

The logo for the Regional Transportation Authority of Central Oklahoma, featuring the letters 'RTA' in a bold, white, sans-serif font centered within a solid red rectangular background.

Regional Transportation Authority
of Central Oklahoma

The background of the cover is a photograph of a train station. A red and white train is blurred in motion, passing through the station. A person with a red and black backpack is standing on the platform, looking towards the train. The scene is brightly lit, suggesting daytime.

Annual Financial Report

for the Fiscal Year
ended June 30, 2020

REGIONAL TRANSPORTATION AUTHORITY

The Regional Transportation Authority
of Central Oklahoma

Board of Directors

Brad Henry, Chairman - Oklahoma City

Marion Hutchinson, Vice Chairman - Norman

Mary Mèlon, Secretary - Oklahoma City

James Boggs, Treasurer - Edmond

Donald Vick - Del City

Aaron Budd - Midwest City

Steve Eddy - Moore

Management

Jason Ferbrache, Interim Executive Director

Annual Financial Report for the Fiscal Year Ended June 30, 2020

Prepared by The Oklahoma City Finance Department, Accounting Services Division
Angela Pierce, CPA, Assistant Finance Director / Controller

Introductory Section

REGIONAL TRANSPORTATION AUTHORITY

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OKLAHOMA CITY, OK 73108

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rtaok.org

December 11, 2020

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 auditor's, 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, 2020 and 2019, 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 Oklahoma City, Edmond, Norman, Moore, Midwest City, and Del City. The purpose of the Authority is to plan, finance, implement and operate a regional transportation system.

The Authority will analyze potential dedicated funding sources for public transportation while providing legal, financial, marketing and political support for a referendum and/or vote of the people for dedicated funding source(s). The Authority also establishes policies and procedures required for operation of the Authority, planning and development for the public transportation system in Central Oklahoma while coordinating with existing transit operators, Oklahoma Department of Transportation (ODOT) and federal governing agencies via a trust indenture approved by the governing city councils and mayors of the member jurisdictions.

The coronavirus pandemic has cast a large shadow over the economic outlook for the Region of Central Oklahoma and the country as a whole. The economic contraction in the US was unprecedented as local, state and federal leaders worked through impacts of the contraction caused by the measures designed to suppress the transmission of coronavirus. The collapse in oil prices that occurred as a result of the dramatic reduction in global oil demand as a result of the pandemic has had a significant impact on the oil and gas industry worldwide and Oklahoma was no exception. From June of 2019 to June 2020, Oklahoma experienced a 90% reduction in active drilling rigs dropping from 100 active rigs to just 10. Going back just a year more to June 2018, Oklahoma had 140 drilling rigs working in the state. The contraction in the oil and gas industry has been dramatic and the effects will continue to ripple through the economy as firms in every facet of the oil and gas industry continue to cut back on staff and expenses.

Dr. Russel Evans, Executive Director of the Steven C. Agee Economic Research & Policy Institute of Oklahoma City University, provided his economic forecast to the Oklahoma City Council during the annual budget workshop in February 2020, but that forecast seems like ancient history with all that has transpired since. In a recent update, Dr. Evans estimated that US Gross Domestic Product (GDP) growth over the next couple of years is expected to be stronger than in recent years. However, he projects the US economy will not fully recover the losses incurred in the first half of calendar year 2020 until 2022.

Going forward, Central Oklahoma has a number of factors in its favor when the threat of coronavirus is lifted. The cost of living and the cost of doing business are consistently rated among the best in the country. In addition, low commuting times, convenient airline travel, and excellent entertainment and sports opportunities make Central Oklahoma a great place for businesses and residents.


The governing boards of the member jurisdictions appoint seven Directors. Each jurisdictions Mayor appoints one director with the exception of Oklahoma City who appoints two directors. The appointments are subject to the approval of the governing board. 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.

The Trust Indenture and Agreement requires an independent audit of the RTA financial controls, and annual financial report. The report is to be filed annually with the governing body of the Beneficiaries. The Board of Directors approved a request for proposal (RFP) for external audit services. Allen, Gibbs & Houlik, L.C. were awarded the contract for audit services from July 1, 2019 through June 30, 2020. The Authority acknowledges the professional and competent services of its independent auditors.


Respectfully submitted:



Brad Henry
Chairman



Jason Ferbrache
Interim Executive Director



Angela Pierce, CPA
City Assistant Finance Director/
Controller

Financial Section

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Regional Transportation Authority of Central Oklahoma (Authority), as of June 30, 2020 and 2019, for the year ended June 30, 2020, and for the period February 20, 2019 (inception date) through June 30, 2019, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority as of

June 30, 2020 and 2019, and the respective changes in financial position for the year ended June 30, 2020 and the period February 20, 2019 (inception date) through June 30, 2019 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020 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

December 11, 2020
Wichita, Kansas

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 year ended June 30, 2020 and for the period February 20, 2019 (date of inception) through June 30, 2019. 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 2019 and 2020.
- Total assets for the Authority decreased by \$289,929 (20.4%) to \$1,132,955 during 2020.
- Total liabilities for the Authority decreased by \$289,929 (20.4%) to \$1,132,955 during 2020.

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 sheet and the governmental fund statement 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			
	<u>2020</u>	<u>2019</u>	2020-2019 Amount of <u>Change</u>	2020-2019 %
Assets				
Current assets	\$1,132,955	\$1,422,884	(\$289,929)	(20.4%)
Capital assets, net	-	-	-	0.0
Total assets	<u>1,132,955</u>	<u>1,422,884</u>	<u>(289,929)</u>	(20.4)
Liabilities				
Current liabilities	666,193	336,303	329,890	98.1
Non-Current liabilities	466,762	1,086,581	(619,819)	(57.0)
Total liabilities	<u>1,132,955</u>	<u>1,422,884</u>	<u>(289,929)</u>	(20.4)
Net position (deficit)				
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	0.0

Current assets decreased \$289,929 from 2019. Cash and intergovernmental receivable decreased with the payment of consulting and administration services to perform initial functions and planning for operations and strategies of the Authority.

Total liabilities decreased \$289,929 in 2020 primarily related to recognition of donation revenues as payments for services provided by consulting and administration.

	Summary of Changes in Net Position			
	<u>2020</u>	<u>2019 (1)</u>	2020-2019 Amount of <u>Change</u>	2020-2019 %
Revenues				
Operating grants & contributions	\$302,897	\$153,793	\$149,104	97.0%
General revenues	2,520	-	2,520	100.0
Total revenues	<u>305,417</u>	<u>153,793</u>	<u>151,624</u>	98.6
Program expenses	<u>305,417</u>	<u>153,793</u>	<u>151,624</u>	98.6
Changes in net position	-	-	-	0.0
Beginning net position	-	-	-	0.0
Ending net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	0.0

(1) For the period February 20, 2019 through June 30, 2019.

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 \$151,624 in 2020 primarily related to recognition of contribution revenues applied to consulting and administrative services. For the period February 20, 2019 through June 30, 2019, \$153,793 was recognized as revenue earned for consulting and administrative services.

In 2020, program expenses increased \$151,624 primarily related to an increase of \$9 thousand legal fees, \$129 thousand in consulting services and \$13 thousand in professional 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.

Economic Factors

The Authority relies on revenue from donations and federal awards. At this time it is not anticipated that the COVID-19 pandemic will negatively affect the Authority's ability to receive federal awards.

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. If you have questions about this report or would like to request additional information, contact the City's Finance Department, Accounting Services Division, at 100 North Walker, Suite 300, Oklahoma City, Oklahoma 73102. 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.

STATEMENT OF NET POSITION
June 30,

REGIONAL TRANSPORTATION
AUTHORITY

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash-----	\$1,131,979	\$ -
Intergovernmental receivables-----	976	1,422,884
Total current assets-----	<u>1,132,955</u>	<u>1,422,884</u>
Total assets-----	<u>1,132,955</u>	<u>1,422,884</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses-----	43,854	30,886
Unearned revenue-----	622,339	305,417
Total current liabilities-----	<u>666,193</u>	<u>336,303</u>
<u>NON-CURRENT LIABILITIES</u>		
Unearned revenue-----	466,762	1,086,581
Total non-current liabilities-----	<u>466,762</u>	<u>1,086,581</u>
Total liabilities-----	<u>1,132,955</u>	<u>1,422,884</u>
<u>NET POSITION</u>		
Total net position-----	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES
For the Period Ended,

REGIONAL TRANSPORTATION
AUTHORITY

	Year Ended June 30, 2020	Period February 20, 2019 Through June 30, 2019
<u>PROGRAM EXPENSES</u>		
Professional services-----	\$301,924	\$150,954
Other services and charges-----	3,493	2,839
Total program expenses-----	305,417	153,793
<u>PROGRAM REVENUES</u>		
<u>OPERATING GRANTS AND CONTRIBUTIONS</u>		
Other operating grants and contributions-----	302,897	153,793
Total program revenues-----	302,897	153,793
Net program revenue (expense)-----	(2,520)	-
<u>GENERAL REVENUES</u>		
Investment income-----	2,520	-
Total general revenues-----	2,520	-
Changes in net position-----	-	-
Net position-beginning-----	-	-
Net position-ending-----	\$ -	\$ -

See accompanying notes to financial statements.

BALANCE SHEET
June 30,

REGIONAL TRANSPORTATION
AUTHORITY

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash-----	\$1,131,979	\$ -
Intergovernmental receivable-----	976	1,422,884
Total assets -----	<u>\$1,132,955</u>	<u>\$1,422,884</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenditures-----	\$43,854	\$30,886
Unearned revenue-----	622,339	305,417
Unearned revenue, non-current-----	466,762	1,086,581
Total liabilities -----	<u>1,132,955</u>	<u>1,422,884</u>
 Total liabilities and fund balances -----	 <u>\$1,132,955</u>	 <u>\$1,422,884</u>
 <u>RECONCILIATION OF THE BALANCE SHEETS TO THE STATEMENTS OF</u>		
<u>NET POSITION</u>		
Total fund balances-----	\$ -	\$ -
Total net position -----	<u>\$ -</u>	<u>\$-</u>

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Period Ended,**

**REGIONAL TRANSPORTATION
AUTHORITY**

	Year Ended June 30, 2020	Period February 20, 2019 Through June 30, 2019
<u>REVENUES</u>		
Investment income-----	\$2,520	\$ -
Intergovernmental programs-----	302,897	153,793
Total revenues-----	<u>\$305,417</u>	<u>153,793</u>
<u>EXPENDITURES</u>		
<u>CURRENT</u>		
Professional services-----	301,924	150,954
Other services and charges-----	3,493	2,839
Total expenditures-----	<u>305,417</u>	<u>153,793</u>
Net changes in fund balances-----	-	-
<u>RECONCILIATION OF STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENTS OF ACTIVITIES</u>		
Net changes in fund balances-----	\$ -	\$ -
Change in net position-----	<u>\$ -</u>	<u>\$ -</u>

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 year ended June 30, 2020 and for the period February 20, 2019 (date of inception) through June 30, 2019.

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.

There are seven directors who are appointed by the governing boards of the member jurisdictions. Each jurisdiction's mayor will appoint one director with the exception of Oklahoma City who will appoint two directors subject to approval of the governing board. The initial term began concurrent with the creation of the Authority and will end on June 30 in the year following a successful referendum establishing a dedicated funding source for Authority operations. Beginning July 1 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 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.

Association of Central Oklahoma Governments (ACOG)

On April 24, 2019 the Authority entered into an agreement with ACOG 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 provided services primarily of personnel allocated to support policy development and staff, resources to the planning, design and development of a regional transportation system for Central Oklahoma with the goal of the establishment of a Regional Transit 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 May of 2020, the Governmental Accounting Standards Board (GASB) issued statement number 95, Postponement of the Effective Dates of Certain Authoritative Guidance, effective immediately to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. Certain Statements that first became effective after June 15, 2018 and later have been postponed by one year up to 18 months depending upon the pronouncement. The Authority has elected to postpone implementation of GASB statement number 84 Fiduciary Activities and GASB statement number 90 Majority Equity Interests to fiscal year 2021.

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 di minimus 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.

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. Program revenues include contributions received from the Beneficiaries.

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

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, 2020, 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, 2020 and 2019, were \$976 and \$1,422,884, respectively. The full amount is due from Association of Central Oklahoma Governments.

III. LIABILITIES

III. A. UNEARNED REVENUES

The Authority received contributions from the Beneficiaries. Unearned revenue on these contributions as of June 30, 2020 and 2019, is \$1,089,101 and \$1,391,998, respectively. The Authority received an initial contribution from the Beneficiaries of \$2,099,000. The individual beneficiaries paid their share of the initial contribution based on population size.

IV. RELATED PARTY TRANSACTIONS

Association of Central Oklahoma Governments (ACOG)

As of June 30, 2020 and 2019 RTA paid ACOG for administrative support in the amounts of \$18,248 and \$10,507, respectively. These payments were for providing administrative, technical and planning assistance to the RTA Task Force.

V. SUBSEQUENT EVENT

On July 10, 2020, the Authority entered into a subrecipient agreement with COTPA to receive Federal Transit Administration funds for allowable expenses. The agreement is for a period of five years and funding will be determined annually.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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, the financial statements of the governmental activities and the major fund of the Regional Transportation Authority of Central Oklahoma (Authority), as of June 30, 2020 and 2019, for the year ended June 30, 2020, and for the period February 20, 2019 (inception date) through June 30, 2019, 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 December 11, 2020.

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) to determine the 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. Given these limitations, during our audits we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. 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*.

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

December 11, 2020
Wichita, Kansas