016	2.08%
U.S. Treasury Note	\$19,798,666	1.43%
<b>Subtotal Securities &amp; CD's / Weighted Yield / Maturity</b>	<b><u>\$41,118,765</u></b>	<b>1.98%</b>
<b>Total All Securities (3/31/2023) / Weighted Yield</b>	<b><u>\$145,533,884</u></b>	<b>4.18%</b>

**Current Capital Reserve Obligations**

**Capital Plan Commitments by type :**

<b>Local Match - FTA and ODOT Grants</b>	\$2,306,641
<b>Note - Metro's contribution ranges from 10% - 50%, most are 20%</b>	
<b>100% Local Projects</b>	\$30,047,162
Prior Years Open	\$34,096,065
2023	
<b>2 Months of Operating Expenses</b>	\$24,000,000
<b>All Other Obligations</b>	\$9,500,000
<b>Total Current Capital Reserve Obligations</b>	\$99,949,868

**Net Unrestricted Securities Available** **\$45,584,016**

2023 Operating Budget Surplus (Deficit) Apr - Dec \$29,175,866

**Net Unrestricted Securities + '23 Operating Budget Surplus** **\$74,759,881**





Investment of Funds Report March 31, 2023
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	Principal Amount	3/31/2023 Yield	Security Days	Days to Maturity
<b><u>Overnight Investments</u></b>				
STAR Ohio	\$104,320,436	5.02%		
Fifth Third Bank Concentration Account	\$94,683	0.00%		
Subtotal Overnight Investments / Average Rate	<b>\$104,415,119</b>	5.02%		
<b><u>Securities &amp; CD's</u></b>				
Fifth Third Bank Custody Account:				
Agency Bond	\$12,179,666	1.90%		
Commercial Paper	\$3,363,090	5.45%		
Certificate of Deposit	\$992,327	0.76%		
U.S. Treasury Bond	\$4,785,016	2.08%		
U.S. Treasury Note	\$19,798,666	1.43%		
Subtotal Securities & CD's / Weighted Yield / Maturity	<b>\$41,118,765</b>	1.98%	635	679

<b>Total All Securities (3/31/2023) / Weighted Yield</b>	<b>\$145,533,884</b>	4.18%
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Total All Securities (2/28/2023) / Weighted Yield	<b>\$148,509,229</b>	4.05%
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Funds provided by (required for) Operations during March	\$3,084,344		Monthly Investment Income	\$ 513,408
Funds provided by (required for) Capital during March	(\$6,059,689)		Year to Date Investment Income	\$ 1,390,483
Change in Cash during March 2023	<b>(\$2,975,345)</b>			

Note: Total All Securities (3/31/2022) **\$76,555,508**

Reviewed and Approved by:

Lawrence A. Pinkelton

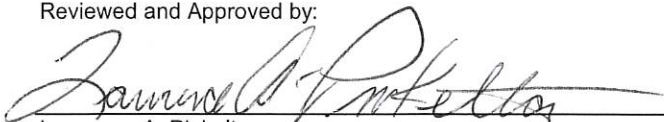
Lawrence A. Pinkelton  
Chief Financial Officer



**Infrastructure Investment of Funds Report  
March 31, 2023**

	Principal Amount	3/31/2023 Yield	Sec Days	Days to Maturity
<b><u>Overnight Investments</u></b>				
STAR Ohio	\$47,060,334	5.02%		
Trust Account/Fed Govt Oblig Issue Money Market Fund	\$1,974,374	4.65%		
Fifth Third Bank Infrastructure Account	\$29,655	0.00%		
<b>Subtotal Overnight Investments / Average Rate</b>	<b>\$49,064,363</b>	<b>5.00%</b>		
<b><u>Securities &amp; CD's</u></b>				
Fifth Third Bank Custody Account:				
Agency Bond	\$10,466,869	2.99%		
Commercial Paper	\$1,921,766	5.45%		
U.S. Treasury Bond	\$5,984,170	1.77%		
U.S. Treasury Note	\$13,074,339	2.88%		
<b>Subtotal Securities &amp; CD's / Weighted Yield / Maturity</b>	<b>\$31,447,144</b>	<b>2.94%</b>	<b>449</b>	<b>471</b>
<b>Total All Securities (3/31/2023) / Weighted Yield / Maturity</b>	<b>\$80,511,507</b>	<b>4.16%</b>		
<b>Total All Securities (2/28/2023) / Weighted Yield / Maturity</b>	<b>\$76,587,280</b>	<b>3.99%</b>		
<b>Funds provided by (required for) Tax Receipts during March</b>	<b>\$ 3,940,588</b>		<b>Monthly Investment Income \$</b>	<b>296,879</b>
<b>Funds provided by (required for) Payouts during March</b>	<b>\$ (16,361)</b>		<b>Year to Date Investment Income \$</b>	<b>733,913</b>
<b>Change in Cash during March 2023</b>	<b>\$ 3,924,227</b>			

Reviewed and Approved by:

  
 \_\_\_\_\_  
 Lawrence A. Pinkelton  
 Chief Financial Officer