

# **ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS**

**Basic Financial Statements,  
Supplemental Information and Independent  
Auditors' Reports for the Year Ended  
June 30, 2015, Independent Auditors' Reports  
Issued Under OMB Circular A-133, and  
Supplemental Schedule of Expenditures of  
Federal Awards for the Year Ended June 30, 2015**

**Association of Central Oklahoma Governments**  
**Table of Contents**  
**For the Year Ended June 30, 2015**

	<u>Page</u>
<b>INDEPENDENT AUDITOR’S REPORT</b>	1-3
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	4-13
<b>BASIC FINANCIAL STATEMENTS</b>	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position	15
Statement of Activities	16
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds	17-18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds and Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19-21
Statement of Fiduciary Net Position – Fiduciary Funds	22
Notes to Basic Financial Statements	23-34
<b>OTHER SUPPLEMENTAL INFORMATION</b>	
Budgetary Comparison Schedule – General Fund	35
Budgetary Comparison Schedule – Transportation	36
Budgetary Comparison Schedule – Intergovernmental Services	37
Budgetary Comparison Schedule – E9-1-1 & Public Safety	38
Budgetary Comparison Schedule – Water Resources	39
Information on Budgetary Comparison Schedules	40
Schedule of Indirect Costs	41

**Association of Central Oklahoma Governments**  
**Table of Contents (Continued)**  
**For the Year Ended June 30, 2015**

	<u>Page</u>
Schedule of Employee Benefits	42
Schedule of State of Oklahoma Financial Assistance	43
<b>SINGLE AUDIT REPORTS</b>	
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 <i>Government Auditing Standards</i>	44-45
Independent Auditor's Report on Compliance for each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	46-48
Schedule of Findings and Questioned Costs	49-50
Corrective Action Plan (Unaudited)	51
Status of Prior Year Findings (Unaudited)	52
Schedule of Expenditures of Federal Awards	53-54
Notes to Schedule of Expenditures of Federal Awards	55



## 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, 2015, 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, 2015, 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 relate 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 November 10, 2015, 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.*

Edmond, Oklahoma  
November 10, 2015



association of central oklahoma governments

Chair Elizabeth Waner  
Edmond Councilmember

Vice-Chair Pete White  
Oklahoma City Councilmember

Secretary/Treasurer Jay Dee Collins  
Midwest City Mayor

Executive Director  
John G. Johnson

## 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, 2015. 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 \$2,103,509 (*net position*). Of this amount, \$1,781,679 (*unrestricted net position*) may be used to meet ACOG's ongoing obligations to the member local governments and creditors.
- ACOG's total net position increased by \$94,887. This increase is primarily due to the fact that ACOG continued to maintain a fiscally conservative budget.

Fund Level:

- At the close of the current fiscal year, ACOG's governmental funds reported combined ending fund balances of \$2,166,188, an increase of \$104,111 in comparison with the prior year. Approximately 87.7 percent of this amount, \$1,899,303 is *available for spending* at ACOG's discretion (*combined assigned and unassigned fund balances*) although the ACOG Board of Directors has *assigned* \$125,817 for future office expenditures, \$186,377 for transportation program expenditures, (\$2,409) for CIP program expenditures, \$2,514 for CDBG/REAP program expenditures, (\$2,800) for Substates program expenditures and \$71,363 for water resources program expenditures.
- At the end of the fiscal year, the unrestricted fund balance, including the assigned and unassigned balances, of the general fund was \$1,644,258 or 36.4 percent of total governmental fund expenditures while the unassigned fund balance was \$1,518,441, or 33.6 percent of total governmental fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to ACOG's basic financial statements. ACOG's basic financial statements comprise three components: 1)

government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all 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 15 - 16 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 can be divided into two categories: governmental funds and fiduciary 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 17 - 21 of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside ACOG. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support ACOG's own programs. ACOG has one fiduciary fund that is an agency fund established to account for Wireless 9-1-1 fees collected and remitted as required by State law. The basic fiduciary fund financial statement can be found on page 22 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 23 - 34 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 35 – 40 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 \$2,103,509 at June 30, 2015, as compared with assets exceeding liabilities by \$2,008,622 at June 30, 2014. A portion (2.6 percent) of ACOG's net position reflects its investment in capital assets (equipment, computers and software), less any related debt used to acquire those assets that is still outstanding. ACOG uses these capital assets to operate and to provide services; consequently, these assets are *not* available for future spending. Although ACOG's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

## Association of Central Oklahoma Governments' Net Position

	Governmental Activities		Total Percentage Change
	2015	2014	
Current and other assets	\$ 3,120,336	\$ 2,899,605	7.6%
Capital assets	54,945	66,131	-16.9%
<b>Total assets</b>	<b>3,175,281</b>	<b>2,965,736</b>	<b>7.1%</b>
Long-term debt outstanding	-	1,951	-100.0%
Other liabilities	1,071,772	955,163	12.2%
<b>Total liabilities</b>	<b>1,071,772</b>	<b>957,114</b>	<b>12.0%</b>
Net position			
Net investment in capital			
assets	54,945	64,180	-14.4%
Restricted	266,885	295,727	-9.8%
Unrestricted	1,781,679	1,648,715	8.1%
<b>Total net position</b>	<b>\$ 2,103,509</b>	<b>\$ 2,008,622</b>	<b>4.7%</b>

An additional portion of ACOG's net position (12.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$1,781,679) may be used to meet ACOG's ongoing obligations.

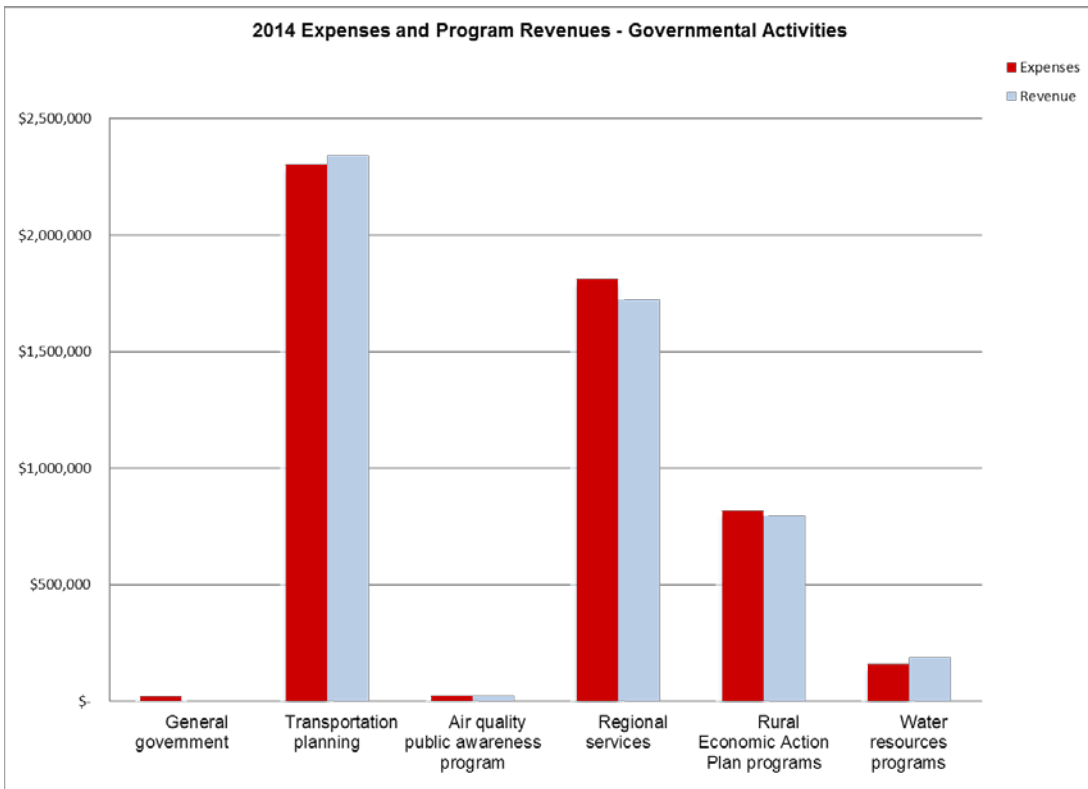
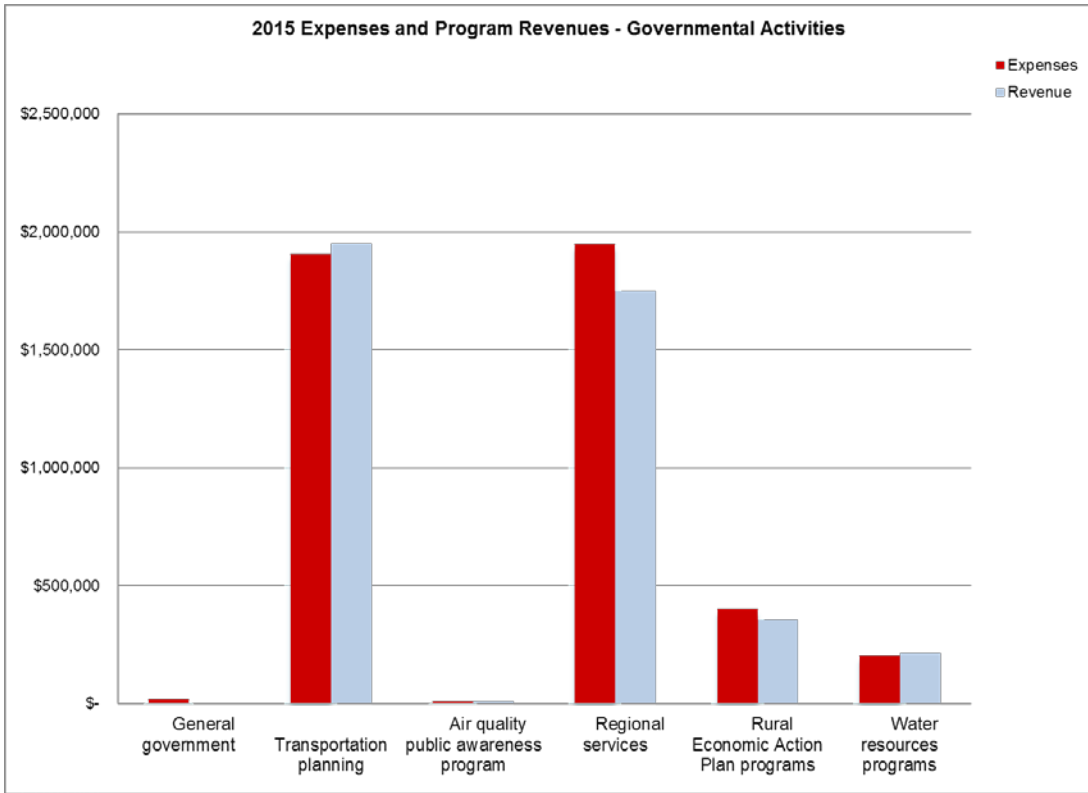
At the end of the current fiscal year, ACOG is able to report a positive balance in all categories of net position. The same situation held true for the prior fiscal year.

ACOG's total net position, all from governmental activities, increased by \$94,887 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**

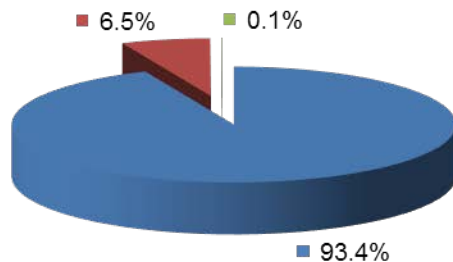
	Governmental Activities		Total Percentage Change
	2015	2014	
<b>Revenues</b>			
Program revenues			
Operating grants and contributions	\$ 4,282,647	\$ 5,075,627	-15.6%
General revenues			
Membership dues - basic	297,241	289,149	2.8%
Other income	2,952	2,205	33.9%
<b>Total revenues</b>	<b>4,582,840</b>	<b>5,366,981</b>	<b>-14.6%</b>
<b>Expenses</b>			
General government	19,184	23,323	-17.7%
Transportation planning	1,905,096	2,302,188	-17.2%
Air quality public awareness program	10,547	24,175	-56.4%
Regional services	1,947,720	1,813,170	7.4%
Rural Economic Action Plan programs	401,525	819,775	-51.0%
Water resources programs	203,881	160,962	26.7%
<b>Total expenses</b>	<b>4,487,953</b>	<b>5,143,593</b>	<b>-12.7%</b>
<b>Increase (decrease) in net position</b>	<b>\$ 94,887</b>	<b>\$ 223,388</b>	<b>-57.5%</b>
Net Position, July 1	2,008,622	1,785,234	12.5%
<b>Net Position, June 30</b>	<b>\$ 2,103,509</b>	<b>\$ 2,008,622</b>	<b>4.7%</b>

The \$94,887 increase in net position is primarily due to ACOG continuing to maintain a fiscally conservative budget.



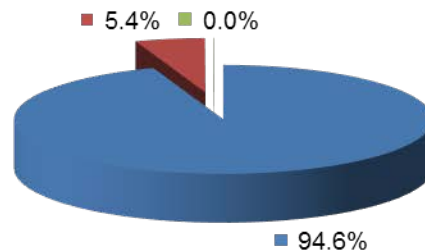
### 2015 Revenues by Source - Governmental Activities

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



### 2014 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 \$2,166,188, a net increase of \$104,111 in comparison with the prior year. Approximately 70 percent of this total amount (\$1,515,746) constitutes *unassigned fund balance*, which is available for spending at ACOG's discretion. Approximately 17.7 percent (\$383,557) 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. \$125,817 has been *assigned* for future office expenditures, \$186,377 for Transportation program expenditures and \$71,363 for Water resources program expenditures. The remainder of fund balance is not available for new spending because approximately 5.9 percent (\$127,386) is *restricted* per grant and contractual agreements while approximately 6.4 percent (\$139,499) is *unspendable* because it consists of prepaid items.

The fund balance of ACOG's general fund increased by \$115,971 during the current fiscal year. This increase is primarily because ACOG continued to maintain a fiscally conservative budget.

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, 2015. The differences between the budget and the actual amounts are due to the Central Oklahoma Alliance of Government Agencies aerial maps project having no activity during the year and to ACOG maintaining a fiscally conservative budget. The major differences can be summarized as follows:

- Contract revenue was \$500,000 less than budgeted and other expenditures were \$503,764 less than budgeted primarily due to no activity with the COAGA aerial maps project during the year.
- Capital outlay expenditures were \$30,651 less than budgeted due to the deferral in acquiring the budgeted teleconferencing equipment.

### **Capital Asset and Long-Term Debt Administration**

**Capital assets.** ACOG's investment in capital assets for its governmental type activities as of June 30, 2015, amounts to \$54,945 (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 \$11,186 or 16.9 percent.

The major capital asset event during the current fiscal year was the following:

- Purchase of a new roll scanner for \$15,992.

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

	Governmental Activities		Total Percentage Change
	2015	2014	
Computers and software	\$ 38,098	\$ 22,278	71.0%
Leased equipment	3,056	6,088	-49.8%
Leasehold improvements	1,054	13,696	N/A
Equipment	12,737	24,069	-47.1%
<b>Total</b>	<b>\$ 54,945</b>	<b>\$ 66,131</b>	<b>-16.9%</b>

Additional information on ACOG's capital assets can be found in Note II.C. on page 30 of this report.

**Long-term debt.** ACOG's only debt, which was paid off during the fiscal year ended June 30, 2015, was a capital lease that financed the acquisition of a copier. ACOG's long-term capital lease balance decreased 100% percent during the current fiscal.

**Association of Central Oklahoma Governments' Outstanding Debt**

	Governmental Activities		Total Percentage Change
	2015	2014	
Capital lease	\$ -	\$ 1,951	-100.0%

**Economic Factors and Next Year's Budget**

The ACOG approved fiscal year 2016 budget reflects \$1,420,000 in costs and revenue in the Transportation fund for continuation of the Regional Transit Dialogue (RTD) process. This process involves public (federal, state and local) and private participation and funding. Given that the current economic outlook is not as favorable as when the budget was approved, it is anticipated that this process will probably be slower than budgeted.

ACOG continues to approach spending conservatively and in the best interests of its members. It strives to maintain a general fund balance with at least 3 months cash flow. In order to match grants, cover costs, and maintain an adequate fund balance, it was necessary to increase total member dues by 2.2% (\$13,250) for fiscal year 2016. Adjustments were made to each dues category, where necessary, to more closely match the related expenditures. Basic, transportation and water dues all increased.

**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, 21 E.

Main Street, Suite 100, Oklahoma City, OK 73104-2405. This report will also be available on the ACOG website, [www.acogok.org](http://www.acogok.org).



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**Association of Central Oklahoma Governments**  
**Statement of Net Position**  
**June 30, 2015**

	<b>Total Primary Government Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,348,652
Receivables	632,185
Prepaid items	139,499
Capital assets:	
Equipment, furnishings & fixtures	356,929
Accumulated depreciation & amortization	(301,984)
Total capital assets	54,945
Total assets	3,175,281
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	117,398
Unearned revenue	833,750
Compensated absences due within one year	120,624
Total liabilities	1,071,772
<b>NET POSITION</b>	
Net investment in capital assets	54,945
Restricted for:	
General government	81,296
Transportation planning	30,366
Regional services	135,929
Rural Economic Action Plan programs	15,960
Water resources programs	3,334
Unrestricted	1,781,679
Total net position	\$ 2,103,509

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, 2015**

<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>
<b>Primary government</b>			
Governmental activities:			
General government	\$ 19,184	\$ -	\$ (19,184)
Transportation planning	1,905,096	1,951,625	46,529
Air quality public awareness program	10,547	10,547	-
Regional services	1,947,720	1,750,877	(196,843)
Rural Economic Action Plan programs	401,525	355,230	(46,295)
Water resources programs	203,881	214,368	10,487
<b>Total primary government</b>	<u>\$ 4,487,953</u>	<u>\$ 4,282,647</u>	<u>(205,306)</u>
General revenues:			
Membership dues - basic			297,241
Other income			2,952
Total general revenues			<u>300,193</u>
Change in net position			94,887
Net position - beginning			2,008,622
Net position - ending			<u>\$ 2,103,509</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, 2015**

	<u>General</u>	<u>Transportation</u>	<u>Intergovernmental Services</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,037,838	\$ 229,931	\$ 967,931
Receivables	21,393	281,679	33,632
Due from other funds	633,975	-	-
Prepaid items	81,296	30,366	5,277
Total assets	<u>\$ 1,774,502</u>	<u>\$ 541,976</u>	<u>\$ 1,006,840</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 48,948	\$ 39,951	\$ 20,284
Due to other funds	-	280,084	35,851
Unearned revenues	-	5,198	828,552
Total liabilities	<u>48,948</u>	<u>325,233</u>	<u>884,687</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable contract revenue	-	-	3,000
<b>FUND BALANCES</b>			
Nonspendable	81,296	30,366	5,277
Restricted	-	-	116,571
Assigned	125,817	186,377	-
Unassigned	1,518,441	-	(2,695)
Total fund balances	<u>1,725,554</u>	<u>216,743</u>	<u>119,153</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,774,502</u>	<u>\$ 541,976</u>	<u>\$ 1,006,840</u>

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

<b>E9-1-1 &amp; Public Safety</b>	<b>Water Resources</b>	<b>Total Governmental Funds</b>
\$ 38,071	\$ 74,881	\$ 2,348,652
286,937	8,544	632,185
-	-	633,975
19,226	3,334	139,499
<u>\$ 344,234</u>	<u>\$ 86,759</u>	<u>\$ 3,754,311</u>
\$ 8,031	\$ 184	\$ 117,398
306,162	11,878	633,975
-	-	833,750
<u>314,193</u>	<u>12,062</u>	<u>1,585,123</u>
-	-	3,000
19,226	3,334	139,499
10,815	-	127,386
-	71,363	383,557
-	-	1,515,746
<u>30,041</u>	<u>74,697</u>	<u>2,166,188</u>
<u>\$ 344,234</u>	<u>\$ 86,759</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.	54,945
Compensated absences of governmental activities are not financial resources and therefore are not reported in the funds	(120,624)
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.	3,000
Net position of governmental activities	<u>\$ 2,103,509</u>

**Association of Central Oklahoma Governments**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

	<b>General</b>	<b>Transportation</b>	<b>Intergovernmental Services</b>
<b>REVENUES</b>			
Federal grants	\$ -	\$ 1,801,271	\$ 101,871
State appropriations	-	-	379,010
Contract revenue	-	-	-
Membership dues - transportation	-	135,725	-
Membership dues - water resources	-	-	-
Membership dues - basic	132,472	-	164,769
In-kind matching contributions	-	290,013	-
Other	2,952	73,786	53,207
Total revenues	<u>135,424</u>	<u>2,300,795</u>	<u>698,857</u>
<b>EXPENDITURES</b>			
Current:			
General government	19,587	-	-
Transportation planning	-	1,905,096	-
Air quality public awareness program	-	10,547	-
Regional services	-	338,623	364,776
Rural Economic Action Plan programs	-	-	401,525
Water resources programs	-	-	-
Capital outlay	31,849	-	-
Debt service	1,547	-	-
Total expenditures	<u>52,983</u>	<u>2,254,266</u>	<u>766,301</u>
Excess (deficiency) of revenues over expenditures	<u>82,441</u>	<u>46,529</u>	<u>(67,444)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital lease proceeds	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Contributions to indirect cost	33,530	-	-
Total other financing sources & uses	<u>33,530</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>115,971</u>	<u>46,529</u>	<u>(67,444)</u>
Fund balances-beginning	1,609,583	170,214	186,597
Fund balances-ending	<u>\$ 1,725,554</u>	<u>\$ 216,743</u>	<u>\$ 119,153</u>

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

<b>E9-1-1 &amp; Public Safety</b>	<b>Water Resources</b>	<b>Total Governmental Funds</b>
\$ -	\$ 14,775	\$ 1,917,917
-	-	379,010
1,236,129	36,076	1,272,205
-	-	135,725
-	161,459	161,459
-	-	297,241
-	-	290,013
-	2,058	132,003
<u>1,236,129</u>	<u>214,368</u>	<u>4,585,573</u>
-	-	19,587
-	-	1,905,096
-	-	10,547
1,237,561	-	1,940,960
-	-	401,525
-	203,881	203,881
-	-	31,849
-	-	1,547
<u>1,237,561</u>	<u>203,881</u>	<u>4,514,992</u>
<u>(1,432)</u>	<u>10,487</u>	<u>70,581</u>
-	-	-
-	-	-
-	-	-
-	-	33,530
<u>-</u>	<u>-</u>	<u>33,530</u>
<u>(1,432)</u>	<u>10,487</u>	<u>104,111</u>
<u>31,473</u>	<u>64,210</u>	<u>2,062,077</u>
<u>\$ 30,041</u>	<u>\$ 74,697</u>	<u>\$ 2,166,188</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, 2015**

**Net change in fund balances - total governmental funds** \$ 104,111

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 (\$31,849) were exceeded by depreciation (\$43,035) in the current period. (11,186)

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. (2,734)

Repayment of capital lease principal 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. 1,547

The decrease in the balance of capital lease principal due to the vendor returning the check for an invoice it said was in error does not provide current financial resources and is not reported in governmental funds. 404

The decrease in compensated absences does not provide current financial resources and therefore is not reported in governmental funds 2,745

**Change in net position of governmental activities** \$ 94,887

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



**Association of Central Oklahoma Governments**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 357,276
Receivables	471,936
Total assets	\$ 829,212
 <b>LIABILITIES</b>	
Due to other government entities	\$ 829,212
Total liabilities	\$ 829,212

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

**Association of Central Oklahoma Governments**  
Notes to the Financial Statements  
June 30, 2015

**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 over 30 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 and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Association of Central Oklahoma Governments**

Notes to the Financial Statements

June 30, 2015

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, 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 source is grants from the Federal Highway Administration and the Federal Transit Administration, passed-through the Oklahoma Department of Transportation. 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 Energy, the U.S. Department of Commerce, the Oklahoma Department of Commerce, and local governmental entities. Other revenue sources include membership dues and other miscellaneous sources.

**Association of Central Oklahoma Governments**

Notes to the Financial Statements

June 30, 2015

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

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

Additionally, ACOG also reports an *agency fund* that is used to account for fiduciary assets held by ACOG in a custodial capacity as an agent on behalf of others. ACOG's agency fund is used to account for wireless 9-1-1 service fees.

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).

**Association of Central Oklahoma Governments**

Notes to the Financial Statements

June 30, 2015

*3. Prepaid items*

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

*4. Capital assets*

Capital assets, which include equipment, furnishings, fixtures, and leasehold improvements, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by ACOG as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of 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

## Association of Central Oklahoma Governments

### Notes to the Financial Statements

June 30, 2015

accrued when incurred in the government-wide financial statements. At June 30, 2015, ACOG had recorded a liability for accrued vacation of \$120,624.

#### 6. *Long-term obligations*

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

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

At June 30, 2015, ACOG had no outstanding capital leases.

#### 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

**Association of Central Oklahoma Governments**

Notes to the Financial Statements

June 30, 2015

being applied last but reserves the right to selectively use unrestricted resources first to defer the use of restricted resources.

*10. Fund balance*

Fund balance of governmental funds is reported in various categories based on the nature of any 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, excluding the agency fund, was \$2,348,652 and the bank balance was \$2,450,909. Of the bank balance, \$499,476

**Association of Central Oklahoma Governments**

Notes to the Financial Statements

June 30, 2015

was covered by federal depository insurance and \$1,849,176 was more than fully collateralized by Government National Mortgage Association (GNMA) securities with a current market value of \$2,144,134. Bank of America pledged this amount to ACOG and the 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, 2015, none of ACOG's bank balance was exposed to custodial credit risk since all was insured or collateralized.

Both the carrying amount of deposits and the bank balance for ACOG's agency fund were \$357,276. Of the balance, \$250,000 was covered by federal depository insurance and \$107,276 was more than fully collateralized by U.S. Treasury Notes with a current market value of \$439,112. JPMorgan Chase Bank, NA, pledged this amount to ACOG and the collateral securities are held at the Federal Reserve Bank of New York. At June 30, 2015, none of ACOG's agency fund bank balance was exposed to custodial credit risk since it all was insured or collateralized

**B. Receivables and unearned revenue**

Receivables as of year-end for ACOG's individual major funds and the agency fund are as follows:

Receivables:	Wireless <u>9-1-1 Fees</u>	Grants and <u>Contracts</u>	<u>Employees</u>	<u>Other</u>	<u>Total</u>
General fund	\$ -	\$ -	\$ 5,563	\$ 15,830	\$ 21,393
Transportation	-	281,679	-	-	281,679
Intergovernmental services	-	33,632	-	-	33,632
E9-1-1 & public safety	-	286,652	-	285	286,937
Water resources	-	8,544	-	-	8,544
Agency fund	471,936	-	-	-	943,872
Total	<u>\$ 471,936</u>	<u>\$ 610,507</u>	<u>\$ 5,563</u>	<u>\$ 16,115</u>	<u>\$ 1,576,057</u>

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

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

	<u>Unearned</u>
Rural Economic Action Plan (REAP)	\$ 815,379
Air quality project	5,198
Economic Development Administration Planning Grant	13,129
Change a Light project	44
Total	<u>\$ 833,750</u>



**Association of Central Oklahoma Governments**  
Notes to the Financial Statements  
June 30, 2015

**C. Capital assets**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, being depreciated or amortized:				
Computers and software	\$ 137,282	\$ 31,849	\$ -	\$ 169,131
Leasehold improvements	26,338	-	-	26,338
Leased equipment	28,304	-	-	28,304
Equipment	<u>133,156</u>	<u>-</u>	<u>-</u>	<u>133,156</u>
Total capital assets being depreciated/amortized:	325,080	31,849	-	356,929
Less accumulated depreciation or amortization for:				
Computers and software	(115,004)	(16,029)	-	(131,033)
Leasehold improvements	(12,642)	(12,642)	-	(25,284)
Leased equipment	(22,216)	(3,032)	-	(25,248)
Equipment	<u>(109,087)</u>	<u>(11,332)</u>	<u>-</u>	<u>(120,419)</u>
Total accumulated depreciation or amortization	<u>(258,949)</u>	<u>(43,035)</u>	<u>-</u>	<u>(301,984)</u>
Total capital assets, net of depreciation/amortization	66,131	(11,186)	-	54,945
Governmental activities capital assets, net	<u>\$ 66,131</u>	<u>\$(11,186)</u>	<u>\$ -</u>	<u>\$ 54,945</u>

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

Governmental activities:	
Transportation planning	\$ 14,719
Air quality public awareness program	134
Regional services	25,699
Rural Economic Action Plan program	425
Water resources programs	<u>2,058</u>
Total depreciation/amortization expense	<u>\$ 43,035</u>

**Association of Central Oklahoma Governments**

Notes to the Financial Statements

June 30, 2015

**D. Interfund receivables, payables and transfers**

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund		
Due from special revenue funds	\$ 633,975	\$ -
Special revenue funds		
Due to general fund from:		
Transportation	-	280,084
Intergovernmental services	-	35,851
E9-1-1 & public safety	-	306,162
Water resources	-	11,878
Total	<u>\$ 633,975</u>	<u>\$ 633,975</u>

Interfund transfers are used to move unrestricted general fund revenues to special revenue funds to finance under-funded projects and to redistribute membership dues between programs. No interfund transfers were made during the year ended June 30, 2015.

**E. Leases**

Office Space Operating Lease

The expiration date of ACOG's office space lease was extended until July 31, 2016, and an additional 936 square feet, described as Suite 101A, was also added effective May 1, 2015.

The total cost for this lease was \$162,774 for the year ended June 30, 2015. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2016	<u>\$14,637</u>

**Association of Central Oklahoma Governments**

Notes to the Financial Statements

June 30, 2015

Copier Leases

ACOG had leased two copiers, at different times, under capital lease arrangements. Neither lease transferred ownership or contained a bargain purchase price. They qualified as capital leases because the present value of the lease payments exceeded 90% of the fair value of the leased asset. Both copiers were capitalized and are being amortized over 5 year estimated useful lives. During the year ended June 30, 2013, one of these 36 month capital leases was paid off. ACOG was still happy with the service being provided by this copier and entered into a new 24 month lease on this copier. This supports the 5 year estimated useful life assigned to the copier. This new lease is being treated as an operating lease since the asset has already been capitalized and continues to be amortized. The same thing happened when the other capital lease was paid off during the year ended June 30, 2015. The first 24 month operating lease was also paid off during this same fiscal year.

Total interest expense for the year prior to the payoff of the second copier capital lease was \$101 and is included in printing in the overall indirect costs, which in turn are allocated to each program/function based on direct labor plus allocated employee benefits. See Note III B.

The total cost for the operating copier leases was \$3,712 for the year ended June 30, 2015. The future minimum lease payments for the remaining lease are as follows:

<u>Year Ending June 30</u>	Amount
2016	\$3,564
2017	1,188
Total	<u>\$4,752</u>

**F. Long-term liabilities**

ACOG's only long-term liability is the copier capital lease. Activity for the year ended June 30, 2015, was as follows:

	<u>Beginning</u>		<u>Ending</u>	<u>Due Within</u>	
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Capital lease	<u>\$ 1,951</u>	<u>\$</u>	<u>\$ ( 1,951)</u>	<u>\$ -</u>	<u>\$ -</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

**Association of Central Oklahoma Governments**  
Notes to the Financial Statements  
June 30, 2015

imposed upon the use of the resources in the government funds. The constraints placed on fund balance as of June 30, 2015, are as follows:

Fund balances:	General Fund	Transportation	Intergovernmental Services	E9-1-1 & Public Safety	Water Resources	Total
Nonspendable						
Prepays	\$ 81,296	\$ 30,366	\$ 5,277	\$ 19,226	\$ 3,334	\$ 139,499
Restricted for:						
REAP program	-	-	15,960	-	-	15,960
Clean Cities program	-	-	100,611	-	-	100,611
9-1-1 ACOG contract admin	-	-	-	10,815	-	10,815
Assigned to:						
Future office expenditures	125,817	-	-	-	-	125,817
Transportation programs	-	186,377	-	-	-	186,377
CIP program	-	-	(2,409)	-	-	(2,409)
CDBG/REAP program	-	-	2,514	-	-	2,514
Substates program	-	-	(2,800)	-	-	(2,800)
Water resources programs	-	-	-	-	71,363	71,363
Unassigned	1,518,441	-	-	-	-	1,518,441
Total	<u>\$ 1,725,554</u>	<u>\$ 216,743</u>	<u>\$ 119,153</u>	<u>\$ 30,041</u>	<u>\$ 74,697</u>	<u>\$ 2,166,188</u>

### 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 225 (formerly OMB Circular No. A-87). 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

**Association of Central Oklahoma Governments**

Notes to the Financial Statements

June 30, 2015

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 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, 2015, ACOG's final employee benefits rate was 36.26% and final indirect cost rate was 53.32%.

**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, excluding 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, 2015, amounting to \$1,175,856 of which \$277,423 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, 2015, eighteen 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, 2015, follows:

	Required <u>Contribution</u>	Actual <u>Contribution</u>
ACOG	\$ 51,399	\$ 51,399
Participating employees	35,979	60,078

**Association of Central Oklahoma Governments**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Membership dues - basic	\$ 137,625	\$ 137,625	132,472	\$ (5,153)
Contract revenue	500,000	500,000	-	(500,000)
Other	1,396	1,396	2,952	1,556
Total revenues	<u>639,021</u>	<u>639,021</u>	<u>135,424</u>	<u>(503,597)</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	-	-	-	-
Employee benefits	-	-	-	-
Indirect costs	-	-	-	-
Travel	6,868	6,868	1,795	5,073
Contractual	-	-	-	-
Other	521,556	521,556	17,792	503,764
Debt service	2,683	2,683	1,547	1,136
Capital outlay	62,500	62,500	31,849	30,651
Total expenditures	<u>593,607</u>	<u>593,607</u>	<u>52,983</u>	<u>540,624</u>
Excess (deficiency) of revenues over expenditures	<u>45,414</u>	<u>45,414</u>	<u>82,441</u>	<u>37,027</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Contributions to indirect cost	39,975	39,975	33,530	(6,445)
Total other financing sources & uses	<u>39,975</u>	<u>39,975</u>	<u>33,530</u>	<u>(6,445)</u>
Net change in fund balances	85,389	85,389	115,971	30,582
Fund balances-beginning	1,609,583	1,609,583	1,609,583	-
Fund balances-ending	<u>\$ 1,694,972</u>	<u>\$ 1,694,972</u>	<u>\$ 1,725,554</u>	<u>\$ 30,582</u>

**Association of Central Oklahoma Governments**  
**Transportation**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Federal grants	\$ 2,974,448	\$ 2,974,448	\$ 1,801,271	\$ (1,173,177)
Membership dues - transportation	135,363	135,363	135,725	362
Membership dues - basic	-	-	-	-
In-kind matching contributions	474,940	474,940	290,013	(184,927)
Other	119,781	119,781	73,786	(45,995)
Total revenues	<u>3,704,532</u>	<u>3,704,532</u>	<u>2,300,795</u>	<u>(1,403,737)</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	633,575	633,575	537,098	96,477
Employee benefits	251,838	251,838	194,760	57,078
Indirect costs	469,165	469,165	390,198	78,967
Travel	11,800	11,800	5,984	5,816
Advertising and public education	102,500	102,500	494	102,006
Contractual	681,333	681,333	545,225	136,108
Special projects	1,300,000	1,300,000	314,984	985,016
Other	283,981	283,981	265,523	18,458
Total expenditures	<u>3,734,192</u>	<u>3,734,192</u>	<u>2,254,266</u>	<u>1,479,926</u>
Excess (deficiency) of revenues over expenditures	<u>(29,660)</u>	<u>(29,660)</u>	<u>46,529</u>	<u>76,189</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Contributions to indirect cost	-	-	-	-
Total other financing sources & uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(29,660)</u>	<u>(29,660)</u>	<u>46,529</u>	<u>76,189</u>
Fund balances-beginning	<u>170,214</u>	<u>170,214</u>	<u>170,214</u>	<u>-</u>
Fund balances-ending	<u><u>\$ 140,554</u></u>	<u><u>\$ 140,554</u></u>	<u><u>\$ 216,743</u></u>	<u><u>\$ 76,189</u></u>

**Association of Central Oklahoma Governments**  
**Intergovernmental Services**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2015**

	<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>
<b>REVENUES</b>				
Federal grants	\$ 100,000	\$ 100,000	\$ 101,871	\$ 1,871
State appropriations	1,317,688	1,317,688	379,010	(938,678)
Membership dues - basic	158,229	158,229	164,769	6,540
In-kind matching contributions	-	-	-	-
Other	11,668	11,668	53,207	41,539
Total revenues	<u>1,587,585</u>	<u>1,587,585</u>	<u>698,857</u>	<u>(888,728)</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	146,716	146,716	183,439	(36,723)
Employee benefits	58,318	58,318	66,518	(8,200)
Indirect costs	108,644	108,644	133,267	(24,623)
Travel	13,003	13,003	6,135	6,868
Advertising and public education	-	-	-	-
Contractual	5,000	5,000	-	5,000
Grants to ACOG area communities	1,310,123	1,310,123	368,709	941,414
Other	13,487	13,487	8,233	5,254
Capital Outlay	-	-	-	-
Total expenditures	<u>1,655,291</u>	<u>1,655,291</u>	<u>766,301</u>	<u>888,990</u>
Excess (deficiency) of revenues over expenditures	<u>(67,706)</u>	<u>(67,706)</u>	<u>(67,444)</u>	<u>262</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Contributions to indirect cost	-	-	-	-
Total other financing sources & uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(67,706)	(67,706)	(67,444)	262
Fund balances-beginning	186,597	186,597	186,597	-
Fund balances-ending	<u>\$ 118,891</u>	<u>\$ 118,891</u>	<u>\$ 119,153</u>	<u>\$ 262</u>



**Association of Central Oklahoma Governments**  
**E9-1-1 & Public Safety**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Federal grants	\$ -	\$ -	\$ -	\$ -
Contract revenue	1,635,352	1,635,352	1,236,129	(399,223)
Membership dues - basic	-	-	-	-
Other	-	-	-	-
Total revenues	<u>1,635,352</u>	<u>1,635,352</u>	<u>1,236,129</u>	<u>(399,223)</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	600,904	600,904	502,508	98,396
Employee benefits	238,850	238,850	182,217	56,633
Indirect costs	444,971	444,971	365,069	79,902
Travel	37,545	37,545	18,365	19,180
Advertising and public education	31,000	31,000	6,345	24,655
Contractual	101,800	101,800	79,925	21,875
Professional services	18,034	18,034	8,946	9,088
Special projects	30,500	30,500	17,033	13,467
Other	131,748	131,748	57,153	74,595
Capital outlay	-	-	-	-
Total expenditures	<u>1,635,352</u>	<u>1,635,352</u>	<u>1,237,561</u>	<u>397,791</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(1,432)</u>	<u>(1,432)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
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>(1,432)</u>	<u>(1,432)</u>
Fund balances-beginning	31,473	31,473	31,473	-
Fund balances-ending	<u>\$ 31,473</u>	<u>\$ 31,473</u>	<u>\$ 30,041</u>	<u>\$ (1,432)</u>

**Association of Central Oklahoma Governments**  
**Water Resources**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Federal grants	\$ 23,000	\$ 23,000	\$ 14,775	\$ (8,225)
Membership dues - water	161,025	161,025	161,459	434
Membership dues - basic	-	-	-	-
Contract revenue	3,500	3,500	36,076	32,576
Other	-	-	2,058	2,058
Total revenues	<u>187,525</u>	<u>187,525</u>	<u>214,368</u>	<u>26,843</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	74,278	74,278	73,543	735
Employee benefits	29,525	29,525	26,668	2,857
Indirect costs	55,003	55,003	53,429	1,574
Travel	5,906	5,906	2,501	3,405
Advertising and public education	-	-	-	-
Contractual	3,500	3,500	36,076	(32,576)
Other	19,313	19,313	11,664	7,649
Capital outlay	-	-	-	-
Total expenditures	<u>187,525</u>	<u>187,525</u>	<u>203,881</u>	<u>(16,356)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>10,487</u>	<u>10,487</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
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>10,487</u>	<u>10,487</u>
Fund balances-beginning	64,210	64,210	64,210	-
Fund balances-ending	<u>\$ 64,210</u>	<u>\$ 64,210</u>	<u>\$ 74,697</u>	<u>\$ 10,487</u>

**Association of Central Oklahoma Governments**  
Information on Budgetary Comparison Schedules  
June 30, 2015

**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. The budget must be balanced. 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. Expenditures in excess of approved budget amounts must be approved by the Board of Directors in advance. In prior years, the ACOG Board of Directors adopted the amendment to its current year budget during May. Due to workload and time constraints, no amendment has been done since May of 2010. ACOG is unable to legally adopt a budget.

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, 2015**

Indirect salaries	\$	368,402
Employee benefits		133,589
<b>Indirect personnel costs</b>		<b>501,991</b>
Office space		162,774
Repairs and maintenance		81,950
Supplies		53,328
Depreciation		33,242
Telephone and internet		26,237
Accounting services		23,545
Insurance		14,060
Legal services		12,813
Contractual		11,573
Professional dues		8,232
Development and recruiting		7,607
Publications and subscriptions		1,257
Equipment rental		1,174
Printing		938
Postage		659
Equipment and furniture		604
Travel		265
<b>Indirect costs</b>		<b>942,249</b>
<b>Less adjustments made after indirect rate calculation for grant reports</b>		<b>(286)</b>
<b>Net indirect costs (A)</b>	<b>\$</b>	<b>941,963</b>
<b>BASIS FOR ALLOCATION OF INDIRECT COSTS:</b>		
Direct salaries	\$	1,296,588
Direct employee benefits		470,163
<b>Total direct personnel costs (B)</b>	<b>\$</b>	<b>1,766,751</b>
<b>INDIRECT COST RATE (A DIVIDED BY B)</b>		<b>53.32%</b>

**Association of Central Oklahoma Governments**  
**Schedule of Employee Benefits**  
**For the Year Ended June 30, 2015**

**BENEFIT PROGRAMS:**

Group health insurance	\$	126,633
FICA taxes		112,649
Annual leave		94,154
Sick leave		79,476
Holidays		72,945
Retirement fund contribution		51,409
Medicare taxes		26,822
Workers' compensation insurance		18,902
Group long term care insurance		7,751
Retirement fund administration		6,500
Unemployment insurance		5,782
Jury duty leave		424
Section 125 plan administration		305
		305
<b>Total benefits (A)</b>	<b>\$</b>	<b>603,752</b>
		603,752

**BASIS FOR ALLOCATION OF BENEFITS:**

Gross salaries (B)	\$	1,664,990
		1,664,990

**EMPLOYEE BENEFIT RATE (A DIVIDED BY B)**

36.26%

**Association of Central Oklahoma Governments  
Schedule of Direct State of Oklahoma Financial Assistance  
For the Year Ended June 30, 2015**

<b>State Grantor/ Program Title</b>	<b>Contract Period</b>	<b>Contract Amount</b>	<b>Cash/ Accrued or (Deferred) Revenue at July 1, 2014</b>	<b>Receipts or Revenue Recognized</b>	<b>Disbursements/ Expenditures</b>	<b>Cash/ Accrued or (Deferred) Revenue at June 30, 2015</b>
<b>Oklahoma Department of Commerce</b>						
State Appropriated Funds for Substate						
Planning Districts						
16219 SS 15	07/01/14-06/30/15	\$ 34,322	\$ -	\$ 34,322	\$ 34,322	\$ -
REAP Funds and Interest Earned						
REAP Administration	Various	Various	19,587	27,214	20,979	25,822
REAP Projects	Various	Various	642,803	565,158	382,529	825,432
<b>Total Direct State of Oklahoma Financial Assistance</b>			<b>\$ 662,390</b>	<b>\$ 626,694</b>	<b>\$ 437,830</b>	<b>\$ 851,254</b>



**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, 2015, and the related notes to the financial statements, which collectively comprise ACOG's basic financial statements, and have issued our report thereon dated November 10, 2015.

**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.*

Edmond, Oklahoma  
November 10, 2015





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

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 Circular A-133 Compliance Supplement* that could have a direct and material effect on ACOG's major federal program for the year ended June 30, 2015. ACOG's major federal program is 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the Association of Central Oklahoma Governments 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 its major federal program for the year ended June 30, 2015.

### **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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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 (“ACOG”) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise ACOG’s basic financial statements. We issued our report thereon dated November 10, 2015, 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 OMB Circular A-133 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.*

Edmond, Oklahoma  
November 10, 2015

**ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

**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  
not considered to be material weakness(es)? \_\_\_\_\_ yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards**

Internal Control over major programs:  
Material weakness(es) identified? \_\_\_\_\_ yes  X  no  
Significant deficiency(ies) identified  
not considered to be material weakness(es)? \_\_\_\_\_ yes  X  none reported

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

Any audit findings disclosed that are required  
to be reported in accordance with  
Circular A-133, Section .510(a)? \_\_\_\_\_ yes  X  no

Identification of major 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: \$  300,000

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

**ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2015**

**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, 2015**

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, 2015**

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, 2015**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Other Grantor's Reference</b>	<b>Expenditures</b>	<b>Amount Provided to Subrecipients</b>
<b>U.S. Department of Commerce</b>				
Economic Development Administration Direct Program				
Economic Development Support for Planning Organizations - Planning Investments and Comprehensive Economic Development Strategies	11.302	08-86-04596	\$ 61,871	\$ -
<i>Total U.S. Department of Commerce</i>			61,871	-
<b>U.S. Department of Energy</b>				
Passed-through Oklahoma Department of Commerce				
State Energy Program Clean Cities Program	81.041	16225 SEP 14	40,000	-
<i>Total U.S. Department of Energy</i>			40,000	-
<b>U.S. Environmental Protection Agency</b>				
Office of Water				
Passed-through Oklahoma Office of the Secretary of Environment				
Water Quality Management Planning C6-40000050-0	66.454	12 604(b)	2,205	-
Water Quality Management Planning C6-40000051-0	66.454	13 604(b)	12,570	-
<i>Total U.S. Environmental Protection Agency</i>			14,775	-
<b>U.S. Department of Transportation</b>				
Federal Highway Administration				
Passed-through Oklahoma Department of Transportation				
Highway Planning and Construction Cluster				
OCARTS-PL 15 Transportation Study	20.205	J/P 11767(29)	945,172	-
OCARTS-PL 15 Transportation Study CCS EC-1398 Supp #3	20.205	J/P 11767(29)	30,400	-
PL Central Oklahoma Commuter Corridors Study EC-1398 Supp #2	20.205	J/P 11767(28)	9,600	-
Congestion Mitigation Air Quality Public Awareness Campaign FY 12	20.205	J/P 17904(09)	8,438	-



**Association of Central Oklahoma Governments  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Other Grantor's Reference</b>	<b>Expenditures</b>	<b>Amount Provided to Subrecipients</b>
Congestion Mitigation Air Quality Public Fleet Conversion FY 12	20.205	J/P 26038(05)	166,256	-
Congestion Mitigation Air Quality Public Fleet Conversion FY 13	20.205	J/P 26038(05)	85,293	-
Congestion Mitigation Air Quality Rideshare Program FY 14	20.205	J/P 26039(05)	24,187	-
Central Oklahoma Commuter Corridors Study STP-155E (816) AG State	20.205	J/P 28117(04)	242,130	-
Total Highway Planning and Construction Cluster			1,511,476	-
<b>Federal Transit Administration</b>				
Passed-through Oklahoma Department of Transportation				
FTA FY 13 - 14 Technical Study	20.505	J/P 15612(22)	92,541	-
FTA FY 14 - 15 Technical Study	20.505	J/P 15612(23)	186,802	-
Total Metropolitan Transportation Planning & State & Non-Metropolitan Planning & Research			279,343	-
Passed-through Central Oklahoma Transportation & Parking Authority				
Transit Services Cluster				
Jobs Access & Reverse Commute Program	20.516	OK-37-X048	4,502	-
Jobs Access & Reverse Commute Program	20.516	OK-37-X044	2,038	-
New Freedom Program	20.521	OK-57-X025	2,412	-
New Freedom Program	20.521	OK-57-X021	1,500	-
Total Transit Services Cluster			10,452	-
<i>54 Total U.S. Department of Transportation</i>			1,801,271	-
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,917,917</b>	<b>\$ -</b>

*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, 2015

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.