

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

Ada, Oklahoma

***ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
For the Year Ended June 30, 2021***



Reconciliation Services, PLLC

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PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba
Call A Ride Public Transit
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June 30, 2021

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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)
Ada, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Pontotoc County Public Transit Authority dba Call-A-Ride Public Transit, a component unit of Pontotoc County, Oklahoma (the Organization) of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Organization as of June 30, 2021, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the governmental activities and general fund of the Organization and do not purport to, and do not, present fairly the financial position of Pontotoc County, as of June 30, 2021, the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The accompanying schedules of expenditures of federal and state awards and budget to actual comparisons, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, the schedules of expenditures of federal and state awards and budget to actual comparisons are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standard*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2024, on our consideration of the Organization'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 solely 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 effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

Regards,

Reconciliation Services PLLC

Stroud, Oklahoma
June 4, 2024

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY *dba*

Call a Ride Public Transit

(A Component Unit of Pontotoc County, Oklahoma)

Management's Discussion and Analysis

Year Ended June 30, 2021

This section of the Pontotoc County Public Transit Authority *dba* Call A Ride Public Transit's (the Organization) presents management's discussion and analysis (MD&A) of its financial performance during the year ended June 30, 2021. Please read it in conjunction with the organization's basic financial statements.

ORGANIZATIONAL OVERVIEW

The Organization is a Component Unit of Pontotoc County, formed in 1974, to provide public transportation services. The Organization provides budget projections to federal and state agencies that provide funding for the programs. Budgets are monitored and compared to actuals amounts for grant compliance.

FINANCIAL HIGHLIGHTS

- The overall net position has increased by \$99,191 or 16% from 2020.
- Federal, state and local grant funding has decreased by \$39,689 from 2020 and makes up approximately 78% of the total revenue.
- Fare revenue has increased by 9% over 2020 and makes up 5.7% of the total revenues.
- Of the revenue received in grants and contributions in 2021, a grant of \$41,865 from the Valley View Foundation was included.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of two parts: management discussion and analysis and the basic financial statements with supplementary information for grant budget to actual comparisons.

The basic financial statements consist of the Statement of Net Position and the Statement of Activities which provides information about the Organization as a whole, with the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance provide information on the Organization's governmental type funds. The Notes to the Financial Statements include explanations about details of certain items as required by accounting principles generally accepted in the United States of America as applied to government entities on a modified accrual basis.

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY *dba*

Call a Ride Public Transit

(A Component Unit of Pontotoc County, Oklahoma)

Management's Discussion and Analysis

Year Ended June 30, 2021

Comparative Statement of Financial Position

	June 30,			
	2021	2020	Change	% Change
Assets				
Current Assets:				
Cash	\$ 330,677	\$ 307,543	\$ 23,134	8%
Accounts Receivable	21,696	19,715	1,981	10%
Total Current Assets	352,373	327,258	25,115	8%
Noncurrent Assets:				
Capital Assets net of accumulated depreciation	433,510	343,677	89,833	26%
Total Assets	785,883	670,935	114,948	17%
Liabilities				
Current Liabilities:				
Total Current Liabilities	50,111	99,184	(49,073)	-49%
Noncurrent Liabilities:				
Compensated Absences	14,062	-	14,062	100%
Capital Lease Payable	20,185	28,513	(8,328)	-29%
Total Noncurrent Liabilities	34,247	28,513	5,734	71%
Total Liabilities	84,358	127,697	(43,339)	-34%
Net Position	\$ 701,525	\$ 543,238	\$ 158,287	29%

Comparative Statement of Activities

	2021	2020	Change	% Change
Revenues:				
Operating Grants and Contributions	\$ 296,329	\$ 336,018	\$ (39,689)	-12%
Charges for Services	21,495	21,071	424	2%
Sales Tax	59,566	54,180	5,386	10%
Miscellaneous	1,372	10,231	(8,859)	100%
Net Insurance and Sales Proceeds	73,628	-	73,628	0%
Total Revenues	452,390	421,500	30,890	7%
Expenditures:				
General Government	285,426	177,340	108,086	61%
Transportation	19,764	105	19,659	18723%
Interest Expense	1,104	6,472	(5,368)	100%
Total Expenditures	306,294	183,917	122,377	67%
Excess (deficiency) of revenues over (under) expenditures	146,096	237,583	(91,487)	-39%
Other Financing Sources (Uses)	(46,905)	-	(46,905)	100%
Change in Net Position	99,191	237,583	(138,392)	-58%
Net Position, as restated	602,334	394,380	207,954	53%
Net Position - ending	\$ 701,525	\$ 631,963	\$ 69,562	11%

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY *dba*

Call a Ride Public Transit

(A Component Unit of Pontotoc County, Oklahoma)

Management's Discussion and Analysis

Year Ended June 30, 2021

The Organization's governmental fund accounts, which focus' on net transfers and fund balances left at year-end that are available for spending is reported on a modified accrual basis of accounting.

The governmental fund statement provides a short-term view of the Organization's operations and the services provided. Governmental fund information helps determine available resources for programs. See the 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. In addition, see the budget to actual schedules for information on grant award expenditures.

ECONOMIC FACTORS AND NEXT YEAR'S PLANS

The Organization's current service area consists primarily of Pontotoc County. Throughout the next fiscal year, the Organization plans on continuing service to this area.

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.

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba
Call A Ride Public Transit
(A Component Unit of Pontotoc County, Oklahoma)

Statement of Net Position
June 30, 2021

Assets	Governmental Activities
Current Assets:	
Cash	\$ 330,677
Accounts Receivable	21,696
Total Current Assets	<u>352,373</u>
Noncurrent Assets:	
Property and Equipment	881,370
Accumulated Depreciation	<u>(447,860)</u>
Total Noncurrent Assets	<u>433,510</u>
Total Assets	<u>785,883</u>
Liabilities	
Current Liabilities:	
Accounts Payable	18,961
Salaries Payable	11,201
Payroll Liabilities	10,058
Current portion of Compensated Absences	1,563
Current Portion of Capital Lease Payable	<u>8,328</u>
Total Current Liabilities	50,111
Noncurrent Liabilities:	
Compensated Absences	14,062
Capital Lease Payable	<u>20,185</u>
Total Noncurrent Liabilities	<u>34,247</u>
Total Liabilities	<u>84,358</u>
Net Position	
Net Investment in Capital Assets	390,935
Unrestricted	<u>310,590</u>
Total Net Position	<u>\$ 701,525</u>

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

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba

Call A Ride Public Transit

(A Component Unit of Pontotoc County, Oklahoma)

**Statement of Activities
For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental Activities:					
General Government	\$ 285,426	\$ 21,495	\$ 296,329	\$ -	\$ 32,398
Transportation	19,764	-	-	-	(19,764)
Total Governmental Activities	<u>\$ 305,190</u>	<u>\$ 21,495</u>	<u>\$ 296,329</u>	<u>\$ -</u>	<u>12,634</u>

Total Primary Government

8

General Revenues:

Taxes:	
Sales Tax Apportionment	59,566
Sales of Assets	6,294
Net Insurance Proceeds	67,334
Miscellaneous	1,372
Interest Expense	(1,104)
Reimbursement to ODOT	(46,905)
Total General Revenues	<u>86,557</u>
Change in Net Position	99,191
Net Position - June 30, 2020	543,238
Prior Period Adjustment	59,096
Net Position - July 1, 2020	<u>602,334</u>
Net Position - Ending	<u>\$ 701,525</u>

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

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba
Call A Ride Public Transit
(A Component Unit of Pontotoc County, Oklahoma)

Balance Sheet - General Fund
June 30, 2021

	<u>Senior Citizens Trust Account</u>	<u>CAR Fire Tax Account</u>	<u>Total General Fund</u>
Assets			
Current Assets:			
Cash	\$ 245,527	\$ 85,150	\$ 330,677
Accounts Receivable	16,006	5,690	21,696
Total Assets	<u>\$ 261,533</u>	<u>\$ 90,840</u>	<u>\$ 352,373</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ 13,595	\$ 5,366	\$ 18,961
Salaries Payable	11,201	-	11,201
Payroll Liability	10,058	-	10,058
Total Liabilities	<u>34,854</u>	<u>5,366</u>	<u>40,220</u>
Fund Balances			
Assigned	21,950	-	21,950
Committed	-	85,474	85,474
Unrestricted	204,729	-	204,729
Total Fund Balances	<u>226,679</u>	<u>85,474</u>	<u>312,153</u>
Total Liabilities and Fund Balances	<u>\$ 261,533</u>	<u>\$ 90,840</u>	<u>\$ 352,373</u>

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

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba
Call A Ride Public Transit
(A Component Unit of Pontotoc County, Oklahoma)

Reconciliation to Total General Fund Balance to
Net position of Governmental Activities
June 30, 2021

Total Governmental Fund Balances	\$ 312,153
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 as assets in the fund	
The cost of the assets are \$881,370 and the accumulated depreciation is (\$447,860).	433,510
Compensated absences	(15,625)
Long-term liabilities are not due and payable in the current period and therefore are not reporting in the funds.	(28,513)
Net Position of Governmental Activities	<u><u>\$ 701,525</u></u>

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

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba
Call A Ride Public Transit
(A Component Unit of Pontotoc County, Oklahoma)

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	Senior Citizens Trust Account	CAR Fire Tax Account	Total General Fund
Revenues:			
Grants and Contracts	\$ 254,464	\$ -	\$ 254,464
Donations and Contributions	41,865	-	41,865
Charges for Services	21,495	-	21,495
Sales Tax	-	59,566	59,566
Miscellaneous	1,372	-	1,372
Total Revenues	<u>319,196</u>	<u>59,566</u>	<u>378,762</u>
Expenditures:			
Personal Service	219,294	-	219,294
Transportation Travel	1,609	-	1,609
Maintenance & Operations	14,153	19,764	33,917
Lease Payments	-	9,158	9,158
Capital Outlay	65,482	-	65,482
Total Expenditures	<u>300,538</u>	<u>28,922</u>	<u>329,460</u>
Excess (deficiency) of revenues over (under) expenditures	18,658	30,644	49,302
Other Financing Sources (Uses)			
Sale of Vehicle	6,294	-	6,294
Net Insurance proceeds	67,334	-	67,334
Reimbursement to Oklahoma Dept of Transportation	(46,905)	-	(46,905)
Total Other Financing Sources (Uses)	<u>26,723</u>	<u>-</u>	<u>26,723</u>
Net Change in Fund Balance	45,381	30,644	76,025
Fund Balance - beginning	<u>181,298</u>	<u>54,830</u>	<u>236,128</u>
Fund Balance - ending	<u><u>\$ 226,679</u></u>	<u><u>\$ 85,474</u></u>	<u><u>\$ 312,153</u></u>

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

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba
Call A Ride Public Transit

(A Component Unit of Pontotoc County, Oklahoma)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES FROM GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021**

Net Change in Governmental Fund Balance	\$ 76,025
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 are depreciated over the life of the assets:	
Depreciation	(50,370)
Capital Outlay	65,482
Principal Payments on Capital Lease	8,054
Total Adjustments	<u>23,166</u>
Net Change in Net Position	<u><u>\$ 99,191</u></u>

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

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY *dba*

Call a Ride Public Transit

(A Component Unit of Pontotoc County, Oklahoma)

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The financial statements of the Pontotoc County Public Transit Authority *dba* Call A Ride Public Transit (the Organization) are prepared in accordance with generally accepted accounting principles in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies and practices are listed below.

B. Reporting Entity

In 1974, the Board of County Commissioners of Pontotoc County, Oklahoma created by resolution the Organization, as 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

Government Wide

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). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all 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 amount program revenues are reported instead as general revenues.

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

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY *dba*

Call a Ride Public Transit

(A Component Unit of Pontotoc County, Oklahoma)

Notes to Financial Statements - Continued
Year Ended June 30, 2021

Funds

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 reporting focus is on the sources, uses and balances of current financial resources.

The accompanying fund financial statements report one major fund:

General Fund – 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 general fund is made up of two non-major fund accounts – the Senior Citizens Trust Fund and the CAR Fire Tax Fund

D. Fund Balance Classifications and Net Position Classifications

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. These classifications are as 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 in the short term. The Organization did not have any nonspendable resources as of June 30, 2021.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (i.e., debt covenants, lease restrictions, etc.) grantors, contributions, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions, enabling legislation or ordinance. The Organization did not have any restricted resources at June 30, 2021.
- Committed – This classification includes amounts that can be used only for a specific purpose 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 had \$85,474 of committed resources as of June 30, 2021.
- Assigned – This classification includes amounts that are constrained by the Organization's intent to be used for a specific purpose but are neither restricted or committed. This intent can be expressed by the Organization or through the governing body delegating this responsibility to the Organization's manager through the budgetary process. Resources of \$21,950 were considered assigned as of June 30, 2021.
- Unassigned – This classification includes the residual fund balance for the General Fund. The

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY *dba*

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Notes to Financial Statements - Continued

Year Ended June 30, 2021

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.

Net Position

Net position is displayed in three components:

- Net Investment in Capital Assets – Consists of capital assets and related accounts, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- Restricted Net Position – Consists of net position with constraints placed on the use either by 1) external groups, such as creditors, grantors, contributors or laws and regulations of other governments, or 2) Law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – All remaining net position that does not meet the definition of “restricted”.

The Organization's policy is to first use the restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes with both restricted net position and unrestricted net position are available.

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 reporting 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 collectable 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.

Grants 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.

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.

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY *dba*

Call a Ride Public Transit

(A Component Unit of Pontotoc County, Oklahoma)

Notes to Financial Statements - Continued

Year Ended June 30, 2021

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the policy of the Organization 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 as required supplemental information. However, individual projects and grants are required to operate within budget constraints. Budget to actual results of these projects are closely monitored and are presented here as supplemental information for the purposes of additional analysis and as required by the Oklahoma Department of Transportation.

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 Pontotoc County, Oklahoma's bank account. The Organization's cash is pooled with that of the County and the Organization receives a copy of the County Treasurer's Report that it reconciles to each month. The Organization's equity interest in the pool is presented as "*Cash*" on the statement of net position and governmental fund balance sheet.

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 cost) and updated for additions and retirements during the year. The Organization maintains a capitalization threshold of \$500. 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:

Buildings and Improvements	40 years
Vehicles	5 - 10 years
Equipment	3 - 5 years

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY *dba*

Call a Ride Public Transit

(A Component Unit of Pontotoc County, Oklahoma)

Notes to Financial Statements - Continued
Year Ended June 30, 2021

Changes in capital assets for the year are as follows:

	Balance 7/1/2020			Balance
	as restated*	Additions	Disposals	6/30/2021
Capital Assets				
Buildings and Improvements	\$ 400,217	\$ -	\$ -	\$ 400,217
Vehicles	473,527	94,102	161,278	406,351
Equipment	74,802	-	-	74,802
Total Capital Assets	948,546	94,102	161,278	881,370
Accumulated Depreciation				
Buildings and Improvements	133,407	10,005	-	143,412
Vehicles	353,659	39,265	161,278	231,646
Equipment	71,702	1,100	-	72,802
Total Accumulated Depreciation	558,768	50,370	161,278	447,860
Net Capital Assets	<u>\$ 389,778</u>	<u>\$ 43,732</u>	<u>\$ -</u>	<u>\$ 433,510</u>

*The beginning balance of capital assets was restated due to corrections made for physical inventory taken in July 2020. The net effect of the adjustment, \$59,096 was recorded on the government wide statement of activities along with the adjustment for compensated absences as a prior period adjustment.

Depreciation expense was charged to governmental activities during FY 2021 is \$50,370.

NOTE 3: CAPITAL LEASES

As of June 30, 2021, the Organization's capital lease obligations consisted of the following:

In September 2019, the Organization entered into a capital lease agreement with the Bob Howard Auto Group, to lease a 2018 Dodge Caravan for \$20,187. The lease is for a period of 12 months with an interest rate of 3.36% per year. This lease is renewable each year for a period of four years. \$ 13,502

In October 2019, the Organization entered into a capital lease agreement with Bob Howard Auto Group, to lease a 2019 Dodge Caravan, for \$21,909. The lease is for a period of 12 months with an interest rate of 3.36% per year. This lease is renewable each year for a period of four years. 15,011

Total Capital Lease Obligations \$ 28,513

Type of Debt	Balance			Balance	Amount
	6/30/2020	Additions	Reductions	6/30/2021	Due Within One Year
Governmental Activities:					
Capital Lease Obligation	\$ 17,370	\$ -	\$ (3,868)	\$ 13,502	\$ 3,999
Capital Lease Obligation	19,197	-	(4,186)	15,011	4,329
Total Governmental Activities	<u>\$ 36,567</u>	<u>\$ -</u>	<u>\$ (8,054)</u>	<u>\$ 28,513</u>	<u>\$ 8,328</u>

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba***Call a Ride Public Transit***

(A Component Unit of Pontotoc County, Oklahoma)

Notes to Financial Statements - Continued
Year Ended June 30, 2021

For the Year Ended June 30,	Bob Howard Auto Group \$20,187 Capital Lease		Bob Howard Auto Group \$21,909 Capital Lease	
	Prin	Int	Prin	Int
2022	\$ 3,999	\$ 392	\$ 4,329	\$ 428
2023	4,136	256	4,476	290
2024	4,276	115	4,629	138
2025	1,091	6	1,577	11
	<u>\$ 13,502</u>	<u>\$ 769</u>	<u>\$ 15,011</u>	<u>\$ 867</u>

NOTE 4: COMPENSATED ABSENCES

The Organization's full-time employees accrue vacation and compensatory time according to Pontotoc County's policy. Compensatory time is accrued at time and a half for hours worked in excess of forty hours per week and vacation time is accrued at 10 hours per month. Prior to fiscal 2021, the amount of compensated absences was not accrued since the calculation of vacation and compensatory time was inconsistently calculated each year. However, when new management took over, the Organization began the standard calculations in accordance with county policy. As of June 30, 2021, the amount of compensatory time and vacation time accrued was \$15,625.

NOTE 5: RETIREMENT PLAN

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

NOTE 6: ACCOUNTS RECEIVABLE

Accounts receivable of \$21,696 recorded in the Statement of Net Position is due from the Oklahoma Department of Transportation. All accounts receivable are considered collectable at June 30, 2021, accordingly an allowance for uncollectable accounts has not been established.

NOTE 7: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses recorded in the Statement of Net Position are payable for miscellaneous expenses, salaries and payroll related liabilities.

NOTE 8: 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 9: 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, 2021.

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY *dba*

Call a Ride Public Transit

(A Component Unit of Pontotoc County, Oklahoma)

Notes to Financial Statements - Continued

Year Ended June 30, 2021

NOTE 10: 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, state and local grant revenues comprised 77.8% of the Organization's revenues for the year.

NOTE 11: 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:

Type of Loss	Method Managed
a. Torts, errors, and omissions	Covered by Association of County Commissioners of Oklahoma Self Insurance
b. Injuries to employees (Worker's 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 12: CONTINGENT LIABILITIES

As noted above, the Organization participates in several federal, state and local 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 13: SUBSEQUENT EVENTS

In early March 2020, the COVID-19 virus was declared a global pandemic, and it unfortunately continues to spread rapidly. Business continuity and consumer demand could be severely impacted. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration of the outbreak and impact on ridership which is uncertain and cannot be predicted. At this point, the financial impact is unknown.

Management of the Organization has evaluated subsequent events through June 4, 2024, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba

Call A Ride Public Transit

(A Component Unit of Pontotoc County, Oklahoma)

**Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021**

Grantor/Pass-Through	Grantor Identification	ALN#/CFDA#		Grant Period	Award Amount	Expenditures
		Number				
U.S. DEPARTMENT OF TRANSPORTATION						
<u><i>Pass-through: Oklahoma Department of Transportation</i></u>						
Section 5311, Rural Public Transportation	RT202002	20.509		10/1/2020 - 09/30/2021	\$ 121,594	\$ 20,870
Section 5311, Rural Public Transportation - COVID	CARE2020-02	20.509		4/1/2020 - 4/30/2023	290,914	174,074
				Total Expenditures of Federal Awards		194,944
STATE AWARDS:						
Oklahoma State Department of Transportation						
State Public Transit Revolving Fund Program	RF2020-02	N/A		11/1/2019 - 6/1/2020	12,449	12,449
				Total Expenditures of State Awards		12,449
				Total Expenditures of Federal and State Awards	\$	207,393

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba
Call A Ride Public Transit
Schedule of Revenues and Expenditures - Budget to Actual Comparison

Section 5311 - Rural Public Transportation
Agreement No. RT202002
(10/01/2019 to 09/30/2022)

For the Year Ended June 30, 2021

	<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	\$ 121,594	\$ 65,321	\$ 44,871	\$ 110,192	\$ (11,402)
	121,594	65,321	44,871	110,192	(11,402)
 <u>EXPENDITURES</u>					
Operating and Administrative	121,594	56,273	20,870	77,143	(44,451)
Total Expenditures	121,594	56,273	20,870	77,143	(44,451)
 REVENUES OVER (UNDER) BUDGET	<u>\$ -</u>	<u>\$ 9,048</u>	<u>\$ 24,001</u>	<u>\$ 33,049</u>	<u>\$ 33,049</u>

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY dba
Call A Ride Public Transit
Schedule of Revenues and Expenditures - Budget to Actual Comparison

Section 5311 - Rural Public Transportation
Agreement No. CARE202002
(1/20/2020 to 04/30/2023)

For the Year Ended June 30, 2021

	<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	\$ 290,914	\$ 94,883	\$ 196,031	\$ 290,914	\$ -
	290,914	94,883	196,031	290,914	-
 <u>EXPENDITURES</u>					
Operating and Administrative	290,914	72,727	174,074	246,801	(44,113)
Total Expenditures	290,914	72,727	174,074	246,801	(44,113)
 REVENUES OVER (UNDER) BUDGET	<u>\$ -</u>	<u>\$ 22,156</u>	<u>\$ 21,957</u>	<u>\$ 44,113</u>	<u>\$ 44,113</u>



Reconciliation Services, PLLC

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(405) 570-7920

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*

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, and each major fund, of the Pontotoc County Public Transit Authority dba Call-A-Ride Public Transit, a component unit of the Pontotoc County, Oklahoma (the Organization) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated June 4, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section 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 that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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 financial statements. 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 that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Regards,

Reconciliation Services PLLC

Stroud, Oklahoma
June 4, 2024

PONTOTOC COUNTY PUBLIC TRANSIT AUTHORITY *dba*
Call a Ride Public Transit
(A Component Unit of Pontotoc County, Oklahoma)

Schedule of Findings and Responses
Year Ended June 30, 2021

Finding 2021-001

Criteria: Effective internal controls require policy and procedures to be followed in the calculation of payroll accruals, vacation accruals and compensation time accruals.

Condition: During payroll and related accrual test work, we noted that the calculations for accrued vacation and compensation time were not calculated accurately over the fiscal year.

Cause and Effect: Procedures have been established by Pontotoc County but were applied inconsistently by the Call A Ride Director responsible for those duties in FY 2021. Inconsistent application of the procedure could result in inaccurate financial statements.

Recommendation: We recommend that the current Call A Ride Director review the policy and procedures for calculating the vacation leave and compensation time accruals. We further recommend that these calculations are applied according to the County's policy and that calculations are applied consistently throughout the fiscal year.

Management Response: The current Director of Call A Ride Public Transit started on January 1, 2022. Once she took over as director, she became aware of Pontotoc County's payroll procedures including the sick/vacation/compensation time accrual and usage applications were not being followed consistently. She took immediate action to ensure that policies and procedures concerning payroll were applied correctly moving forward from January 2022.