

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS

**Basic Financial Statements,
Supplemental Information and Independent
Auditors' Reports for the Year Ended
June 30, 2018, Independent Auditors' Reports
Issued Under Uniform Guidance, and
Supplemental Schedule of Expenditures of
Federal Awards for the Year Ended June 30, 2018**

Association of Central Oklahoma Governments
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2018, and the related notes to the financial statements, which collectively comprise ACOG's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of ACOG, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The other supplemental 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2018, 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 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 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, P.C.

December 4, 2018



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, 2018. 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 \$2,411,756 (*net position*). Of this amount, \$2,160,359 (*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 \$54,095 due to the full year of lease incentive obligation payments for the office leasehold improvements and staff time spent on underfunded local programs.

Fund Level:

- At the close of the current fiscal year, ACOG’s governmental funds reported combined ending fund balances of \$2,412,934, a decrease of \$77,626 in comparison with the prior year as adjusted. Approximately 91.8 percent of this amount, \$2,214,715 is *available for spending* at ACOG’s discretion (*combined assigned and unassigned fund balances*) although the ACOG Board of Directors has *assigned* \$498,749 for transportation program expenditures, (\$20,092) for CIP program expenditures, \$4,453 for CDBG/REAP program expenditures, \$2,085 for OARC expenditures, (\$102,988) for Substates program expenditures and \$114,559 for water resources program expenditures.
- At the end of the fiscal year, the unrestricted fund balance, all unassigned, of the general fund was \$1,717,949 or 34.2 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:

Chair
Matt Dukes
Midwest City Mayor

Vice-Chair
Lynne Miller
Norman Mayor

Secretary/Treasurer
Steven J. Gentling
Guthrie Mayor

Executive Director
Mark W. Sweeney, AICP

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 of 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 13 - 14 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 15 - 19 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 21 - 32 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 33 - 38 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 \$2,411,756 at June 30, 2018, as compared with assets exceeding liabilities by \$2,465,851 at June 30, 2017. A portion (4.1 percent) of ACOG's net position reflects its investment in capital assets (leasehold improvements, 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

	<u>Governmental Activities</u>		Total Percentage Change
	<u>2018</u>	<u>2017</u>	
Current and other assets	\$ 4,813,201	\$ 4,931,149	-2.4%
Capital assets	134,159	180,204	-25.6%
Total assets	4,947,360	5,111,353	-3.2%
Long-term obligation outstand	36,798	125,094	N/A
Other liabilities	2,498,806	2,520,408	-0.9%
Total liabilities	2,535,604	2,645,502	-4.2%
Net position			
Net investment in capital			
assets	97,361	55,110	76.7%
Restricted	154,036	210,572	-26.8%
Unrestricted	2,160,359	2,200,169	-1.8%
Total net position	\$ 2,411,756	\$ 2,465,851	-2.2%

An additional portion of ACOG's net position (6.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$2,160,359) 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.

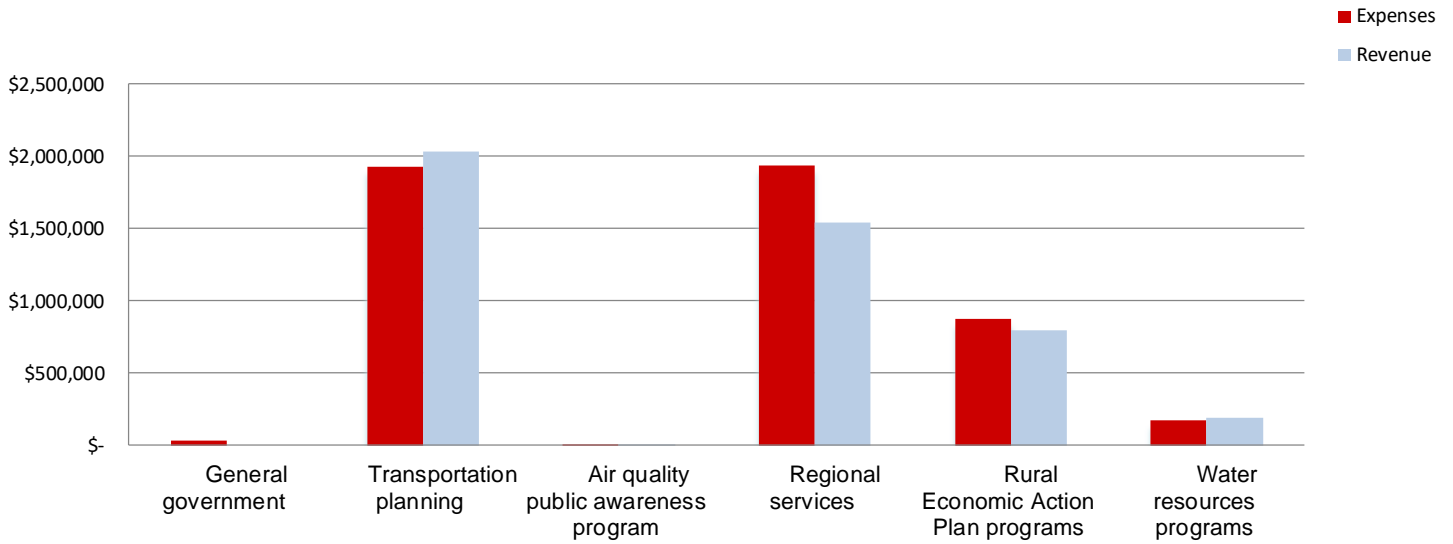
ACOG's total net position, all from governmental activities, decreased by \$54,095 during the current fiscal year. The following table reflects the condensed changes in net position from the prior year.

Association of Central Oklahoma Governments Changes in Net Position

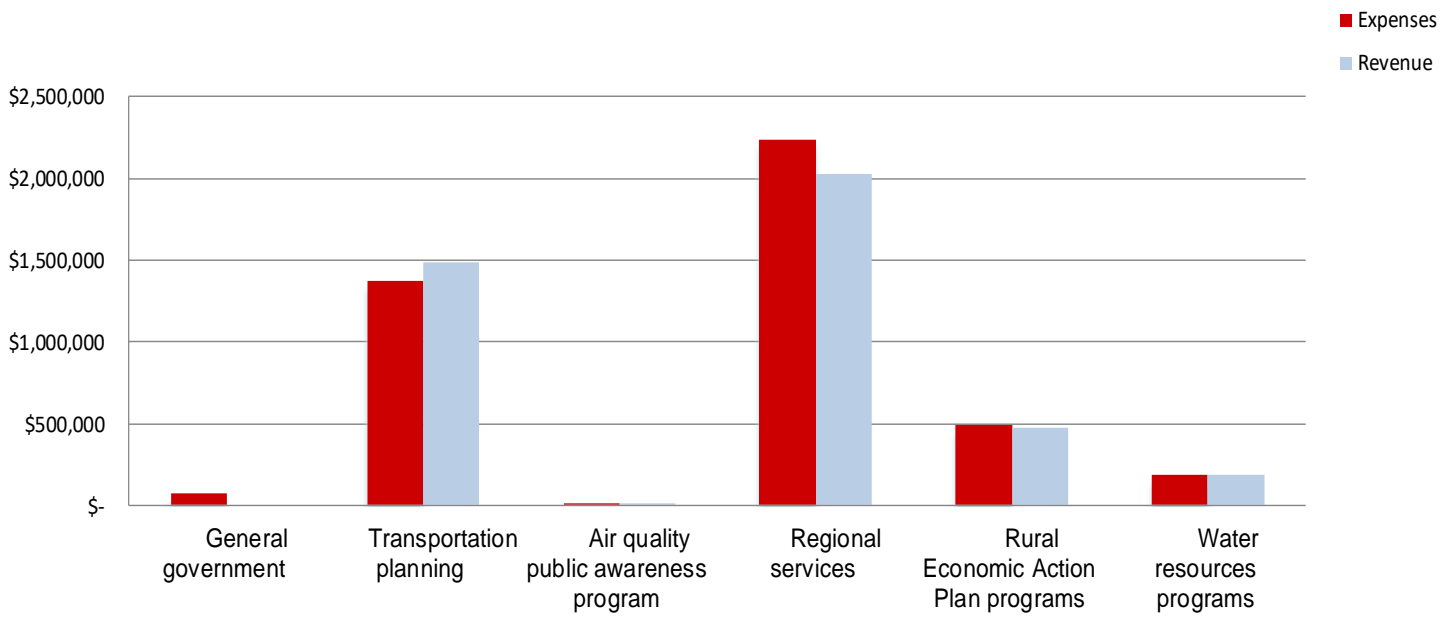
	Governmental Activities		Total Percentage Change
	2018	2017	
Revenues			
Program revenues			
Operating grants and contributions	\$ 4,556,989	\$ 4,181,790	9.0%
General revenues			
Membership dues - basic	329,748	329,718	0.0%
Other income	2,454	1,568	56.5%
Total revenues	4,889,191	4,513,076	8.3%
Expenses			
General government	31,589	70,204	-55.0%
Transportation planning	1,925,470	1,370,875	40.5%
Air quality public awareness program	6,604	3,565	85.2%
Regional services	1,934,144	2,233,680	-13.4%
Rural Economic Action Plan programs	876,152	488,078	79.5%
Water resources programs	169,327	185,088	-8.5%
Total expenses	4,943,286	4,351,490	13.6%
Increase (decrease) in net position	\$ (54,095)	\$ 161,586	-133.5%
Beginning net position			
As previously reported	2,465,851	2,308,323	6.8%
Prior period adjustment	-	(4,058)	N/A
Beginning net position, as restated	2,465,851	2,304,265	7.0%
Ending net position	\$ 2,411,756	\$ 2,465,851	-2.2%

The \$54,095 decrease in net position is due to the full year of lease incentive obligation payments for the office leasehold improvements and staff time spent on underfunded local programs.

2018 Expenses and Program Revenues - Governmental Activities

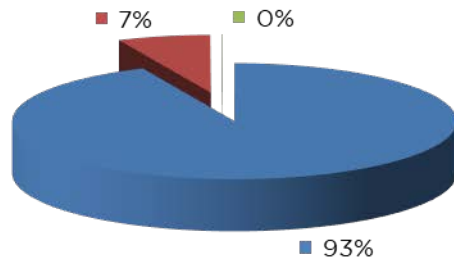


2017 Expenses and Program Revenues - Governmental Activities



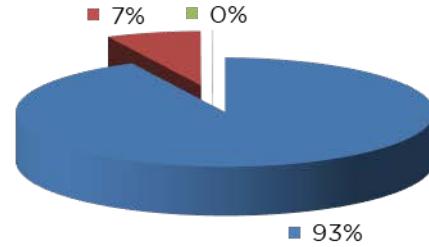
2018 Revenues by Source - Governmental Activities

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



2017 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 \$2,412,934, a net decrease of \$77,626 in comparison with the prior year. Approximately 66.4 percent of this total amount (\$1,601,407) constitutes *unassigned fund balance*, which is available for spending at ACOG's discretion. Approximately 25.5 percent (\$613,308) 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. \$498,749 has been assigned for Transportation program expenditures and \$114,559 for Water resources program expenditures. The remainder of fund balance is not available for new spending because approximately 2.3 percent (\$57,114) is *restricted* per grant and contractual agreements while approximately 5.8 percent (\$141,105) is *unspendable* because it consists of prepaid items.

The fund balance of ACOG's general fund decreased by \$61,880 during the current fiscal year. This decrease is attributable to a full year of lease incentive obligation payments for the office leasehold improvements.

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, 2018. The differences between the budget and the actual amounts are due to more membership dues – basic being used as program matching funds and less other expenditures incurred as ACOG maintained as fiscally conservative a budget as possible. The major differences can be summarized as follows:

- Membership dues – basic revenues were \$29,872 less than budgeted and other expenditures were \$16,590 less than budgeted.

Capital Asset and Long-Term Debt Administration

Capital assets. ACOG's investment in capital assets for its governmental type activities as of June 30, 2018, amounts to \$134,159 (net of accumulated depreciation). 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 \$46,045 or 25.6 percent, attributable to depreciation.

There were no major capital asset events during the current fiscal year.

Association of Central Oklahoma Governments' Capital Assets (net of depreciation)

	Governmental Activities		Total Percentage Change
	2018	2017	
Computers and software	\$ 2,989	\$ 9,011	-66.8%
Leased equipment	-	-	N/A
Leasehold improvements	120,677	155,997	N/A
Equipment	10,493	15,196	-30.9%
Total	\$ 134,159	\$ 180,204	-25.6%

Additional information on ACOG's capital assets can be found in Note II.C. on page 27 of this report.

Long-Term Debt. ACOG's only debt is the \$36,798 balance due on a twenty-four month lease incentive obligation that financed the acquisition of the leasehold improvements made to ACOG's new office space.

Association of Central Oklahoma Governments' Outstanding Debt

	Governmental Activities		Total Percentage Change
	2018	2017	
Lease incentive obligation	\$ 36,798	\$ 125,094	-70.6%

Economic Factors and Next Year's Budget

ACOG continues to approach spending conservatively and in the best interests of its members. It has strived to maintain a general fund balance with at least 3 months cash flow. Total member dues were not increased in fiscal year 2018.

The ACOG approved fiscal year 2019 budget reflects a decrease of \$176,956 in the fund balance of ACOG's general fund. Member dues were not increased since member entities had not been informed of the need to do so prior to their own budget cycles. ACOG will work on building fund balances after giving members notice prior to the start of the fiscal year 2020 budget cycle. \$75,000 of this decrease is attributable to hiring outside legal counsel, \$40,000 for a performance audit of the 9-1-1 program, \$36,790 for the final debt service payments on the lease incentive obligation that financed the leasehold improvements in ACOG's new office space and \$12,500 for a Board retreat/legislative reception.

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, 2018

	Total Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,961,942
Receivables	710,154
Prepaid items	141,105
Capital assets:	
Equipment, furnishings & fixtures	511,169
Accumulated depreciation & amortization	(377,010)
Total capital assets	134,159
Total assets	4,947,360
LIABILITIES	
Accounts payable and other current liabilities	128,611
Unearned revenue	2,261,408
Compensated absences due within one year	108,787
Long- term lease incentive obligation	
Due within one year	36,798
Due in more than one year	-
Total liabilities	2,535,604
NET POSITION	
Net investment in capital assets	97,361
Restricted for:	
General government	88,708
Transportation planning	24,764
Regional services	34,313
Rural Economic Action Plan programs	3,090
Water resources programs	3,161
Unrestricted	2,160,359
Total net position	\$ 2,411,756

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, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Total Primary Government Governmental Activities</u>
Primary government			
Governmental activities:			
General government	\$ 31,589	\$ -	\$ (31,589)
Transportation planning	1,925,470	2,028,729	103,259
Air quality public awareness program	6,604	6,604	-
Regional services	1,934,144	1,538,949	(395,195)
Rural Economic Action Plan programs	876,152	792,260	(83,892)
Water resources programs	169,327	190,447	21,120
Total primary government	<u>\$ 4,943,286</u>	<u>\$ 4,556,989</u>	<u>(386,297)</u>
General revenues:			
Membership dues - basic			329,748
Other income			2,454
Total general revenues			<u>332,202</u>
Change in net position			<u>(54,095)</u>
Net position - beginning			2,465,851
Net position - ending			<u>\$ 2,411,756</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, 2018

	<u>General</u>	<u>Transportation</u>	<u>Intergovernmental Services</u>
ASSETS			
Cash and cash equivalents	\$ 1,178,167	\$ 2,247,914	\$ 384,729
Receivables	86,470	363,218	50,945
Due from other funds	477,061	-	-
Prepaid items	88,708	24,764	5,718
Total assets	<u>\$ 1,830,406</u>	<u>\$ 2,635,896</u>	<u>\$ 441,392</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 23,749	\$ 98,525	\$ 1,520
Due to other funds	-	237,494	8,131
Unearned revenues	-	1,776,364	485,044
Total liabilities	<u>23,749</u>	<u>2,112,383</u>	<u>494,695</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable contract revenue	-	-	10,248
FUND BALANCES (DEFICITS)			
Nonspendable	88,708	24,764	5,718
Restricted	-	-	47,273
Assigned	-	498,748	-
Unassigned	1,717,948	-	(116,542)
Total fund balances	<u>1,806,656</u>	<u>523,512</u>	<u>(63,551)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,830,405</u>	<u>\$ 2,635,895</u>	<u>\$ 441,392</u>

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

E9-1-1 & Public Safety	Water Resources	Total Governmental Funds
\$ 32,876	\$ 118,256	3,961,942
207,367	2,154	710,154
-	-	477,061
18,754	3,161	141,105
<u>\$ 258,997</u>	<u>\$ 123,571</u>	<u>\$ 5,290,262</u>
\$ 4,281	\$ 536	\$ 128,611
226,121	5,315	477,061
-	-	2,261,408
<u>230,402</u>	<u>5,851</u>	<u>2,867,080</u>
-	-	10,248
18,754	3,161	141,105
9,842	-	57,115
-	114,560	613,308
-	-	1,601,406
<u>28,596</u>	<u>117,721</u>	<u>2,412,934</u>
<u>\$ 258,998</u>	<u>\$ 123,572</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.	134,159
Compensated absences of governmental activities are not financial resources and therefore are not reported in the funds.	(108,787)
Lease incentive obligation is not due and payable in the current period and therefore is not reported as a liability in the funds.	(36,798)
Contract revenue reported as a deferred inflow of resources in the funds because it is unavailable is not a deferred inflow of resources in the statement of net position.	10,248
Net position of governmental activities	<u>\$ 2,411,756</u>

Association of Central Oklahoma Governments
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General	Transportation	Intergovernmental Services
REVENUES			
Federal grants	\$ -	\$ 1,398,832	\$ 124,381
State appropriations	-	-	834,262
Contract revenue	-	-	-
Membership dues - transportation	-	112,259	-
Membership dues - water resources	-	-	-
Membership dues - basic	7,417	-	322,331
In-kind matching contributions	-	312,739	-
Other	2,454	336,503	61,994
Total revenues	<u>9,871</u>	<u>2,160,333</u>	<u>1,342,968</u>
EXPENDITURES			
Current:			
General government	31,589	-	-
Transportation planning	-	1,925,470	-
Air quality public awareness program	-	6,604	-
Regional services	-	125,000	613,936
Rural Economic Action Plan programs	-	-	876,152
Water resources programs	-	-	-
Capital outlay	-	-	-
Debt service	88,296	-	-
Total expenditures	<u>119,885</u>	<u>2,057,074</u>	<u>1,490,088</u>
Excess (deficiency) of revenues over expenditures	<u>(110,014)</u>	<u>103,259</u>	<u>(147,120)</u>
OTHER FINANCING SOURCES (USES)			
Capital lease proceeds	-	-	-
Transfers from other funds	-	-	79,077
Transfers to other funds	-	(79,077)	-
Contributions to indirect cost	48,134	-	-
Total other financing sources & uses	<u>48,134</u>	<u>(79,077)</u>	<u>79,077</u>
Net change in fund balances	<u>(61,880)</u>	<u>24,182</u>	<u>(68,043)</u>
FUND BALANCES			
Fund balances-beginning:	1,868,536	499,330	4,492
Fund balances-ending	<u>\$ 1,806,656</u>	<u>\$ 523,512</u>	<u>\$ (63,551)</u>

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

E9-1-1 & Public Safety	Water Resources	Total Governmental Funds
\$ -	\$ 26,040	\$ 1,549,253
-	-	834,262
1,202,203	-	1,202,203
-	-	112,259
-	164,269	164,269
-	-	329,748
-	-	312,739
-	138	401,089
<u>1,202,203</u>	<u>190,447</u>	<u>4,905,822</u>
-	-	31,589
-	-	1,925,470
-	-	6,604
1,195,208	-	1,934,144
-	-	876,152
-	169,327	169,327
-	-	-
-	-	88,296
<u>1,195,208</u>	<u>169,327</u>	<u>5,031,582</u>
<u>6,995</u>	<u>21,120</u>	<u>(125,760)</u>
-	-	-
-	-	79,077
-	-	(79,077)
-	-	48,134
<u>-</u>	<u>-</u>	<u>48,134</u>
<u>6,995</u>	<u>21,120</u>	<u>(77,626)</u>
<u>21,601</u>	<u>96,601</u>	<u>2,490,560</u>
<u>\$ 28,596</u>	<u>\$ 117,721</u>	<u>\$ 2,412,934</u>

**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, 2018**

Net change in fund balances - total governmental funds \$ (77,626)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlays (\$0) were exceeded by depreciation (\$46,045) in the current period. (46,045)

Because some grant and contract revenues will not be collected until after certain milestones are met several months after ACOG's fiscal year ends, they are not considered "available" revenues and are deferred inflows of resources in the governmental funds. Unavailable contract revenues decreased by this amount this year. (16,629)

Repayment of lease incentive 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. 88,296

The increase in compensated absences does not require the use of current financial resources and therefore is not reported in governmental funds (2,091)

Change in net position of governmental activities \$ (54,095)

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

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Association of Central Oklahoma Governments
Notes to the Financial Statements
June 30, 2018

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 ACOG currently has 35 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. For the most part, 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

Association of Central Oklahoma Governments

Notes to the Financial Statements

June 30, 2018

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. 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.

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. 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 *intergovernmental services fund* is used to account for the operations within the Intergovernmental Services Division's work program. The major revenue source is grants and contracts with the U.S. Department of Commerce, the U.S. Department of Energy, 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

Association of Central Oklahoma Governments

Notes to the Financial Statements

June 30, 2018

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.

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

Association of Central Oklahoma Governments

Notes to the Financial Statements

June 30, 2018

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

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. At June 30, 2018, ACOG had recorded a liability for accrued vacation of \$108,787.

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.

Association of Central Oklahoma Governments
Notes to the Financial Statements
June 30, 2018

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

At June 30, 2018, ACOG had no outstanding capital leases and a \$36,798 outstanding lease incentive obligation.

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.

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

Association of Central Oklahoma Governments

Notes to the Financial Statements

June 30, 2018

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The classifications used in the governmental fund financial statements are as follows:

- 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.
- 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.
- 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.
- 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.

II. Detailed notes on all funds

A. Cash deposits with financial institutions

At year-end, ACOG's carrying amount of deposits was \$3,961,942 and the bank balance was \$4,311,799. Of the bank balance, \$249,701 was covered by federal depository insurance and \$3,712,241 was collateralized by Government National Mortgage Association (GNMA) securities with a current market value of \$4,091,934. Per ACOG's Tri-Party Collateral Management Agreement, Bank of America pledges securities with a current market values of 110% of the uninsured bank balance at the close of business on the immediately preceding business day to ACOG. The

Association of Central Oklahoma Governments

Notes to the Financial Statements

June 30, 2018

collateral securities are held in ACOG's name at the Bank of New York Mellon. 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, 2018, 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 <u>Contracts</u>	<u>Employees</u>	<u>Members</u>	<u>Total</u>
General fund	\$ -	\$ 4,859	\$81,611	\$ 86,470
Transportation	363,218	-	-	363,218
Intergovernmental services	50,945	-	-	50,945
E9-1-1 & public safety	207,367	-	-	207,367
Water resources	2,154	-	-	2,154
Total	<u>\$623,684</u>	<u>\$ 4,859</u>	<u>\$81,611</u>	<u>\$710,154</u>

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

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>
Regional Transit Authority project	\$1,774,560
Air quality project	1,804
Rural Economic Action Plan (REAP)	478,435
Economic Development Administration project	6,565
Change a Light project	44
Total	<u>\$2,261,408</u>

C. Capital assets

Capital asset activity for the year ended June 30, 2018 was as follows:

Association of Central Oklahoma Governments
Notes to the Financial Statements
June 30, 2018

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated or amortized:				
Computers and software	\$ 169,131	\$ -	\$ (10,012)	\$ 159,119
Leasehold improvements	176,600	-	-	176,600
Leased equipment	28,304	-	-	28,304
Equipment	147,146	-	-	147,146
Total capital assets being depreciated/amortized:	521,181	-	(10,012)	511,169
Less accumulated depreciation or amortization for:				
Computers and software	(160,120)	(6,022)	10,012	(156,130)
Leasehold improvements	(20,603)	(35,320)	-	(55,923)
Leased equipment	(28,304)	-	-	(28,304)
Equipment	(131,950)	(4,703)	-	(136,653)
Total accumulated depreciation or amortization	(340,977)	(46,045)	10,012	(377,010)
Total capital assets, net of depreciation/amortization	180,204	(46,045)	-	134,159
Governmental activities capital assets, net	<u>\$ 180,204</u>	<u>\$ (46,045)</u>	<u>\$ -</u>	<u>\$ 134,159</u>

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

Governmental activities:	
Transportation planning	\$ 15,348
Air quality public awareness program	106
General government	23
Regional services	26,722
Rural Economic Action Plan program	1,310
Water resources programs	<u>2,536</u>
Total depreciation/amortization expense	<u>\$ 46,045</u>

D. Interfund receivables, payables and transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Association of Central Oklahoma Governments
Notes to the Financial Statements
June 30, 2018

Due to/from other funds:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund		
Due from special revenue funds	\$ 477,061	\$ -
Special revenue funds		
Due to general fund from:		
Transportation	-	237,494
Intergovernmental services	-	8,131
E9-1-1 & public safety	-	226,121
Water resources	-	5,315
Total	<u>\$ 477,061</u>	<u>\$ 477,061</u>

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. The Clean Cities Program was transferred from Transportation to Intergovernmental Services resulting in an interfund transfer of \$79,077 during the year ended June 30, 2018.

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 renewed for the fiscal year ended June 30, 2018. The monthly base rent is \$18,789. 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. In the event ACOG terminates or does not renew the lease prior to full payment of this lease incentive obligation, all remaining amounts shall become immediately due and payable.

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. There was \$35,320 of depreciation for the year ended June 30, 2018. Debt service payments made of

Association of Central Oklahoma Governments
Notes to the Financial Statements
June 30, 2018

\$88,296 reduced the balance of the lease incentive obligation to \$36,798 as of June 30, 2018. The amount of base rent for this lease was \$225,468 for the year ended June 30, 2018.

The lease is being renewed for the fiscal year ended June 30, 2019 so the future minimum lease payments for this lease are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	<u>\$225,468</u>

F. Long-term liabilities

ACOG's only long-term liability is the lease incentive obligation for the leasehold improvements made to its new office space. Activity for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Lease incentive obligation	<u>\$125,094</u>	<u>\$ -</u>	<u>\$ (88,296)</u>	<u>\$ 36,798</u>	<u>\$ 36,798</u>

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, 2018, are as follows:

Association of Central Oklahoma Governments
Notes to the Financial Statements
June 30, 2018

Fund balances:	General Fund	Transportation	Intergovernmental Services	E9-1-1 & Public Safety	Water Resources	Total
Nonspendable						
Prepays	\$ 88,708	\$ 24,764	\$ 5,718	\$ 18,754	\$ 3,161	\$ 141,105
Restricted for:						
REAP program	-	-	3,090	-	-	3,090
Clean Cities program	-	-	44,183	-	-	44,183
9-1-1 ACOG contract admin	-	-	-	9,841	-	9,841
Assigned to:						
Transportation programs	-	498,749	-	-	-	498,749
CIP program	-	-	(20,092)	-	-	(20,092)
CDBG/REAP program	-	-	4,453	-	-	4,453
OARC program	-	-	2,085	-	-	2,085
EDA program	-	-	-	-	-	-
Substates program	-	-	(102,988)	-	-	(102,988)
Water resources programs	-	-	-	-	114,559	114,559
Allocation to unassigned	-	-	116,542	-	-	116,542
Unassigned	1,717,949	-	(116,542)	-	-	1,601,407
Total	\$ 1,806,657	\$ 523,513	\$ (63,551)	\$ 28,595	\$ 117,720	\$ 2,412,934

III. Other information

A. 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.

B. 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 its provisional employee benefits and indirect cost allocation rates to its federal oversight agency, the U.S. Department of Transportation, Federal Highway Administration, through its state pass-through agency, the Oklahoma Department of Transportation. The provisional rates are approved for use during the fiscal year with the understanding that the unaudited rates will have a final review. The final, actual rates are determined in June and are used in accounting for all cost objectives. These rates are applied to the applicable base. For employee benefits, the base is ACOG's direct labor costs for the cost

Association of Central Oklahoma Governments

Notes to the Financial Statements

June 30, 2018

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, 2018, ACOG 's final employee benefits rate was 37.93% and final indirect cost rate was 61.27%.

C. 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, 2018, amounting to \$1,202,203 of which \$207,367 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.

D. 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.

E. 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, 2018, seventeen 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, 2018, follows:

	Required <u>Contribution</u>	Actual <u>Contribution</u>
ACOG	\$ 55,048	\$ 55,048
Participating employees	38,534	57,729

Association of Central Oklahoma Governments
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
REVENUES				
Membership dues - basic	\$ 37,289	\$ 37,289	7,417	\$ (29,872)
Contract revenue	-	-	-	-
Other	1,340	1,340	2,454	1,114
Total revenues	<u>38,629</u>	<u>38,629</u>	<u>9,871</u>	<u>(28,758)</u>
EXPENDITURES				
Current:				
Salaries	-	-	637	(637)
Employee benefits	-	-	242	(242)
Indirect costs	-	-	538	(538)
Travel	6,396	6,396	2,144	4,252
Contractual	-	-	-	-
Other	44,618	44,618	28,028	16,590
Debt service	-	-	88,296	(88,296)
Capital outlay	88,296	88,296	-	88,296
Total expenditures	<u>139,310</u>	<u>139,310</u>	<u>119,885</u>	<u>19,425</u>
Excess (deficiency) of				
revenues over expenditures	<u>(100,681)</u>	<u>(100,681)</u>	<u>(110,014)</u>	<u>(9,333)</u>
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Contributions to indirect cost	10,725	10,725	48,134	37,409
Total other financing sources & uses	<u>10,725</u>	<u>10,725</u>	<u>48,134</u>	<u>37,409</u>
Net change in fund balances	<u>(89,956)</u>	<u>(89,956)</u>	<u>(61,880)</u>	<u>28,076</u>
FUND BALANCES				
Fund balances, beginning:				
As previously reported	1,868,536	1,868,536	1,868,536	-
Prior period adjustment	-	-	-	-
Fund balances, beginning as restated	<u>1,868,536</u>	<u>1,868,536</u>	<u>1,868,536</u>	<u>-</u>
Fund balances-ending	<u>\$ 1,778,580</u>	<u>\$ 1,778,580</u>	<u>\$ 1,806,656</u>	<u>\$ 28,076</u>

Association of Central Oklahoma Governments
Transportation
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal grants	\$2,817,594	\$2,817,594	\$ 1,398,832	\$ (1,418,762)
Membership dues - transportation	112,544	112,544	112,259	(285)
Membership dues - basic	-	-	-	-
In-kind matching contributions	491,540	491,540	312,739	(178,801)
Other	144,140	144,140	336,503	192,363
Total revenues	<u>3,565,818</u>	<u>3,565,818</u>	<u>2,160,333</u>	<u>(1,405,485)</u>
EXPENDITURES				
Current:				
Salaries	538,610	538,610	429,772	108,838
Employee benefits	210,291	210,291	163,005	47,286
Indirect costs	455,762	455,762	363,184	92,578
Travel	11,800	11,800	10,638	1,162
Advertising and public education	2,500	2,500	1,059	1,441
Contractual	710,200	710,200	507,363	202,837
Special projects	1,150,000	1,150,000	224,784	925,216
Other	442,828	442,828	357,269	85,559
Total expenditures	<u>3,521,991</u>	<u>3,521,991</u>	<u>2,057,074</u>	<u>1,464,917</u>
Excess (deficiency) of revenues over expenditures	<u>43,827</u>	<u>43,827</u>	<u>103,259</u>	<u>59,432</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	(79,077)	(79,077)
Contributions to indirect cost	-	-	-	-
Total other financing sources & uses	<u>-</u>	<u>-</u>	<u>(79,077)</u>	<u>(79,077)</u>
Net change in fund balances	<u>43,827</u>	<u>43,827</u>	<u>24,182</u>	<u>(19,645)</u>
FUND BALANCES				
Fund balances, beginning:				
As previously reported	499,330	499,330	499,330	-
Prior period adjustment	-	-	-	-
Fund balances, beginning as restated	<u>499,330</u>	<u>499,330</u>	<u>499,330</u>	<u>-</u>
Fund balances-ending	<u>\$ 543,157</u>	<u>\$ 543,157</u>	<u>\$ 523,512</u>	<u>\$ (19,645)</u>

**Association of Central Oklahoma Governments
Intergovernmental Services
Budgetary Comparison Schedule
For the Year Ended June 30, 2018**

	<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	\$ 185,155	\$ 185,155	\$ 124,381	\$ (60,774)
State appropriations	1,253,029	1,253,029	834,262	(418,767)
Membership dues - basic	291,435	291,435	322,331	30,896
In-kind matching contributions	-	-	-	-
Other	80,500	80,500	61,994	(18,506)
Total revenues	<u>1,810,119</u>	<u>1,810,119</u>	<u>1,342,968</u>	<u>(467,151)</u>
EXPENDITURES				
Current:				
Salaries	211,780	211,780	287,318	(75,538)
Employee benefits	82,686	82,686	108,974	(26,288)
Indirect costs	179,204	179,204	242,801	(63,597)
Travel	17,963	17,963	6,397	11,566
Advertising and public education	344	344	145	199
Contractual	50,000	50,000	-	50,000
Grants to ACOG area communities	1,217,652	1,217,652	794,947	422,705
Other	59,411	59,411	49,506	9,905
Capital Outlay	-	-	-	-
Total expenditures	<u>1,819,040</u>	<u>1,819,040</u>	<u>1,490,088</u>	<u>328,952</u>
Excess (deficiency) of revenues over expenditures	<u>(8,921)</u>	<u>(8,921)</u>	<u>(147,120)</u>	<u>(138,199)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	79,077	79,077
Transfers to other funds	-	-	-	-
Contributions to indirect cost	-	-	-	-
Total other financing sources & uses	<u>-</u>	<u>-</u>	<u>79,077</u>	<u>79,077</u>
Net change in fund balances	<u>(8,921)</u>	<u>(8,921)</u>	<u>(68,043)</u>	<u>(59,122)</u>
FUND BALANCES				
Fund balances, beginning:				
As previously reported	4,492	4,492	4,492	-
Prior period adjustment	-	-	-	-
Fund balances, beginning as restated	<u>4,492</u>	<u>4,492</u>	<u>4,492</u>	<u>-</u>
Fund balances-ending	<u>\$ (4,429)</u>	<u>\$ (4,429)</u>	<u>\$ (63,551)</u>	<u>\$ (59,122)</u>

Association of Central Oklahoma Governments
E9-1-1 & Public Safety
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal grants	\$ -	\$ -	\$ -	\$ -
Contract revenue	1,779,254	1,779,254	1,202,203	(577,051)
Membership dues - basic	-	-	-	-
Other	-	-	-	-
Total revenues	<u>1,779,254</u>	<u>1,779,254</u>	<u>1,202,203</u>	<u>(577,051)</u>
EXPENDITURES				
Current:				
Salaries	679,517	679,517	492,189	187,328
Employee benefits	265,304	265,304	186,679	78,625
Indirect costs	574,994	574,994	415,931	159,063
Travel	24,175	24,175	12,437	11,738
Advertising and public education	48,000	48,000	5,926	42,074
Contractual	-	-	-	-
Professional services	18,778	18,778	8,101	10,677
Special projects	34,499	34,499	24,197	10,302
Other	133,987	133,987	49,748	84,239
Capital outlay	-	-	-	-
Total expenditures	<u>1,779,254</u>	<u>1,779,254</u>	<u>1,195,208</u>	<u>584,046</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>6,995</u>	<u>6,995</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Contributions to indirect cost	-	-	-	-
Total other financing sources & uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>6,995</u>	<u>6,995</u>
FUND BALANCES				
Fund balances, beginning:				
As previously reported	21,601	21,601	21,601	-
Prior period adjustment	-	-	-	-
Fund balances, beginning as restated	<u>21,601</u>	<u>21,601</u>	<u>21,601</u>	<u>-</u>
Fund balances-ending	<u>\$ 21,601</u>	<u>\$ 21,601</u>	<u>\$ 28,596</u>	<u>\$ 6,995</u>

Association of Central Oklahoma Governments
Water Resources
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Federal grants	\$ 33,450	\$33,450	\$ 26,040	\$ (7,410)
Membership dues - water	164,249	164,249	164,269	20
Membership dues - basic	-	-	-	-
Contract revenue	-	-	-	-
Other	-	-	138	138
Total revenues	<u>197,699</u>	<u>197,699</u>	<u>190,447</u>	<u>(7,252)</u>
EXPENDITURES				
Current:				
Salaries	81,086	81,086	70,515	10,571
Employee benefits	31,659	31,659	26,745	4,914
Indirect costs	68,614	68,614	59,589	9,025
Travel	5,906	5,906	2,404	3,502
Advertising and public education	-	-	17	(17)
Contractual	6,000	6,000	-	6,000
Other	29,565	29,565	10,057	19,508
Capital outlay	-	-	-	-
Total expenditures	<u>222,830</u>	<u>222,830</u>	<u>169,327</u>	<u>53,503</u>
Excess (deficiency) of revenues over expenditures	<u>(25,131)</u>	<u>(25,131)</u>	<u>21,120</u>	<u>46,251</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Contributions to indirect cost	-	-	-	-
Total other financing sources & uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(25,131)</u>	<u>(25,131)</u>	<u>21,120</u>	<u>46,251</u>
FUND BALANCES				
Fund balances, beginning:				
As previously reported	96,601	96,601	96,601	-
Prior period adjustment	-	-	-	-
Fund balances, beginning as restated	<u>96,601</u>	<u>96,601</u>	<u>96,601</u>	<u>-</u>
Fund balances-ending	<u><u>\$ 71,470</u></u>	<u><u>\$71,470</u></u>	<u><u>\$ 117,721</u></u>	<u><u>\$ 46,251</u></u>

Association of Central Oklahoma Governments
Information on Budgetary Comparison Schedules
June 30, 2018

1. 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, 2018

Indirect salaries	\$ 354,913
Employee benefits	134,612
	489,525
Indirect personnel costs	489,525
Office space	225,468
Contractual	76,499
Repairs and maintenance	51,335
Depreciation	46,045
Telephone and internet	35,881
Supplies	35,348
Equipment and furniture	28,896
Accounting services	27,438
Legal services	24,517
Insurance	15,197
Development and recruiting	11,466
Professional dues	7,960
Office cleaning	2,670
Printing	1,446
Equipment rental	1,121
Publications and subscriptions	705
Travel	236
Postage	221
Advertising and public notices	69
	1,082,043
Indirect costs	1,082,043
Less revenue from OARC to offset indirect cost items	-
	-
Net indirect costs (A)	\$ 1,082,043
	1,082,043
BASIS FOR ALLOCATION OF INDIRECT COSTS:	
Direct salaries	\$ 1,280,431
Direct employee benefits	485,644
	1,766,075
Total direct personnel costs (B)	\$ 1,766,075
	1,766,075
INDIRECT COST RATE (A DIVIDED BY B)	61.27%
	61.27%

Association of Central Oklahoma Governments
Schedule of Employee Benefits
For the Year Ended June 30, 2018

BENEFIT PROGRAMS:

Group health insurance	\$	130,797
FICA taxes		111,259
Annual leave		100,888
Sick leave		94,033
Holidays		72,628
Retirement fund contribution		54,461
Medicare taxes		26,705
Group long term care insurance		7,408
Workers' compensation insurance		7,240
Retirement fund administration		6,500
Unemployment insurance		5,944
Section 125 plan administration		1,764
Jury duty leave		629
		629
Total benefits (A)	\$	620,256

BASIS FOR ALLOCATION OF BENEFITS:

Gross salaries (B)	\$	1,635,344
		1,635,344

EMPLOYEE BENEFIT RATE (A DIVIDED BY B)

37.93%

Association of Central Oklahoma Governments
Schedule of Direct State of Oklahoma Financial Assistance
For the Year Ended June 30, 2018

State Grantor/ Program Title	Contract Period	Contract Amount	Cash/ Accrued or (Deferred) Revenue at July 1, 2017	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/ Accrued or (Deferred) Revenue at June 30, 2018
Oklahoma Department of Commerce						
State Appropriated Funds for Substate						
Planning Districts						
17167 SS 18	07/01/17-06/30/18	17,322	-	17,322	17,322	-
REAP Funds and Interest Earned						
REAP Administration	Various	Various	5,041	22,969	28,010	-
REAP Projects	Various	Various	838,942	398,211	793,516	443,637
Total Direct State of Oklahoma Financial Assistance			\$ 843,983	\$ 438,502	\$ 838,848	\$ 443,637



**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 Association of Central Oklahoma Governments ("ACOG") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise ACOG's basic financial statements, and have issued our report thereon dated December 4, 2018.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Arledge & Associates, P.C.

December 4, 2018



**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

We have audited the Association of Central Oklahoma Governments' ("ACOG") compliance with the types of compliance requirements described 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, 2018. ACOG's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of ACOG's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ACOG's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of ACOG's compliance.

Opinion on Each Major Federal Program

In our opinion, the Association of Central Oklahoma Governments 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 program for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of ACOG is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered ACOG's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ACOG's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2018, and the related notes to the financial statements, which collectively comprise ACOG's basic financial statements. We issued our report thereon dated December 4, 2018, 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, P.C.

December 4, 2018

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018**

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>CFDA 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? X yes _____ no

ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018**

SECTION II - FINANCIAL STATEMENT FINDINGS

Compliance Findings

None.

Internal Control Findings

None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Compliance Findings

None.

Internal Control Findings

None.

**Association of Central Oklahoma Governments
Corrective Action Plan (Unaudited)
For the Year Ended June 30, 2018**

No corrective action plan is required as the current year's audit contained no findings.

**Association of Central Oklahoma Governments
Status of Prior Year Findings (Unaudited)
For the Year Ended June 30, 2018**

The prior year's audit contained no findings.

**Association of Central Oklahoma Governments
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Other Grantor's Reference	Expenditures	Subrecipient Amounts
U.S. Department of Commerce				
Direct Programs				
Economic Development Support for Planning Organizations	11.302	ED16AUS3020003	\$ 39,381	\$ -
Total U.S. Department of Commerce			39,381	-
U.S. Department of Energy				
Direct Programs				
Conservation Research and Development	81.086	DE-EE0007409	45,000	-
Passed-through Oklahoma Department of Commerce State Energy Program	81.041	16969 SEP 17	40,000	-
Total U.S. Department of Energy			85,000	-
U.S. Environmental Protection Agency				
Passed-through Oklahoma Office of the Secretary of Environment Water Quality Management Planning	66.454	C6-40000053-0	18,565	-
Water Quality Management Planning	66.454	C6-40000054-0	7,475	-
Total U.S. Environmental Protection Agency			26,040	-
U.S. Department of Transportation				
<i>Highway Planning and Construction Cluster</i>				
Passed-through Oklahoma Department of Transportation Highway Planning and Construction	20.205	J/P 11767(32)	1,138,455	108,100
Highway Planning and Construction	20.205	J/P 17904(17)	5,283	-
Highway Planning and Construction	20.205	J/P 26038(17)	100,000	100,000
Total Highway Planning and Construction Cluster			1,243,738	208,100

**Association of Central Oklahoma Governments
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Other Grantor's Reference	Expenditures	Subrecipient Amounts
Passed-through Oklahoma Department of Transportation Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	J/P 15612(42)	155,094	-
Total U.S. Department of Transportation			1,398,832	208,100
Total Expenditures of Federal Awards			\$ 1,549,253	\$ 208,100

See notes to schedule of expenditures of federal awards.

Association of Central Oklahoma Governments
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

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. **Federal CFDA number**

Federal CFDA numbers listed on the Schedule of Expenditures of Federal Awards were obtained from the grant/contract agreements.

3. **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.