

**Association of South Central Oklahoma Governments**

**Financial Statements**  
with Independent Auditor's Report

**June 30, 2023**



**HINKLE &  
COMPANY**  
*Strategic* <sup>PC</sup>  
*Business Advisors*

# Association of South Central Oklahoma Governments

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Business Advisors

## Independent Auditor's Report

Board of Trustees  
Association of South Central Oklahoma Governments  
Duncan, Oklahoma

### Report on the Audit of the Financial Statements

#### ***Opinion***

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ASCOG as of June 30, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 ASCOG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

ASCOG's management is responsible for the preparation and fair presentation of this 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 ASCOG's ability to continue as a going concern for one year after the date that the financial statements are issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ASCOG's basic financial statements. The other supplementary information, schedule of expenditures of state awards, and 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, schedule of expenditure of state awards, and schedule of expenditures of federal awards 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 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 December 21, 2023, on our consideration ASCOG's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Government's internal control over financial reporting and compliance.

Hick & Company, PC

Tulsa, Oklahoma  
December 21, 2023



# **Association of South Central Oklahoma Governments**

## **Management's Discussion and Analysis**

June 30, 2023

The following discussion and analysis of the Association of South Central Oklahoma Governments' (hereafter referred to as the Association or ASCOG) financial performance provides an overview of ASCOG's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with ASCOG's financial statements.

### **Financial Highlights**

- ASCOG experienced a government-wide income of \$44,170 during Fiscal Year 2023 compared to a loss of \$54,633 in Fiscal Year 2022.
- Program revenues totaled \$5,872,641 and program expenses totaled \$5,703,750 in the fiscal year. Program revenues totaled \$5,463,516 and program expenses were \$5,051,767 in the previous fiscal year.

### **Overview of the Financial Statements**

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

This discussion and analysis of the Association's annual audited financial statements is required by the Governmental Accounting Standards Board (GASB), Statement No. 34. The intent of this discussion is to give management's view and analysis of significant financial activities affecting the Association during the fiscal year, along with comparative analysis of the Association's financial activities from prior years.

### **Government-wide financial statements**

The Association-wide financial statements are designed to provide readers with a broad view of the Association's finances in a manner similar to a private sector business.

### **The Statement of Net Position**

The statement of net position presents information on all the Association's assets and liabilities, with the difference between the two reported as net assets. The Association's net assets are one way to measure the Association's financial health or financial position. Over time, increases or decreases in the Association's net assets are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors, however, such as changes in federal or state funding formulas, changes in law and the health of local, state and federal economies help to assess the overall health of the Association.

### **The Statement of Activities**

The statement of activities presents information showing how the Association's net position changed during the most recent fiscal year. All the current year's revenues and expenses are considered regardless of when cash is received or paid. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accounts receivable and earned but unused vacation leave).

# Association of South Central Oklahoma Governments

## Management's Discussion and Analysis

June 30, 2023

### **The Statement of Activities** (Continued)

In the *Statement of Net Position* and the *Statement of Activities*, the financial activities reported include Area Agency on Aging, Rural Economic Action Plan, EDA planning and various local community development contracts. Contracts with members and other governmental entities, as well as state and federal grants finance most of these activities.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Association, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with funding restrictions and other legal requirements. All the funds of the Association are accounted for in the governmental funds (either the general fund or special revenue funds).

The Association maintains numerous individual governmental funds; however, data from the various governmental funds are combined into a single, aggregated presentation. Information is presented for the combined funds in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance.

### **The Organization as a Whole**

Fund balance (assets and deferred outflows of resources less liabilities and deferred inflows of resources) may serve as a useful summary indicator of the Association's financial position. For the year ended June 30, 2023, the Association's fund balance increased \$213,061 from \$449,936 to \$662,997.

### **General Fund Activities**

The Association's general fund is used to account for the non-grant funded activities of the organization. Funding is received either through contracts with non-federal or non-state sources including member governments or other organizations who receive services from the Association. Services include but are not limited to planning and technical assistance services, capital improvement planning and local grant administration services.

### **Special Revenue Fund Activities**

The Association utilizes several special revenue funds to account for the federal and state grant programs that are administered. Each grant award is maintained separately including expenditures and advances or reimbursement of funds by the grantor agency. Administration of the federal or state grant awards cannot result in generation of surpluses for the organization since funds are reimbursed for actual expenditures made. A portion of each federal or state award is allowed to be spent on administration of that award.

### **Fund Balance**

The Statement of Activities shows the Association's fund balance increased \$213,061 since last year.



**Association of South Central Oklahoma Governments**  
Management's Discussion and Analysis  
June 30, 2023

**Budgetary Highlights**

As directed by Title 60, Oklahoma Statutes, Section 176 et seq. the Association (a public trust) is required to report, at least annually, the budget and financial condition of the trust to its beneficiaries. The Association's budget is prepared on a fiscal year basis and approved by the board of trustees annually. The budget serves as a guide for management of the trust to follow during day-to-day operations.

The Association's budgetary process includes various stages. Budgets for most federal and state grants or contracts must be approved by the governmental agency providing funding. Grant and contract budgets follow award periods that are not necessarily the same as the Association's fiscal year. Management develops budgets (and amendments) by department by grouping related grants and contracts for approval by the board of trustees. Staff reports financial activity with budgetary comparisons monthly to the board of trustees.

Compilation of the Association's budget is based on management design of the organization (by division and program). Management provided individual grant and contract budget comparisons as required by funding agencies.

**Economic Factor and Funding Dependence**

The Association is dependent on state and federal funding for operations. State and federal funding during Fiscal Year 2023 totaled 96.8% of the Association's total revenues. Federal funding was 40.8% of total revenue and state funding was 56.0% of total revenue. Federal funding usually requires substantial matches (up to 30%) by the Association. Those matches make demands on the Association's fund balance.

Since most large awards are on a reimbursement basis, they cannot be used to build unrestricted fund balances used for matching and non-award expenses. The primary source of unrestricted funds available to the Association during Fiscal Year 2023 was membership dues of \$77,196. Substantially all the dues were collected. Membership dues are periodically reviewed by a committee composed of Association trustees to determine their adequacy. Another source of unrestricted funds has been contract services provided to member governments (e.g., codebook updates, professional services provision, and environmental services such as asbestos mitigation and sewage lagoon work.) Revenue from these activities was \$61,602 during this fiscal year.

**Contacting the Association's Financial Management**

This financial report is designed to provide our members, district residents, government agencies and customers with a general overview of the Association's finances and to show ASCOG's accountability for the money it receives. If you have any questions about this report, contact the Association office at 802 Main Street, PO Box 1647, Duncan, Oklahoma 73534 or telephone us at (580) 736-7967 or toll free at (800) 658-1466.

Robert Denard  
Director of Resource Management

## **Basic Financial Statements**

**Association of South Central Oklahoma Governments**  
Statement of Net Position  
June 30, 2023

**Assets**

Cash	\$ 3,292,175
Investments	737,562
Accounts receivable	748,966
Prepaid expenses	11,901
Note receivable	513,709
Capital assets, net	86,820
Net OPEB asset	40,049
Total Assets	5,431,182

**Deferred Outflows of Resources**

Deferred outflows from pensions	498,474
Deferred outflows from OPEB	25,637
Total Deferred Outflows of Resources	524,111

**Liabilities**

Accounts payable and accrued expenses	700,919
Accrued compensated absences	95,607
Note payable	513,709
Unearned revenue	3,585,858
Net pension liability	359,702
Total Liabilities	5,255,795

**Deferred Inflows of Resources**

Deferred inflows from pensions	16,492
Deferred inflows from OPEB	20,009
Total Deferred Inflows of Resources	36,501

**Net Position**

Net investment in capital assets	86,820
Unrestricted	576,177
Total Net Position	\$ 662,997

**Association of South Central Oklahoma Governments**  
**Statement of Activities**  
For the Year Ended June 30, 2023

<b>Function/Programs</b>	Program Expenses			Program Revenues			Net Revenue (Expense) & Change in Net Position
	Direct Expenses	Indirect Expense Allocation	Total Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
<b>Primary Government</b>							
General government	\$ 368,677	\$ (240,263)	\$ 128,414	\$ 77,196	\$ -	\$ -	\$ (51,218)
Advantage managed care	703,997	150,710	854,707	-	1,018,310	-	163,603
Aging services	2,927,513	43,640	2,971,153	-	2,983,816	-	12,663
Rural economic action plan	1,421,907	20,181	1,442,088	-	1,481,587	-	39,499
Community and economic development	222,647	14,968	237,615	17,433	221,572	-	1,390
Rural fire defense	59,009	10,764	69,773	-	72,727	-	2,954
Total Government Activities	\$ 5,703,750	\$ -	\$ 5,703,750	\$ 94,629	\$ 5,778,012	\$ -	\$ 168,891
				<b>General Revenues</b>			
							44,170
				<b>Change in Net Position</b>			213,061
				<b>Net Position - Beginning of Year</b>			449,936
				<b>Net Position - Ending of Year</b>			\$ 662,997

**Association of South Central Oklahoma Governments**  
**Governmental Funds Balance Sheet**  
**June 30, 2023**

	<u>General Government</u>	<u>Advantage Managed Care</u>	<u>Aging Services</u>	<u>Rural Economic Action Plan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Cash	\$ 743,895	\$ -	\$ 46,276	\$ 2,502,004	\$ -	\$ 3,292,175
Investments	-	-	-	737,562	-	737,562
Accounts receivable	78,201	10,629	640,677	-	19,459	748,966
Prepaid expenses	11,901	-	-	-	-	11,901
Due from other fund	89,688	342,041	82,003	465,072	100,297	1,079,101
Total Assets	<u>923,685</u>	<u>352,670</u>	<u>768,956</u>	<u>3,704,638</u>	<u>119,756</u>	<u>5,869,705</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	47,254	25,323	549,347	78,857	138	700,919
Due to other fund	992,177	-	67,829	-	19,094	1,079,100
Unearned revenue	-	-	65,806	3,516,585	3,468	3,585,859
Total Liabilities	<u>1,039,431</u>	<u>25,323</u>	<u>682,982</u>	<u>3,595,442</u>	<u>22,700</u>	<u>5,365,878</u>
<b>Fund Balance</b>						
Unassigned	<u>(115,746)</u>	<u>327,347</u>	<u>85,974</u>	<u>109,196</u>	<u>97,056</u>	<u>503,827</u>
Total Fund Balance	<u>(115,746)</u>	<u>327,347</u>	<u>85,974</u>	<u>109,196</u>	<u>97,056</u>	<u>503,827</u>
Total Liabilities and Fund Balance	<u>\$ 923,685</u>	<u>\$ 352,670</u>	<u>\$ 768,956</u>	<u>\$ 3,704,638</u>	<u>\$ 119,756</u>	<u>\$ 5,869,705</u>

**Association of South Central Oklahoma Governments**  
**Governmental Funds Statement of Revenues, Expenditures**  
**And Changes in Fund Balance**  
**For the Year Ended June 30, 2023**

	General Government	Advantage Managed Care	Aging Services	Rural Economic Action Plan	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Federal grants	\$ -	\$ 774,128	\$ 1,430,526	\$ -	\$ 207,935	\$ 2,412,589
State grants and appropriations	-	244,182	1,500,506	1,481,587	86,363	3,312,638
Contributions	-	-	52,785	-	-	52,785
Contract revenue	-	-	-	-	17,433	17,433
Membership dues	77,196	-	-	-	-	77,196
Other income	30,533	-	-	-	13,636	44,169
Match revenue	(34,450)	-	20,903	-	13,547	-
Total Revenues	<u>73,279</u>	<u>1,018,310</u>	<u>3,004,720</u>	<u>1,481,587</u>	<u>338,914</u>	<u>5,916,810</u>
<b>Expenses</b>						
Salaries	178,233	245,471	172,263	50,840	103,685	750,492
Fringe benefits	67,286	102,051	56,093	24,203	43,332	292,965
Pass-through grants	-	-	2,673,519	1,345,223	-	4,018,742
Contractual services	27,515	342,651	6,368	667	90,077	467,278
Rent and utilities	18,142	605	-	-	-	18,747
Communications	13,541	1,554	2,782	323	1,637	19,837
Information technology	43,597	-	180	-	69	43,846
Supplies and materials	3,045	596	23	-	7,761	11,425
Travel	5,378	9,973	13,934	587	7,229	37,101
Capital outlays	48,555	-	-	-	-	48,555
Other expenses	50,789	1,097	2,352	64	27,864	82,166
Indirect costs	(240,263)	150,710	43,640	20,181	25,732	-
Total Expenses	<u>215,818</u>	<u>854,708</u>	<u>2,971,154</u>	<u>1,442,088</u>	<u>307,386</u>	<u>5,791,154</u>
<b>Net Change in Fund Balance</b>	(142,539)	163,602	33,566	39,499	31,528	125,656
<b>Fund Balance, Beginning of Year</b>	<u>26,793</u>	<u>163,745</u>	<u>52,408</u>	<u>69,697</u>	<u>65,528</u>	<u>378,171</u>
<b>Fund Balance, End of Year</b>	<u>\$ (115,746)</u>	<u>\$ 327,347</u>	<u>\$ 85,974</u>	<u>\$ 109,196</u>	<u>\$ 97,056</u>	<u>\$ 503,827</u>

**Association of South Central Oklahoma Governments**  
**Reconciliation of Governmental Funds and**  
**Government-wide Financial Statements**  
**For the Year Ended June 30, 2023**

**Reconciliation of the Government Funds Balance  
Sheet to the Statement of Net Assets**

Total fund balances - governmental funds \$ 503,827

Amounts reported for governmental activities in the  
Statement of Net Assets are different because:

Long term assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds.

Note receivable 513,709  
Net OPEB asset 40,049

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds, net of  
accumulated depreciation of \$613,096 86,820

Pension related deferred outflows 498,474  
OPEB related deferred outflows 25,637

Long-term liabilities are not due and payable in the  
Current period and therefore, are not reported as liabilities in  
the funds. Long-term liabilities consist of:

Compensated absences (95,607)  
Note payable, grant award (513,709)  
Net pension liability (359,702)  
Pension related deferred inflows (16,492)  
OPEB related deferred inflows (20,009)

Net assets of governmental activities \$ 662,997

**Reconciliation of the Statement of Revenues,  
Expenditures and Changes in fund Balance of  
Governmental funds to the Statement of Activities**

Net change in fund balance - governmental funds \$ 125,656

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

Governmental funds report capital outlays and issue costs as  
expenditures, while governmental activities report depreciation  
and amortization expense to allocate those expenditures over  
the life of the assets:

Capital asset purchases capitalized 48,555  
Depreciation expense (14,982)

Some expense in the statement of activities do not  
require the use of current financial resources and,  
therefore, are not reported in government funds

Compensated absences, net change 10,684  
Pension related benefit, net change 36,291  
OPEB related expenses, net change 6,857

Change in Net Assets - governmental activities \$ 213,061

**Association of South Central Oklahoma Governments**  
Statement of Net Position  
Fiduciary Funds  
June 30, 2023

**Assets**

Cash	\$	-
Total Assets		<u>-</u>

**Liabilities**

Accounts payable		-
Funds held for others		<u>-</u>
Total Liabilities		<u>-</u>

**Net Position**

\$	<u><u>-</u></u>
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# Association of South Central Oklahoma Governments

## Notes to Financial Statements

June 30, 2023

### Note 1: Summary of Significant Accounting Policies

#### **Reporting Entity**

The Association of South Central Oklahoma Governments, a Trust Authority, (ASCOG) is a public trust organized under Title 60 of the Oklahoma statutes and as a political subdivision of the State of Oklahoma is exempt from federal and state income taxes. The Authority was established to provide a cooperative association of local governments within an eight-county area of South Central Oklahoma, under the inter-local Cooperation Act, Title 74 of Oklahoma statutes, for the purposes of assisting local governments in planning for common needs, coordinating sound regional development and administration of mutually beneficial programs.

#### **Measurement Focus and Basis of Accounting**

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 related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Membership dues are recognized as revenues in the year for which they are due.

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. For this purpose, ASCOG considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences are recorded only when payment is due.

Grant and contract revenues, membership dues and interest associated with the current fiscal period are all considered to be 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 ASCOG.

ASCOG reports the following major governmental funds:

*General Government Fund* - The General Government Fund is ASCOG's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.

*Advantage Managed Care Fund* - The Advantage home and community-based services Medicaid waiver program provides services to help people stay at home and in the community instead of going to a nursing home. The program assists older adults and adults who have physical and other disabilities stay independent and close to family and friends. ASCOG offers case management, light household tasks, meal prep, and medical safety equipment.

# Association of South Central Oklahoma Governments

Notes to Financial Statements

June 30, 2023

## Note 1: Summary of Significant Accounting Policies (Continued)

### **Measurement Focus and Basis of Accounting** (Continued)

*Aging Services Fund* - The Aging Services Fund reports the activities related to grants and contributions for aging services programs. It accounts for revenues from federal, state, and other sources and the expenditures thereof.

*Rural Economic Action Plan Fund* - The Rural Economic Action Plan Fund reports the activity related to grants from the Oklahoma Department of Commerce for the REAP program. This fund accounts for revenues and related pass-through expenditures to member communities for specific projects.

The other governmental funds account for revenues received from federal and state grants and contracts and the expenditures, thereof, as governmental funds. Grant and contract revenues and expenditures are segregated in the general ledger accounting system.

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 and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all interest.

When both restricted and unrestricted resources are available for use, it is ASCOG's policy to use restricted resources first, then unrestricted resources as they are needed.

### **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 nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities which normally are supported by intergovernmental revenues, 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 direct and allocated indirect expenses of given functions or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements.

Major governmental funds are reported as separate columns in the fund financial statements.

# Association of South Central Oklahoma Governments

Notes to Financial Statements

June 30, 2023

## **Note 1: Summary of Significant Accounting Policies (Continued)**

### **Deposits and Investments**

ASCOG'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.

State statutes authorize ASCOG to invest in obligations of the U.S. Treasury; time deposits with financial institutions, if such deposits are fully insured by federal depository insurance or pledged collateral; and debt securities issued by the State of Oklahoma, an Oklahoma county, school district or municipality.

Investments for ASCOG are reported at fair value.

### **Accounts Receivable and Other Receivables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources.

All trade receivables are shown net of allowance for uncollectibles, if applicable.

### **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.

### **Capital Assets**

Capital assets, which include buildings and improvements, vehicles, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by ASCOG as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. 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.

# Association of South Central Oklahoma Governments

## Notes to Financial Statements

June 30, 2023

### Note 1: Summary of Significant Accounting Policies (Continued)

#### **Capital Assets** (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Furniture & Fixtures	7 - 10
Machinery & Equipment	5 - 7
Leasehold Improvements	10 - 15

#### **Fund Balances and Net Position**

*Fund balances* - Governmental fund balances are classified as nonspendable, restricted, committed, assigned and unassigned as follows:

*Nonspendable* - Includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

*Restricted* - Consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.

*Committed* - Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the entity's highest level of decision-making authority.

*Assigned* - Includes amounts that are constrained by the entity's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by board of trustees' action or management decision when the board has designated that authority.

*Unassigned* - Represents fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes within the general fund.

It is the entity's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The entity's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amount in any of those unrestricted fund balance classifications could be used.

*Net Position* - Net position is displayed in three components as follows:

*Net Investment in Capital Assets* - Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any debt or other borrowings that are attributable to the acquisition, construction, or improvement of the assets.

*Restricted* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

# Association of South Central Oklahoma Governments

Notes to Financial Statements

June 30, 2023

## Note 1: Summary of Significant Accounting Policies (Continued)

### Fund Balances and Net Position (Continued)

*Unrestricted* - All other net position that does not meet the definitions of “net investment in capital assets” or “restricted.”

It is ASCOG’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

### Allocation of Employee Benefits and Indirect Costs

ASCOG’s employee benefits and indirect costs are allocated based upon actual expenditures to all grants in accordance with *Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, (2) C.F.R. Part 200. ASCOG’s employee benefits are allocated to grants and other projects as a percentage of direct labor costs. Indirect costs necessary to sustain overall operations are allocated as a percentage of direct costs charged to grants and other projects.

### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

### Unearned Revenue

Unearned revenues represent advances on grants or contracts which have not been expended.

### Subsequent Events

Management has evaluated subsequent events through December 21, 2023, the date which the financial statements were available to be issued.

## Note 2: Deposits and Investments

### *Deposits*

ASCOG’s carrying amount of deposits was \$3,292,175 as of June 30, 2023, and the bank balances totaled \$3,313,250. Deposits are carried at cost.

### *Investments*

As of June 30, 2023, ASCOG had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposits	< 1 Year	\$ 737,562
Total		\$ <u>737,562</u>

# Association of South Central Oklahoma Governments

## Notes to Financial Statements

June 30, 2023

### Note 2: Deposits and Investments (Continued)

#### *Custodial Credit Risk - Deposits and Investments*

Custodial credit risk is the risk that in the event of a bank failure, ASCOG's deposits and investments may not be returned to it. ASCOG does not have a deposit policy for custodial credit risk. As of June 30, 2023, all of ASCOG's bank balances and investments of \$4,050,812, were FDIC insured or collateralized by pledges from the banks.

#### *Interest Rate Risk*

ASCOG does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

#### *Credit Risk*

State statutes limit investments to the following: a) direct obligations of the U.S. Government, its agencies or instrumentalities; b) collateralized or insured certificates of deposit within the state and insured certificates only if out of state; c) savings accounts or savings certificates; d) fully collateralized prime banker acceptances, prime commercial paper, repurchase agreements, or SEC regulated money market funds; e) obligations to the payment of which the full faith and credit of the state is pledged; f) county, municipal or school district and valorem tax funded debt; g) bonds, notes or money judgments of a county, municipality or school district; h) revenue anticipation notes of a public trust of which the municipality is beneficiary; or i) any bond, note or other debt of any public trust of which the municipality is sole beneficiary or other entities whose governing boards were appointed by the municipality. ASCOG has no investment policy that would further limit its investment choices. As of June 30, 2023, ASCOG's investments in certificates of deposit were all federally insured or collateralized.

### Note 3: Accounts Receivable

Receivables as of June 30, 2023, for ASCOG's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<b>General Government</b>	<b>Advantage Managed Care</b>	<b>Aging Services</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Accounts Receivable	\$ 78,201	\$ 10,629	\$ 640,677	\$ 19,459	\$ 748,966
Less: allowance for uncollectibles	-	-	-	-	-
Net total receivables	<u>\$ 78,201</u>	<u>\$ 10,629</u>	<u>\$ 640,677</u>	<u>\$ 19,459</u>	<u>\$ 748,966</u>

### Note 4: Long-Term Note Receivable

Under a program of the Environmental Protection Agency, ASCOG loans grant funds for projects which will remediate environmental hazards. Under the terms of the program, the funds are to be paid back to ASCOG after twenty years. At June 30, 2023, long term receivable for this program amounted to \$513,709.

# Association of South Central Oklahoma Governments

## Notes to Financial Statements

June 30, 2023

### Note 5: Capital Assets

Capital asset balances and activities for the year ended June 30, 2023, were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, being depreciated:				
Leasehold Improvements	\$ 152,220	\$ 40,780	\$ -	\$ 193,000
Property, Plant, and Equipment	499,140	7,775	-	506,915
Total capital assets, being depreciated	<u>651,360</u>	<u>48,555</u>	<u>-</u>	<u>699,915</u>
Less accumulated depreciation for:				
Leasehold Improvements	(152,218)	(2,719)	-	(154,937)
Property, Plant, and Equipment	(445,895)	(12,263)	-	(458,158)
Total accumulated depreciation	<u>(598,113)</u>	<u>(14,982)</u>	<u>-</u>	<u>(613,095)</u>
Governmental activities capital assets, net	<u>\$ 53,247</u>	<u>\$ 33,573</u>	<u>\$ -</u>	<u>\$ 86,820</u>

Depreciation expense for the years ended June 30, 2023, was charged to functions/programs of the primary government as follows:

<b>Governmental activities</b>	
General government	\$ 14,982
Total depreciation expense - governmental activities	<u>\$ 14,982</u>

### Note 6: Long-Term Liabilities

Under a program of the Environmental Protection Agency, ASCOG receives grant funds for projects that will remediate environmental hazards. Under the terms of the program, the grant funds in effect become a revolving loan fund (RLF) and the funds can be re-distributed pursuant to the original terms of the grant. If the funds are not going to be loaned out, then the full grant balance amount will become due to the EPA. At June 30, 2023, the long term note payable balance for this program is \$513,709.

### Note 7: Cafeteria Plan

Full-time employees of ASCOG are eligible to participate in an employee benefit cafeteria plan. The plan was created in accordance with Section 125 of the Internal Revenue Code and permits employees to obtain certain benefits with pre-tax medical and dental expense reimbursement, dependent care assistance and group term life insurance.

# Association of South Central Oklahoma Governments

## Notes to Financial Statements

June 30, 2023

### Note 8: Pension Plan

**Plan description** - The Authority as the employer, participates in Oklahoma Public Employees Retirement Plan - a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Title 74 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OPERS. OPERS issues a publicly available financial report that can be obtained at [www.opers.ok.gov](http://www.opers.ok.gov).

**Benefits provided** - OPERS provides retirement, disability, and death benefits to members of the plan.

Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90).

Normal retirement date is further qualified to require that all members employed on or after January 1, 1983 must have six or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

A member with a minimum of ten years of participating service may elect early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011.

#### • **Employees**

- Benefits are determined at 2% of the average annual salary received during the highest thirty-six months of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last ten years. Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.
- Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount.



# Association of South Central Oklahoma Governments

## Notes to Financial Statements

June 30, 2023

### Note 8: Pension Plan (Continued)

#### **Employees** (Continued)

- The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the Plan.
- Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination of employment.

Disability retirement benefits are available for members having eight years of credited service whose disability status has been certified as being within one year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Upon the death of a retired member, the Plan will pay a \$5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary.

**Contributions** - The contribution rates for each member category of the Plan are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. Employees are required to contribute 3.5% percent of their annual pay. Participating entities are required to contribute 16.5% of the employees' annual pay. Contributions to the pension plan from the Association of South Central Oklahoma Governments were \$120,921.

#### **Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the Association of South Central Oklahoma Governments reported a liability of \$359,702, for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. ASCOG's proportion of the net pension asset was based on ASCOG's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2022. Based upon this information, the Authority's proportion was 0.04279288 percent.

# Association of South Central Oklahoma Governments

## Notes to Financial Statements

June 30, 2023

### Note 8: Pension Plan (Continued)

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

For the year ended June 30, 2023, ASCOG recognized pension revenue of \$36,291. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 16,492
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	377,553	-
Authority's contributions subsequent to the measurement date	120,921	
<b>Total</b>	<b>\$ 498,474</b>	<b>\$ 16,492</b>

The \$120,921 reported as deferred outflows of resources related to pensions resulting from ASCOG contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<b><u>Year Ended June 30,</u></b>		
2024	\$	(52,878)
2025		(54,854)
2026		(38,506)
2027		(214,823)
	\$	(361,061)

**Actuarial Assumptions** - The total pension liability as of June 30, 2022 was determined based on an actuarial valuation prepared as of July 1, 2022, using the following actuarial assumptions:

- Investment return - 6.5% compounded annually net of investment expense and including inflation
- Salary increases - 3.25% to 9.25% per year including inflation
- Mortality rates - Active participants and nondisabled pensioners - Pub-2010 Mortality Table projected to 2030 by Scale MP-2019 (disabled pensioners set forward 12 years)

# Association of South Central Oklahoma Governments

## Notes to Financial Statements

June 30, 2023

### Note 8: Pension Plan (Continued)

#### Actuarial Assumptions (Continued)

- No annual post-retirement benefit increases
- Assumed inflation rate - 2.50%
- Payroll growth - 3.25% per year
- Actuarial cost method - Entry age
- Select period for the termination of employment assumptions - 10 years

The actuarial assumptions used in the July 1, 2022 valuation are based on the results of the most recent actuarial experience study, which cover the three-year period ending June 30, 2019. The experience study report is dated May 13, 2020.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
U.S. Large Cap Equity	34.0%	4.7%
U.S. Small Cap Equity	6.0%	5.8%
Int'l Developed Equity	23.0%	6.5%
Emerging Market Equity	5.0%	8.5%
Core Fixed Income	25.0%	0.5%
Long Term Treasuries	3.5%	0.0%
US TIPS	3.5%	0.3%
Total	100.0%	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of

# Association of South Central Oklahoma Governments

## Notes to Financial Statements

June 30, 2023

### Note 8: Pension Plan (Continued)

#### Discount Rate (Continued)

projected benefit payments to determine the total pension liability (asset). The discount rate determined does not use a municipal bond rate.

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate** - The following presents the net pension liability (asset) of the employers calculated using the discount rate of 6.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	1% Decrease Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase Rate (7.5%)
Employers' net pension liability (asset)	\$ <u>881,631</u>	\$ <u>359,702</u>	\$ <u>(81,699)</u>

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPERS; which can be located at [www.opers.ok.gov](http://www.opers.ok.gov).

### Note 9: Other Post-Employment Benefits (OPEB)

**Plan description** - ASCOG as the employer, participates in the Supplemental Health Insurance Program - a cost-sharing multiple-employer defined benefit OPEB plan administered by the Oklahoma Public Employees Retirement System (OPERS). The authority to establish and amend benefit provisions rests with the State Legislature. OPERS issues a publicly available financial report that can be obtained at [www.ok.gov/OPERS](http://www.ok.gov/OPERS).

**Benefits provided** - OPERS pays a medical insurance supplement to eligible members who elect to maintain health insurance with the Oklahoma Employees Group Insurance Division (EGID) or other qualified insurance plan provided by the employer. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not joint annuitants or beneficiaries. The supplement payment is capped at \$105 per month per retiree.

**Contributions** - The contribution rates for each member category of the System are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. An actuarially determined portion of the total contributions to the System are set aside to finance the cost of the benefits of the HISP in accordance with provisions of the Internal Revenue Code. Based on the contribution requirements of the plan employers and employees contribute a single amount based on a single contribution rate as described in Note 10; from this amount OPERS allocates a portion of the contributions to the supplemental health insurance program. Contributions allocated to the OPEB plan from ASCOG were \$7,097.

# Association of South Central Oklahoma Governments

## Notes to Financial Statements

June 30, 2023

### Note 9: Other Post-Employment Benefits (OPEB)

**OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2023, ASCOG reported an asset of \$40,049 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2022. ASCOG's proportion of the net OPEB asset was based on ASCOG's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2022. Based upon this information, ASCOG's proportion was 0.04279288 percent.

For the year ended June 30, 2023, ASCOG recognized OPEB revenue of \$6,857. At June 30, 2023, ASCOG reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 20,009
Changes of assumptions	3,382	-
Net difference between projected and actual earnings on OPEB plan investments	15,158	-
Authority's contributions subsequent to the measurement date	7,097	-
<b>Total</b>	<b>\$ 25,637</b>	<b>\$ 20,009</b>

The \$7,097 reported as deferred outflows of resources related to OPEB resulting from ASCOG's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

<b><u>Year Ended June 30:</u></b>	
2024	\$ (1,978)
2025	(1,527)
2026	(1,047)
2027	4,329
2028	(1,247)
	<b>\$ (1,470)</b>

# Association of South Central Oklahoma Governments

## Notes to Financial Statements

June 30, 2023

### Note 9: Other Post-Employment Benefits (OPEB) (Continued)

**Actuarial Assumptions** - The total OPEB liability was determined based on actuarial valuations prepared as of July 1, 2022 using the following actuarial assumptions:

- Investment return - 6.5% compounded annually net of investment expense and including inflation
- Salary increases - 3.25% to 9.25% per year including inflation
- Mortality rates - active participants and nondisabled pensioners - Pub-2010 Mortality Table projected to 2030 by Scale MP-2019 (disabled pensioners set forward 12 years)
- No annual post-retirement benefit increases
- Assumed inflation rate - 2.5%
- Payroll growth - 3.25%
- Actuarial cost method - Entry age
- Select period for the termination of employment assumptions - 10 years

The actuarial assumptions used in the July 1, 2022 valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2019. The experience study report is dated May 13, 2020.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The Target asset allocation and best estimates of arithmetic real rates of return for each major class, as used in the June 30, 2019 experience study, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
U.S. Large Cap Equity	34.0%	4.7%
U.S. Small Cap Equity	6.0%	5.8%
Int's Developed Equity	23.0%	6.5%
Emerging Market Equity	5.0%	8.5%
Core Fixed Income	25.0%	0.5%
Long Term Treasuries	3.5%	0.0%
US TIPS	3.5%	0.3%
Total	100.0%	

# Association of South Central Oklahoma Governments

## Notes to Financial Statements

June 30, 2023

**Note 9: Other Post-Employment Benefits (OPEB) (Continued)**

**Discount Rate** - A single discount rate of 6.5% was used to measure the total OPEB liability (asset) as of June 30, 2022. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 6.5%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate** - The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 6.5%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	1% Decrease Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase Rate (7.5%)
Employers' net OPEB liability (asset)	\$ <u>(25,851)</u>	\$ <u>(40,049)</u>	\$ <u>(52,214)</u>

**OPEB plan fiduciary net position** - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of the OPERS; which can be located at [www.ok.gov/OPERS](http://www.ok.gov/OPERS).

**Note 10: Compensated Absences**

Under personnel policies, all employees working 20 or more hours per week earn vacation leave at varying amounts based upon length of service. Vacation leave accrues each two-week pay period as follows:

Years of Service	Hours Earned
0-5	3.75
6-10	4.75
11-19	5.75
20 or more	6.50

The maximum amount of vacation leave that can be carried forward is 200 hours. Payment of accrued leave must be approved by management. Full time employees earn 3.75 hours of paid sick leave for each two weeks of employment, with lesser amounts earned by part-time employees. All accrued vacation and sick pay is reported when incurred in governmental activities in the government-wide financial statements.

# Association of South Central Oklahoma Governments

Notes to Financial Statements

June 30, 2023

## **Note 11: Risk Management**

ASCOG is exposed to various risks of loss related to torts, property damage, errors and omissions and personal injury. ASCOG carries commercial insurance for property, general liability, public official's liability, worker's compensation, and unemployment. ASCOG retains the first \$500-\$2,500, depending on the policy, of risk of loss in the form of deductibles.

## **Note 12: Commitments and Contingencies**

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 ASCOG. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although ASCOG expects such amounts, if any, to be immaterial.

## **Note 13: Economic Dependence**

The Association of South Central Oklahoma Governments is dependent upon federal and state funding to maintain continuing operations.



## **Other Supplementary Information**

**Association of South Central Oklahoma Governments**  
Combining Balance Sheets  
Nonmajor Governmental Funds  
June 30, 2023

	EDA	Admin Contracts	CIP	CED	Rural Fire	Total Other Governmental Funds
<b>Assets</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	227	8,600	-	2,511	8,121	19,459
Due from other Fund	34,769	-	65,528	-	-	100,297
Total Assets	<u>34,996</u>	<u>8,600</u>	<u>65,528</u>	<u>2,511</u>	<u>8,121</u>	<u>119,756</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	-	-	-	-	138	138
Due to other fund	-	8,600	-	2,511	7,983	19,094
Unearned revenue	3,468	-	-	-	-	3,468
Total Liabilities	<u>3,468</u>	<u>8,600</u>	<u>-</u>	<u>2,511</u>	<u>8,121</u>	<u>22,700</u>
<b>Fund Balance</b>						
Unassigned	31,528	-	65,528	-	-	97,056
Total Fund Balance	<u>31,528</u>	<u>-</u>	<u>65,528</u>	<u>-</u>	<u>-</u>	<u>97,056</u>
Total Liabilities and Fund Balance	<u>\$ 34,996</u>	<u>\$ 8,600</u>	<u>\$ 65,528</u>	<u>\$ 2,511</u>	<u>\$ 8,121</u>	<u>\$ 119,756</u>

**Association of South Central Oklahoma Governments**  
Combining Statements of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2023

	EDA	Admin Contracts	CIP	CED	Rural Fire	Total Other Governmental Funds
<b>Revenues</b>						
Federal grants	\$ 81,587	\$ -	\$ -	\$ 126,348	\$ -	\$ 207,935
State grants and appropriations	-	-	-	13,636	72,727	86,363
Contributions	-	-	-	-	-	-
Contract revenue	-	17,433	-	-	-	17,433
Membership dues	-	-	-	-	-	-
Other income	13,636	-	-	-	-	13,636
Match revenue	-	39,001	-	(22,499)	(2,955)	13,547
<b>Total Revenues</b>	<u>95,223</u>	<u>56,434</u>	<u>-</u>	<u>117,485</u>	<u>69,772</u>	<u>338,914</u>
<b>Expenses</b>						
Salaries	22,440	30,373	-	9,748	41,124	103,685
Fringe benefits	8,447	13,913	-	6,034	14,938	43,332
Pass-through grants	-	-	-	-	-	-
Contractual services	4,600	13	-	85,398	66	90,077
Rent and utilities	-	-	-	-	-	-
Communications	591	397	-	-	649	1,637
Information technology	-	69	-	-	-	69
Supplies and materials	7,167	594	-	-	-	7,761
Travel	3,322	1,467	-	209	2,231	7,229
Capital outlays	-	-	-	-	-	-
Other expenses	9,096	4,392	-	14,376	-	27,864
Indirect costs	8,032	5,216	-	1,720	10,764	25,732
<b>Total Expenses</b>	<u>63,695</u>	<u>56,434</u>	<u>-</u>	<u>117,485</u>	<u>69,772</u>	<u>307,386</u>
<b>Net Change in Fund Balance</b>	31,528	-	-	-	-	31,528
<b>Fund Balance, Beginning of Year</b>	-	-	65,528	-	-	65,528
<b>Fund Balance, End of Year</b>	<u>\$ 31,528</u>	<u>\$ -</u>	<u>\$ 65,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,056</u>

## **Required Supplementary Information**

**Association of South Central Oklahoma Governments**  
Schedule of Proportionate Share of the Net Pension Liability (Asset) - Last 10 Fiscal Years\*  
For the Year Ended June 30, 2023

	<u>2023</u>		<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>	
<b>OPERS</b>														
ASCOG's proportion of the net pension liability (asset)														
ASCOG's proportionate share of the net pension liability (asset)	\$	359,702	\$	(622,714)	\$	482,277	\$	80,172	\$	116,353	\$	312,598	\$	726,689
Association's covered-employee payroll	\$	739,809	\$	850,262	\$	922,366	\$	907,052	\$	1,432,546	\$	1,409,956	\$	1,390,905
Association's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		49%		73%		52%		9%		8%		22%		52%
Plan fiduciary net position as a percentage of the total pension liability (asset)		92.24%		112.51%		91.59%		98.63%		97.96%		94.28%		62.24%

\*Note - Only seven fiscal years are presented because 10-year data is not available.

**Association of South Central Oklahoma Governments**  
 Schedule of Pension Contributions - Last 10 Fiscal Years\*  
 For the Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>OPERS</b>							
Contractually required contribution	\$ 120,921	\$ 127,487	\$ 377,823	\$ 158,427	\$ 154,139	\$ 155,527	\$ 217,094
Contributions in relation to the contractually required contribution	120,921	127,487	377,823	158,427	154,139	155,527	217,094
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Association's covered-employee payroll	\$ 739,809	\$ 850,262	\$ 922,366	\$ 907,052	\$ 1,432,546	\$ 1,409,956	\$ 1,390,905
Contributions as a percentage of covered-employee payroll	16.34%	14.99%	40.96%	17.47%	10.76%	11.03%	15.61%

\*Note - Only seven fiscal years are presented because 10-year data is not available

**Association of South Central Oklahoma Governments**  
 Schedule of Proportionate Share of the Net OPEB Liability (Asset) - Last 10 Fiscal Years\*  
 For the Year Ended June 30, 2023

	<u>2023</u>		<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>
<b>OPERS</b>											
Association's proportion of the net OPEB liability (asset)											
Association's proportionate share of the net OPEB liability (asset)	0.0428%		0.0464%		0.0541%		0.0602%		0.0597%		0.0578%
Association's covered-employee payroll	\$ (40,049)	\$ (63,787)	\$ (25,344)	\$ (23,400)	\$ (7,720)	\$ 6,622					
Association's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	\$ 739,809	\$ 850,262	\$ 922,366	\$ 907,052	\$ 1,432,546	\$ 1,409,956					
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	5.41%	7.50%	2.75%	2.58%	0.54%	0.47%					
	130.01%	142.87%	114.27%	112.11%	103.94%	96.50%					

\*Note - Only six fiscal years are presented because 10-year data is not available.

**Association of South Central Oklahoma Governments**  
 Schedule of OPEB Contributions - Last 10 Fiscal Years\*  
 For the Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>OPERS</b>						
Contractually required contribution	\$ 7,097	\$ 8,201	\$ 10,398	\$ 11,283	\$ 11,382	\$ 10,886
Contributions in relation to the contractually required contribution	7,097	8,201	10,398	11,283	11,382	10,886
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Association's covered-employee payroll	\$ 739,809	\$ 850,262	\$ 922,366	\$ 907,052	\$ 1,432,546	\$ 1,409,956
Contributions as a percentage of covered-employee payroll	0.96%	0.96%	1.13%	1.24%	0.79%	0.77%

\*Note - Only six fiscal years are presented because 10-year data is not available



## **Reports Required by Government Auditing Standards**



**HINKLE &  
COMPANY**  
Strategic PC  
Business Advisors

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards**

Board of Trustees  
Association of South Central Oklahoma Governments  
Duncan, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Association of South Central Oklahoma Governments (ASCOG), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise ASCOG's basic financial statements and have issued our report thereon dated December 21, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered ASCOG's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ASCOG's internal control. Accordingly, we do not express an opinion on the effectiveness of ASCOG'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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether ASCOG'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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hick & Company, PC*

Tulsa, Oklahoma  
December 21, 2023





**Independent Auditor's Report on Compliance for Each Major Federal Program: Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Board of Trustees  
Association of South Central Oklahoma Governments  
Duncan, Oklahoma

**Opinion on Each Major Federal Program**

We have audited the Association of South Central Oklahoma Governments' (ASCOG) 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 ASCOG's major federal programs for the year ended June 30, 2023. ASCOG'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, ASCOG complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 ASCOG 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 ASCOG'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 ASCOG'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 ASCOG'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 GAAS, 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 ASCOG's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, 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 ASCOG'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 ASCOG'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 ASCOG'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.

*Hika & Company, PC*

Tulsa, Oklahoma  
December 21, 2023



**Association of South Central Oklahoma Governments**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2023**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b>FEDERAL PROGRAMS</b>				
<u>U.S. Department of Health and Human Services</u>				
Pass-Through Program from:				
Oklahoma Department of Human Services-				
<i>Aging Cluster</i>				
Special Programs for the Aging, Title III				
Part B, Grants for Supportive Services & Senior Centers	93.044	23AA / 23AAR / 233B / ARP 2023	\$ 412,598	\$ 282,249
Part C, Nutrition Services	93.045	23AA / 23AAR / 233C1 / 233C2 / ARP 2023	1,602,597	1,535,775
Nutrition Services Incentive Program	93.053	23AA / 233U	113,110	113,110
			<u>2,128,305</u>	<u>1,931,134</u>
Other Programs				
Pass-Through Program from:				
Oklahoma Department of Human Services				
Special Programs for the Aging				
Title III				
Part D, Disease Prevention and Health				
Promotion Services	93.043	233D	19,919	19,919
Part E, National Family Caregiver Support	93.052	23AA / 233E / ARP 2022	240,036	234,156
Title VII				
Abuse, Neglect and Exploitation	93.041	22AA	5,515	-
MIPPA	93.071	MIPPA 2022 / MIPPA 2023	2,079	-
SHIP	93.626	SHIP 2023 / SHIP 2024	8,725	-
SMP	93.048	SMP 2023 / SMP 2024	2,361	-
			<u>278,635</u>	<u>254,075</u>
			<u>2,406,940</u>	<u>2,185,209</u>
<u>Total U.S. Department of Health and Human Services</u>				
<u>U.S. Department of Commerce</u>				
Direct Program -				
Title II, Section 203 Planning Assistance				
Continuation Planning (EDA)	11.302	EDA DARC / ED20AUS / ED23AUS	62,860	-
<u>Total U.S. Department of Commerce</u>				
			<u>62,860</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Pass-Through Program from:				
Oklahoma Highway Department-				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction Cluster	20.205	2037 / 983052 / SPR 2021-2022 / 2038 / 2039	120,907	110,873
<u>Total U.S. Department of Commerce</u>				
			<u>120,907</u>	<u>110,873</u>
<u>U.S. Department of Agriculture</u>				
Direct Program -				
<i>Community Facilities Loans and Grants Cluster</i>				
Community Facilities Loans and Grants	10.766	USDA 2022	6,378	-
<u>Total U.S. Department of Commerce</u>				
			<u>6,378</u>	<u>-</u>
<u>Total Expenditure of Federal Awards</u>			<u>\$ 2,597,085</u>	<u>\$ 2,296,082</u>

**Association of South Central Oklahoma Governments**  
 Schedule of Expenditures of State Awards  
 June 30, 2023

State Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Expenditures	Subrecipient Expenditures
<b>STATE PROGRAMS</b>			
<u>Oklahoma Department of Agriculture</u>			
Pass-Through Program from:			
Oklahoma Association of Regional Councils			
Rural Fire Defense	RFD 2023	\$ 69,638	\$ -
<u>Total Oklahoma Department of Agriculture</u>		<u>69,638</u>	<u>-</u>
<u>Oklahoma Department of Human Services</u>			
Direct Program -			
Provider Fee Ombudsman	23PF	67,401	-
HB 4466 F2023	HB 4466 2023	264,575	264,575
<u>Total Oklahoma Department of Human Services</u>		<u>331,976</u>	<u>264,575</u>
<u>Oklahoma Department of Commerce</u>			
Direct Program -			
Community Expansion of Nutrition Assistance	CENA 2023	181,892	178,236
Substate Planning	SS 2023	13,636	-
REAP 18	568	2,806	2,806
REAP 19	REAP 2019	68,972	68,972
REAP 20	REAP 2020	200,515	200,515
REAP 21	REAP 2021	171,553	171,553
REAP 22	REAP 2022	442,685	442,685
REAP 23	REAP 2023	557,464	458,692
<u>Total Oklahoma Department of Commerce</u>		<u>1,639,523</u>	<u>1,523,459</u>
Total Expenditures of State Awards		<u>\$ 2,041,137</u>	<u>\$ 1,788,034</u>



# Association of South Central Oklahoma Governments

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

## **Note A: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of Association of South Central Oklahoma Governments (ASCOG) for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of (ASCOG), it is not intended to and does not present the financial position, changes in net position, or cash flows of (ASCOG).

## **Note B: Summary of Significant Accounting Policies**

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. ASCOG has elected not to use the 10 percent de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.



# Association of South Central Oklahoma Governments

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

(Continued)

## **Summary of Auditor's Results** (Continued)

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000.
9. Auditee qualified as a low-risk auditee as that term is defined in the Uniform Guidance.  Yes  No

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

No matters are reported.

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

No matters are reported.

**Association of South Central Oklahoma Governments**  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2023

**Prior Period - Findings Required to be Reported by Government Auditing Standards**

No matters are reported.

**Prior Period - Findings Required to be Reported in Accordance with the Uniform Guidance**

No matters are reported.