

SORTA FINANCE COMMITTEE MEETING

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

General Items:

- Call to order
- Pledge of Allegiance
- 1. Approval of Finance Committee Minutes: May 16th, 2023

Briefing Items

- 2. Internal Audit: Fleets & Facilities Maintenance (***Kelsey Lichtefeld, Clark Schaefer Consulting***)
- 3. Presentation of Audited Financial Statements as of December 31st, 2022-ACFR (***Christine Torres, Crowe***)
- 4. Good News! (***Larry Pinkelton***)
- 5. Fuel Hedging Report: Q1 (***Larry Pinkelton***)
- 6. Financial Results for April 30th, 2023 (***Larry Pinkelton***)

Action Items

- 7. Approval of Investment of Funds Reports as of April 30th, 2023 (***Larry Pinkelton***)
 - i. *Review of Investment of Funds Revenue Summary*

Other Items:

- New Business
- Adjournment

The next regular meeting of the Finance Committee has been scheduled for
June 20th, 2023, at 9:00 a.m.

FINANCE COMMITTEE
TUESDAY, APRIL 18th, 2023 – 9:00 A.M.
SORTA/METRO AT HUNTINGTON CENTER
6th FLOOR SORTA BOARD ROOM
525 VINE STREET
CINCINNATI, OHIO 45202

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

COMMITTEE/BOARD MEMBERS PRESENT: Jay Bedi, Tony Brice, Dan Driehaus, Blake Ethridge, Gwen Robinson, and KZ Smith

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

STAFF MEMBERS PRESENT: Darryl Haley, Andy Aiello, Norman Bouwie, John Edmondson, Adriene Hairston, Mary Huller, Brandy Jones, Maria Jones, Natalie Krusling, Pat LaFleur, Adam Przeklasa, John Ravasio, Jason Roe, Shannel Satterfield Khaled Shammout, and Tara Walker

OTHERS PRESENT: Kim Schaefer (Legal Counsel-Vorys)

1. **Call to Order**

Mr. Driehaus called the meeting to order.

2. **Pledge of Allegiance**

The Pledge of Allegiance was recited.

3. **Approval of Minutes of March 21st, 2023**

Mr. Driehaus moved and seconded that the minutes of the March 21st, 2023, be approved. By voice vote the committee approved the minutes.

4. **Internal & External Audit Summary Review: Q1**

Mr. Bouwie presented a summary of internal and external audit findings that had been performed during the years 2019-2022 with management responses to findings on outstanding items for Q1.

The Committee accepted the report as presented.

5. **Financial Report as of March 31st, 2023**

Mr. Pinkelton presented the March financial report. Total revenues were \$18.1 million, which is favorable to budget by \$729,000 or 4.2%. Total expenses were \$11.8 million, which is favorable to budget by \$923,000 or 7.2%. Fare revenue was \$1.1 million, which was favorable to budget by \$103,000 or 10.1%. Mr. Pinkelton then reviewed the contributing factors to these variances.

The Committee accepted the report as presented.

6. **Investment of Funds Report as of March 31st, 2023**

Mr. Pinkelton presented the report noting the yields of SORTA 4.18% for March compared to the prior month of 4.05% for the month of February.

Mr. Pinkelton presented the report noting yields for the Infrastructure Transit Fund of 4.16% for March compared to the prior month of 3.99% for the month of February.

The Committee approved the report as presented.

7. **Investment of Funds Reserve Summary as March 31st, 2023**

Mr. Pinkelton provided a high-level overview of the Investment of Funds Reserve Summary as of March 31st, 2023. Total securities \$145,533,884. Total Current Capital Reserve Obligations \$99,949,868. The Net Unrestricted Securities Available \$45,584,016, plus the 2023 Operating Budget Surplus (Deficit) of \$29,175,866, brings a total of \$74,759,882 for the month of March.

8. **New Business**

The next regular meeting of the Finance Committee has been scheduled for Tuesday, May 16th, 2023, at 9:00 A.M.

9. **Adjournment**

The meeting adjourned at 9:26 A.M.



Southwest Ohio Regional Transit Authority (“SORTA”)

Maintenance Audit

May 5, 2023



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Management Summary

Since 2006, Clark Schaefer Consulting (“CSC”) has performed the internal audit function for Southwest Ohio Regional Transit Authority (“SORTA”). SORTA has recently established its own internal audit function, which collectively assisted CSC in the performance of the 2023 Risk Assessment earlier this year, and will continue to work in conjunction with CSC on internal audit endeavors throughout 2023.

As a result of the enterprise risk assessment, CSC proposed multiple risk-based audits for the 2023 internal audit plan, including a Fleets and Facilities Maintenance Audit. CSC last performed SORTA’s Maintenance Audit in 2020. Through a combination of implementing a risk-based approach, considering historical audits performed by CSC and evaluating the timeframe in which critical areas were last reviewed, SORTA engaged CSC to perform the examination in the current year.

The purpose of this audit was to examine the processes surrounding SORTA’s Fleets and Facilities Maintenance function, and to determine whether proper procedural documentation is collected, verified, and maintained. Additionally, the audit was performed to determine whether the policies, procedures, practices, and internal controls involving maintenance are adequate, and whether procedures exist to ensure ongoing compliance with government regulations and SORTA policies.

Overall, SORTA has established adequate practices, procedures, and internal controls to ensure compliance with government regulations and SORTA policies. However, during our review we found opportunities for control improvements that, if implemented, will help strengthen the control structure and should help mitigate the exposure to maintenance practice risks. The identified areas for improvement include:

- Periodic policy and procedure review;
- Documentation of labor costs incurred; and
- Receipt of purchased materials and management of vendor relations.

Scope

SORTA provides transportation services throughout the Cincinnati metro area. To help provide assurance over controls within SORTA's maintenance processes, SORTA contracted with CSC to perform an examination covering the audit period of January 1, 2022 through December 31, 2022. The scope of the audit consisted of a review of policies, procedures, and practices in place. CSC identified key maintenance processes relating to fleets and facilities, defined audit objectives, and performed fieldwork testing surrounding the following key areas:

- Policies and procedures;
- Foreman skills, training, and technical competency;
- Coaches unavailable for service due to major repairs;
- Compensation rates for maintenance personnel;
- Labor and material charges;
- Preventative maintenance of fleets and the facilities;
- FTA mandated 20% spare ratio;
- Adequacy of storeroom levels to meet maintenance demands, including periodic inventory counts;
- Purchasing process related to the storeroom inventory and inventory receipts.

Additionally, CSC followed up on prior audit observations noted during the last Maintenance Audit conducted in 2020.

Methodology

Project fieldwork commenced on March 13, 2023 and was completed on April 11, 2023. To achieve the objectives of this engagement, CSC utilized experienced consultants with expertise and backgrounds in internal audit and information technology.

The audit was performed according to the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. CSC performed walkthroughs of the SORTA control environment to develop the audit scope and to determine the appropriate testing procedures to assess SORTA's maintenance processes. Additional consideration was given to all control areas, as deemed necessary, by the audit team performing the review.

Our methodology for this assessment included the following steps:

1. Created planning documentation, including the document request list, kick-off meeting agenda, and audit program.
2. Conducted project kick-off meeting with SORTA management and designated personnel to discuss updates to the project scope applicable to the current engagement, testing approach, project logistics, timelines, and expected deliverables.
3. Based on discussions with management, CSC updated and finalized the audit work program, ensuring an appropriate risk-based approach was taken.

4. Reviewed observations and recommendations from the previous 2020 Maintenance Audit.
5. Performed walkthroughs of current processes, including interviewing relevant key control owners to enhance CSC's understanding of the SORTA control environment and related risks.
6. Examined supporting documentation provided by the organization. Performed corroborative inquiry with appropriate personnel to substantiate the information obtained.
7. Designed and executed appropriate testing requirements during fieldwork. Documented the design and operating effectiveness of key controls based on the defined standards provided by our firm.
8. Tested key controls to assess the organization's environment using inquiry, observation, re-performance, sampling, and analysis.
9. Developed recommendations in order to help strengthen controls, improve processes, or assist in the reduction of risks. We have included three main components within our recommendations:
 - Observation – Description of the finding that caused a control deficiency or area for improvement.
 - Risk – Determined based upon the impact and likelihood of the control deficiency identified or the area to improve.
 - Recommendation – A realistic, cost-effective, and efficient solution that demonstrates understanding of the organization's current environment and provides a reasonable means to mitigate the identified issue.
10. Communicated observations and recommendations identified during review to process owner(s) and communicated findings to Internal Audit management.
11. Developed a draft audit report summarizing the scope, methodology, findings, risks, and recommendations for improvements as observed throughout our efforts.
12. Reviewed and enhanced the draft report with Internal Audit management, as required, to ensure the accuracy of observations and corresponding risks, as well as to ensure recommendations are aligned with Internal Audit management expectations.
13. Participated in closing meetings with Internal Audit management. Finalized the audit report by helping to obtain management responses for each observation.
14. Issued the final report.

To assist management in analyzing our recommendations, we ranked our observations as follows:

Rank	Description
High	Management should immediately remediate the situation to prevent significant risk of loss.
Moderate	Timely remediation by management is suggested.
Low	Does not appear to represent an immediate risk but improvements are still possible.
Informational	Opportunities for improvement exist, though the observation did not necessitate a testing exception through performance of noted procedures.

Observations & Recommendations

Based upon CSC's audit of SORTA's maintenance policies, procedures, and practices, we have identified three areas where controls could be enhanced. A ranking of each observation is provided below.

Observation #1: Policy and Procedures

Severity: Low

Observation

SORTA has recently undergone an organization-wide initiative to update policies and procedures. SORTA requires policies and procedures to be reviewed and approved by management on a periodic basis. Per review of the maintenance, and fleets and facilities policy and procedure manuals currently in place, CSC identified that not all information within the manuals is current. Additionally, CSC noted a lack of evidence of formal periodic review and approval by management.

Risk

The absence of regular reviews on policy and procedures increases the risk of information captured within such documentation becoming outdated, which can ultimately lead to inconsistent understanding and application of internal processes throughout the organization.

Recommendation

With SORTA's recent emphasis on policies and procedures, CSC recommends implementing a revisions table to each policy and procedure document to formally capture reviews and/or updates to ensure content is reflective of current processes in place. To align with industry best practice, CSC also recommends policies and procedures be reviewed and approved by management on at least an annual basis.

Management Response

As of January 2023, Management has formed a policy and procedural review committee which consists of all cost center managers, senior managers, director, and other maintenance administrative employees. This committee meets monthly to review and update existing policy documents along with drafting and reviewing new documents in an effort to establish a living policy and procedure manual for employees to reference. This live document will be available on our internal website (MetroNet) by Q3 of 2023.

Observation #2: Labor Cost Records**Severity: Moderate****Observation**

During the examination, CSC identified that work orders do not currently include the laborers' pay rates, nor the total actual labor costs accumulated per work order. As a result, it is difficult to monitor that labor costs are accurately recorded and tracked in the Maximo system.

Risk

The risk of not capturing the pay rates of laborers on the work orders can lead to labor costs being improperly recorded, and/or not adhering to established pay rates. This could ultimately affect the organization's financials, as well as SORTA's adherence to established contractual agreements.

Recommendation

CSC recommends reviewing the functionality within Maximo to determine if these fields can be generated to populate within the work orders to allow for stronger oversight of labor costs incurred. Documentation should be enhanced in order to effectively manage labor costs accumulated. If such functionality exists and can be successfully leveraged, CSC recommends periodically performing reviews of the systematic rates to ensure that rates in the system are accurate.

Management Response

We reviewed the functionality within Maximo to include associates' hourly rates and concluded that the cost to implement and maintain was not beneficial to SORTA. We have developed an alternative solution where we will collaborate with our Information Technology (IT) department to update the Work Accomplished by Workorder (WAW) report to include the current hourly wage for each associate. The current WAW report is used to reconcile hours logged into Maximo to actual hours that each associate worked as reported in Novatime (SORTA's timekeeping system). SORTA will update the WAW report by Q3 of 2023. Once implemented SORTA's cost center managers will be required to review the WAW report weekly to ensure that SORTA is accurately capturing the true labor cost for work orders logged into Maximo.

Observation #3: Receipt of Materials & Vendor Relations**Severity: Informational****Observation**

During the examination, CSC performed testing procedures to validate that correct inventory items are received on time and in the right quantity so as not to create additional delays in maintenance and to determine whether the purchasing process is effective and efficient. For the samples selected for testing, CSC noted an instance in which an incorrect item was received, so the initial receipt was voided. The correct item was out of stock for an extended period, and therefore was not received from the vendor for 42 days.

Additionally, CSC noted another instance in which a part was not received in a timely manner, with a lead time of 60 days. Similarly, this was a result of supply chain issues hindering SORTA's ability to find a vendor to fulfill the need. CSC notes this occurrence did not pose significant risk, as the sample reviewed was a Priority 2 work order, meaning the bus was still operable and therefore did not directly impact operations. Supply chain issues have been a major problem industry-wide as a direct result of the COVID-19 pandemic. These instances are not considered exceptions, as they were due to external factors outside of management's control.

Risk

Receiving incorrect inventory can lead to added maintenance time, ultimately resulting in busses being held in the shop for extended durations of time. This could negatively impact SORTA's operations and could ultimately lead to potential financial consequences (i.e., losing revenue from busses not servicing routes, paying for parts not received, etc.).

Recommendation

Continue to monitor inventory receipts and purchase orders to ensure correct quantities and materials are received timely. Continue to closely monitor key maintenance vendors to prioritize effective and efficient purchasing of materials.

Management Response

No management response is required, as this observation is informational in nature and is outside of management's control. The circumstances noted do not present significant risk, per CSC's review.



Southwest Ohio Regional

Transit Authority

May 16, 2023

Crowe LLP

Finance Committee Meeting

Year Ending December 31, 2022

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 auditor in charge of the audit for Southwest Ohio Regional Transit Authority.
Audit Manager	Dan Hartley	Dan is the engagement manager overseeing the day-to-day progress of all significant areas of the audits.
Audit Senior Staff	Stacy Curnow	Stacey 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

- Finalize audit reports and recommendations
- Presentation to Finance Committee

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 and sales and use tax revenues to properly recognize revenue.



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.
- At the end of the audit, we will inform the Finance Committee of all individual unrecorded misstatements aggregated by us in connection with our audit.



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

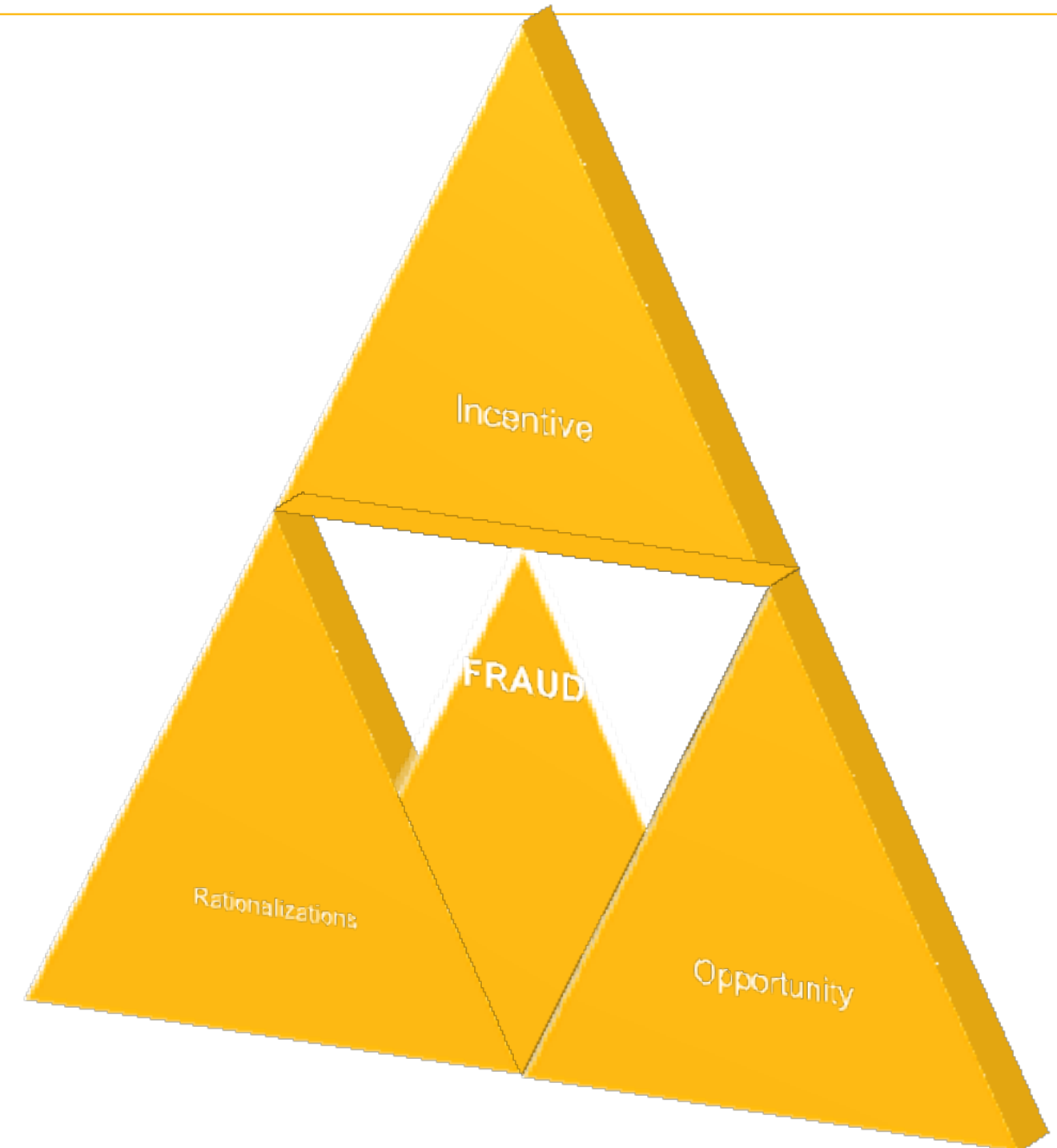
Tips or complaints regarding financial reporting

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

Matters warranting particular attention during the audit

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,		
	2022	2021 (As Restated)	2020
Current assets	\$196,691	\$110,672	\$69,759
Capital assets - net	116,924	109,994	101,123
Other non-current assets	91,348	53,954	12,123
Total assets	<u>404,963</u>	<u>274,620</u>	<u>183,005</u>
Deferred outflows of resources	19,622	15,256	18,760
Total assets and deferred outflows of resources	<u>\$424,585</u>	<u>\$289,876</u>	<u>\$201,765</u>

Financial Statement Discussion

(presented in thousands)

	As of December 31,		
	2022	2021 (As Restated)	2020
Current Liabilities	\$38,214	\$23,104	\$14,096
Non-current liabilities	46,237	69,173	123,755
Total liabilities	84,451	92,277	137,851
Deferred inflows of resources	53,187	43,443	22,360
Total liabilities and deferred inflows of resources	137,638	135,720	160,210
Net position			
Net investment in capital assets	100,347	109,869	99,144
Restricted	89,101	48,409	12,101
Unrestricted	97,499	(4,122)	(69,690)
Total net position	286,947	154,156	41,555
Total liabilities, deferred inflows of resources and net position	\$424,585	\$289,876	\$201,765

Financial Statement Discussion

(presented in thousands)

	For fiscal years ended December 31,		
	2022	2021 (As Restated)	2020
Operating revenues:			
Passenger fares	\$14,448	\$11,500	\$11,100
Other operating revenues	1,299	1,029	838
Total operating revenues	15,747	12,529	11,938
Operating expenses other than depreciation and amortization	107,659	80,887	106,712
Depreciation and amortization expense	15,467	16,519	15,843
Total operating expenses	123,126	97,406	122,555
Operating loss	(107,379)	(84,877)	(110,617)

Financial Statement Discussion

(presented in thousands)

	For fiscal years ended December 31,		
	2022	2021 (As Restated)	2020
Non-operating revenues (expenses):			
Operating assistance from (to) City of Cincinnati	(416)	9,480	60,380
Sales and use tax revenue	141,872	134,772	33,464
Federal maintenance grants	71,867	24,206	47,068
Federal grant pass throughs	3,473	4,104	-
Local operating grants and assistance	202	1,913	2,778
Other non-operating revenues	1,331	784	1,770
Total non-operating revenues	218,329	175,259	145,460
Net income (loss) before capital grant activity	110,950	90,382	34,843
Capital grant revenue	21,841	24,709	16,980
Change in net position	132,792	115,091	51,823
Net position, beginning of year (restated for 2021)	154,156	39,065	(10,268)
Net position, end of year	\$286,947	\$154,156	\$41,555

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 87, *Leases* 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 – No such misstatements.

Significant Issues – No significant issues.

Other Required Communications

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 year ended December 31, 2022, 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, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2022 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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Government Finance Officers Association
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Chicago, Illinois 60601-1210
312.977.9700 fax: 312.977.4806

5/4/2023

Darryl Haley
Chief Executive Officer
Southwest Ohio Regional Transit Authority

Dear Mr. Haley:

We are pleased to notify you that your annual comprehensive financial report for the fiscal year ended December 31, 2021 qualifies for GFOA's Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

When a Certificate of Achievement is awarded to a government, an Award of Financial Reporting Achievement (AFRA) is also presented to the individual(s) or department designated by the government as primarily responsible for its having earned the Certificate. This award has been sent to the submitter as designated on the application.

We hope that you will arrange for a formal presentation of the Certificate and Award of Financial Reporting Achievement, and give appropriate publicity to this notable achievement. A sample news release is included to assist with this effort.

We hope that your example will encourage other government officials in their efforts to achieve and maintain an appropriate standard of excellence in financial reporting.

Sincerely,

A handwritten signature in black ink that reads "Michele Mark Levine". The signature is written in a cursive, flowing style.

Michele Mark Levine
Director, Technical Services

Southwest Ohio Regional Transit Authority
Diesel Fuel Hedging Report
As of April 30, 2023

	YTD @ Apr ME <u>Total</u>	<u>Per Gallon</u>	YTD @ Jan ME <u>Total</u>	<u>Per Gallon</u>
Fuel Purchased	\$2,602,243	\$2.98	\$675,533	\$3.12
Hedging Gains / (Losses)	262,569	\$0.30	\$169,800	\$0.78
Net Fuel Cost	<u>2,339,674</u>	\$2.68	<u>\$505,733</u>	\$2.33
Budget	2,726,174	\$2.86	\$676,961	\$2.87
Variance Favorable / (Unfavorable)	<u><u>\$386,500</u></u>	14.2%	<u><u>\$171,228</u></u>	25.3%

<u>Future Hedges:</u>	<u>Gallons Hedged Total</u>	<u>Percent</u>	<u>Average Cost per Gallon</u>	<u>Unrealized Gain/(Loss)</u>
2023	1,428,000	72%	\$2.39	\$7,295
				<u><u>\$7,295</u></u>

<u>Hedging Policy</u>	<u>Policy</u>	<u>Hedged</u>	<u>Prior Qtr Hedged</u>
0 - 12 Months	90%	83%	83%
13 - 24 Months	90%	13%	0%
25 - 36 Months	50%	0%	0%

Historical Performance

	<u>Fuel Purchased</u>	<u>Realized Gain / (Loss)</u>	<u>Net</u>	<u>Budget</u>	<u>Variance</u>
2018	6,325,084	845,763	5,479,321	5,229,423	(249,898)
2019	5,534,869	150,141	5,384,728	5,355,630	(29,098)
2020	2,913,009	(1,638,748)	4,551,757	5,289,298	737,541
2021	5,348,585	901,598	4,446,987	4,799,366	352,379
2022	5,348,585	901,598	4,446,987	4,799,366	352,379
2023YTD	2,602,243	\$262,569	2,339,674	2,726,174	386,500
Aggregate:	<u><u>\$ 28,072,374</u></u>	<u><u>\$1,422,921</u></u>	<u><u>\$26,649,453</u></u>	<u><u>\$28,199,257</u></u>	<u><u>\$1,549,804</u></u>

Southwest Ohio Regional Transit Authority

Financial Summary - April 2023

Report Out Date – May 16, 2023





Agenda – Financial Summary

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



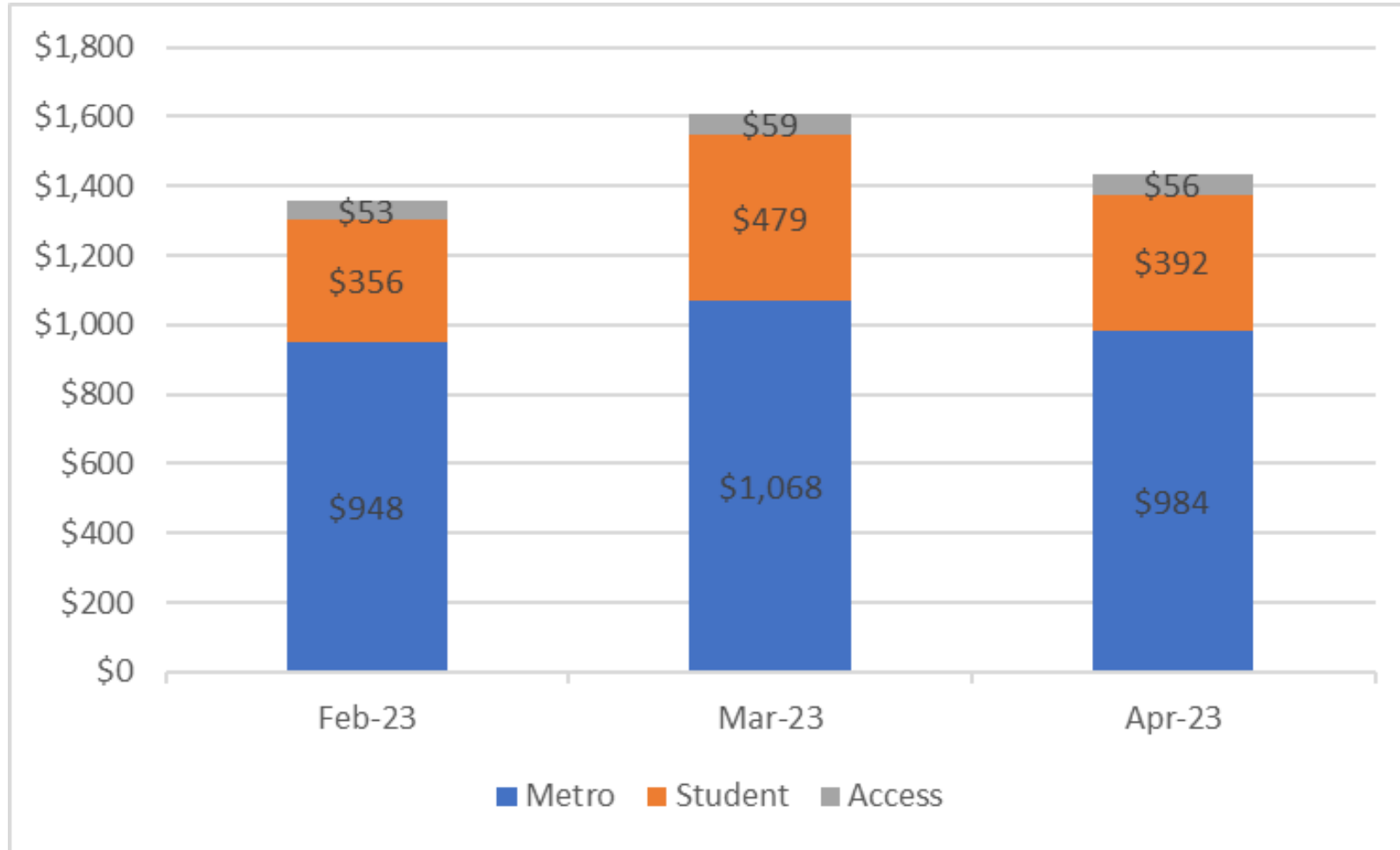


STATEMENT OF OPERATIONS

APRIL 2023 – FARE REVENUE SOURCES

3 MONTH TREND – FEBRUARY 2023 THRU APRIL 2023

In Thousands



Month	Days per Month	Avg Rev per Day
Feb-23	28	\$34
Mar-23	31	\$34
Apr-23	30	\$33

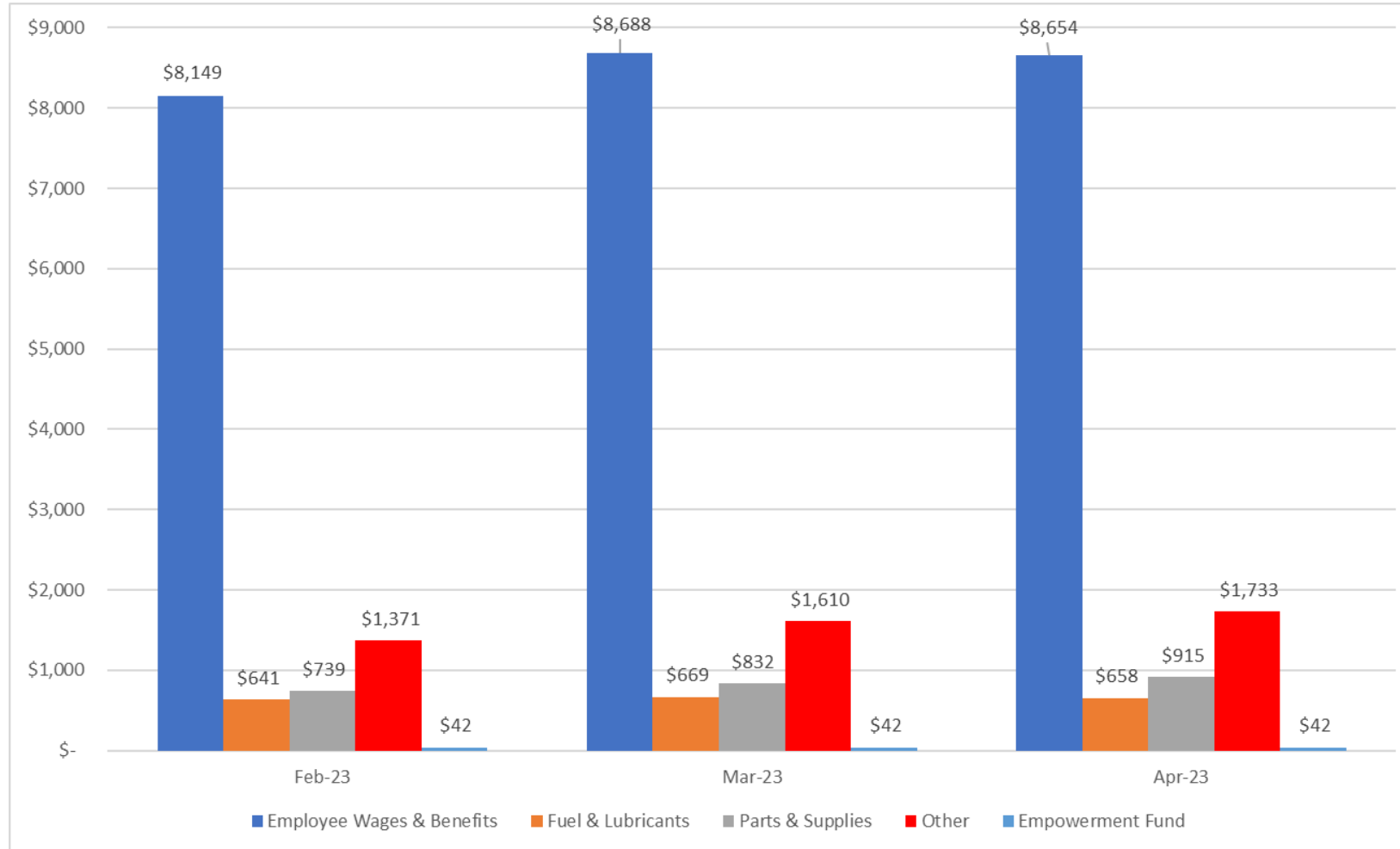
Note: Number of Weekdays within each corresponding month as follows: Feb 20, Mar 23, Apr 20



APRIL 2023 – OPERATING EXPENSE SOURCES

3 MONTH TREND – FEBRUARY 2023 THRU APRIL 2023

In Thousands



Profit & Loss – Summary / Key Drivers



Summary

- Total Revenue \$16.4M - favorable to Budget \$187k or 1.2%
- Total Expense \$12.0M - favorable to Budget \$365k or 3.0%
- Surplus / (Deficit) \$4.4M - favorable to Budget \$552k
- Note: Ridership total is 1.129M - unfavorable to Budget (98k) or (8.0%)

Revenue

- Total Fares \$1.0M - favorable to Budget \$107k or 11.5%
- CPS Revenue \$392k - favorable to Budget \$7k or 1.8%
- Non-Transportation \$592k - favorable to Budget \$488k or 469.2%. Root Cause: Investment portfolio income higher than projected
- County Sales Tax \$8.4M – unfavorable to budget (\$376k) or (4.3%). January receipts lower than budget
- Federal Grants \$5.8M, which is on Budget

Expense

- Wages & Benefits \$8.7M - favorable \$122k or 1.4%, which is essentially flat to budget
- Fuel and Lubricants \$658k - favorable \$43k or 6.1% to Budget. Root Cause: Diesel Fuel gallon usage and hedging gains
- Parts & Supplies \$915k - unfavorable (\$113k) to Budget or (14.1%). Root Cause: Revenue Vehicle Parts (\$125k)
- All Other \$1.7M - favorable \$313k to Budget or 15.3%. Root Cause: Outsourced Services \$178k and external advertising \$210k



Southwest Ohio Regional Transit Authority 2023 Profit & Loss Statement

4 Mos Ending Apr 30, 2023 (\$ In Thousands)	Month				Year to Date				Prior Year
	Actual	Budget	Fav(Unfav)		Actual	Budget	Fav(Unfav)		
Ridership									
Regular	949,755	1,043,801	(94,046)	(9.0%)	3,589,723	3,478,513	111,210	3.2%	2,358,862
CPS	164,949	168,868	(3,919)	(2.3%)	619,989	517,571	102,418	19.8%	505,486
Subtotal Fixed Route	1,114,704	1,212,669	(97,965)	(8.1%)	4,209,712	3,996,084	213,628	5.3%	2,864,348
Access	14,473	14,481	(8)	(0.1%)	58,368	53,512	4,856	9.1%	51,859
Total Ridership	1,129,177	1,227,150	(97,973)	(8.0%)	4,268,080	4,049,596	218,484	5.4%	2,916,207
Revenue									
Metro Fares	\$ 984	\$ 884	\$ 100	11.3%	\$ 3,980	\$ 3,474	\$ 506	14.6%	\$ 3,283
Access Fares	56	49	7	14.3%	223	188	35	18.6%	186
Total Fares	1,040	933	107	11.5%	4,203	3,662	541	14.8%	3,469
CPS Contract	392	385	7	1.8%	1,604	1,425	179	12.6%	1,154
Other Contract Revenue	118	135	(17)	(12.6%)	481	539	(58)	(10.8%)	484
Non Transportation	592	104	488	469.2%	2,233	417	1,816	435.5%	440
County Sales Tax	8,360	8,736	(376)	(4.3%)	36,425	36,801	(376)	(1.0%)	36,013
Federal Subsidies	1,200	1,200	-	-	4,800	4,800	-	-	-
ARP	2,100	2,100	-	-	8,400	8,400	-	-	8,434
ARP Comp	2,500	2,500	-	-	10,000	10,000	-	-	10,811
State Subsidies	101	123	(22)	(17.9%)	399	492	(93)	(18.9%)	522
Total Revenue	16,403	16,216	187	1.2%	68,545	66,536	2,009	3.0%	61,327
Expenses									
Employee Wages & Benefits	8,654	8,776	122	1.4%	34,211	35,822	1,611	4.5%	30,074
Fuel & Lubricants	658	701	43	6.1%	2,520	2,887	367	12.7%	1,334
Parts & Supplies	915	802	(113)	(14.1%)	3,127	2,984	(143)	(4.8%)	2,618
Empowerment Fund	42	42	-	-	168	168	-	-	167
Other	1,733	2,046	313	15.3%	6,109	8,159	2,050	25.1%	8,886
Total Expenses	12,002	12,367	365	3.0%	46,135	50,020	3,885	7.8%	43,079
Surplus(Deficit) Before Adj	\$ 4,401	\$ 3,849	\$ 552		\$ 22,410	\$ 16,516	\$ 5,894		\$ 18,248
Capital Reserve Transfer	(4,401)	(3,849)			(22,410)	(16,516)			(18,248)
Remaining Funds	\$ -	\$ -			\$ -	\$ -			\$ -



Investment of Funds Report April 30, 2023
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	Principal Amount	4/30/2023 Yield
<u>Overnight Investments</u>		
STAR Ohio	\$105,845,580	5.07%
Fifth Third Bank Concentration Account	\$286,924	0.00%
Subtotal Overnight Investments / Average Rate	\$106,132,504	5.06%
<u>Securities & CD's</u>		
Fifth Third Bank Custody Account:		
Agency Bond	\$12,183,086	2.07%
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	\$41,122,185	2.03%

Total All Securities (4/30/2023) / Weighted Yield	\$147,254,689	4.23%
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Current Capital Reserve Obligations

Capital Plan Commitments by type :

Local Match - FTA and ODOT Grants	\$1,259,939
Note - Metro's contribution ranges from 10% - 50%, most are 20%	

100% Local Projects	Prior Years Open	\$23,892,748
	2023	\$28,956,348

2 Months of Operating Expenses	\$24,000,000
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All Other Obligations	\$9,500,000
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Total Current Capital Reserve Obligations	\$87,609,035
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Net Unrestricted Securities Available	\$59,645,655
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2023 Operating Budget Surplus (Deficit) May - Dec	\$25,326,595
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Net Unrestricted Securities + '23 Operating Budget Surplus	\$84,972,250
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Investment of Funds Report
April 30, 2023

	Principal Amount	4/30/2023 Yield	Security Days	Days to Maturity
<u>Overnight Investments</u>				
STAR Ohio	\$105,845,580	5.07%		
Fifth Third Bank Concentration Account	\$286,924	0.00%		
Subtotal Overnight Investments / Average Rate	<u>\$106,132,504</u>	5.06%		
<u>Securities & CD's</u>				
Fifth Third Bank Custody Account:				
Agency Bond	\$12,183,086	2.07%		
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	<u>\$41,122,185</u>	2.03%	628	675
Total All Securities (4/30/2023) / Weighted Yield		<u><u>\$147,254,689</u></u>	4.23%	
Total All Securities (3/31/2023) / Weighted Yield		<u><u>\$145,533,884</u></u>	4.18%	
Funds provided by (required for) Operations during April	\$2,274,693		Monthly Investment Income \$	518,849
Funds provided by (required for) Capital during April	<u>(\$553,888)</u>		Year to Date Investment Income \$	1,909,332
Change in Cash during April 2023	<u><u>\$1,720,805</u></u>			

Note: Total All Securities (4/30/2022) \$79,704,150

Reviewed and Approved by:


Lawrence A. Pinkelton
Chief Financial Officer

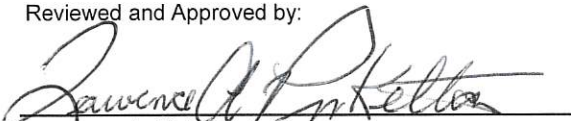


Infrastructure Investment of Funds Report
April 30, 2023

	Principal Amount	4/30/2023 Yield	Sec Days	Days to Maturity
<u>Overnight Investments</u>				
STAR Ohio	\$49,255,835	5.07%		
Trust Account/Fed Govt Oblig Issue Money Market Fund	\$1,010,768	4.68%		
Fifth Third Bank Infrastructure Account	\$110,111	0.00%		
Subtotal Overnight Investments / Average Rate	<u>\$50,376,714</u>	5.05%		
<u>Securities & CD's</u>				
Fifth Third Bank Custody Account:				
Agency Bond	\$11,461,033	3.07%		
Commercial Paper	\$1,921,766	5.45%		
U.S. Treasury Bond	\$5,984,170	1.78%		
U.S. Treasury Note	\$13,074,339	2.89%		
Subtotal Securities & CD's / Weighted Yield / Maturity	<u>\$32,441,308</u>	2.92%	456	478
Total All Securities (4/30/2023) / Weighted Yield / Maturity				
	<u><u>\$82,818,022</u></u>	4.20%		
Total All Securities (3/31/2023) / Weighted Yield / Maturity				
	<u><u>\$80,511,507</u></u>	4.16%		
Funds provided by (required for) Tax Receipts during April	\$ 3,194,961		Monthly Investment Income	\$ 281,830
Funds provided by (required for) Payouts during April	\$ (888,446)		Year to Date Investment Income	\$ 1,015,743
Change in Cash during April 2023	<u><u>\$ 2,306,515</u></u>			

Note: Total All Securities (4/30/2022) \$46,916,728

Reviewed and Approved by:


Lawrence A. Pinkelton
Chief Financial Officer