



Regional Transportation Authority  
of Central Oklahoma

Noted some minor edits to T-letter from prior version, reviewed and OK with changes following standards required for other information.

# Annual Financial Report

for the Fiscal Years ended  
June 30, 2024 and 2023



# **REGIONAL TRANSPORTATION AUTHORITY**

The Regional Transportation Authority  
of Central Oklahoma

## ***Board of Directors***

Brad Henry, Chairman - Oklahoma City

Marion Hutchison, Vice Chairman - Norman

Mary Mèlon-Tully, Secretary - Oklahoma City

James Boggs, Treasurer - Edmond

Phil Fraim - Edmond

Chuck Thompson - Norman

Aaron Curry - Oklahoma City

## ***Management***

Jason Ferbrache, Interim Executive Director

Annual Financial Report for the Fiscal Years Ended June 30, 2024 and 2023

Prepared by The Oklahoma City Finance Department, Accounting Services Division  
Alex E. Fedak, CPA / Controller



# **Introductory Section**



# REGIONAL TRANSPORTATION AUTHORITY

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**Regional Transportation Authority  
of Central Oklahoma**

2000 S MAY AVENUE,  
OKLAHOMA CITY, OK 73108

405.297.1331

rtaok.org

January 29, 2025

Chairman and Directors  
Regional Transportation Authority of Central Oklahoma

The Regional Transportation Authority of Central Oklahoma (Authority) annual financial report (annual report) provides a comprehensive overview of the Authority's financial position and the results of operations during the past fiscal year. It complies with reporting requirements specified by Oklahoma State Statutes and the dictates of effective financial management practices. The Oklahoma City Finance Department, Accounting Services Division, has prepared this report in compliance with generally accepted accounting principles in the United States. It is fairly stated in all material respects. Responsibility for the accuracy of the reported information and the completeness and fairness of the presentation, including disclosures, rests with the Authority.

The Authority's annual report includes the reports of independent auditors, management's discussion and analysis (MD&A), financial statements, and related notes. Management's narrative on the financial activities of the Authority for fiscal years ended June 30, 2024 and 2023, is in the MD&A section of this report, immediately following the independent auditor's report on financial statements and supplementary information. The Authority's reporting entity is comprised of financial and operating activities conducted within the legal framework of the Authority.

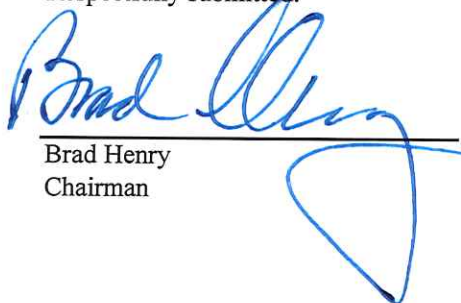
The original Authority Task Force established in 2009 by the Association of Central Oklahoma Governments (ACOG) was led by a steering committee of locally elected officials and volunteer private sector representatives. The governing cities provided the initial funding for the region's longstanding vision to transform the transportation system of Central Oklahoma.

The Authority was created as a public trust pursuant to Title 60 of the Oklahoma Statutes, section 176, et seq., on February 20, 2019, by the governing city councils of Del City, Edmond, Midwest City, Moore, Norman, and Oklahoma City. The purpose of the Authority is to plan, finance, implement and operate a regional transportation system. During the fiscal year ended June 30, 2022, three of the member cities withdrew from the Authority. On October 24, 2022 an amended and restated trust agreement and indenture was entered into by the governing city councils of Edmond, Norman and Oklahoma City.

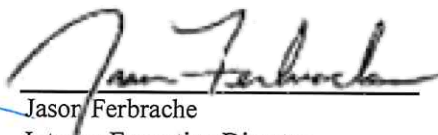
The Authority will continue to analyze potential dedicated funding sources for public transportation. The Authority also establishes policies and procedures required for operation of the Authority, planning, and development of the public transportation system in Central Oklahoma while coordinating with existing transit operators, the Oklahoma Department of Transportation (ODOT), and federal governing agencies via the trust indenture approved by the governing city councils and mayors of the member jurisdictions.

The governing boards of the member jurisdictions appoint seven directors. Each jurisdiction's mayor appoints two directors with the exception of the mayor of the City of Oklahoma City, who appoints three directors. The Authority participates in the City of Oklahoma City's comprehensive accounting system. Interim financial statements provide the Authority management and other interested readers with regular financial analysis.

Respectfully submitted:



Brad Henry  
Chairman



Jason Ferbrache  
Interim Executive Director



Alex E. Fedak, CPA  
Controller

## **Financial Section**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
**Regional Transportation Authority of Central Oklahoma**  
Oklahoma City, Oklahoma

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and the major fund of the Regional Transportation Authority of Central Oklahoma (Authority), as of and for the years ended June 30, 2024 and 2023, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Authority as of June 30, 2024 and 2023, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***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 Authority's ability to continue as a going concern for 12 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 objectives are 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 GAAS 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 GAAS 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 Authority'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 Authority'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 listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the 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 GAAS, 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.

#### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2025 on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

*Allen, Gibbs & Houlik, L.C.*

CERTIFIED PUBLIC ACCOUNTANTS

Wichita, KS  
January 29, 2025

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Regional Transportation Authority of Central Oklahoma (Authority) annual financial report, the Authority's management provides narrative discussion and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2024 and 2023. The Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. Introductory information is available in the transmittal letter which precedes this discussion and analysis.

### *Financial Summary*

- Authority assets equaled liabilities in fiscal years 2024 and 2023
- Total assets for the Authority increased by \$498,978 (50.0%) to \$1,496,332 during fiscal year 2024 and decreased by \$222,375 (18.2%) to \$997,354 during fiscal year 2023.
- Total liabilities for the Authority increased by \$498,978 (50.0%) to \$1,496,332 during fiscal year 2024 and decreased by \$222,375 (18.2%) to \$997,354 during fiscal year 2023.

### *Overview of the Financial Statements*

This discussion and analysis introduces the Authority's basic financial statements. The basic financial statements include: (1) Authority-wide statements, (2) fund financial statements, and (3) notes to the financial statements.

#### **Authority-wide Financial Statements**

The Authority's annual report includes two Authority-wide financial statements. These statements provide both long-term and short-term information about the overall status of the Authority and are presented to demonstrate the extent to which the Authority has met its operating objectives efficiently and effectively using all the resources available and whether the Authority can continue to meet its objectives in the foreseeable future. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

The first of these statements is the statement of net position. This statement presents information that includes all of the Authority's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority as a whole is improving or deteriorating, identify financial strengths and weaknesses and assess liquidity.

The second statement is the statement of activities which reports how the Authority's net position changed during the current fiscal year. This statement can be used to assess the Authority's operating results in its entirety and analyze how the Authority's programs are financed. All current year revenues and expenses are included regardless of when cash is received or paid.

#### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Authority has only one fund, a governmental fund, which serves as the general fund of the Authority.

#### Governmental Fund

The governmental fund is reported in the fund financial statements and reports the regional transportation function as reported in the Authority-wide financial statements. Fund statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements and the commitment of spendable resources for the near-term.

Since the Authority-wide financial statements' focus includes the long-term view, comparisons between the two perspectives may provide useful insights. Both the governmental fund balance sheets and the governmental fund statements of revenues, expenditures, and changes in fund balance provide a reconciliation to assist in understanding the differences between these two perspectives.

### Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to gain a full understanding of the Authority-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

### Financial Analysis

| Summary of Net Position       |                         |                       |                       |             |                         |                         |               |
|-------------------------------|-------------------------|-----------------------|-----------------------|-------------|-------------------------|-------------------------|---------------|
|                               |                         |                       | 2024-2023             | 2024-2023   |                         | 2023-2022               | 2023-2022     |
|                               |                         |                       | Amount of             | %           |                         | Amount of               | %             |
|                               | 2024                    | 2023                  | Change                | Change      | 2022                    | Change                  | Change        |
| <b>Assets</b>                 |                         |                       |                       |             |                         |                         |               |
| Current assets                | \$1,496,332             | \$997,354             | \$498,978             | 50.0%       | \$1,219,729             | (\$222,375)             | (18.2%)       |
| <b>Total assets</b>           | <b><u>1,496,332</u></b> | <b><u>997,354</u></b> | <b><u>498,978</u></b> | <b>50.0</b> | <b><u>1,219,729</u></b> | <b><u>(222,375)</u></b> | <b>(18.2)</b> |
| <b>Liabilities</b>            |                         |                       |                       |             |                         |                         |               |
| Current liabilities           | 1,496,332               | 997,354               | 498,978               | 50.0        | 1,219,729               | (222,375)               | (18.2)        |
| <b>Total liabilities</b>      | <b><u>1,496,332</u></b> | <b><u>997,354</u></b> | <b><u>498,978</u></b> | <b>50.0</b> | <b><u>1,219,729</u></b> | <b><u>(222,375)</u></b> | <b>(18.2)</b> |
| <b>Net position (deficit)</b> |                         |                       |                       |             |                         |                         |               |
| <b>Total net position</b>     | <b><u>\$-</u></b>       | <b><u>\$-</u></b>     | <b><u>\$-</u></b>     | <b>-</b>    | <b><u>\$-</u></b>       | <b><u>\$-</u></b>       | <b>-</b>      |

As of June 30, 2024, current assets increased \$498,978 from June 30, 2023. Cash increased \$448,506 with contributions from the member cities, offset by the payment of consulting and administration services to perform initial functions and planning for operations and strategies of the Authority. Intergovernmental receivables increased \$50,471. As of June 30, 2023, assets decreased \$222,375 from June 30, 2022. Cash decreased \$309,687 with the payment of consulting and administration services to perform initial functions and planning for operations and strategies of the Authority, offset by contributions from the member cities. Intergovernmental receivables increased \$87,312.

In 2024, total liabilities increased \$498,978 primarily due to an increase in unearned revenue of \$529,879 offset by a decrease in accounts payable of \$38,576. Total liabilities decreased \$222,375 in 2023 primarily due to a decrease in unearned revenue of \$226,927.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2024 and 2023**

**REGIONAL TRANSPORTATION**  
**AUTHORITY**

| <b>Summary of Changes in Net Position</b> |                         |                         |                       |               |                         |                       |               |
|---|-------------------------|-------------------------|-----------------------|---------------|-------------------------|-----------------------|---------------|
|   |                         |                         | 2024-2023             | 2024-2023     |                         | 2023-2022             | 2023-2022     |
|   |                         |                         | Amount of             | %             |                         | Amount of             | %             |
|   | <u>2024</u>             | <u>2023</u>             | <u>Change</u>         | <u>Change</u> | <u>2022</u>             | <u>Change</u>         | <u>Change</u> |
| <b>Revenues</b>                           |                         |                         |                       |               |                         |                       |               |
| Operating grants & contributions          | <u>\$2,346,751</u>      | <u>\$1,603,272</u>      | <u>\$743,479</u>      | 46.4%         | <u>\$1,206,378</u>      | <u>\$396,894</u>      | 32.9%         |
| <b>Total revenues</b>                     | <u><b>2,346,751</b></u> | <u><b>1,603,272</b></u> | <u><b>743,479</b></u> | 46.4          | <u><b>1,206,378</b></u> | <u><b>396,894</b></u> | 32.9          |
| <b>Program expenses</b>                   | <u><b>2,346,751</b></u> | <u><b>1,603,272</b></u> | <u><b>743,479</b></u> | 46.4          | <u><b>1,206,378</b></u> | <u><b>396,894</b></u> | 32.9          |
| <b>Changes in net position</b>            | -                       | -                       | -                     | -             | -                       | -                     | -             |
| Beginning net position                    | -                       | -                       | -                     | -             | -                       | -                     | -             |
| <b>Ending net position</b>                | <u><b>\$-</b></u>       | <u><b>\$-</b></u>       | <u><b>\$-</b></u>     | -             | <u><b>\$-</b></u>       | <u><b>\$-</b></u>     | -             |

Current contribution of funds of the Authority are considered earned when the expenditures are paid. Within total revenues, the Authority reported a net increase of \$743,479 in 2024. The increase was primarily due to an increase of \$416,778 due to the recognition of contribution revenues applied to consulting and administrative services and an increase of \$326,701 in Federal Transit Administration funds received. The Authority reported a net increase of \$396,894 in 2023. The increase was primarily due to an increase of \$309,582 due to the recognition of contribution revenues applied to consulting and administrative services, and an increase of \$87,312 in Federal Transit Administration funds received.

In 2024, program expenses increased \$743,479 primarily related to an increase of \$748,422 in professional and consulting services. In 2023, program expenses increased \$396,894 primarily related to an increase in professional and consulting services.

### **Governmental Fund**

As discussed, the Authority governmental fund is reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison to upcoming financing requirements. There are no differences between the Authority-wide and governmental fund financial statements.

### ***Contacting the Authority's Financial Management***

This financial report is designed to provide a general overview of the Authority's finances, comply with finance-related laws and regulations, and demonstrate commitment to public accountability. The RTA annual statement may be obtained online at [okc.gov/departments/finance](http://okc.gov/departments/finance). Questions relating to the Authority's operations should be directed to the Regional Transportation Authority of Central Oklahoma, 2000 S May Avenue, Oklahoma City, Oklahoma 73108.

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# **Basic Financial Statements**



## ***Authority-wide Financial Statements***

*Provide both long-term and short-term information about the Authority's overall status using full accrual accounting.*

- \* ***Governmental Activities*** – *Reports regional transportation activities and the general revenues of the Authority.*

## ***Fund Financial Statements***

*Focus on the Authority's governmental fund.*

### **Governmental Fund Financial Statements**

*Encompass essentially the same functions reported as governmental activities in the Authority-wide financial statements using modified accrual accounting and report the annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.*

**STATEMENTS OF NET POSITION**  
**June 30,**

**REGIONAL TRANSPORTATION**  
**AUTHORITY**

|  | <u><b>2024</b></u>      | <u><b>2023</b></u>    |
|--|-------------------------|-----------------------|
| <b><u>ASSETS</u></b>                       |                         |                       |
| <b><u>CURRENT ASSETS</u></b>               |                         |                       |
| Cash-----                                  | \$1,358,548             | \$910,042             |
| Intergovernmental receivables-----         | 137,784                 | 87,312                |
| Total current assets-----                  | <u>1,496,332</u>        | <u>997,354</u>        |
| <b>Total assets-----</b>                   | <b><u>1,496,332</u></b> | <b><u>997,354</u></b> |
| <b><u>LIABILITIES</u></b>                  |                         |                       |
| <b><u>CURRENT LIABILITIES</u></b>          |                         |                       |
| Accounts payable and accrued expenses----- | 197,100                 | 235,676               |
| Unearned revenue-----                      | 1,288,947               | 759,068               |
| Intergovernmental payable-----             | 10,285                  | 2,610                 |
| <b>Total liabilities-----</b>              | <b><u>1,496,332</u></b> | <b><u>997,354</u></b> |
| <b><u>NET POSITION</u></b>                 |                         |                       |
| <b>Total net position-----</b>             | <b><u>\$ -</u></b>      | <b><u>\$ -</u></b>    |

See accompanying notes to financial statements.



**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30,**

**REGIONAL TRANSPORTATION**  
**AUTHORITY**

|  | <u>2024</u>             | <u>2023</u>             |
|--|-------------------------|-------------------------|
| <b><u>PROGRAM EXPENSES</u></b>                   |                         |                         |
| Materials and supplies-----                      | \$4                     | \$49                    |
| Professional services-----                       | 2,340,575               | 1,592,153               |
| Other services and charges-----                  | 6,172                   | 11,070                  |
| <b>Total program expenses-----</b>               | <b><u>2,346,751</u></b> | <b><u>1,603,272</u></b> |
| <b><u>PROGRAM REVENUES</u></b>                   |                         |                         |
| <b><u>CHARGES FOR SERVICES</u></b>               |                         |                         |
| <b><u>OPERATING GRANTS AND CONTRIBUTIONS</u></b> |                         |                         |
| Other operating grants and contributions-----    | 2,346,751               | 1,603,272               |
| <b>Total program revenues-----</b>               | <b><u>2,346,751</u></b> | <b><u>1,603,272</u></b> |
| <b>Changes in net position-----</b>              | <b>-</b>                | <b>-</b>                |
| Net position-beginning-----                      | -                       | -                       |
| <b>Net position-ending-----</b>                  | <b><u>\$ -</u></b>      | <b><u>\$ -</u></b>      |

See accompanying notes to financial statements.

**BALANCE SHEETS**  
**June 30,**

**REGIONAL TRANSPORTATION**  
**AUTHORITY**

|   | <u>2024</u>               | <u>2023</u>             |
|---|---------------------------|-------------------------|
| <b><u>ASSETS</u></b>  |                           |                         |
| Cash-----   | \$1,358,548               | \$910,042               |
| Intergovernmental receivable-----   | 137,784                   | 87,312                  |
| <b>Total assets</b> -----   | <b><u>\$1,496,332</u></b> | <b><u>\$997,354</u></b> |
| <br><b><u>LIABILITIES AND FUND BALANCE</u></b>                              |                           |                         |
| <b><u>LIABILITIES</u></b>   |                           |                         |
| Accounts payable and accrued expenditures-----                              | 197,100                   | 235,676                 |
| Unearned revenue-----   | 1,288,947                 | 759,068                 |
| Intergovernmental payable, current-----                                     | 10,285                    | 2,610                   |
| <b>Total liabilities</b> -----  | <b><u>1,496,332</u></b>   | <b><u>997,354</u></b>   |
| <br><b>Total liabilities and fund balances</b> -----                        | <b><u>\$1,496,332</u></b> | <b><u>\$997,354</u></b> |
| <br><b><u>RECONCILIATION OF THE BALANCE SHEETS TO THE STATEMENTS OF</u></b> |                           |                         |
| <b><u>NET POSITION</u></b>  |                           |                         |
| Total fund balances-----  | \$ -                      | \$ -                    |
| <b>Total net position</b> -----   | <b><u>\$ -</u></b>        | <b><u>\$-</u></b>       |

See accompanying notes to financial statements.

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
For the Years Ended June 30,**

**REGIONAL TRANSPORTATION  
AUTHORITY**

|  | <u>2024</u>               | <u>2023</u>             |
|--|---------------------------|-------------------------|
| <b><u>REVENUES</u></b>   |                           |                         |
| Intergovernmental programs-----  | \$2,346,751               | \$1,603,272             |
| <b>Total revenues-----</b>   | <b><u>\$2,346,751</u></b> | <b><u>1,603,272</u></b> |
| <b><u>EXPENDITURES</u></b>   |                           |                         |
| <b><u>CURRENT</u></b>  |                           |                         |
| Materials and supplies-----  | 4                         | 49                      |
| Professional services-----   | 2,340,575                 | 1,592,153               |
| Other services and charges-----  | 6,172                     | 11,070                  |
| <b>Total expenditures-----</b>   | <b><u>2,346,751</u></b>   | <b><u>1,603,272</u></b> |
| <b>Net changes in fund balances-----</b>   | <b>-</b>                  | <b>-</b>                |
| Fund balances, beginning-----  | -                         | -                       |
| <b>Fund balances, ending-----</b>  | <b><u>\$ -</u></b>        | <b><u>\$ -</u></b>      |
| <b><u>RECONCILIATION OF STATEMENTS OF REVENUES, EXPENDITURES, AND<br/>CHANGES IN FUND BALANCES TO STATEMENTS OF ACTIVITIES</u></b> |                           |                         |
| Net changes in fund balances-----  | \$ -                      | \$ -                    |
| <b>Change in net position-----</b>   | <b><u>\$ -</u></b>        | <b><u>\$ -</u></b>      |

See accompanying notes to financial statements.

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## **Notes to Financial Statements**



## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### I. A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Regional Transportation Authority of Central Oklahoma (Authority) financial activities for the fiscal years ended June 30, 2024 and 2023.

### I. B. BASIS OF PRESENTATION

#### I. B. 1. REPORTING ENTITY

The Authority was created as a public trust pursuant to Title 60 of the Oklahoma Statutes, section 176, et seq., on February 20, 2019, by the governing city councils of Oklahoma City, Edmond, Norman, Moore, Midwest City, and Del City hereinafter referred to as the Beneficiaries. The purpose of the Authority is to plan, establish, develop, acquire, construct, purchase, own, install, repair, enlarge, improve, maintain, equip, finance and refinance, operate and regulate public transportation systems and facilities within the boundaries of the regional district of the Authority including but not limited to the purchase, lease, construction, installation, equipping, maintenance, and operation of such buildings and other facilities necessary for the servicing of such public transportation systems and facilities.

On October 24, 2022, The Authority trust agreement was amended, removing Moore, Midwest City, and Del City as Beneficiaries. Under the amended agreement, there are seven Directors who are appointed by the governing boards of the member jurisdictions. Each jurisdiction's mayor will appoint two Directors with the exception of Oklahoma City who will appoint three Directors subject to the approval of the governing board. The initial term of the Directors shall begin concurrent with the creation of the Authority and end on June 30 in the year following a successful referendum establishing a dedicated funding source for Authority operations. Effective July 1 in the year following a successful referendum establishing a dedicated funding source for Authority operations, the term of the Directors shall be established on a staggered basis with four Directors serving a transitional term of four years and three Directors serving a transitional term of two years. After completion of the transitional term by the Directors, all Directors shall be appointed for four-year terms beginning on July 1.

#### *Related Parties*

#### **Central Oklahoma Transportation and Parking Authority (COTPA)**

On January 29, 2020, the Authority entered into an agreement with the Central Oklahoma Transportation and Parking Authority (COTPA) to provide interim administrative services. The Authority has not retained staff needed to perform the services necessary to accomplish the existing plan of work. The agreement will provide services of its Administrator as Interim Executive Director. Those services will consist primarily of personnel allocated to support policy development, financial services, administration, public information, marketing, community relations, technology and record keeping. COTPA uses accounting services from the City of Oklahoma City who is also providing these services to the Authority.

#### I. B. 2. BASIC FINANCIAL STATEMENTS

The basic financial statements include the statement of net position, the statement of activities, balance sheet, and statement of revenues, expenditures, and changes in fund balances. These statements report financial information for the Authority as a whole.

*Authority-Wide Financial Statements*

The statement of net position reports both short and long-term assets and liabilities, specifically including capital assets, acquired by the Authority.

The statement of activities reports the revenues and expenses of the Authority. Program revenue includes operating and capital grants as well as contributions. All other revenues of the Authority are included as general revenues.

*Fund Financial Statements*

The balance sheet and statement of revenues, expenditures, and changes in fund balances are also included in the basic financial statements. These statements report current assets and liabilities and sources and uses of these resources.

**I. B. 3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

*Authority-Wide Financial Statements*

The financial statements of the Authority are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The statement of net position and statement of activities report 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. Capital assets are recorded when purchased or constructed and depreciated over their useful lives.

*Fund Financial Statements*

The remaining two financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Authority considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related liability is incurred.

**I. C. BUDGET LAW AND PRACTICE**

Oklahoma Statutes require the submission of financial information for public trusts. However, legal budgetary control levels are not specified. Accordingly, the Authority's budget is submitted to its governing body for approval. Appropriations are recorded and available for encumbrance or expenditure as revenue is received in cash. Budgetary control is exercised on a project-length basis. Therefore, appropriations are carried forward each year until projects are completed. Management's policy prohibits expenditures to exceed appropriations at the detail, line-item level. Management may transfer appropriations without governing body approval.



**I. D. POLICIES RELATED TO ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES,  
DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY**

***Implementation of New Accounting Standards***

In 2024, the Authority implemented the following accounting standards. The implementation of these standards did not have a material impact on the Authority's financial statements.

The Authority implemented GASB statement number 100, Accounting Changes and Error Corrections - an amendment of GASB Statement number 62. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions. Display and note disclosure enhancements have been applied where applicable. This statement did not have a material impact on the Authority's financial statements.

**I. D. 1. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents reported by the Authority include cash on hand.

**I. D. 2. RECEIVABLES**

Receivables are due from an intergovernmental agency. All receivables are ordinarily due within 90 days of year end. The receivables are considered fully collectible and no allowances for uncollectible amounts has been recorded.

**I. D. 3. PREPAIDS**

Prepays are payments to vendors that benefit future reporting periods and are reported on the consumption basis. Prepays are similarly reported in the Authority-wide and fund statements. Payments to vendors that are less than \$5,000 are considered de minimis and are reported with expenses/expenditures in the year of payment. The prepaid threshold amount is \$5,000.

**I. D. 4. FUND EQUITY**

***Fund Balance***

**Non-Spendable Fund Balance**

Fund balance reported as non-spendable includes amounts that cannot be spent because it is not in spendable form or is not expected to be converted to cash including inventories, prepaid expenses and non-current receivables and advances.

**Restricted Fund Balance**

Restricted fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

**Committed Fund Balance**

Committed fund balance includes amounts that are constrained for specific purposes that are internally imposed by a vote of the Board of Directors. Commitments of fund balance do not lapse at year-end.

**Assigned Fund Balance**

Assigned fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed.

**Unassigned Fund Balance**

Unassigned fund balance includes fund balance which has not been classified within the above mentioned categories.

**Fund Balance Usage**

The Authority uses restricted amounts when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, the Authority uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

***Net Position***

Net position invested in capital assets, net of related debt, and legally restricted amounts are separated from unrestricted net position.

**Restricted Net Position**

Amounts reported as restricted for debt service include those amounts held in restricted accounts as required by the debt instrument. Restricted amounts held to pay bond interest are reduced by accrued interest payable. Net position restricted for capital projects include unspent debt proceeds legally restricted for capital outlays. Restricted net position also include purpose restrictions from enabling legislation and other external sources.

**I. E. USE OF ESTIMATES**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

**I. F. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

The Authority carries commercial insurance of all risks of loss, including property and liability insurance.

**I. G. MAJOR REVENUES**

Revenues are from contributions and grant awards. Program revenues include contributions received from the Beneficiaries and grant awards.

**I. H. TAX STATUS**

The Authority is exempt from Federal and state income taxes under Section 115 of the Internal Revenue Code for any trade or business related to the Authority's tax-exempt purpose or function.

## II. ASSETS

### II. A. DEPOSITS AND CASH

#### *Deposits*

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in the possession of an outside party. The Authority policy requires deposits to be 110 percent secured by collateral valued at market or par, whichever is lower, less the amount covered by Federal deposit insurance. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health, as determined by the bank's institutional rating provided by commercially available bank services or on performance evaluations conducted pursuant to the Federal Community Reinvestment Act, 12 United States Code, Section 2901. Collateral agreements must be approved prior to deposit of funds as provided by law.

At June 30, 2024 and 2023, the Authority's cash is collateralized with securities held by the pledging financial institution in the name of the Authority, less Federal depository insurance.

### II. B. ACCOUNTS RECEIVABLE

Intergovernmental receivables at June 30, 2024, were \$137,784, and the intergovernmental receivables were \$87,312 as of June 30, 2023.

## III. LIABILITIES

### III. A. UNEARNED REVENUES

The Authority received contributions from the Beneficiaries. Unearned revenue on these contributions as of June 30, 2024 and 2023 are \$1,288,947 and \$759,068, respectively.

## IV. RELATED PARTY TRANSACTIONS

#### *Central Oklahoma Transportation and Parking Authority (COTPA)*

RTA paid COTPA for administrative support in the amounts of \$37,003 and \$27,471 during fiscal years 2024 and 2023, respectively. These payments were for providing the services of personnel allocated to support policy development, financial services, administration, public information, marketing, community relations, technology and record keeping. COTPA uses accounting services from the City of Oklahoma City who is also providing these services to the Authority.

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
**Regional Transportation Authority of Central Oklahoma**  
Oklahoma City, 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 (*Government Auditing Standards*), the financial statements of the governmental activities and the major fund of the Regional Transportation Authority of Central Oklahoma (Authority), as of and for the years ended June 30, 2024 and 2023, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents, and have issued our report thereon dated January 29, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 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 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 over financial reporting that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits 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*.

### **The Authority's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control on compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Allen, Gibbs & Houlik, L.C.*

CERTIFIED PUBLIC ACCOUNTANTS

Wichita, KS  
January 29, 2025

# REGIONAL TRANSPORTATION AUTHORITY

## SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2024

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### FINANCIAL STATEMENT FINDING

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#### **Finding 2024-001: Electronic Payment Processing (Significant Deficiency)**

During fiscal year 2024, the Authority updated banking system authorized signors to align with staffing changes; however, during this process dual authorization requirements were inadvertently removed. In addition, three new vendors set-up during fiscal year 2024 had new vendor set-up forms provided by the vendor, but verification of banking information was not retained by the Authority.

**Criteria or Specific Requirement:** Internal controls should be designed and followed to provide adequate control over asset management.

**Cause:** Employee turnover and changes in roles and responsibilities.

**Effect:** Lack of controls and procedures over electronic payments could result in vendor payments to incorrect bank accounts.

**Recommendations:** We recommend that management work with the bank to reestablish dual authorization requirements on electronic payments. Additionally, as more new vendors are established or changes to vendors occur, we recommend the vendor set-up forms be modified to include a step to note that banking information was verified through receipt of a cancelled check or similar documentation.

**Management Response (unaudited):** Management acknowledges the finding. While our existing policies and procedures for electronic payments are generally sound, we acknowledge that recent staffing changes and subsequent updates to the electronic banking system have resulted in some control gaps.

Management has taken the following corrective actions:

1. **Dual Authorization was re-established:** We worked with the bank to re-establish and test the functionality of the dual authorization requirement for all electronic payments.
2. **Enhanced our Vendor Onboarding Procedures:** We revised our vendor onboarding procedures to include a sign off by staff requiring verification of all banking information for new vendors and any changes to existing vendor information and have trained staff involved in vendor onboarding.