

**ASSOCIATION OF CENTRAL
OKLAHOMA GOVERNMENTS**

**Basic Financial Statements
Supplemental Information and Independent
Auditors' Reports for the Year Ended
June 30, 2023**

**Independent Auditors' Reports
Issued Under Government Auditing
Standards, Uniform Guidance, and
Supplemental Schedule of Expenditures of
Federal Awards for the Year Ended
June 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Association of Central Oklahoma Governments

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Association of Central Oklahoma Governments ("ACOG"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise ACOG's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of ACOG, as of June 30, 2023, and the respective changes in financial positions thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ACOG, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note I.D.13 to the financial statements, in 2023, ACOG adopted new accounting guidance, GASB Statement No. 96, Subscription-based Information Technology Arrangements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ACOG'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 ACOG'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 and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ACOG's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2024, on our consideration of ACOG'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 ACOG'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 ACOG's internal control over financial reporting and compliance.

Arledge & Associates PC

Edmond, Oklahoma
March 22, 2024



Management's Discussion and Analysis (Unaudited)

As management of the Association of Central Oklahoma Governments (ACOG), we offer readers of ACOG's financial statements this narrative overview and analysis of the financial activities of ACOG for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at ACOG's financial performance as a whole. Readers are encouraged to consider information presented here as well as the financial statements and notes to enhance their understanding of ACOG's financial performance.

Financial Highlights:

Government-wide:

- The assets of ACOG exceeded its liabilities at the close of the most recent fiscal year by \$2,176,547 (*net position*). Of this amount, \$2,006,808 (*unrestricted net position*) may be used to meet ACOG's ongoing obligations to the member local governments and creditors.
- ACOG's total net position decreased by \$20,712 primarily due to an decrease in operating grants revenues and contributions from prior year.

Fund Level:

- At the close of the current fiscal year, ACOG's governmental funds reported combined ending fund balances of \$2,306,392, an increase of \$9,333 in comparison with the prior year. Approximately 94.9 percent of this amount, \$2,188,088 is *available for spending* at ACOG's discretion (*combined assigned and unassigned fund balances*) although the ACOG Board of Directors has *assigned* \$853,402 for transportation program expenditures, (\$9,652) for CIP program expenditures, \$4,453 for CDBG/REAP program expenditures, \$2,085 for OARC expenditures, (\$691,224) for Substates program expenditures and \$188,700 for water resources program expenditures.
- At the end of the fiscal year, the unrestricted fund balance, all unassigned, of the general fund was \$1,840,324 or 29 percent of total governmental fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to ACOG's basic financial statements. ACOG's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of ACOG's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all ACOG's assets, liabilities and deferred inflows/outflows of resources (if any), 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 ACOG is improving or deteriorating.

The *statement of activities* presents information showing how ACOG's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements include functions of ACOG that are principally supported by grants and membership dues (*governmental activities*). ACOG has no functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*) and has no component units.

The government-wide financial statements can be found on pages 12 - 13 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. ACOG, like other similar governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of ACOG's funds are classified as governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

ACOG maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for each fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 14 - 16 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 - 28 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *other supplementary information*. Although not legally required to do so, ACOG does adopt an annual budget for its funds. Budgetary comparison schedules have been provided for each fund to demonstrate compliance with this budget and are presented on pages 29 - 34 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of ACOG, assets exceeded liabilities by \$2,176,547 at June 30, 2023, as compared with assets exceeding liabilities by \$2,197,259 at June 30, 2022. A portion (2.3 percent) of ACOG's net position reflects its investment in capital assets (leasehold improvements, equipment, leased equipment, computers and software), less any related debt used to acquire those assets that is still outstanding. ACOG uses these capital assets to operate and to provide services; consequently, these assets are *not* available for future spending. Although ACOG's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Position compared to the prior year.

Association of Central Oklahoma Governments' Net Position

	Governmental Activities		Total Percentage Change
	2023	2022	
Current and other assets	\$ 6,191,743	\$ 4,262,489	45.3%
Capital assets	81,633	68,782	18.7%
Total assets	6,273,376	4,331,271	44.8%
Long-term obligation outstanding	30,198	2,754	996.5%
Other liabilities	4,066,631	2,131,258	90.8%
Total liabilities	4,096,829	2,134,012	92.0%
Net position			
Net investment in capital assets	51,435	66,028	-22.1%
Restricted	118,304	104,916	12.8%
Unrestricted	2,006,808	2,026,315	-1.0%
Total net position	\$ 2,176,547	\$ 2,197,259	-0.9%

An additional portion of ACOG's net position (5.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$2,006,808) may be used to meet ACOG's ongoing obligations.

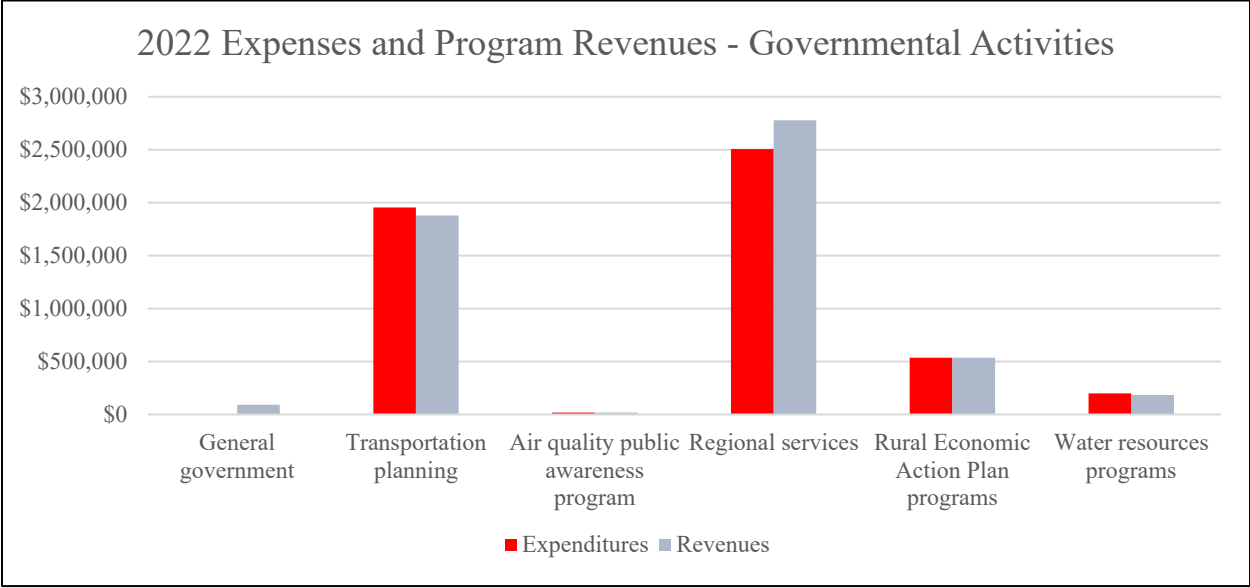
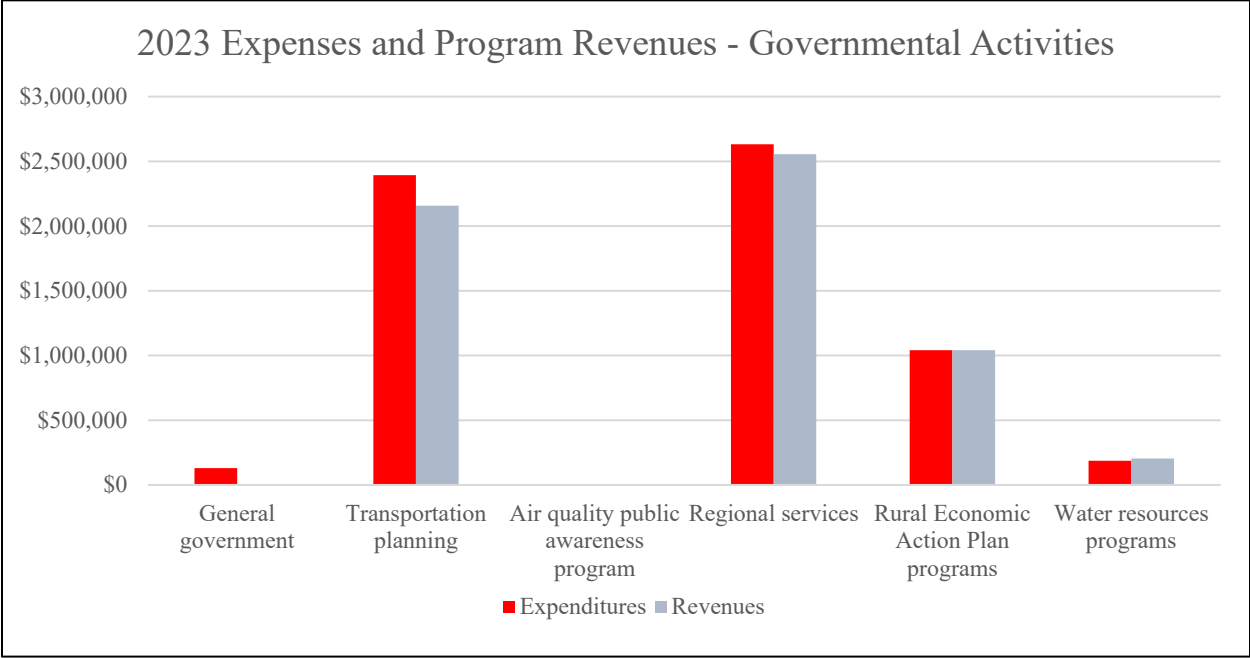
At the end of the current fiscal year, ACOG is able to report a positive balance in all categories of net position. The same situation held true for the prior fiscal year.

ACOG's total net position, all from governmental activities, decreased by \$20,712 during the current fiscal year. The following table reflects the condensed changes in net position from the prior year.

Association of Central Oklahoma Governments Changes in Net Position

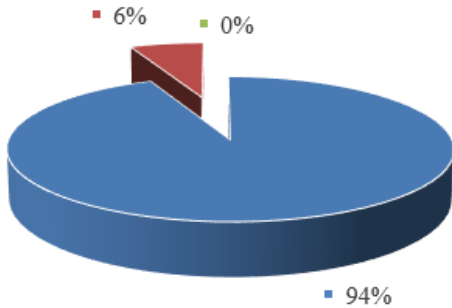
	Governmental Activities		Total Percentage Change
	2023	2022	
Revenues			
Program revenues			
Operating grants and contributions	\$ 5,956,594	\$ 5,211,966	14.3%
General revenues			
Membership dues - basic	406,337	367,839	10.5%
Other income	173	687	-74.8%
Total revenues	6,363,104	5,580,492	14.0%
Expenses			
General government	130,538	91,882	42.1%
Transportation planning	2,393,604	1,879,711	27.3%
Air quality public awareness program	73	16,778	-99.6%
Regional services	2,631,692	2,778,151	-5.3%
Rural Economic Action Plan programs	1,040,538	535,611	94.3%
Water resources programs	187,371	183,162	2.3%
Total expenses	6,383,816	5,485,295	16.4%
Increase (decrease) in net position	(20,712)	95,197	-121.8%
Beginning net position	2,197,259	2,102,062	4.5%
Ending net position	\$ 2,176,547	\$ 2,197,259	-0.9%

The \$20,712 decrease in net position is primarily due to an increase in expenditures related to transportation planning and rural economic action plan programs from prior year.



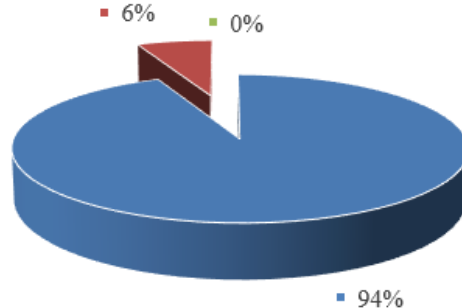
2023 Revenues by Source - Governmental Activities

- Operating grants and contributions
- Membership dues - basic
- Other income



2022 Revenues by Source - Governmental Activities

- Operating grants and contributions
- Membership dues - basic
- Other income



ACOG operates primarily from grant revenues. For the most part, increases in expenses closely parallel inflation and increases in grant funding for services.

Financial Analysis of the Government’s Funds

As noted earlier, ACOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of ACOG’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing ACOG’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, ACOG’s governmental funds reported combined ending fund balances of \$2,306,392 a net increase of \$9,333 comparison with the prior year. Approximately 49.7 percent of this total amount (\$1,145,986) constitutes *unassigned fund balance*, which is available for spending at ACOG’s discretion. Approximately 45.2 percent (\$1,042,102) has been *assigned*. *Assignments* reflect the ACOG Board of Directors’ self-imposed limitations on the use of otherwise available current financial resources and are subject to change.

\$853,402 has been assigned for Transportation program expenditures and \$188,700 for Water resources program expenditures. The remainder of fund balance is not available for new spending because approximately 0.6 percent (\$13,015) is *restricted* per grant and contractual agreements while approximately 4.5 percent (\$105,289) is *unspendable* because it consists of prepaid items.

The fund balance of ACOG’s general fund increased by \$30,683 during the current fiscal year. This increase is primarily attributable to contributions to revenues exceeding the deficiency of indirect cost over expenditures.

The general fund is the chief operating fund of ACOG. All of ACOG’s positive *unassigned fund balance* resides in the general fund.

General Fund Budgetary Highlights

Due to time constraints and the fact that ACOG is not legally required to adopt a budget for its funds, there was no budget amendment for the fiscal year ended June 30, 2023. Differences between the budget and the actual amounts of the general fund can be found at the Budgetary Comparison Schedule of the General Fund at page 29.

Capital Asset and Long-Term Debt Administration

Capital assets. ACOG’s investment in capital assets for its governmental type activities as of June 30, 2023, amounts to \$51,435 (net of accumulated depreciation/amortization). This investment in capital assets includes computers and software, leased equipment, equipment and leasehold improvements. The total decrease in ACOG’s investment in capital assets for the current fiscal year was \$17,347 or 25.2 percent, attributable to depreciation.

Association of Central Oklahoma Governments' Capital Assets

(net of depreciation/amortization)

	Governmental Activities		Total
	2023	2022	Percentage Change
Computers and software	\$ 6,577	\$ 9,511	-30.8%
Leased equipment	10,485	13,631	-23.1%
Equipment	34,373	45,640	-24.7%
Total	\$ 51,435	\$ 68,782	-25.2%

Additional information on ACOG’s capital assets can be found in Note II.C. on page 23 of this report

Long-term debt. During the fiscal year ended June 30, 2021, ACOG entered into a thirty-six month capital lease to finance the acquisition of a new phone system. ACOG has no other long-term debt. This agreement was paid off in fiscal year 2023.

Association of Central Oklahoma Governments' Outstanding Debt

	Governmental Activities		Total
	2023	2022	Percentage Change
Capital Lease	\$ -	\$ 2,754	-100.0%

Economic Factors and Next Year’s Budget

ACOG continues to approach spending conservatively and in the best interests of its members. It is striving to maintain a general fund balance with at least 3 months cash flow.

The ACOG approved fiscal year 2024 budget reflects a 7 percent increase in membership dues.

ACOG is dependent upon funding from federal and state grants which fluctuate from year to year based on factors such as federal and state economic conditions and budget deficits, federal and state initiatives, demographics and competitive grants awarded.

The approved fiscal year 2024 revenue budget totals \$13,955,485, which is an increase of \$866,464 in revenue compared to the fiscal year 2023 budget. ACOG is still utilizing the general fund balance as a funding source, including \$285,216 in the fiscal year 2024 budget. ACOG will continue to strive to reduce its dependence on the general fund balance and aggressively seek new funding sources.

Requests for Information

This financial report is designed to provide a general overview of ACOG's finances for all those with an interest in ACOG's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director of Finance, Association of Central Oklahoma Governments, 4205 N. Lincoln Boulevard, Oklahoma City, OK 73105. This report will also be available on the ACOG website, www.acogok.org.

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Total Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,451,235
Receivables	2,635,219
Prepaid items	105,289
Capital assets, net	81,633
Total assets	6,273,376
LIABILITIES	
Accounts payable and other current liabilities	949,973
Unearned revenue	2,935,378
Compensated absences due within one year	181,280
Long-term subscription liability due within one year	30,198
Total liabilities	4,096,829
NET POSITION	
Net investment in capital assets	51,435
Restricted for:	
General government	75,054
Transportation planning	20,683
Regional services	20,095
Rural Economic Action Plan programs	1,744
Water resources programs	728
Unrestricted	2,006,808
Total net position	\$ 2,176,547

The notes to the financial statements are an integral part of this statement.

**ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u> <u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net Position</u> <u>Total Primary Government</u> <u>Governmental</u> <u>Activities</u>
Primary government			
Government activities:			
General government	\$ 45,834	\$ -	\$ (45,834)
Transportation planning	2,477,866	2,157,110	(320,756)
Regional services	2,631,742	2,555,362	(76,380)
Rural Economic Action Plan programs	1,041,036	1,040,444	(592)
Water resources programs	187,338	203,678	16,340
Total primary government	<u>\$ 6,383,816</u>	<u>\$ 5,956,594</u>	<u>(427,222)</u>
General revenues:			
Membership dues - basic			406,337
Other income			173
Total general revenues			<u>406,510</u>
Change in net position			<u>(20,712)</u>
Net position - beginning			<u>2,197,259</u>
Net position - ending			<u>\$ 2,176,547</u>

The notes to the financial statements are an integral part of this statement.

**ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Transportation	Community & Economic Development	E911 & Public Safety	Water Resources	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ -	\$ 946,835	\$ 2,293,613	\$ 21,059	\$ 189,728	\$ 3,451,235
Receivables	14,952	1,417,137	267,093	936,037	-	2,635,219
Due from other funds	1,876,324	-	-	-	1,872	1,878,196
Prepaid items	75,054	20,683	3,036	5,788	728	105,289
Total assets	<u>\$ 1,966,330</u>	<u>\$ 2,384,655</u>	<u>\$ 2,563,742</u>	<u>\$ 962,884</u>	<u>\$ 192,328</u>	<u>\$ 8,069,939</u>
LIABILITIES						
Accounts payable and accrued liabilities	50,952	611,669	283,053	3,999	300	949,973
Due to other funds	-	893,901	42,469	941,826	-	1,878,196
Unearned revenues	-	5,000	2,927,778	-	2,600	2,935,378
Total liabilities	<u>\$ 50,952</u>	<u>\$ 1,510,570</u>	<u>\$ 3,253,300</u>	<u>\$ 945,825</u>	<u>\$ 2,900</u>	<u>\$ 5,763,547</u>
FUND BALANCES (DEFICITS)						
Nonspendable	75,054	20,683	3,036	5,788	728	105,289
Restricted	-	-	1,744	11,271	-	13,015
Assigned	-	853,402	-	-	188,700	1,042,102
Unassigned	1,840,324	-	(694,338)	-	-	1,145,986
Total fund balances	<u>1,915,378</u>	<u>874,085</u>	<u>(689,558)</u>	<u>17,059</u>	<u>189,428</u>	<u>2,306,392</u>
Total liabilities and fund balances	<u>\$ 1,966,330</u>	<u>\$ 2,384,655</u>	<u>\$ 2,563,742</u>	<u>\$ 962,884</u>	<u>\$ 192,328</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	81,633
Long-term intangible subscription liabilities of governmental activities are not financial resources and therefore are not reported in the funds.	(30,198)
Compensated absences of governmental activities are not financial resources and therefore are not reported in the funds.	(181,280)
Net position of governmental activities	<u>\$ 2,176,547</u>

The notes to the financial statements are an integral part of this statement.

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General	Transportation	Community & Economic Development	E911 & Public Safety	Water Resources	Total Governmental Funds
REVENUES						
Federal grants	\$ -	\$ 2,165,045	\$ 103,570	\$ -	\$ 6,868	\$ 2,275,483
State appropriations	-	-	1,054,080	72,727	-	1,126,807
Contract revenue	-	-	-	1,714,821	-	1,714,821
Membership dues - transportation	-	123,377	-	-	-	123,377
Membership dues - water resources	-	-	-	-	196,775	196,775
Membership dues - basic	117,492	9,072	279,773	-	-	406,337
In-kind matching contributions	-	474,006	-	-	-	474,006
Other	173	10,757	3,850	-	35	14,815
Total Revenues	<u>117,665</u>	<u>2,782,257</u>	<u>1,441,273</u>	<u>1,787,548</u>	<u>203,678</u>	<u>6,332,421</u>
EXPENDITURES						
Current:						
General government	114,911	-	-	-	-	114,911
Transportation planning	-	2,387,432	-	-	-	2,387,432
Regional services	-	295,227	538,561	1,788,476	-	2,622,264
Rural Economic Action Plan programs	-	-	1,040,444	-	-	1,040,444
Water resources programs	-	-	-	-	185,966	185,966
Debt service	2,754	-	-	-	-	2,754
Total expenditures	<u>117,665</u>	<u>2,682,659</u>	<u>1,579,005</u>	<u>1,788,476</u>	<u>185,966</u>	<u>6,353,771</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>99,598</u>	<u>(137,732)</u>	<u>(928)</u>	<u>17,712</u>	<u>(21,350)</u>
OTHER FINANCING SOURCES (USES)						
Contributions to indirect cost	30,683	-	-	-	-	30,683
Total other financing sources & uses	<u>30,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,683</u>
Net change in fund balances	30,683	99,598	(137,732)	(928)	17,712	9,333
FUND BALANCES						
Fund balances-beginning:	1,884,695	774,487	(551,826)	17,987	171,716	2,297,059
Fund balances-ending	<u>\$ 1,915,378</u>	<u>\$ 874,085</u>	<u>\$ (689,558)</u>	<u>\$ 17,059</u>	<u>\$ 189,428</u>	<u>\$ 2,306,392</u>

The notes to the financial statements are an integral part of this statement.

**ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Net change in fund balances - total governmental funds	\$	9,333
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which depreciation of (\$102,131) exceeded capital outlays of \$0 in the current period.</p>		(102,131)
<p>Repayment lease obligation uses current financial resources and is reported as an expenditure in the governmental funds and reduces the liabilities in the statement of net position but does not result in an expense in the statement of activities.</p>		2,753
<p>Repayment of intangible lease obligation uses current financial resources and is reported as an expenditure in the governmental funds and reduces the liabilities in the statement of net position but does not result in an expense in the statement of activities.</p>		84,784
<p>The increase in compensated absences does not require the use of current financial resources and therefore is not reported in governmental funds.</p>		(15,451)
Change in net position of governmental activities	\$	<u>(20,712)</u>

The notes to the financial statements are an integral part of this statement.

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

I. Summary of significant accounting policies

A. Reporting entity

The Association of Central Oklahoma Governments (ACOG) is a public agency formed under the authority of Title 74, Oklahoma Statutes, permitting public agencies to enter into agreements with one another for joint or cooperative action. ACOG was established in 1966 to assist local governments in planning for common needs, cooperating for mutual benefit, and coordinating for sound regional development and is one of 11 Councils of Governments in the State of Oklahoma. All local governments within the ACOG region of Canadian, Cleveland, Logan and Oklahoma counties are eligible for membership and local governments outside the ACOG region may request to join. ACOG currently has 40 member governments. In addition, Tinker Air Force Base maintains an associate membership. ACOG is governed by a Board of Directors that consists of one elected official from each member government. Each entity receives a weighted vote on the Board based on the most recent population estimates. The accompanying financial statements present ACOG's operations. ACOG has no blended or discretely presented component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by intergovernmental revenues, grants and membership dues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

**C. Measurement focus, basis of accounting, and financial statement presentation--
Continued**

Membership dues, grant revenue, contract revenue and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by ACOG.

ACOG reports the following major governmental funds:

The *general fund* is ACOG's primary operating fund. It accounts for all financial resources of ACOG, except those required to be accounted for in another fund.

The *transportation fund* is used to account for the operations within the Transportation and Planning Services Division's work program. The major revenue sources are grants from the Federal Highway Administration and the Federal Transit Administration, passed-through as well as the U.S. Department of Energy, both direct and passed through the Oklahoma Department of Commerce. Other revenue sources, primarily to cover matching requirements include membership dues, in-kind contributions from members and other agencies as well as other miscellaneous revenue sources.

The *community and economic development fund* is used to account for the operations of the intergovernmental and community and economic development programs. The major revenue source is grants and contracts with the U.S. Department of Commerce the Oklahoma Department of Commerce, and local governmental entities. Other revenue sources include membership dues and other miscellaneous sources.

The *E9-1-1 & public safety fund* is used to account for the operations of the E9-1-1 & Public Safety Programs Division's work program. The major revenue source is a contract with the 9-1-1 Association of Central Oklahoma Governments. Other revenue sources include a contract with the City of Oklahoma City and other miscellaneous sources.

The *water resources fund* is used to account for the operations of the Water Resources Division's work program. The major revenue source is contracts with the U.S. Environmental Protection Agency, passed through the Oklahoma Office of the Secretary of Environment, and with local governmental entities. Other revenue sources include membership dues and other miscellaneous sources.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, including membership dues specifically for transportation and water programs. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all basic membership dues, general interest and other miscellaneous receipts.

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

D. Assets, liabilities, deferred inflows of resources, and net position/fund balance

1. Cash and cash equivalents

ACOG’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans).

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital assets

Capital assets, which include equipment, furnishings, fixtures, and leasehold improvements, are reported in the governmental activities’ columns in the government-wide financial statements. Capital assets are defined by ACOG as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Leasehold improvements are amortized over the shorter of their estimated useful lives or the related lease life. The other capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Computer equipment	3
Office equipment	3 – 7
Vehicles	5
Furniture	7

5. Compensated absences

ACOG’s policy allows employees to earn vacation leave as follows:

<u>Years of Service</u>	<u>Days Earned Per year</u>	<u>Maximum Accumulation</u>
0.1 – 5.0	12	20
5.1 – 10.0	13	25
10.1 – 15.0	15	25
15.1 – 20.0	18	30
20.1+	20	30

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

D. Assets, liabilities, deferred inflows of resources, and net position/fund balance – Continued

ACOG's sick leave policy allows employees to earn 15 sick days per year up to a maximum accumulation of 45 days. There is no liability for unpaid accumulated sick leave since ACOG does not have a policy to pay any amounts for accumulated sick leave when employees separate from service with ACOG. All vacation pay is accrued when incurred in the government-wide financial statements. As of the year ended June 30, 2023, ACOG recorded a liability for accrued vacation of \$181,280.

6. Long-term obligations

In the government-wide financial statements, long-term capital leases and operating lease incentive obligations are reported as a liability in the governmental activities statement of net position.

In the fund financial statements, governmental funds report the proceeds of capital leases as other financing sources.

7. Deferred inflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. ACOG has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The sources of unavailable revenue are grants and contracts. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. At June 30, 2023, ACOG had \$0 unavailable federal revenue.

8. Net position flow assumptions

Sometimes ACOG will fund outlays for a particular purpose from both restricted (e.g. grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Although it has no formal policy, ACOG would normally consider restricted – net position to have been depleted before unrestricted – net position is applied but reserves the right to selectively use unrestricted resources first to defer the use of restricted resources.

9. Fund balance flow assumptions

Sometimes ACOG will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. ACOG would normally consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, with unassigned fund balance being applied last but reserves the right to selectively use unrestricted resources first to defer the use of restricted resources.

10. Fund balance

Fund balance of governmental funds is reported in various categories based on the nature of any

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

D. Assets, liabilities, deferred inflows of resources, and net position/fund balance – Continued

limitations requiring the use of resources for specific purposes. The classifications used in the governmental fund financial statements are as follows:

- A. Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form, such as prepaid items, or because the resources must be maintained intact pursuant to legal or contractual requirements.
- B. Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- C. Assigned – includes fund balance amounts that are intended to be used by ACOG for specific purposes that do not meet the criteria to be classified as restricted. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted. In the general fund, assigned amounts represent intended uses established by the Board of Directors or its Budget Committee.
- D. Unassigned – includes amounts that are available for any purpose. Positive amounts are reported only in the General fund.

ACOG does not have a formal minimum fund balance policy.

11. Net position

In the governmental financial statements, net position represents assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Adjustments would be made for premiums, discounts, deferred amounts on refundings and related deferred inflows/outflows of resources if there were any. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by grantors, creditors, or laws or regulations of other governments.

12. Subscription-based information technology arrangements (SBITA)

ACOG is a party as a lessee for various noncancellable long-term subscriptions of intangible software. The corresponding subscription payable is recorded in an amount equal to the present value of the expected future minimum subscription payments discounted by an applicable interest rates.

13. Accounting pronouncements adopted in fiscal year 2023, change in accounting principle

ACOG has adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This standard, effective for reporting periods beginning after June 15, 2022, addresses the accounting for subscription-based information technology arrangements, including cloud computing arrangements. Its implementation has resulted in changes to the recognition, measurement, and disclosure requirements related to these arrangements, impacting the reporting entity's financial statements, particularly with respect to the treatment of implementation costs and consideration of the service arrangements. See Note II.F relating to the adoption of this standard.

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

D. Assets, liabilities, deferred inflows of resources, and net position/fund balance – Continued

14. New accounting pronouncements not yet adopted

In June 2022, GASB issued Statement No. 101, Compensated Absences (GASB 101). GASB 101 provides guidance on the accounting and financial reporting for compensated absences. The requirements of GASB 101 are effective July 1, 2024, for the June 30, 2025 reporting year. Earlier application is encouraged. ACOG has not determined the impact of GASB 101 on the financial statements.

II. Detailed notes on all funds

A. Cash deposits with financial institutions

At year-end, ACOG’s carrying amount of deposits was \$3,451,235 and the bank balance was \$3,533,217. Of the bank balance, \$250,000 was fully covered by federal depository insurance. The remaining \$3,283,217 was more than fully collateralized by US Treasury Notes valued at their current market price of \$3,947,669, held at the Federal Reserve Bank of New York pledged to ACOG. Custodial credit risk for deposits is the risk that in the event of a bank failure, ACOG’s deposits may not be returned to it. At June 30, 2023, none of ACOG’s bank balance was exposed to custodial credit risk.

B. Receivables and unearned revenue

Receivables as of year-end for ACOG’s individual major funds and are as follows:

Receivables:	Grants and Contracts	Employees	Members	Others	Total
General fund	\$ -	\$ 5,878	\$ 8,807	\$ 267	\$ 14,952
Transportation	1,417,137	-	-	-	1,417,137
Community & Economic Development	267,093	-	-	-	267,093
E9-1-1 & public safety	936,037	-	-	-	936,037
Total	<u>\$ 2,620,267</u>	<u>\$ 5,878</u>	<u>\$ 8,807</u>	<u>\$ 267</u>	<u>\$ 2,635,219</u>

Employee receivables consist of one-time, payroll conversion-related employee advances and travel advances.

Governmental funds delay revenue recognition in connection with resources that have been received prior to incurring eligible expenditures. At the end of the current fiscal year, the various components of *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Rural Economic Action Plan (REAP)	\$ 2,912,151
LISC Small Business Relief	15,627
Transportation planning	5,000
Office of the Secretary of Environment 604(b)	2,600
Total	<u>\$ 2,935,378</u>

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

C. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities:				
<i>Capital assets, being depreciated or amortized:</i>				
Computers and software	\$ 101,277	\$ -	\$ -	\$ 101,277
Leasehold improvements	176,600	-	-	176,600
Leased equipment	22,020	-	-	22,020
Equipment	<u>118,160</u>	<u>-</u>	<u>-</u>	<u>118,160</u>
Total capital assets being depreciated/amortized:	418,057	-	-	418,057
<i>Less accumulated depreciation or amortization for:</i>				
Computers and software	(91,766)	(2,934)	-	(94,700)
Leasehold improvements	(176,600)	-	-	(176,600)
Leased equipment	(8,389)	(3,146)	-	(11,535)
Equipment	<u>(72,520)</u>	<u>(11,267)</u>	<u>-</u>	<u>(83,787)</u>
Total accumulated depreciation or amortization	<u>(349,275)</u>	<u>(17,347)</u>	<u>-</u>	<u>(366,622)</u>
Total capital assets, net	68,782	(17,347)	-	51,435
<i>Subscription asset arrangements:</i>				
Intangible software	<u>222,156</u>	<u>-</u>	<u>-</u>	<u>222,156</u>
Total subscription based assets being amortized	<u>222,156</u>	<u>-</u>	<u>-</u>	<u>222,156</u>
<i>Less accumulated amortization for:</i>				
Intangible software	<u>(107,174)</u>	<u>(84,784)</u>	<u>-</u>	<u>(191,958)</u>
Total accumulated amortization	<u>(107,174)</u>	<u>(84,784)</u>	<u>-</u>	<u>(191,958)</u>
Total subscription based assets being amortized, net	<u>114,982</u>	<u>(84,784)</u>	<u>-</u>	<u>30,198</u>
Governmental activities capital assets, net	<u>\$ 183,764</u>	<u>\$ (102,131)</u>	<u>\$ -</u>	<u>\$ 81,633</u>

Depreciation/amortization expense was charged to functions/programs of ACOG as follows:

Governmental activities:	
General Government	\$ 255
Transportation planning	90,434
Regional services	9,478
Rural Economic Action Plan program	592
Water Resources	<u>1,372</u>
Total depreciation/amortization expense	<u>\$ 102,131</u>

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

D. Interfund receivables, payables and transfers

The composition of interfund balances as of June 30, 2023, is as follows:

Due to/from other funds:

	Interfund Receivables	Interfund Payables
General fund		
Due from special revenue funds	\$ 1,876,324	\$ -
Special revenue funds		
Due from general fund:		
Water resources fund	1,872	-
Due to general fund from:		
Transportation	-	893,901
Community & economic development	-	42,469
E9-1-1 & public safety	-	941,826
Total	\$ 1,878,196	\$ 1,878,196

Interfund transfers are used to move unrestricted general fund revenues to special revenue funds to finance under-funded projects, to redistribute membership dues between programs and to better group programs by fund purpose. There were no interfund transfers made during the year ended June 30, 2023.

E. Leases

Office Space Operating Leases

ACOG took possession of new office space effective December 1, 2016 and entered into a new office space lease with the Oklahoma County Public Building Authority. The term of this initial lease ran through June 30, 2017. The parties to the lease have the option to renew the lease in one year increments effective at the beginning of each fiscal year. This lease was officially renewed for the fiscal year ended June 30, 2023 and year ended June 30, 2024. The monthly base rent for the year ended June 30, 2023 was \$19,946. As lease is on a one year term, ACOG has recognized these lease payments as expenditures of resources.

During the fiscal year ended June 30, 2020, ACOG entered into a new month-to-month agreement for some additional storage space at the cost of approximately \$10 per month. ACOG is also responsible for paying for the \$176,600 associated with improvements and repairs necessary for occupancy. The terms of the lease allow ACOG to pay for these costs over twenty-four months at \$7,358 per month. The last five monthly payments, a total of \$36,798, were paid by ACOG during the fiscal year ended June 30, 2019. As a result of this new office space lease, ACOG has recorded a \$176,600 leasehold improvements asset being depreciated over a five-year life, which is fully depreciated as of June 30, 2023. Debt service payments made of \$36,798 reduced the balance of the lease incentive obligation to \$0 as of June 30, 2019. The amount of base rent for this lease was \$239,472 for the year ended June 30, 2023.

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

F. Subscription-based information technology arrangements (SBITA)

In May 2020, ACOG signed a three year software as a service (SaaS) agreement with a vendor to provide access to the vendor's project tracking software. The contract carried a term of three years beginning on November 1, 2020 and ending October 31, 2023. The first year calls for a monthly payment of \$4,890, the second year has a monthly payment of \$6,113, and the final year calls for a monthly payment of \$7,641. The contract includes 120 support hours. The components of SBITA costs consisted of \$84,784 in amortization of the right-of-use intangible asset and \$799 of interest expense.

Future commitments under the contract are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2024	<u>\$ 30,565</u>

The following represents our future undiscounted cash flows for the remaining term of the SBITA and a reconciliation to subscription liabilities as of June 30, 2023.

<u>Year Ending June 30</u>	
2024	<u>30,565</u>
Total: minimum lease payments	30,565
Less: amount representing interest	<u>(367)</u>
Present value of minimum lease payments	<u>\$ 30,198</u>

The remaining lease term and discount rate for the SBITA were as follows as of June 30, 2023:

Remaining lease term	4 months
Discount rate	0.42%

Supplemental cash flow information related to the SBITA were as follows for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of subscription based liabilities:	
Operating cash flows from SBITAs	84,784
Financing cash flows from SBITAs	(84,784)
Supplemental disclosure: interest paid	799

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

G. Fund balances

Fund balance is classified as nonspendable, restricted, assigned or unassigned based primarily on the extent to which ACOG is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance as of June 30, 2023, are as follows:

Fund balances:	General Fund	Transportation	Community & Economic Development	E9-1-1 & Public Safety	Water Resources	Total
Nonspendable						
Prepays	\$ 75,054	\$ 20,683	\$ 3,036	\$ 5,788	\$ 728	\$ 105,289
Restricted for:						
REAP program	-	-	1,744	-	-	1,744
9-1-1 ACOG contract admin	-	-	-	11,271	-	11,271
Assigned to:						
Transportation programs	-	853,402	-	-	-	853,402
CIP program	-	-	(9,652)	-	-	(9,652)
CDBG/REAP program	-	-	4,453	-	-	4,453
OARC program	-	-	2,085	-	-	2,085
Substates program	-	-	(691,224)	-	-	(691,224)
Water resources program	-	-	-	-	188,700	188,700
Allocation to unassigned	-	-	694,338	-	-	694,338
Unassigned	1,840,324	-	(694,338)	-	-	1,145,986
Total	<u>\$ 1,915,378</u>	<u>\$ 874,085</u>	<u>\$ (689,558)</u>	<u>\$ 17,059</u>	<u>\$ 189,428</u>	<u>\$ 2,306,392</u>

H. Risk Management

ACOG is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; and natural disasters. ACOG carries commercial insurance coverage to include general liability, property and casualty, workers' compensation, automobile liability, fidelity, public officials' liability and certain other risks. There have been no significant reductions in insurance coverage. ACOG does retain the first \$500 - \$2,500, depending on the policy, of each risk of loss in the form of deductibles. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

I. Allocation of employee benefits and indirect costs

ACOG employee benefits and indirect costs are allocated to all cost objectives based upon actual expenditures and an allocation of depreciation and amortization use charge in accordance with 2 C.F.R. Part 200 Subpart E, Cost Principles for Federal Awards. Annually, ACOG submits an Indirect Cost Rate Certificate to its cognizant agency, the Economic Development Administration, and receives an acknowledgement letter. Provisional fringe benefits and indirect cost rates are still used that convert to actual rates at the end of the year. Actual rates are used where allowable. These rates are applied to the applicable base. For employee benefits, the base is ACOG's direct labor costs for the cost objective. For indirect costs, the base is the cost objective's direct labor cost plus the allocated employee benefits. For the fiscal year ended June 30, 2023, ACOG's final employee benefits rate was 37.37% and final indirect cost rate was 62.16%.

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

J. Related party transactions

In 1988, ACOG entered into an agreement with the 9-1-1 Association of Central Oklahoma Governments (9-1-1 ACOG) for administration of the E9-1-1 emergency telephone number system on behalf of 9-1-1 ACOG. In this capacity, ACOG is responsible for the acquisition, implementation, and administration of the 9-1-1 system for the suburban communities and for providing professional services to the City of Oklahoma City. 9-1-1 ACOG reimburses ACOG for all costs incurred to fulfill these responsibilities. ACOG recorded revenues under this agreement for the year ended June 30, 2023, amounting to \$1,714,821 of which \$936,037 is included in year-end receivables of the E9-1-1 & public safety fund. Several individuals serving as officers or directors of 9-1-1 ACOG also hold similar positions with ACOG.

K. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability to ACOG. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although ACOG expects such amounts, if any, to be immaterial.

L. Employee pension plan

ACOG maintains a single employer, defined contribution pension plan in which an employee working thirty or more hours per week and completing one year or more of employment may participate. The plan is sponsored by The Principal Financial Group. During the year ended June 30, 2023, thirty employees participated in the plan. Vesting in employer contributions generally occurs ratably over service years two through six, with an employee being 100% vested in year six. ACOG and the participating employees are required to contribute 5% and 3.5% of the participating employee's salary, respectively. Employees may make additional voluntary contributions. A summary of the required and actual contributions for the year ended June 30, 2023, follows:

	Required Contribution	Actual Contribution
ACOG	\$ 92,517	\$ 92,517
Participating Employees	65,404	172,480

M. Subsequent Events

ACOG has evaluated events and transactions that occurred after June 30, 2023, through March 22, 2024, the date these financial statements were available to be issued, for potential recognition or disclosure in these financial statements. ACOG is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Required Supplementary Information

**ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Membership dues - basic	\$ 79,604	\$ 79,604	\$ 117,492	\$ (37,888)
Other	16,286	16,286	173	16,113
Total revenues	<u>95,890</u>	<u>95,890</u>	<u>117,665</u>	<u>(21,775)</u>
EXPENDITURES				
Current:				
Salaries	29,693	29,693	27,717	(1,976)
Employee benefits	12,194	12,194	10,358	(1,836)
Indirect costs	26,039	26,039	23,673	(2,366)
Travel	14,069	14,069	10,305	3,764
Contractual	28,000	28,000	-	(28,000)
Special projects	18,775	18,775	10,683	(8,092)
Other	35,882	35,882	32,122	3,760
Debt service	2,807	2,807	2,807	-
Capital outlay	-	-	-	-
Total expenditures	<u>167,459</u>	<u>167,459</u>	<u>117,665</u>	<u>(34,746)</u>
Excess (deficiency) of revenues over expenditures	<u>(71,569)</u>	<u>(71,569)</u>	<u>-</u>	<u>71,569</u>
OTHER FINANCING SOURCES (USES)				
Contributions to indirect cost	13,802	13,802	30,683	16,881
Total other financing sources & uses	<u>13,802</u>	<u>13,802</u>	<u>30,683</u>	<u>16,881</u>
Net change in fund balances	<u>(57,767)</u>	<u>(57,767)</u>	<u>30,683</u>	<u>88,450</u>
FUND BALANCES				
Fund balances, beginning:	1,878,324	1,878,324	1,884,695	(6,371)
Fund balances-ending	<u>\$ 1,820,557</u>	<u>\$ 1,820,557</u>	<u>\$ 1,915,378</u>	<u>\$ 82,079</u>

**ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
TRANSPORTATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
REVENUES				
Federal grants	\$ 5,946,175	\$ 5,946,175	\$ 2,165,045	\$ (3,781,130)
Membership dues - transportation	132,448	132,448	123,377	(9,071)
In-kind matching contributions	1,329,836	1,329,836	474,006	(855,830)
Other	14,000	14,000	10,757	(3,243)
Total revenues	<u>7,422,459</u>	<u>7,422,459</u>	<u>2,773,185</u>	<u>(4,649,274)</u>
EXPENDITURES				
Current:				
Salaries	584,127	584,127	502,206	81,921
Employee benefits	239,889	239,889	188,298	51,591
Indirect costs	512,235	512,235	449,187	63,048
Travel	28,295	28,295	1,139	27,156
Advertising and public education	6,500	6,500	2,726	3,774
Contractual	1,261,559	1,261,559	771,580	489,979
Special projects	4,678,402	4,678,402	349,389	4,329,013
Other	152,502	152,502	113,615	38,887
Capital Outlay	-	-	10,627	(10,627)
Total expenditures	<u>7,463,509</u>	<u>7,463,509</u>	<u>2,388,767</u>	<u>5,074,742</u>
Excess (deficiency) of revenues over expenditures	<u>(41,050)</u>	<u>(41,050)</u>	<u>384,418</u>	<u>425,468</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources & uses	-	-	-	-
Net change in fund balances	<u>(41,050)</u>	<u>(41,050)</u>	<u>384,418</u>	<u>425,468</u>
FUND BALANCES				
Fund balances, beginning:	386,968	386,968	774,487	387,519
Fund balances-ending	<u>\$ 345,918</u>	<u>\$ 345,918</u>	<u>\$ 1,158,905</u>	<u>\$ 812,987</u>

**ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
COMMUNITY & ECONOMIC DEVELOPMENT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
REVENUES				
Federal grants	\$ 151,957	\$ 151,957	\$ 103,570	\$ (48,387)
State appropriations	2,723,263	2,723,263	1,054,080	(1,669,183)
Membership dues - basic	317,662	317,662	279,773	(37,889)
Other	4,100	4,100	3,850	(250)
Total revenues	<u>3,196,982</u>	<u>3,196,982</u>	<u>1,441,273</u>	<u>(1,755,709)</u>
EXPENDITURES				
Current:				
Salaries	270,747	270,747	281,477	(10,730)
Employee benefits	111,190	111,190	105,184	6,006
Indirect costs	237,424	237,424	240,409	(2,985)
Travel	9,802	9,802	6,463	3,339
Advertising and public education	7,050	7,050	6,392	658
Contractual	50,400	50,400	17,887	32,513
Grants to ACOG area communities	2,592,409	2,592,409	898,193	1,694,216
Other	39,390	39,390	23,000	16,390
Total expenditures	<u>3,318,412</u>	<u>3,318,412</u>	<u>1,579,005</u>	<u>1,739,407</u>
Excess (deficiency) of revenues over expenditures	<u>(121,430)</u>	<u>(121,430)</u>	<u>(137,732)</u>	<u>(16,302)</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources & uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(121,430)</u>	<u>(121,430)</u>	<u>(137,732)</u>	<u>(16,302)</u>
FUND BALANCES				
Fund balances, beginning:	<u>(615,457)</u>	<u>(615,457)</u>	<u>(551,826)</u>	<u>63,631</u>
Fund balances-ending	<u>\$ (736,887)</u>	<u>\$ (736,887)</u>	<u>\$ (689,558)</u>	<u>\$ 47,329</u>

**ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
E9-1-1 & PUBLIC SAFETY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
State revenue	\$ 72,727	\$ 72,727	\$ 72,727	\$ -
Contract revenue	1,819,782	1,819,782	1,714,821	(104,961)
Total revenues	<u>1,892,509</u>	<u>1,892,509</u>	<u>1,787,548</u>	<u>(104,961)</u>
EXPENDITURES				
Current:				
Salaries	742,331	742,331	733,377	8,954
Employee benefits	304,859	304,859	274,052	30,807
Indirect costs	650,966	650,966	626,376	24,590
Travel	23,809	23,809	6,848	16,961
Advertising and public education	10,500	10,500	11,028	(528)
Professional services	23,680	23,680	34,922	(11,242)
Special projects	40,990	40,990	32,260	8,730
Other	119,731	119,731	69,613	50,118
Total expenditures	<u>1,916,866</u>	<u>1,916,866</u>	<u>1,788,476</u>	<u>128,390</u>
Excess (deficiency) of				
revenues over expenditures	<u>(24,357)</u>	<u>(24,357)</u>	<u>(928)</u>	<u>23,429</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources & uses	-	-	-	-
Net change in fund balances	-	-	(928)	23,429
FUND BALANCES				
Fund balances, beginning:	13,765	13,765	17,987	4,222
Fund balances-ending	<u>\$ 13,765</u>	<u>\$ 13,765</u>	<u>\$ 17,059</u>	<u>\$ 27,651</u>

**ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
WATER RESOURCES
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Federal grants	\$ 26,000	\$ 26,000	\$ 6,868	\$ (19,132)
Membership dues - water	196,775	196,775	-	(196,775)
Other	-	-	35	35
Total revenues	<u>222,775</u>	<u>222,775</u>	<u>6,903</u>	<u>(215,872)</u>
EXPENDITURES				
Current:				
Salaries	86,865	87,553	77,188	10,365
Employee benefits	35,674	35,236	28,844	6,392
Indirect costs	76,174	78,343	65,926	12,417
Travel	3,137	2,935	649	2,286
Other	18,143	17,941	13,359	4,582
Total expenditures	<u>219,993</u>	<u>222,008</u>	<u>185,966</u>	<u>36,042</u>
Excess (deficiency) of				
revenues over expenditures	<u>2,782</u>	<u>767</u>	<u>(179,063)</u>	<u>(179,830)</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources & uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>2,782</u>	<u>767</u>	<u>(179,063)</u>	<u>(179,830)</u>
FUND BALANCES				
Fund balances, beginning:	<u>127,890</u>	<u>127,890</u>	<u>171,716</u>	<u>29,413</u>
Fund balances-ending	<u>\$ 130,672</u>	<u>\$ 128,657</u>	<u>\$ (7,347)</u>	<u>\$ (150,417)</u>

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
INFORMATION OF BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2023

A. Budgetary Information

Budgets for the general and special revenue funds are adopted on an available resources basis but are converted to a basis consistent with accounting principles generally accepted in the United States of America. A proposed budget and work program for the ensuing fiscal year is submitted by the ACOG Executive Director to ACOG's Budget Committee during June of each year. The budget is prepared by cost objectives within each fund and is organized into a general fund budget, a budget for each special revenue fund, a budget for indirect costs and a combined total budget. ACOG is not required to have an adopted statutorily defined budget and is unable to legally adopt a budget. Although it is more of a spending guideline, the ACOG budget is a balanced budget. The ACOG Board of Directors votes to adopt the budget approved by its Budget Committee for the ensuing fiscal year, subject to amendment or modification, during its June meeting. Formal budget amendments have not been done since 2010 but expenditures in excess of approved budget amounts must be approved by the Board of Directors in advance of payment.

The budget is organized on a "fund" basis. A fund is an accounting entity used to account for revenues of like sources. The governmental funds group accounts for funds received from other units of government or otherwise used in financing the routine operations of ACOG. The two types of funds within this category are:

General fund. The general fund is the basic operating fund of ACOG. It is used to account for all financial resources not required to be accounted for in another category.

Special revenue funds. These funds account for proceeds from specific revenue sources including grant funds.

**ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
SCHEDULE OF INDIRECT COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Indirect salaries	\$	588,897
Employee benefits		220,145
Indirect personnel costs		809,042
Office space		239,472
Repairs and maintenance		56,730
Equipment and furniture		25,841
Supplies		38,036
Depreciation		14,964
Accounting services		78,329
Telephone and internet		23,468
Development and recruiting		19,988
Contractual		10,459
Insurance		17,794
Legal services		12,000
Printing		12,395
Travel		8,329
Temporary Labor		7,177
Professional dues		6,080
Office cleaning		2,300
Equipment rental		1,188
Special projects		2,093
Postage		277
Publications and subscriptions		566
Advertising and public education		63
Net indirect costs (A)	\$	1,386,591
BASIS FOR ALLOCATION OF INDIRECT COSTS:		
Direct salaries	\$	1,623,936
Direct employee benefits		606,759
Total direct personnel costs (B)	\$	2,230,695
INDIRECT COST RATE (A DIVIDED BY B)		62.16%

**ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
SCHEDULE OF EMPLOYEE BENEFITS
FOR THE YEAR ENDED JUNE 30, 2023**

BENEFIT PROGRAMS:

Group health insurance	\$	178,371
FICA taxes		150,183
Annual leave		129,752
Holidays		103,753
Sick leave		105,117
Retirement fund contribution		88,787
Medicare taxes		35,783
Unemployment insurance		9,968
Retirement fund administration		6,825
Group long term care insurance		8,479
Workers' compensation insurance		8,105
Jury duty leave		1,176
Section 125 plan administration		605
		605
Total benefits (A)	\$	826,904
		826,904

BASIS FOR ALLOCATION OF BENEFITS:

Gross salaries (B)	\$	2,212,833
		2,212,833
EMPLOYEE BENEFIT RATE (A DIVIDED BY B)		37.37%
		37.37%

**ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
SCHEDULE OF DIRECT STATE OF OKLAHOMA FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023**

State Grantor/ Program Title	Contract Period	Contract Amount	Cash/ Accrued or (Deferred) Revenue at June 30, 2022	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/ Accrued or (Deferred) Revenue at June 30, 2023
Oklahoma Department of Commerce						
State Appropriated Funds for Substate						
Planning Districts						
18370 55 22	07/01/22-06/30/23	8,182	-	13,637	13,637	-
REAP Funds and Interest Earned						
REAP Administration	Various	Various	17,599	143,626	143,626	17,599
REAP Projects	Various	Various	1,296,474	2,709,626	2,590,909	1,415,191
Total Direct State of Oklahoma Financial Assistance			<u>\$ 1,314,073</u>	<u>\$ 2,866,889</u>	<u>\$ 2,748,172</u>	<u>\$ 1,432,790</u>



**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 Directors of the
Association of Central Oklahoma Governments

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, each major fund, and the aggregate remaining fund information of the Association of Central Oklahoma Governments ("ACOG"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise ACOG's basic financial statements, and have issued our report thereon dated March 22, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ACOG'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 ACOG's internal control. Accordingly, we do not express an opinion on the effectiveness of ACOG's internal control.

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

Our consideration of 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 audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Edmond, Oklahoma
March 22, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM
GUIDANCE

To the Board of Directors of the
Association of Central Oklahoma Governments

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Association of Central Oklahoma Governments' ("ACOG") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of ACOG's major federal programs for the year ended June 30, 2023. ACOG's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, ACOG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of ACOG and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Program's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to ACOG's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on ACOG's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ACOG's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 ACOG's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ACOG's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Association of Central Oklahoma Governments, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise ACOG's basic financial statements. We issued our report thereon dated March 22, 2024 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Arledge & Associates PC

Edmond, Oklahoma
March 22, 2024



Association of Central Oklahoma Governments
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Entity/Program Title	AL Number	Other Grantor's Reference	Total Expenditures	Subrecipient Amounts
U.S. Department of Commerce				
Direct Programs				
Economic Development Support for Planning Organizations	11.302	ED20AUS3020017	\$ 61,955	\$ -
Economic Development Support for Planning Organizations	11.302	ED23AUS3020010	20,785	-
Economic Adjustment Assistance	11.307	ED20AUS3070080	20,830	-
Total U.S. Department of Commerce			<u>103,570</u>	<u>-</u>
U.S. Department of Energy				
Direct Programs				
Conservation Research and Development	81.086	DE-EE EE0009587	108,125	-
Passed-through East Tennessee Clean Fuels Coalition Conservation Research and Development	81.086	DE-EE0009866	3,200	-
Total Conservation Research and Development			<u>111,325</u>	<u>-</u>
Passed-through Oklahoma Department of Commerce State Energy Program	81.041	18730 SEP 22	50,000	-
Total U.S. Department of Energy			<u>161,325</u>	<u>-</u>
U.S. Environmental Protection Agency				
Passed-through Oklahoma Office of the Secretary of Environment Water Quality Management Planning	66.454	C6-40000058-0	6,868	-
Total U.S. Environmental Protection Agency			<u>6,868</u>	<u>-</u>
U.S. Department of Transportation				
<u>Highway Planning and Construction Cluster</u>				
Passed-through Oklahoma Department of Transportation				
Highway Planning and Construction	20.205	J/P 11767(37)	1,634,121	122,581
Highway Planning and Construction	20.205	J/P 17904(25)	20,595	20,595
Highway Planning and Construction	20.205	J/P 17904(25)	11,308	11,308
Total Highway Planning and Construction Cluster			<u>1,666,024</u>	<u>154,484</u>
Passed-through Oklahoma Department of Transportation Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	J/P 15612(53)	266,291	230,000
Passed-through Oklahoma Highway Safety Office State and Community Highway Safety	20.600	PS-22-04-01-02	20,720	-
State and Community Highway Safety	20.600	PS-23-04-01-02	50,685	-
Total U.S. Department of Transportation			<u>2,003,720</u>	<u>384,484</u>
Total Expenditures of Federal Awards			<u>\$ 2,275,483</u>	<u>\$ 384,484</u>

See notes to schedule of expenditures of federal awards.

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

1. Basis of presentation and accounting policies

General - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards assistance programs of the Association of Central Oklahoma Governments (“ACOG”). ACOG's reporting entity is described in Note 1 to ACOG's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule. Required local matching contributions are not included on the schedule. *Basis of Accounting* - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to ACOG's basic financial statements.

2. Indirect Cost Rate

ACOG has elected not to use the 10-percent de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance. The indirect cost rate charged to federal awards in 2023 was 62.16%.

3. Subsequent Events

ACOG has evaluated the effects of all subsequent events from June 30, 2023, through March 22, 2024, the date the SEFA was available to be issued, for potential recognition or disclosure in this SEFA. ACOG is not aware of any subsequent events which would require recognition or disclosure in the SEFA.

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal Control over major federal programs:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

<u>AL Number</u>	<u>Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster - Federal Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ yes X no

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards*:

A. Internal Control

None to report for the audit period

B. Compliance Findings

None to report for the audit period

Section III--Findings Required to be Reported in Accordance with the Uniform Guidance:

A. Internal Control

None to report for the audit period

B. Compliance Findings

None to report for the audit period

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards*:

A. Internal Control

None to report for the audit period

B. Compliance Findings

None to report for the audit period

Section III--Findings Required to be Reported in Accordance with the Uniform Guidance:

A. Internal Control

None to report for the audit period

B. Compliance Findings

None to report for the audit period