

***Pontotoc County Public Transit Authority dba  
Call A Ride Public Transit***  
*(A Component Unit of Pontotoc County, Oklahoma)*

*Ada, Oklahoma*

***REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION***

*For the Year Ended June 30, 2016*

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PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY DBA CALL A RIDE PUBLIC TRANSIT  
(A Component Unit of Pontotoc County, Oklahoma)  
Ada, Oklahoma

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PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY DBA CALL A RIDE PUBLIC TRANSIT  
(A Component Unit of Pontotoc County, Oklahoma)  
Ada, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

For the Year Ended June 30, 2016

Our discussion and analysis of the Pontotoc County Public Transit Authority dba Call A Ride Public Transit's (the Organization) financial performance provides an overview of the Organization's financial activities for the fiscal year ended June 30, 2016. Please review it in conjunction with the Organization's basic financial statements which begin on page 7.

**FINANCIAL HIGHLIGHTS**

- Total net position decreased 19.4% from 2015.
- The Organization operates substantially all of its activities through federal, state and local funding. These grants and contracts totaling \$181,839, accounted for approximately 71.3% of revenues.
- Fare revenue (\$18,473) increased by (\$912) or approximately 5.2%.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 7 and 8) provide information about the activities of the Organization as a whole and present a longer-term view of the Organization's finances. Fund financial statements start on page 9. These statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Organization's operations in more detail than the government-wide statements by providing information about the Organization's most financially significant funds. Currently, the Organization only utilizes one fund.

**Reporting the Organization as a Whole**

**The Statement of Net Position and Statement of Activities**

Our analysis of the Organization as a whole begins on page 2. One of the most important questions asked about the Organization's finances is "Is the Organization as a whole better off or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Organization as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Organization's *net position* and changes in them. You can think of the Organization's net position, the difference between assets and deferred outflows, what the Organization owns, and liabilities and deferred inflows, what the Organization owes, as one way to measure the Organization's financial health, or *financial position*. Over time, increases or decreases in the Organization's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other financial factors, however, such as changes in the Organization's funding arrangements with federal and state grantors, availability of funding for capital projects, and continuing local support.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

For the Year Ended June 30, 2016

**Reporting the Organization's Most Significant Funds**  
Fund Financial Statements

**Major Fund**  
General Operating

Our analysis of the Organization's major funds is below.

The fund financial statements begin on page 9 and provide detailed information about the most significant fund as a whole. Funds are established to help control and manage money for particular purposes (ex. various grants and capital projects). The Organization has only one governmental fund.

*Governmental Funds:* The Organization's fund is reported in the governmental fund, which focus on how money flows into and out of this fund and balances left at year-end that are available for spending. This fund is reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statement provides a *short-term view* of the Organization's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Organization's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental fund in a reconciliation accompanying the fund financial statements.

*Notes to the Financial Statements:* The notes provide additional information that is essential to a full understanding of the data provided in the government wide and fund financial statements. The notes to the financial statements can be found on page 11 of this report.

**THE ORGANIZATION AS A WHOLE**

The Organization's net position decreased from a year ago, from \$412,966 to \$333,036 or 19.4%. Our analysis below focuses on net position (Table I) and changes in net position (Table II).

**Table I**  
**Net Position**

	June 30,			
	2016	2015	Change	Change %
Current Assets	\$ 48,406	\$ 85,972	\$( 37,566)	-43.7%
Capital Assets	306,876	353,274	( 46,398)	-13.1%
Total Assets	<u>355,282</u>	<u>439,246</u>	<u>( 83,964)</u>	<u>-19.1%</u>
Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Current Liabilities	<u>22,246</u>	<u>26,280</u>	<u>( 4,034)</u>	<u>-15.4%</u>
Total Liabilities	<u>22,246</u>	<u>26,280</u>	<u>( 4,034)</u>	<u>-15.4%</u>
Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Net Position				
Net Investment in Capital Assets	306,876	353,274	( 46,398)	-13.1%
Unrestricted	<u>26,160</u>	<u>59,692</u>	<u>( 33,532)</u>	<u>-56.2%</u>
Total Net Position	<u>\$ 333,036</u>	<u>\$ 412,966</u>	<u>\$( 79,930)</u>	<u>-19.4%</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

For the Year Ended June 30, 2016

Table II compares the change in net position for 2016 with that of 2015.

**Table II**  
**Change in Net Position for 2016**  
**Compared with 2015 Activity**

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>Change %</u>
<b>Program Revenues:</b>				
Charges for Services:				
Fares	\$ 18,473	\$ 17,561	\$ 912	5.2%
Contracts	54,585	111,552	( 56,967)	-51.1%
Miscellaneous and Other Revenues	1,604	0	1,604	100.0%
Operating Grants and Contributions	<u>180,235</u>	<u>157,476</u>	<u>22,759</u>	<u>14.5%</u>
Total Revenues	<u>254,897</u>	<u>286,589</u>	<u>( 31,692)</u>	<u>-11.1%</u>
<b>Program Expenses:</b>				
Transportation:				
Payroll	202,666	226,650	( 23,984)	-10.6%
Travel and Training	( 119)	1,541	( 1,660)	-107.7%
Telephone and Communications	5,006	5,060	54	-1.1%
Supplies	3,168	1,830	1,338	73.1%
Equipment, Depreciation and Capital Outlays	46,398	98,510	( 52,112)	-52.9%
Vehicle Maintenance	13,666	15,174	( 1,508)	-9.9%
Insurance	25,793	31,121	( 5,328)	-17.1%
Fuel	19,577	31,198	( 11,621)	-37.2%
Dues	275	0	275	100.0%
Miscellaneous	180	892	( 712)	-79.8%
Advertising	244	0	244	100.0%
Licensing and Fees	0	150	( 150)	-100.0%
Utilities	5,562	5,589	( 27)	-0.5%
Postage	196	288	( 92)	-31.9%
Building Maintenance & Repair	( 215)	666	( 881)	-132.3%
Professional Fees	<u>12,430</u>	<u>13,000</u>	<u>( 570)</u>	<u>-4.4%</u>
Total Expenses	<u>334,827</u>	<u>431,669</u>	<u>( 96,842)</u>	<u>-22.4%</u>
Change in Net Position	( 79,930)	( 145,080)	65,150	-44.9%
Beginning Net Position	<u>412,966</u>	<u>558,046</u>	<u>( 145,080)</u>	<u>-26.0%</u>
Ending Net Position	<u>\$ 333,036</u>	<u>\$ 412,966</u>	<u>\$ ( 79,930)</u>	<u>-19.4%</u>

The organization had a 11.1% decrease in revenues, and 22.4% decrease in expenses, resulting in a 19.4% decrease in net position. Budget cuts significantly reduced funding from state and local grantors, ultimately reducing operating grants received.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

For the Year Ended June 30, 2016

**BUDGET VS. ACTUAL RESULTS**

The Organization does not operate under an organization-wide, legally-adopted budget. However, project budgets are provided to and approved by federal and state agencies that provide funding for the programs. These budgets are closely monitored. Budget-to-actual comparisons for each grant are provided as supplemental information and can be found on pages 22 and 23.

**CAPITAL ASSETS**

Capital assets represent buildings, vehicles and equipment used by the Organization to fulfill its mission to provide public transportation services. At year end, the Organization had \$306,876 invested in capital assets, net of accumulated depreciation. A detailed discussion of changes in capital assets can be found in Note 2 of the accompanying notes to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S PLANS**

The Organization (Pontotoc County Public Transit Authority dba Call A Ride Public Transit), a Component Unit of Pontotoc County, was formed in 1974. The Organization's current service area consists primarily of Pontotoc County.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Organization's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the General Manager, 15425 CR 3540, Ada, OK 74820.

INDEPENDENT AUDITOR'S REPORT

# *Saunders & Associates, PLLC*

## *Certified Public Accountants*

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Pontotoc County Public Transit Authority dba Call-A-Ride Public Transit  
(A Component Unit of Pontotoc County Oklahoma)

We have audited the accompanying financial statements of the governmental activities of the Pontotoc County Public Transit Authority dba Call-A-Ride Public Transit (a component unit of Pontotoc County Oklahoma), "Call-A-Ride Public Transit," as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Call-A-Ride Public Transit's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Call-A-Ride Public Transit as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



**Other Matters**

*Required Supplementary Information*

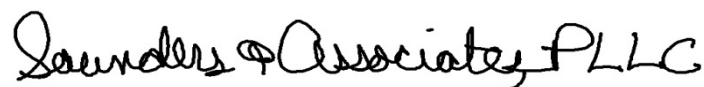
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. As discussed in Note 1F, budgetary comparison information, required supplementary information, has not been presented as Call-A-Ride Public Transit does not operate under a legally adopted budget.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Call-A-Ride Public Transit's basic financial statements. The schedules of federal awards, state awards and grant budget to actual comparisons are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2017 on our consideration of Call-A-Ride Public Transit's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Call-A-Ride Public Transit's internal control over financial reporting and compliance.



SAUNDERS & ASSOCIATES, PLLC  
Certified Public Accountants

February 6, 2017

## FINANCIAL STATEMENTS

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba CALL A RIDE PUBLIC TRANSIT  
(A Component Unit of Pontotoc County, Oklahoma)  
Ada, Oklahoma

STATEMENT OF NET POSITION

June 30, 2016

	<u>Primary Government</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 27,894
Accounts Receivable	20,512
Total Current Assets	<u>48,406</u>
Noncurrent Assets:	
Property and Equipment	1,014,974
Accumulated Depreciation	(708,098)
Total Noncurrent Assets	<u>306,876</u>
Total Assets	<u>355,282</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
	<u>0</u>
 <u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	6,967
Salaries Payable	9,300
Payroll Liabilities Payable	5,979
Total Current Liabilities	<u>22,246</u>
Total Liabilities	<u>22,246</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
	<u>0</u>
 <u>NET POSITION</u>	
Net Investment in Capital Assets	306,876
Unrestricted	26,160
TOTAL NET POSITION	<u>\$ 333,036</u>

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

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba CALL A RIDE PUBLIC TRANSIT  
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STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

Functions/Programs	General Government - Transportation Services				Net (Expense) Revenue & Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
PRIMARY GOVERNMENT:					
Governmental Activities:					
General Operating	\$ 334,827	\$ 73,058	\$ 181,839	\$ 0	\$ (79,930)
Total Primary Government	334,827	73,058	181,839	0	(79,930)
					(79,930)
					412,966
					\$ 333,036

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

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba CALL A RIDE PUBLIC TRANSIT  
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BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2016

	<u>General Operating</u>
<u>ASSETS</u>	
Cash	\$ 27,894
Accounts Receivable	20,512
Total Assets	<u>48,406</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
	<u>0</u>
<u>LIABILITIES</u>	
Accounts Payable	6,967
Salaries Payable	9,300
Payroll Liabilities Payable	5,979
Total Liabilities	<u>22,246</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
	<u>0</u>
<u>FUND BALANCES</u>	
Unassigned	<u>26,160</u>
 TOTAL FUND BALANCES	 \$ <u>26,160</u>

Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities

June 30, 2016

Total Governmental Fund Balances	\$ 26,160
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>306,876</u>
 NET POSITION OF GOVERNMENTAL ACTIVITIES	 \$ <u>333,036</u>

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

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba CALL A RIDE PUBLIC TRANSIT  
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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2016

	<u>General Operating</u>
<u>REVENUES</u>	
Grant	\$ 127,503
Contract	54,585
Sales Tax	52,732
Fares	18,473
Other/Miscellaneous	1,604
Total Revenues	<u>254,897</u>
<u>EXPENDITURES</u>	
Transportation Services:	
Payroll	202,666
Travel and Training	(119)
Telephone and Communications	5,006
Supplies	3,168
Equipment and Capital Outlays	0
Building Maintenance and Repair	(215)
Vehicle Maintenance	13,666
Insurance	25,793
Fuel	19,577
Licensing and Fees	275
Utilities	5,562
Postage	196
Other/Miscellaneous	424
Professional Fees	12,430
Total Expenditures	<u>288,429</u>
Net Change in Fund Balances	(33,532)
Fund Balance, June 30, 2015	<u>59,692</u>
FUND BALANCE, JUNE 30, 2016	<u><u>\$ 26,160</u></u>

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2016

Net Change in Governmental Fund Balances	\$ (33,532)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation in the current period.	<u>(46,398)</u>
Change in net position of governmental activities	<u><u>\$ (79,930)</u></u>

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

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NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The Organization's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Organization are discussed below.

B. Reporting Entity

In 1974, the Board of County Commissioners of Pontotoc County, Oklahoma created by resolution the Pontotoc County Public Transit Authority dba Call A Ride Public Transit (the Organization), a component unit of Pontotoc County, Oklahoma.

The sole activity of the Organization is the provision of public transportation services. The Organization provides transportation services in Pontotoc County, Oklahoma and operates a rural demand-response public transportation system, which serves Pontotoc County and surrounding areas.

The accompanying statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The financial statements include all organizations, activities, and functions that comprise the Organization. Component units are legally separate entities for which the Organization (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Organization's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Organization. Using these criteria, the Organization has no component units.

C. Government-Wide and Fund Financial Statements

The Organization's basic financial statements include both government-wide (reporting the Organization as a whole) and fund financial statements (reporting the Organization's major funds).

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY DBA CALL A RIDE PUBLIC TRANSIT  
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Government-Wide

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

This government-wide focus is more on the sustainability of the Organization as a whole, and the change in the Organization's net assets resulting from current year activities.

Fund

The Organization uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Organization only uses governmental funds.

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The Organization's programs and services are funded primarily with federal and state grants.

The accompanying fund financial statements report the following major governmental funds:

**General** – This fund is the general operating fund of the Organization. It is used to account for all financial resources. It is currently the only fund utilized by the Organization.

The emphasis in fund financial statements is on the major governmental funds.

D. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Organization is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. GASB 54 implementation set forth the classifications used in the governmental fund financial statements follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Organization typically classifies investments held for resale, inventories, and prepaid items as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the short term. The Organization did not have any nonspendable resources as of June 30, 2016.



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NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributions, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Organization did not have any restricted resources at June 30, 2016.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the governing body of the Organization. These amounts cannot be used for any other purpose unless the County Commissioners removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Organization did not have any committed resources as of June 30, 2016.
- Assigned – This classification includes amounts that are constrained by the Organization's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Organization or through the governing body delegating this responsibility to the Organization manager through the budgetary process. No resources were assigned as of June 30, 2016.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Organization would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserve the right to selectively spend unassigned resources first to defer the use of these other classified funds.

E. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Grant and entitlements and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the Organization received cash.

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY DBA CALL A RIDE PUBLIC TRANSIT  
(A Component Unit of Pontotoc County, Oklahoma)  
Ada, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenues – Exchange and Non-Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the policy of Call A Ride Public Transit to first apply unrestricted resources toward payment of those expenses.

Non-exchange transactions, in which the Organization receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Organization must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Organization on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Expenses/Expenditures – On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decrease in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

F. Budgeting – Call A Ride Public Transit does not operate under an organization-wide legally-adopted budget. Therefore, budgetary comparison information has not been included. However, individual projects and grants are required to operate within budget constraints. Budget to actual results are closely monitored and are presented here as supplemental information for the purposes of additional analysis.

G. Cash and Cash Equivalents – Cash and cash equivalents consist of demand deposits maintained at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposits are carried at cost. The Organization's cash is managed and maintained as part of the County of Pontotoc, Oklahoma's bank account. The Organization's cash is pooled with that of the County. The Organization's equity interest in the pool is presented as "Cash" on the statement of net position and governmental fund balance sheet.

H. Deferred Inflow/Outflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has no items that qualified for reporting in this category. In addition to liabilities, that statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has no items that qualified for reporting in this category.

CALL A RIDE PUBLIC TRANSIT  
(A Component Unit of Pontotoc County, Oklahoma)  
Ada, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

NOTE 2: CAPITAL ASSETS

General capital assets generally result from expenditures in the governmental funds. These assets are reported on the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Organization maintains a capitalization threshold of \$50. The Organization does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Facilities	40 years
Rolling Stock	5 – 10 years
Equipment	3 – 5 years

Changes in capital assets for the year were as follows:

	<u>Balance</u> <u>06/30/15</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>06/30/16</u>
Capital Assets:				
Facilities	\$ 400,217	\$ 0	\$ 0	\$ 400,217
Rolling Stock	545,455	0	0	545,455
Equipment	<u>69,302</u>	<u>0</u>	<u>0</u>	<u>69,302</u>
Total Capital Assets	<u>\$ 1,014,974</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,014,974</u>
Accumulated Depreciation:				
Facilities	\$ 83,382	\$ 10,005	\$ 0	\$ 93,387
Rolling Stock	510,783	34,672	0	545,455
Equipment	<u>67,535</u>	<u>1,721</u>	<u>0</u>	<u>69,256</u>
Total Accumulated Depreciation	<u>\$ 661,700</u>	<u>\$ 46,398</u>	<u>\$ 0</u>	<u>\$ 708,098</u>

Depreciation expense was charged to governmental activities as follows:

General Operating	<u>\$ 46,398</u>
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NOTE 3: COMPENSATED ABSENCES

The Organization does not accrue a liability for compensated absences, but it is not believed that the amount would be material to the financial statements as a whole.

NOTE 4: RETIREMENT PLAN

Employees of the Organization (considered county employees) participate in a retirement plan through the Oklahoma Public Employees Retirement System.

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY DBA CALL A RIDE PUBLIC TRANSIT  
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable recorded in the Statement of Net Position are due from the following sources at June 30, 2016:

Operating Grants and Contributions:	
Oklahoma Department of Transportation	\$ 18,712
Contracts to Provide Transportation Services:	
OKDHS – TANF	1,059
Logisticare/Soonerride	<u>741</u>
Total	<u>\$ 20,512</u>

All accounts receivable are considered collectible at June 30, 2016.

NOTE 6: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses recorded in the Statement of Net Position are due to the following at June 30, 2016:

Vendors	\$ 6,967
Employees	9,300
Tax Authorities (Payroll Taxes)	<u>5,979</u>
Total	<u>\$ 22,246</u>

NOTE 7: ESTIMATES

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 8: NET POSITION

Net position presents the difference between assets plus deferred outflows and liabilities plus deferred inflows in the Statement of Net Position. Net investment in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets as well as capital-assets related deferred inflows and outflows of resources. Net position is reported as restricted when there are legal or contractual limitations imposed on its use. There were no such restrictions on the Organization's ending net position at June 30, 2016.

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY DBA CALL A RIDE PUBLIC TRANSIT  
(A Component Unit of Pontotoc County, Oklahoma)  
Ada, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

NOTE 9: ECONOMIC DEPENDENCY

The Organization receives a significant portion of its revenue from funds provided through federal and state grants. These amounts are all appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds received could be reduced significantly and have an adverse impact on its operations. Federal and state grant revenues comprised 50.0% of the Organization's revenues for the year.

NOTE 10: RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. The Organization manages these various risks of loss as follows:

<b>Type of Loss</b>	<b>Method Managed</b>
a. Torts, errors and omissions	Covered by Association of County Commissioners of Oklahoma Self Insurance
b. Injuries to employees (Workers' Compensation)	Covered by Association of County Commissioners of Oklahoma Self Insurance
c. Physical property loss and natural disasters	Covered by Association of County Commissioners of Oklahoma Self Insurance

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Organization. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE 11: CONTINGENT LIABILITIES

As noted above, the Organization participates in a number of federal and state assisted programs. These programs are audited in accordance with *Government Auditing Standards* and the *Single Audit Act Amendments of 1996*, if applicable. Audits of prior years have not resulted in any significant disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, management believes that further examinations would not result in any significance allowed costs.

NOTE 12: SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through February 6, 2017, which is the date the financial statements were available to be issued.

# Saunders & Associates, PLLC

Certified Public Accountants

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## 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

### Board of Directors

Pontotoc County Public Transit Authority dba Call-A-Ride Public Transit  
(A Component Unit of Pontotoc County, Oklahoma)

We have audited the financial statements of the governmental activities of Pontotoc County Public Transit Authority dba Call-A-Ride Public Transit (a component unit of Pontotoc County, Oklahoma) "Call-A-Ride Public Transit," as of and for the year ended June 30, 2016, which collectively comprise Call-A-Ride Public Transit's basic financial statements and have issued our report thereon dated February 6, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Call-A-Ride Public Transit's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Call-A-Ride Public Transit's internal control. Accordingly, we do not express an opinion on the effectiveness of Call-A-Ride Public Transit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist and were not identified. However, material weaknesses may exist that have not been identified.

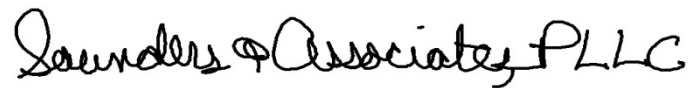
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination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

### Compliance and Other Matters

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

### **Purpose of This Report**

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

A handwritten signature in black ink that reads "Saunders & Associates PLLC". The signature is written in a cursive, flowing style.

SAUNDERS & ASSOCIATES, PLLC  
Certified Public Accountants  
Ada, Oklahoma

February 6, 2017

SUPPLEMENTAL INFORMATION



PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba CALL A RIDE PUBLIC TRANSIT  
(A Component Unit of Pontotoc County, Oklahoma)  
Ada, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

Grantor/Pass-Through Grantor/ Contract Title	Grantor Identification Number	Federal CFDA	Grant Period	Revenues	Expenditures
<b><u>U. S. DEPARTMENT OF TRANSPORTATION</u></b>					
<u>Pass-Through: Oklahoma Department of Transportation</u>					
Section 5311, Rural Public Transportation	RT201502	20.509	10/01/15-09/30/16	\$ 99,218	\$ 99,218
Section 5311, Rural Public Transportation	RT201402	20.509	10/01/14-09/30/15	<u>10,864</u>	<u>10,864</u>
Total U.S. Dept. of Transportation Passed Through Oklahoma Department of Transportation				<u>110,082</u>	<u>110,082</u>
Total U. S. Department of Transportation				<u>110,082</u>	<u>110,082</u>
TOTAL FEDERAL AWARDS				<u>\$ 110,082</u>	<u>\$ 110,082</u>

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba CALL A RIDE PUBLIC TRANSIT  
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SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended June 30, 2016

<u>Grantor/Pass-Through Grantor/ Contract Title</u>	<u>Grantor Identification Number</u>	<u>Grant Period</u>	<u>Revenues</u>	<u>Expenditures</u>
<b><u>Oklahoma Dept. of Transportation</u></b>				
Public Transit Revolving Fund	RF201502	07/01/15-06/30/16	\$ 17,421	\$ 17,421
TOTAL STATE AWARDS			<u>\$ 17,421</u>	<u>\$ 17,421</u>

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba CALL A RIDE PUBLIC TRANSIT  
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 Ada, Oklahoma

SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET TO ACTUAL COMPARISONS

SECTION 5311  
 Rural Public Transportation  
 Agreement No. RT201502  
 (10/01/14 - 09/30/15)

For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Prior Year Actual</u>	<u>Current Year Actual</u>	<u>Total Actual</u>	<u>Actual Over (Under) Budget</u>
<u>REVENUES</u>					
Federal	\$ <u>113,378</u>	\$ <u>102,514</u>	\$ <u>10,864</u>	\$ <u>113,378</u>	\$ <u>0</u>
Total Revenues	<u>113,378</u>	<u>102,514</u>	<u>10,864</u>	<u>113,378</u>	<u>0</u>
<u>EXPENDITURES</u>					
Federal:					
Operating and Administrative	<u>113,378</u>	<u>102,514</u>	<u>10,864</u>	<u>113,378</u>	<u>0</u>
Total Expenditures	<u>113,378</u>	<u>102,514</u>	<u>10,864</u>	<u>113,378</u>	<u>0</u>
REVENUES OVER (UNDER) EXPENDITURES	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba CALL A RIDE PUBLIC TRANSIT  
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SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET TO ACTUAL COMPARISONS

SECTION 5311  
Rural Public Transportation  
Agreement No. RT201602  
(10/01/15 - 09/30/16)

For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Prior Year Actual</u>	<u>Current Year Actual</u>	<u>Total Actual</u>	<u>Actual Over (Under) Budget</u>
<u>REVENUES</u>					
Federal	\$ 126,637	\$ 0	\$ 99,218	\$ 99,218	\$ (27,419)
Total Revenues	<u>126,637</u>	<u>0</u>	<u>99,218</u>	<u>99,218</u>	<u>(27,419)</u>
<u>EXPENDITURES</u>					
Federal:					
Operating and Administrative	<u>126,637</u>	<u>0</u>	<u>99,218</u>	<u>99,218</u>	<u>27,419</u>
Total Expenditures	<u>126,637</u>	<u>0</u>	<u>99,218</u>	<u>99,218</u>	<u>27,419</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY DBA CALL A RIDE PUBLIC TRANSIT  
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STATUS OF PRIOR AUDIT FINDINGS

June 30, 2016

15-1 INEFFECTIVE CONTROLS OVER PROCESSING AND REPORTING FINANCIAL INFORMATION

Condition: The lack of emphasis placed on financial reporting adversely affects recording, processing and reporting financial information.

Current Status: This finding can be cleared.

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY DBA CALL A RIDE PUBLIC TRANSIT  
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SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2016

None reported.