



SORTA/Metro
Finance Committee
August 20, 2024
8:30 am-9:00 am Eastern Time

FINANCE COMMITTEE

TUESDAY, AUGUST 20TH, 2024 – 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: July 16th, 2024

Briefing Items:

- 2 Financial Results as of July 31st (Tim Walker)
- 3 Fuel Hedging Report: (Kevin Ruth)

Action Items:

- 4 Approval of Investment of Funds Reports as of July 31st, 2024 (Tim Walker)

Other Items:

New Business

Adjournment

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

Tuesday, September 17th, 2024, at 8:30 a.m.

FINANCE COMMITTEE
TUESDAY, JULY 16TH, 2024 – 8:30 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, Dan Driehaus, and KZ Smith*

COMMITTEE/BOARD MEMBERS PRESENT: Jay Bedi, Tony Brice, Dan Driehaus, Trent Emenecker, Blake Ethridge, Pete Metz, Gwen Robinson, Sara Sheets and KZ Smith

COMMITTEE MEMBERS ABSENT: Chelsea Clark, Neil Kelly, Briana Moss and Sonja Taylor

STAFF MEMBERS PRESENT: Andy Aiello, Julie Beard, Norman Bouwie, Ben Cole, John Edmondson, Patrick Giblin, Darryl Haley, James Hubbard, Brandy Jones, Natalie Krusling, Bradley Mason, Matt Moorman, Jeff Mundstock, John Ravasio, Kevin Ruth, Mark Samaan, August Schweitzer, Khaled Shammout, Bill Spraul and Tim Walker

OTHERS PRESENT: Kim Schaefer (Legal Counsel-Vorys) and Nathaniel Lett (Rober Half)

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 Une 18th, 2024**

Mr. Driehaus moved, and Mr. Ethridge seconded that the minutes from June 18th, 2024, be approved. By voice vote the committee approved the minutes.

4. **Welcome New CFO, Tim Walker**

Tim was welcomed as our new Chief Financial Officer. He comes to us with over 20 years of experience in financial leadership roles.

5. **Financial Report as of June 30th, 2024**

Mr. Aiello presented the June financial results. Total revenues were \$13.8 million, which was unfavorable to budget by \$273K. Total expenses were \$12.3 million, which is favorable to budget by \$973k. Surplus/Deficit was \$1.5 million, which was favorable to budget by \$700k. Ridership was 994k, which was unfavorable to budget by 76k. Mr. Aiello then reviewed the contributing factors to these variances.

The Committee accepted the report as presented.

6. **Quarterly Audit Observation Update**

Mr. Bouwie reviewed the audit observation update. He updated the board on prior audit observations, current audits and upcoming audits.

The Committee accepted the report as presented.

7. **Approval of Investment of Funds Reports as of June 30th, 2024**

Mr. Aiello presented the June report noting the yields of SORTA 4.64% for June compared to the prior month of 4.60% for the month of May.

Mr. Aiello presented the report noting yields for the Infrastructure Transit Fund of 4.80% for June compared to the prior month of 4.80% for the month of May.

Mr. Driehaus moved, and Ms. Sheets seconded that the Investment of Funds as of June 30th, 2024 be approved.

By voice vote the committee approved the reports.

The Committee approved the report as presented.

New Business

N/A

8. **Adjournment**

The meeting adjourned at 9:08 A.M.



Southwest Ohio Regional Transit Authority

Financial Summary - July 2024

Report Out Date – August 20, 2024

Agenda – Financial Summary

- Statement of Operations for July '24
 - Key Drivers
 - Detail Profit & Loss Statement
 - Revenue Chart
 - Expense Chart
- Investment Funds Reserve Summary
- Fuel Hedging Report
- Investment Balance Update (separate attachment)



STATEMENT OF OPERATIONS

Summary

- Total Revenue \$13.9M - favorable to Budget \$277k
- Total Expense \$14.2M - unfavorable to Budget (\$745k) or (5.5%)
- Surplus / (Deficit) (\$0.4M) - unfavorable to Budget (\$468k)
- Note: Ridership total is 1,037k – favorable to Budget 1k or 0.2%

Revenue

- Total Operating Revenue \$1.4M - favorable to Budget \$51k or 3.7%
- Non-Transportation \$0.8M - favorable to Budget \$133k or 19.1%
- County Sales Tax \$10.7M – favorable to Budget \$93k; see additional slide on county sales tax
- Federal Grants \$0.8M - on Budget

Expense

- Wages & Benefits \$11.2M - unfavorable to budget (\$891k) or (8.6%); includes (\$1.4M) cba signing bonus
- Fuel and Lubricants \$693k - unfavorable (\$39k) or (6.0%) to Budget; see additional slide on fuel hedging
- Parts & Supplies \$797k - on Budget
- All Other \$1.5M – favorable to Budget \$185k

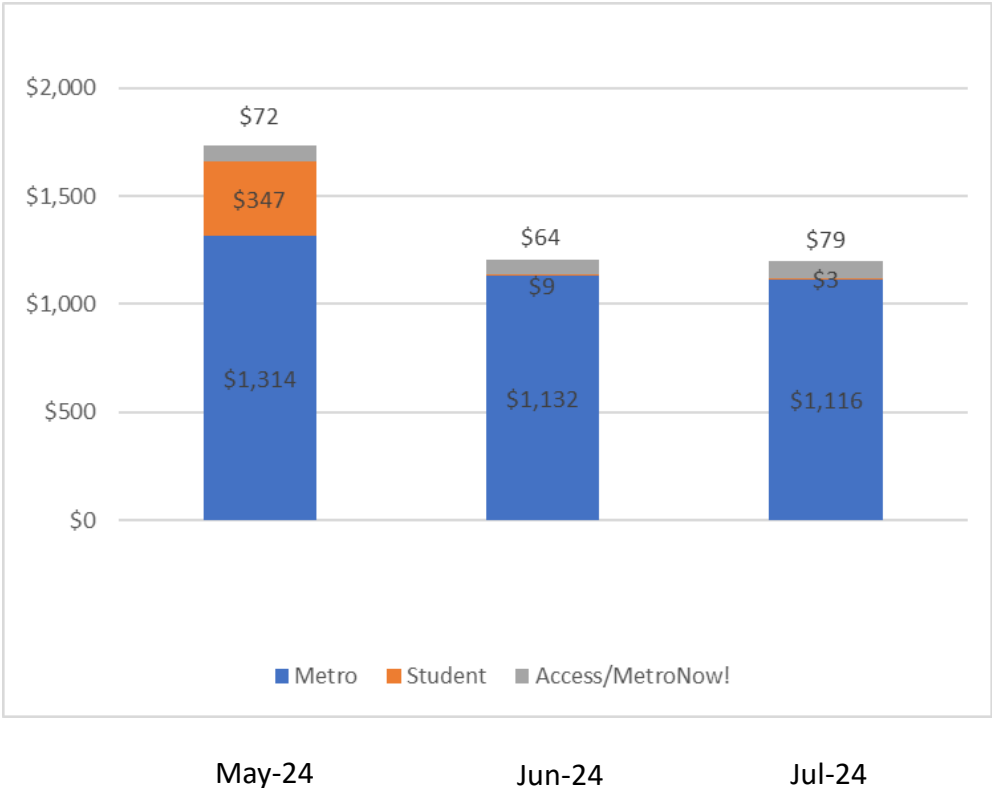
Southwest Ohio Regional Transit Authority 2024 Profit & Loss Statement



7 Mo Ending July 31, 2024 (\$ In Thousands)	Month				Year to Date				
	Actual	Budget	Fav(Unfav)		Actual	Budget	Fav(Unfav)		Prior Year
Ridership									
Regular	1,011,666	1,011,659	7	0.0%	6,618,474	6,971,370	(352,896)	(5.1%)	6,537,990
CPS	2,914	2,731	183	6.7%	757,636	799,318	(41,682)	(5.2%)	773,448
Subtotal Fixed Route	1,014,580	1,014,391	189	0.0%	7,376,110	7,770,688	(394,578)	(5.1%)	7,311,438
Access	14,952	15,925	(973)	(6.1%)	104,615	111,873	(7,258)	(6.5%)	104,512
MetroNow!	7,578	5,152	2,426	47.1%	42,015	32,320	9,695	30.0%	-
Total Ridership	1,037,110	1,035,468	1,642	0.2%	7,522,740	7,914,881	(392,141)	(5.0%)	7,415,950
Operating Revenue									
Metro Fares	\$ 1,116	\$ 1,107	\$ 9	0.8%	\$ 7,888	\$ 7,662	\$ 226	2.9%	\$ 7,263
Access Fares	64	60	4	6.7%	407	422	(15)	(3.6%)	399
MetroNow! Fares	15	10	5	50.0%	86	65	21	32.3%	4
CPS Fares	3	-	3	n/a	1,722	1,065	657	61.7%	758
Other	237	207	30	14.5%	1,311	1,431	(120)	(8.4%)	1,570
Total Operating Revenue	1,435	1,384	51	3.7%	11,414	10,645	769	7.2%	9,994
Non-Operating Revenue									
County Sales Tax	10,745	10,652	93	0.9%	68,504	70,778	(2,274)	(3.2%)	66,914
ARP	-	-	-	n/a	-	-	-	n/a	19,755
ARP Comp	-	-	-	n/a	-	-	-	n/a	17,500
Federal Subsidies	843	843	-	-	5,899	5,899	-	-	8,400
Non Transportation	831	698	133	19.1%	6,385	5,411	974	18.0%	4,282
Total Non-Operating Revenue	12,419	12,193	226	1.9%	80,788	82,088	(1,300)	(1.6%)	116,851
Total Revenue	13,854	13,577	277	2.0%	92,202	92,733	(531)	(0.6%)	126,845
Expenses									
Employee Wages & Benefits	11,218	10,327	(891)	(8.6%)	68,706	69,789	1,083	1.6%	61,717
Fuel & Lubricants	693	654	(39)	(6.0%)	4,653	4,793	140	2.9%	4,478
Parts & Supplies	797	797	-	-	5,520	5,950	430	7.2%	5,534
Empowerment Fund	-	-	-	n/a	-	-	-	n/a	293
Other	1,519	1,704	185	10.9%	11,292	12,931	1,639	12.7%	10,651
Total Expenses	14,227	13,482	(745)	(5.5%)	90,171	93,463	3,292	3.5%	82,673
Surplus(Deficit) Before Adj	\$ (373)	\$ 95	\$ (468)		\$ 2,031	\$ (730)	\$ 2,761		\$ 44,172



JULY 2024 – FARE REVENUE SOURCES 3 MONTH TREND – MAY 2024 THRU JULY 2024 In Thousands



Month	Days per Month	Avg Rev per Day
May-24	31	\$42
Jun-24	30	\$38
Jul-24	31	\$36

Note: Number of Weekdays within each corresponding month as follows: May 23, Jun 20, Jul 23

County Sales Tax – Year to Date April



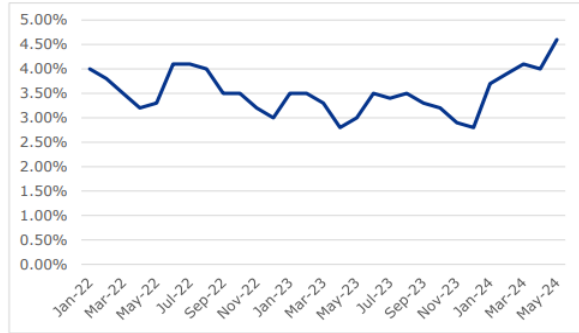
	Jan	Feb	Mar	Apr	YTD
CY Actual	\$8,781	\$8,683	\$9,963	\$9,366	\$36,793
Budget	\$9,987	\$9,327	\$10,480	\$9,273	\$39,067
Var \$	(1,206)	(644)	(517)	93	(2,274)
Var %	-12.1%	-6.9%	-4.9%	1.0%	-5.8%
PY Actual	\$8,907	\$8,659	\$10,010	\$9,465	\$37,041
Var	(126)	24	(47)	(99)	(248)
Var %	-1.4%	0.3%	-0.5%	-1.0%	-0.7%

- Year to Date thru April Hamilton County Sales Tax is (\$2.3m) unfavorable to budget and (\$248k) unfavorable to prior year or (0.7%)
- County Sales tax is on a three month lag. Actual April results are received and recorded during July accounting cycle



- The unemployment rate in Hamilton County was below 4.0 percent for most of 2022 and all of 2023. However, it began rising in late 2023 and has been above 4.0 percent since March 2024, increasing to 4.6 percent in May 2024.

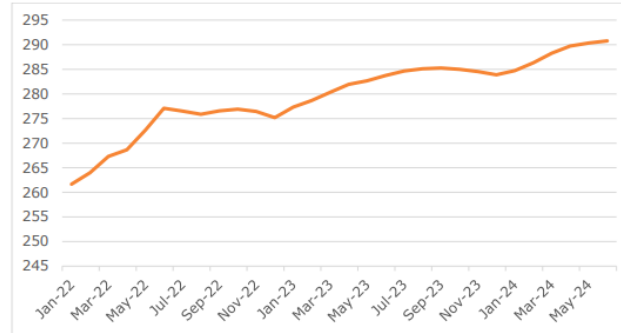
Hamilton County Unemployment Rate 2022-2024



Source: Bureau of Labor Statistics

- The consumer price index measures the overall level of consumer prices, and its growth rate is the most common measure of inflation. Through early 2022, prices grew very quickly, and inflation has generally slowed since then.

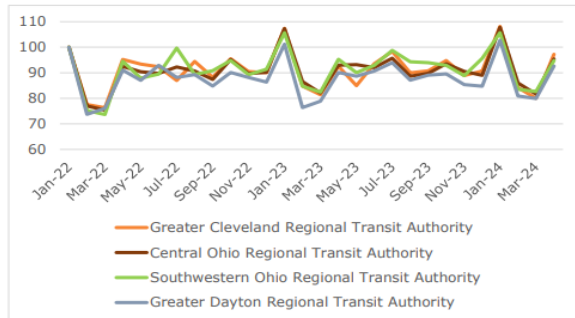
Midwest Consumer Price Index 2022-2024



Source: Bureau of Labor Statistics

- A similar pattern emerges across other regional transit authorities (RTAs), with overall stagnation in sales tax revenues for Greater Cleveland RTA, Central Ohio RTA, and Greater Dayton RTA.

RTA Sales Tax Revenues (100=January 2022) 2022-2024



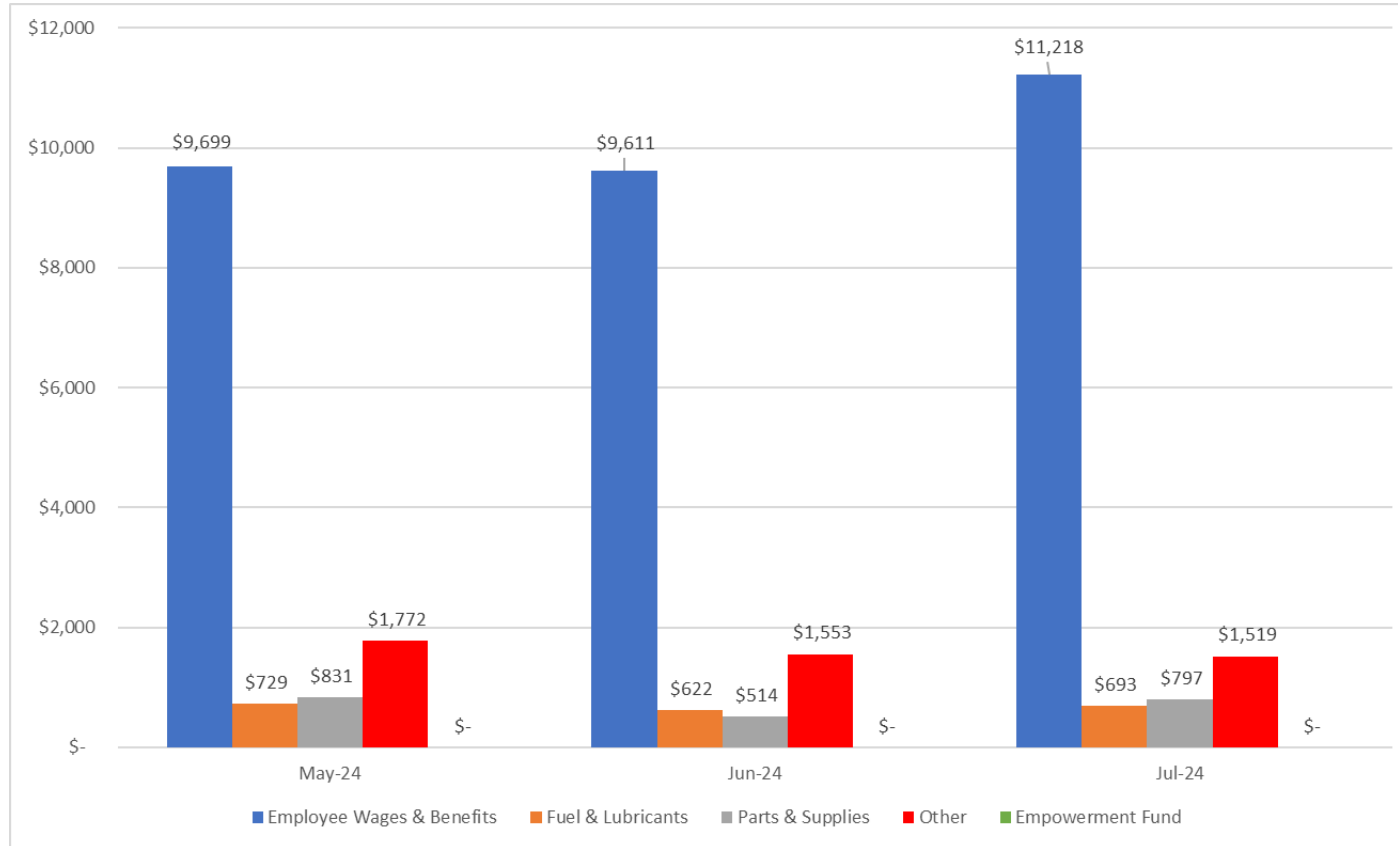
Source: Ohio Department of Taxation

- Revised Metro 2024 Sales Tax projection stands at \$118.9m which is unfavorable for the full year by (\$5.3m) or an additional (\$3.1m) for May thru December.
- Current projection stands at 1.5% increase over prior year compared to budgeted rate 5%.
- Projected compound annual growth rate for Metro’s sales tax revenues is approximately 2.4 percent between 2023 and 2032.

JULY 2024 – OPERATING EXPENSE SOURCES

3 MONTH TREND – MAY 2024 THRU JULY 2024

In Thousands





Investment Funds Reserve Summary

Overnight Investments	\$41,951,376
Securities & CD's	\$137,337,736

Total All Securities (7/31/2024)	\$179,289,112
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Current Capital Reserve Obligations

<i>BRT Project Development (Hamilton & Reading Corridors)</i>	\$36,000,000	
<i>Future BRT Capital Match (Fed 70% & Local 30%)</i>	\$54,000,000	
Total BRT		\$90,000,000
Local Match - FTA and ODOT Grants		\$6,916,103
100% Local Projects (<i>Prior Years Open + Current Year</i>)		\$38,228,130
2 Months of Operating Expenses		\$24,000,000
All Other Obligations		\$6,500,000

Total Current Capital Reserve Obligations	\$165,644,233
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Net Unrestricted Securities Available	\$13,644,879
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2024 Remaining Operating Budget Surplus Aug - Dec (Deficit)	\$3,065,602
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Net Unrestricted Securities + '24 Operating Budget Surplus	\$16,710,481
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Southwest Ohio Regional Transit Authority
Diesel Fuel Hedging Report
As of July 31, 2024

	YTD @ Jul ME <u>Total</u>	<u>Per Gallon</u>	YTD @ Apr ME <u>Total</u>	<u>Per Gallon</u>
Fuel Purchased	\$4,399,895	\$2.59	\$2,517,989	\$2.68
Hedging Gains / (Losses)	222,100	0.13	145,566	0.16
Net Fuel Cost	<u>4,177,795</u>	2.46	<u>2,372,423</u>	2.53
Budget	4,307,528	2.58	2,544,778	2.66
Variance Favorable / (Unfavorable)	<u>\$129,733</u>	3.0%	<u>\$172,355</u>	6.8%

<u>Future Hedges:</u>	<u>Gallons Hedged Total</u>	<u>Percent</u>	<u>Average Cost per Gallon</u>	<u>Unrealized Gain/(Loss)</u>
2024	1,050,000	89%	\$2.52	(\$32,348)
2025	2,730,000	90%	\$2.41	(\$27,367)
				<u>(\$59,716)</u>

<u>Hedging Policy</u>	<u>Policy</u>	<u>Hedged</u>	<u>Prior Qtr Hedged</u>
0 - 12 Months	90%	90%	90%
13 - 24 Months	90%	43%	14%
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>
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	6,526,165	1,948,380	4,577,785	4,937,186	359,401
2023	8,087,613	838,383	7,249,230	7,590,983	341,753
2024 YTD	\$4,399,895	\$222,100	\$4,177,795	\$4,307,528	\$129,733

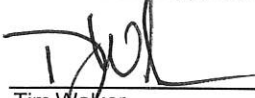


Investment of Funds Report July 31, 2024

	Principal Amount	7/31/2024 Yield	Security Days	Days to Maturity
<u>Overnight Investments</u>				
STAR Ohio	\$41,810,346	5.44%		
Fifth Third Bank Concentration Account	\$141,030	0.00%		
Subtotal Overnight Investments / Average Rate	\$41,951,376	5.42%		
<u>Securities & CD's</u>				
Fifth Third Bank Custody Account:				
Agency Bond	\$76,137,249	4.49%		
Certificate of Deposit	\$992,327	0.76%		
Commercial Paper	\$23,681,129	5.51%		
U.S. Treasury Bond	\$3,287,608	2.26%		
U.S. Treasury Note	\$33,239,425	3.68%		
Subtotal Securities & CD's / Weighted Yield / Maturity	\$137,337,738	4.40%	569	610
Total All Securities (7/31/2024) / Weighted Yield				
	\$179,289,114	4.64%		
Total All Securities (6/30/2024) / Weighted Yield				
	\$181,012,295	4.64%		
Funds provided by (required for) Operations during July	(\$1,481,114)		Monthly Investment Income \$	741,019
Funds provided by (required for) Capital during July	(\$242,067)		Year to Date Investment Income \$	5,753,139
Change in Cash during July 2024	(\$1,723,181)			

Note: Total All Securities (7/31/2023) \$181,103,202

Reviewed and Approved by:



 Tim Walker
 Chief Financial Officer



**Infrastructure Investment of Funds Report
July 31, 2024**

	Principal Amount	7/31/2024 Yield	Sec Days	Days to Maturity
<u>Overnight Investments</u>				
STAR Ohio	\$38,827,674	5.44%		
Trust Account/Fed Govt Oblig Issue Money Market Fund	\$33,244	5.18%		
Fifth Third Bank Infrastructure Account	\$29,035	0.00%		
Subtotal Overnight Investments / Average Rate	\$38,889,953	5.44%		

<u>Securities & CD's</u>				
Fifth Third Bank Custody Account:				
Agency Bond	\$31,933,560	4.33%		
Commercial Paper	\$13,538,208	5.39%		
U.S. Discount Note	\$2,398,834	5.11%		
U.S. Treasury Bond	\$8,428,427	3.83%		
U.S. Treasury Note	\$28,705,503	4.60%		
Subtotal Securities & CD's / Weighted Yield / Maturity	\$85,004,532	4.55%	434	460

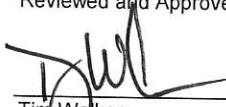
Total All Securities (7/31/2024) / Weighted Yield / Maturity	\$123,894,485	4.83%		
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Total All Securities (6/30/2024) / Weighted Yield / Maturity	\$121,006,821	4.80%		
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Funds provided by (required for) Tax Receipts during July	\$ 3,596,434	Monthly Investment Income \$	692,665
Funds provided by (required for) Payouts during July	\$ (708,770)	Year to Date Investment Income \$	3,454,229
Change in Cash during July 2024	\$ 2,887,664		

Note: Total All Securities (7/31/2023) \$92,207,637

Reviewed and Approved by:



 Tim Walker
 Chief Financial Officer