

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS**

**Financial Statements  
and Additional Information  
With Independent Auditor's Report**

**For the Year Ended June 30, 2022**

**Five County Association of Governments**  
 Financial Statements and Supplementary Information  
 For the Year Ended June 30, 2022

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**Five County Association of Governments**  
Financial Statements and Supplementary Information  
For the Year Ended June 30, 2022

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### Independent Auditor's Report

Steering Committee  
Five County Association of Governments  
St. George, Utah

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Five County Association of Governments (the Association), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Association, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Hafen Buckner, Everett & Graff, PC*

HAFEN, BUCKNER, EVERETT & GRAFF, PC  
December 28, 2022

# **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

## **FIVE COUNTY ASSOCIATION OF GOVERNMENTS**

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

The following narrative presents management's discussion and analysis of the Five County Association of Government's (AOG) financial performance during the year ending June 30, 2022. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements and additional information which follow this section.

#### **History and Background of Five County Association of Governments**

The Five County Association of Governments is a voluntary association of local governments in Southwestern Utah comprised of Beaver, Garfield, Iron, Kane and Washington Counties. The AOG was formally established in 1957 to provide the basis for addressing matters of common regional concern. The Five County Association of Governments, as presently constituted, was established in 1972 pursuant to the provisions of the Interlocal Cooperation Act of 1965. The overall mission of the Five County Association of Governments is to serve as a multi-purpose organization providing a regional forum to identify, discuss, study, and resolve area-wide problems of common interest and concern. It is also the role of the Association to engage in and carry out physical, economic, and human resources planning.

#### **Financial Highlights**

- The AOG's assets and deferred outflows exceeded liabilities and deferred inflows by \$1,695,327 at the close of the most recent fiscal year.
- Unrestricted net position was \$152,460 at June 30, 2022.
- The Association's total assets are \$4,426,259.
- The Expenditures for June 30, 2022 were less than the adopted budget by \$1,742,080.
- Capital assets (Net of accumulated depreciation) at June 30, 2022 were \$647,422 which includes land, a building, equipment, and vehicles.

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

This discussion is intended to serve as an introduction to the AOG's basic financial statements. The AOG's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The 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 the AOG's finances, in a manner similar to a private-sector business. The statements consist of the Statement of Net Position, and the Statement of Activities.

The *Statement of Net Position* presents information on all of the assets and liabilities of the AOG, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the AOG is improving or deteriorating.



The *Statement of Activities* presents information showing how the net position of the AOG 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 in this statement for some items that will only result in cash flows in a future fiscal year period (e.g., uncollected revenues and earned, but unused, vacation leave and sick leave).

The distinct type of activities reflected in the government-wide statements are governmental activities. The Five County Association of Governments has no business-type activities. Governmental activities are those supported primarily by intergovernmental revenues and fees for services.

### **Fund Financial Statements**

As is common with other state or local government entities, the AOG uses *funds* to account for separate activities and to help demonstrate compliance with financially related legal requirements (such as budgetary compliance). A fund is a set of closely related accounts used to maintain control over financial resources which have been segregated for specific activities or purposes. The AOG maintains only 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 year. Such information may be useful in evaluating the AOG'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 statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The AOG maintains one governmental fund which is the general fund.

**General Fund.** The general fund is the operating fund of the AOG. Revenues from intergovernmental sources, fees for services, and all other sources are received into this fund. Expenditures include operation and administrative costs.

### **Fiduciary Fund Types**

*Trust and Agency Funds* - Trust and agency funds are used to account for assets held by the Association in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include expendable trust, non-expendable trust, pension trust and agency funds. Non-expendable trust and pension trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

*Non-expendable Trust Funds* - The revolving loan fund was created by the Association with grant monies to provide financing for qualified businesses in the Five County Area. The down payment assistance fund was created with state funding to provide financing to enable lower income and first-time home buyers in the Five County Area to make the down payment on the purchase of a home. The activities of the revolving loan and down payment assistance funds are governed by the Steering Committee of the Association and the funds' financial information are included in the Association's general purpose financial statements as non-expendable trust funds.

*Agency Fund* - The Association acts as an agent for the Southern Utah Planning Authorities Council (S.U.P.A.C.). Member entities pay membership dues to cover the cost of membership lunch. The activity of this fund is accounted for in a separate agency fund.

### **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 are part of the basic financial statements.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Five County Association of Governments. The AOG adopts an annual appropriated budget for the governmental funds. The budget is a twelve-month snapshot of all contracts which fit into the twelve-month window. Contracts to the AOG are issued on the federal fiscal year, state fiscal year, calendar year or any other period of time agreed to by the two contracting entities. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

### **Government-wide Financial Analysis**

As previously noted, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Five County Association of Governments, assets exceeded liabilities by \$1,695,327 at the close of the most recent fiscal year.

**Five County Association of Governments  
Comparative Summary of Net Position  
As of June 30, 2022 and 2021**

	Governmental Activities	
	2022	2021
Assets and deferred outflows of resources:		
Current and other assets	\$3,539,733	\$2,048,090
Capital & leased assets	886,058	703,399
Deferred outflows of resources	493,145	341,828
Total assets & deferred outflows	4,919,404	3,093,317
Liabilities and deferred inflows of resources:		
Current liabilities	1,168,894	1,084,887
Noncurrent liabilities	381,510	107,954
Deferred inflows of resources	1,673,673	786,628
Total liabilities & deferred inflows	3,224,077	1,979,469
Net position:		
Invested in capital assets net of related debt	636,302	681,769
Restricted	906,565	948,210
Unrestricted	152,460	(516,131)
Total net position	\$1,695,327	\$1,113,848

Governmental Activities:

As of June 30, 2022, the Associations assets exceeded liabilities by \$2,875,855 up from \$1,075,490 in fiscal year 2021 due primarily to pension changes.

**Five County Association of Governments  
Comparative Schedule of Changes in Net Position  
as of and for the fiscal year ended June 30, 2022 and 2021**

	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Revenues:		
Charges for services	\$ 596,985	\$ 515,340
Operating grants and contributions	<u>10,306,062</u>	<u>12,175,291</u>
Total revenues	<u>10,903,047</u>	<u>12,690,631</u>
Expenses:		
Governmental activities	<u>10,321,568</u>	<u>12,216,975</u>
Total expenses	<u>10,321,568</u>	<u>12,216,975</u>
Changes in net position	581,479	473,656
Net position, July 1	<u>1,113,848</u>	<u>640,192</u>
Net position, June 30	<u>\$ 1,695,327</u>	<u>\$ 1,113,848</u>

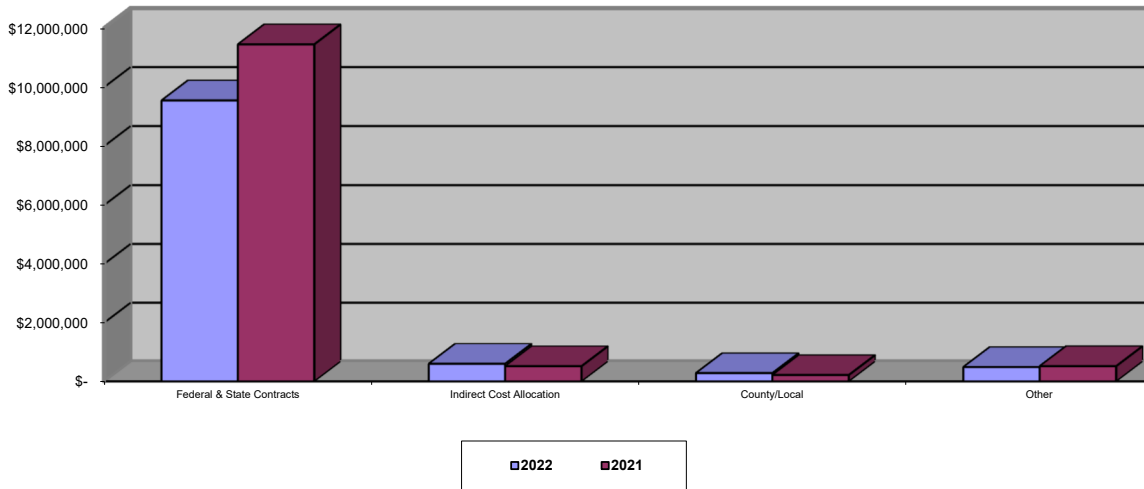
**General Fund Budgetary Highlights**

During the fiscal year, the Five County Association of Governments approved and revised the Association's budget. Budget amendments were made to reflect changes in contracts and related funding. Even with these adjustments, actual expenditures were below final budgeted amounts. Revenues were under the final budgeted figures. The table shown below comparing overall budget to actual is net of the revenue and corresponding expenditure.

**SUMMARY of Actual to Budgeted Revenues & Expenses:**

	<b>Original</b>	<b>Amended</b>	<b>Actual</b>
<b>Total Revenues</b>	\$10,629,038	\$12,593,956	\$10,903,047
<b>Total Expenditures including Capital Outlay</b>	<u>10,385,712</u>	<u>12,593,956</u>	<u>10,851,876</u>
<b>Excess (Deficit) of Revenues</b>			
<b>Over Expenditures</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 51,171</u>

# Revenues



## Capital Assets

The AOG’s fiscal year 2022 investment in capital assets, for all activities, amounted to \$703,399. The AOG has chosen a threshold of capital assets to be included for reporting purposes at \$3,000.

### Summary of Net Capital Assets

	<u>2022</u>	<u>2021</u>
Buildings	\$ 927,671	\$ 927,671
Land	135,000	135,000
Furniture & Equipment	405,844	482,854
Accumulated Depreciation	<u>(821,093)</u>	<u>(842,126)</u>
Total Net Capital Assets	<u>\$ 512,422</u>	<u>\$ 703,399</u>

## Long-term Debt

The AOG’s fiscal year 2022 long-term debt totaled \$11,120 compared with \$21,630 in 2021.

**Request for Information**

This financial report is designed to provide interested parties with a general overview of the AOG's financial status. Questions concerning any of the reports and information contained in this financial audit, or requests for additional financial information, should be addressed to the Five County Association of Governments, 1070 West 1600 South Building B, St. George, UT 84770.

# **BASIC FINANCIAL STATEMENTS**

**Five County Association of Governments**  
**Statement of Net Position**  
**June 30, 2022**

	Governmental Activities
<b>Assets:</b>	
Cash & Cash Equivalents	\$ -
Accrued Revenue	1,992,242
Prepaid Assets	40,455
Inventory	126,690
Net Pension Asset	1,380,346
Leased Assets	238,636
Capital Assets (Net of Accumulated Depreciation)	647,422
<b>Total Assets</b>	<b>4,426,259</b>
<b>Deferred Outflows of Resources:</b>	<b>493,145</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 4,919,404</b>
<b>Liabilities:</b>	
Cash Deficit	\$ 475,296
Accounts Payable	42,874
Accrued Liabilities	5,822
Unearned Revenue	544,055
Accrued Leave	232,601
Operating Leases:	-
Due within one year	89,727
Due in more than one year	148,909
Long-term Debt:	-
Due within one year	11,120
Due in more than one year	-
Net Pension Liability	-
<b>Total Liabilities</b>	<b>1,550,404</b>
<b>Deferred Inflows of Resources:</b>	<b>1,673,673</b>
<b>Net Position:</b>	
Invested in Capital Assets	636,302
Restricted	906,565
Unrestricted	152,460
<b>Total Net Position</b>	<b>1,695,327</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 4,919,404</b>

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





**Five County Association of Governments**  
**Balance Sheet - Governmental Funds**  
**June 30, 2022**

	<b>Major Fund</b>
	General
<b><i>Assets:</i></b>	
Cash (Note 2)	
Accounts Receivable (Note 5)	468
Accrued Revenue Receivable	1,992,242
Other Assets	40,455
Inventory (Note 3)	126,690
<b><i>Total Assets</i></b>	<b>\$ 2,159,855</b>
 <b><i>Liabilities:</i></b>	
Cash (Deficit)	\$ 475,296
Accounts Payable	42,874
Accrued Liabilities	5,822
Unearned Revenue (Note 8)	544,055
Credit Line	
<b><i>Total Liabilities</i></b>	<b>1,068,047</b>
 <b><i>Fund Balance:</i></b>	
Nonspendable:	
Inventory	126,690
Restricted	906,565
Assigned	
Unassigned	58,553
<b><i>Total Fund Balance</i></b>	<b>1,091,808</b>
 <b><i>Total Liabilities and Fund Balances</i></b>	 <b>\$ 2,159,855</b>

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

## Five County Association of Governments

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2022

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<b>Total fund balances for governmental funds</b>	\$ 1,091,808
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Total net position reported for governmental activities differs from the statement of net position as follows:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of the following:

Land	\$ 135,000	
Building	922,271	
Building Improvements	5,400	
Furniture & Equipment	72,547	
Vehicles	333,297	
Accumulated Depreciation	<u>(821,093)</u>	
<b>Total Capital Assets</b>		<b>647,422</b>
Net Pension Asset		1,380,346
Deferred Outflows of Resources - Pensions		493,145
Operating Leases:		
Leased Assets		238,636
Leases Payable (Short-term portion)		<u>(89,727)</u>

Long-term Liabilities that pertain to governmental funds, including accrued leave, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are as follows:

Accrued Leave	(232,601)	
Leases Payable	(148,909)	
Long-Term Debt	(11,120)	
Net Pension Liability	-	
<b>Total Long-term Liabilities</b>	<u>-</u>	<b>(392,630)</b>
Deferred Inflows of Resources - Pensions		<u>(1,673,673)</u>

<b>Total net position of governmental activities</b>	<b><u>\$ 1,695,327</u></b>
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The notes to the financial statements are an integral part of this statement

**Five County Association of Governments**  
**Combined Statement of Revenues, Expenditures and Changes in**  
**Fund Balance**  
**All Governmental Fund Types**  
**For the Year Ended June 30, 2022**

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	<b>General Fund Types</b>
<b>REVENUES:</b>	
State & Federal Contracts	\$ 9,541,744
Indirect Cost Allocations (Note 4)	596,985
County/Local Participation	280,045
Other	484,273
<b>TOTAL REVENUES</b>	<b>10,903,047</b>
<b>EXPENDITURES:</b>	
Total Payroll & Related Expense	4,670,556
Materials	1,815,277
Fiscal Management	30,091
Rent	175,837
Travel	197,610
Printing	47,687
Postage	10,225
Telephone	90,898
Office Supplies	96,881
Indirect Cost Allocation (Note 4)	586,409
Consultant/Contract Services	1,183,069
Capital Outlay	79,833
County Council on Aging	519,037
Assistance	660,425
Other	688,041
<b>TOTAL EXPENDITURES</b>	<b>10,851,876</b>
Excess (Deficit) of Revenues Over Expenditures	51,171
<b>OTHER FUNDING SOURCES/(USES)</b>	
<b>BEGINNING FUND BALANCE</b>	<b>1,040,637</b>
<b>YEAR END FUND BALANCE</b>	<b>\$ 1,091,808</b>

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

## Five County Association of 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, 2022

**Net change in fund balances - total governmental funds** \$ 51,171

Amounts reported for governmental activities differs from the statement of activities as follows:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$3,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation	\$ (55,977)	
Capital Outlays	-	
Total Capital Assets	-	(55,977)

Government funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense. 537,946

Accrued leave is recognized as an expenditure in the governmental funds when it is paid. In the statement of activities, however, the expense for accrued leave is recognized as it accrues. The effect of this difference in treatment is as follows:

Accrued Leave	\$ 25,962	
Repayment of Long-Term Debt Principal	22,377	
Total Long-Term Liabilities Activities	48,339	48,339

**Change in net position of governmental activities** \$ 581,479

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

**Five County Association of Governments**  
**Combined Balance Sheet - All Fiduciary Fund Types**  
**June 30, 2022**

	<u><b>Fiduciary Fund Type</b></u>	
	<u><b>Nonexpendable Trust</b></u>	<u><b>Agency Fund</b></u>
<i><b>Assets:</b></i>		
Cash	\$ 943,001	\$ 119
Accrued Interest		
Notes Receivable	846,751	
<i><b>Total Assets</b></i>	<u><u><b>\$ 1,789,752</b></u></u>	<u><u><b>\$ 119</b></u></u>
 <i><b>Liabilities and Fund Balances:</b></i>		
Due to SUPAC	\$	\$ 119
Fund Balance	1,789,752	
<i><b>Total Liabilities and Fund Balance</b></i>	<u><u><b>\$ 1,789,752</b></u></u>	<u><u><b>\$ 119</b></u></u>

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

**Five County Association of Governments**  
**Combined Statement of Revenues, Expenses and Changes in Fund Balance**  
**Nonexpendable Trust Funds for the Year Ended June 30, 2022**

	<b><u>Fiduciary Fund Type</u></b> <b><u>Nonexpendable Trust</u></b>
<b><i>Revenues:</i></b>	
Interest	\$ 24,255
Other	2,894
<b><i>Total Revenues</i></b>	<b><u>27,149</u></b>
 <b><i>Expenditures:</i></b>	
Bad Debts	-
Administrative	390
<b><i>Total Expenditures</i></b>	<b><u>390</u></b>
Excess (Deficit) of Revenues Over Expenditures	26,759
<b><i>Beginning Fund Balance</i></b>	<u>1,762,993</u>
<b><i>Year End Fund Balance</i></b>	<b><u><u>\$ 1,789,752</u></u></b>

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

**Five County Association of Governments**  
 Combined Statement of Cash Flows - Nonexpendable Trust Funds  
 For the Year Ended June 30, 2022

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***Cash Provided By:***

Operating Activities			
Net Income (Loss)		\$	26,759

***Change in Operating Assets and Liabilities:***

(Increase)/Decrease in Accrued Interest Income			
Bad Debts			-

<b><i>Net Cash Used by Operating Activities</i></b>			<u><u>26,759</u></u>
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***Noncapital Financing Activities:***

<b><i>Net Cash Provided by Noncapital Financing Activities</i></b>			<u><u>          </u></u>
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***Investing Activities:***

Principal Repayments from Customers			161,060
Loans Made to Customers			(167,000)

<b><i>Net Cash Used in Investing Activities</i></b>			<u><u>(5,940)</u></u>
---	--	--	-----------------------

Increase/(Decrease) in Cash Equivalents			20,819
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Cash and Cash Equivalents at Beginning of Year			<u>922,182</u>
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<b><i>Cash and Cash Equivalents at End of Year</i></b>		<b>\$</b>	<u><u>943,001</u></u>
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The notes to the financial statements are an integral part of this statement



**FIVE COUNTY ASSOCIATION OF GOVERNMENTS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Five County Association of Governments (the Association) was established in 1973 by representatives of local governments of Beaver, Garfield, Iron, Kane and Washington counties in the State of Utah in accordance with an Executive Order issued by Governor Rampton in 1970. The Executive Order fixed the boundaries of multi-county districts for planning and development in the State of Utah. All county and municipal units of government within each district were requested to cooperate and participate in establishing a multi-county association of governments under the terms of the Inter-local Cooperation Act of 1965. The main purposes of the districting and the establishment of Association of Governments were to facilitate area-wide planning and development activities, to provide a strengthened role of county and municipal officials in the execution of state and federal programs at the local level, and to eliminate duplication and competition between various levels of government and thus facilitate the most effective use of the State's resources.

The Association has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship to the Association are such that exclusion would cause the Association's financial statements to be misleading or incomplete. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the Governmental Accounting Standards Board. The basic, but not only, criterion for including a potential component unit within the reporting entity is whether or not the Association exercises significant influence over the potential component unit. Significant influence or accountability is based primarily on operational or financial relationships with the Association. The Five County Association of Governments has no component units as defined by the pronouncement of the Governmental Accounting Standards Board.

The accounting and reporting policies of the Five County Association of Governments (the Association) conform with generally accepted accounting principles as applicable to state and local governmental entities. The following is a summary of the more significant policies.

Government-wide and Fund Financial Statements - The *government-wide financial statements* (the statement of net position and the statement of changes in net position) report information on all of the activities of the Association. These statements include the financial activities of the overall government, except for fiduciary activities.

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Association's governmental activities. Direct expenses are those which are specifically associated with a function, and therefore, are clearly identifiable to a particular 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The Association reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the Association and accounts for all revenues and expenditures not designated to other funds. The general fund consists of several individual programs which are segregated for the purpose of carrying on specific activities.

**Fiduciary Fund Types**

*Trust and Agency Funds* - Trust and agency funds are used to account for assets held by the Association in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include expendable trust, nonexpendable trust, pension trust and agency funds. Nonexpendable trust and pension trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

*Nonexpendable Trust Funds* - The revolving loan fund was created by the Association with grant monies to provide financing for qualified businesses in the Five County Area. The down payment assistance fund was created with state funding to provide financing to enable lower income and first time home buyers in the Five County Area to make the down payment on the purchase of a home. The activities of the revolving loan and down payment assistance funds are governed by the Steering Committee of the Association and the funds' financial information are included in the Association's basic financial statements as nonexpendable trust funds.

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

*Agency Fund* - The Association acts as an agent for the Southern Utah Planning Authorities Council (S.U.P.A.C.). Member entities pay membership dues to cover the cost of printing and postage. The activity of this fund is accounted for in a separate agency fund.

Measurement focus, basis of accounting, and financial statement presentation - The *government-wide financial statements, and fiduciary fund financial statements* are reported using the economic measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Association receives value without directly giving equal value in exchange, include grants and donations.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Association considers all revenues reported in the governmental funds to be available if the revenues are collected within approximately sixty days after year end. Revenues are generated primarily from grants and contracts with federal and state agencies with matching funds from local participants in the Association and client fees for services. Contracts which are generally fixed in nature, occasionally cover periods different from the Association's fiscal year. In such cases revenues are recognized based on expenditures incurred. Excesses of expenditures over revenues (if any) are either renegotiated with the funding agency or reimbursed by participants in the Association.

Net Position/Fund Balances - The difference between assets and liabilities is "Net Position" on the government-wide and "Fund Balance" on the governmental fund financial statements. Net position is divided into invested in capital assets (net of related debt), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

Pensions: - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) including additions to and deductions from URS's fiduciary net position, have been determined on the same basis as they are reported by the URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of resources - In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position may 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 and so will not be recognized as an inflow of resources (revenue) until that time.

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Association is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Nonspendable fund balance-** Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

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

**Committed fund balance** - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Association's Steering Committee.

**Assigned** - Amounts that are constrained by the Association's intent to be used for specific purposes but are neither restricted nor committed. This intent can be expressed by the Steering Committee or the Executive Director.

**Unassigned** - Residual classification of the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Association considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Association considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Capital Assets - The capital assets of the Association, which include buildings and improvements, furniture and fixtures, machines and equipment, and vehicles are reported in the government-wide financial statements. The Association defines capital assets as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

Interest incurred during construction is not capitalized. Capital assets of the Association are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	5 - 40
Leasehold Improvements	10
Vehicles	5 - 10
Machines and Equipment	5 - 20
Furniture and Fixtures	5 - 20

*Comparative Data* - Comparative data for the prior accounting period has been presented in certain of the accompanying financial statements in order to provide an understanding of changes in financial operations.

*Budgetary Data* - The Association adopts a budget for all programs except trust and agency funds. The adopted budget is prepared using the same basis of accounting as the Association's financial statements. All budget amounts presented in the accompanying financial statements and supplementary information have been adjusted for legally authorized revisions of the annual budgets during the year.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The Association's policy is to follow the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository transactions. The Act requires the depositing of Association funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government, and which has been certified by the commissioner of financial institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Association maintains a cash pool that is available for use by all Governmental Fund Types. Separate accounts are maintained for trust funds. For purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash on hand and in banks. The Association has no investments.

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Custodial Credit Risk - At June 30, 2022, the carrying amount of the Association's deposits was \$467,824 and the bank balances were \$1,513,094. As of June 30, 2022, \$791,064 of the bank balances were covered by Federal Depository insurance with the remaining amount uninsured and uncollateralized.

**NOTE 3 - INVENTORY**

The Association's inventory consists of material and supplies used in the weatherization program. The inventory is recorded at cost based on the first-in first-out method. A reservation of fund balance has been set up for the inventory.

**NOTE 4 - INDIRECT COST ALLOCATIONS**

Certain expenditures of the administration program have been allocated as indirect cost allocations to other programs. These allocated expenditures are offset by indirect credits totaling \$596,986 for the year ended June 30, 2022 in the "Revenue" section of the administration program. The allocation of indirect costs by the Association is in accordance with requirements of Uniform Guidance. Therefore, those allowable costs incurred for a common or joint purpose benefitting more than one program and not readily assignable to the benefitted program were allocated to the various benefitted program based on actual salaries, wages and fringe benefits of applicable personnel in those programs.

**NOTE 5 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2022 consist of the following:

Federal & State Monies Due from Other Governmental Units	\$ 1,992,242
Other	<u>                    </u>
<b>Totals</b>	<b><u>\$ 1,992,242</u></b>

Due from other governmental units consist of billings for reimbursement of costs on contracts made prior to June 30. Accrued interest consists of interest earned but not yet received on loans made by the Revolving Loan program.

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 6 - NOTES RECEIVABLE**

Notes receivable consists of loans made by the Revolving Loan Program to private businesses and individuals in the Five County Area. The Revolving Loan Program is reported in the financial statements as a Nonexpendable Trust Program. The loans bear interest ranging from 5 to 7.25% and are for periods from 3 to 15 years. Each of the loans are secured by trust deeds and/or other security agreements in favor of the Association. No reserve has been established for potential losses from uncollectible loans.

During the year ended June 30, 2022, five new loans totaling \$167,000 were made. At June 30, 2022, four loans were delinquent. Due to the nature of the revolving loan program, all of the loans should be considered as credit risks. If all of the loans were to become uncollectible, the entire amount due from 20 loans amounting to \$846,751 would be recorded as a loss.

**NOTE 7 - CAPITAL ASSETS**

A summary of capital asset activity for the fiscal year ended June 30, 2022 follows:

<u>Governmental Activities</u>	6/30/2021			6/30/2022
	Balance	Additions	Retirements	Balance
Capital assets, not being depreciated:				
Land	\$135,000	\$ -	\$ -	\$135,000
Total capital assets, not being depreciated	<u>135,000</u>	<u>-</u>	<u>-</u>	<u>135,000</u>
Capital assets, being depreciated:				
Building	922,271	-	-	922,271
Building Improvements	5,400	-	-	5,400
Office Furniture & Equipment	72,547	-	-	72,547
Vehicles	410,307	-	(77,010)	333,297
Total capital assets being depreciated	<u>1,427,454</u>	<u>-</u>	<u>(77,010)</u>	<u>1,333,515</u>
Less accumulated depreciation	842,126	55,977	(77,010)	821,093
Total capital assets, being depreciated, net	<u>627,300</u>	<u>(55,977)</u>	<u>-</u>	<u>512,422</u>
Governmental activities capital assets, net	<u>\$ 762,300</u>	<u>\$ (55,977)</u>	<u>\$ -</u>	<u>\$ 647,422</u>

**NOTE 8 - UNEARNED REVENUE**

Unearned revenue in the accompanying balance sheet represents the excess of federal and state monies received over amounts expended on particular programs. These monies will be recognized in the period that the expenditures are made. Total unearned revenue at June 30, 2022 is \$544,055.

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 9 - REVOLVING LOAN PROGRAM**

The revolving loan program was created by the Steering Committee of the Association. The program was created originally with grant monies received from the Department of Housing and Urban Development, the Economic Development Administration and the Farmers Home Administration. The purpose of the program is to create permanent long terms jobs within the Five County region by providing “gap” financing to qualified businesses for eligible activities. Loans made through the program are intended to help bridge the gap created by shortfalls in commercial financing. Funds are repaid into the program and recycled to other businesses, thus allowing an ongoing job creation program for southwest Utah.

**NOTE 10 - RETIREMENT PLAN**

***General Information about the Pension Plan***

*Plan description:* Eligible plan participants are provided with a pension plan through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds:

**Defined Benefit Plans**

- Public Employees Noncontributory Retirement System (Noncontributory System);
- Public Employees Contributory Retirement System (Contributory System); are multiple employer cost sharing, public employees, retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer, cost sharing, public employee, retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems’ defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can may be obtained by writing Utah Retirement Systems, 560 East 200 South, Salt Lake City, UT 84102 or visiting the website: [www.urs.org/general/publications](http://www.urs.org/general/publications).



**FIVE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 10 - RETIREMENT PLAN (CONTINUED)**

**Summary of Benefits by System**

Benefits provided: URS provides retirement, disability, and death benefits.

Retirement benefits are as follows:

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percentage per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2%/year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975, 2.00% per year July 1975 to present	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5%/year all years	Up to 2.5%

*\*Actuarial reductions are applied*

*\*\*All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustment are also limited to the actual Consumer Price Index (CPI) Increase for the year, although unused CPI increases not met may be carried forward to subsequent years.*

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 10 - RETIREMENT PLAN (CONTINUED)**

**Contribution Rate Summary**

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2022 are as follows:

<b><u>Utah Retirement Systems</u></b>	<b><u>Employee Paid by Employer</u></b>	<b><u>Employer Contribution</u></b>	<b><u>Employer 401(k)</u></b>
<b>Contributory System</b>			
11-Local Governmental Division Tier 1	6.00%	14.46%	N/A
111-Local Governmental Division Tier 2	N/A	16.07%	0.62
<b>Noncontributory System</b>			
15-Local Governmental Division Tier 1	N/A	18.47%	N/A
<b>Tier 2 DC Only</b>			
211 Local Government	N/A	6.69%	10.00%

<b><u>System</u></b>	<b><u>Employer Contributions</u></b>	<b><u>Employee Contributions</u></b>
Noncontributory System	\$ 203,837	N/A
Contributory System	13,179	—
Tier 2 Public Employees System	210,827	—
Tier 2 DC Only System	<u>29,495</u>	<u>N/A</u>
Total Contributions	<u>\$ 457,339</u>	<u>\$ ---</u>

Contributions reported are the URS Board-approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 10 - RETIREMENT PLAN (CONTINUED)**

**Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At June 30, 2022, we reported a net pension asset of \$94,352 and a net pension liability of \$86,324.

(Measurement Date): December 31, 2021

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share</u>	<u>Proportionate Share Dec. 31, 2020</u>	<u>Change (Decrease)</u>
Noncontributory System	\$910,367	\$ ---	0.1589575%	0.1512056%	0.0077519%
Contributory System	443,737	---	0.6129446%	0.5264545%	0.0864901%
Tier 2 Public Employees System	<u>26,242</u>	<u>---</u>	0.0620037%	0.0609361%	0.0010676%
	<u>\$1,380,346</u>	<u>\$ ---</u>			

The net pension asset and liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2021 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2022, we recognized pension expense of \$(179,619).

At June 30, 2022, we reported deferred outflows of resources and deferred inflows of resources relation to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 108,100	\$ 3,381
Changes in assumptions	109,910	6,124
Net difference between projected and actual earnings on pension plan investments	---	1,654,001
Changes in proportion and differences between contributions and proportionate share of contributions	34,561	10,167
Contributions subsequent to the measurement date	<u>240,574</u>	<u>—</u>
Total	<u>\$ 493,145</u>	<u>\$1,673,673</u>

\$240,574 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 10 - RETIREMENT PLAN (CONTINUED)**

These contributions will be recognized as a reduction of the net pension liability in the upcoming year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2022	\$ (299,576)
2023	(484,589)
2024	(396,671)
2025	(269,312)
2026	5,126
Thereafter	23,919

**Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2022, we recognized pension expense of \$(137,830).

At June 30, 2022, we reported deferred outflows of resources and deferred inflows of resources relation to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 95,351	\$ ---
Changes in assumptions	85,441	5,876
Net difference between projected and actual earnings on pension plan investments	---	1,225,686
Changes in proportion and differences between contributions and proportionate share of contributions	19,746	10,167
Contributions subsequent to the measurement date	<u>103,990</u>	<u>---</u>
Total	<u>\$ 304,528</u>	<u>\$ 1,241,729</u>

\$103,990 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

These contributions will be recognized as a reduction of the net pension liability in the upcoming year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2022	\$ (199,699)
2023	(342,029)
2024	(295,810)
2025	(203,652)
2026	---
Thereafter	---

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 10 - RETIREMENT PLAN (CONTINUED)**

**Contributory System Pension Expense and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2022, we recognized pension expense of \$(132,956).

At June 30, 2022, we reported deferred outflows of resources and deferred inflows of resources relation to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ ---	\$ ---
Changes in assumptions	---	---
Net difference between projected and actual earnings on pension plan investments	---	363,474
Changes in proportion and differences between contributions and proportionate share of contributions	---	---
Contributions subsequent to the measurement date	<u>6,589</u>	<u>---</u>
Total	<u>\$ 6,589</u>	<u>\$ 363,474</u>

\$6,589 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

These contributions will be recognized as a reduction of the net pension liability in the upcoming year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2022	\$ (87,737)
2023	(126,984)
2024	(89,574)
2025	(59,179)
2026	---
Thereafter	---

**Tier Public Employees System Pension Expense and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2022, we recognized pension expense of \$91,167.

At June 30, 2022, we reported deferred outflows of resources and deferred inflows of resources relation to pensions from the following sources:

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 10 - RETIREMENT PLAN (CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,749	\$ 3,381
Changes in assumptions	24,469	248
Net difference between projected and actual earnings on pension plan investments	---	64,841
Changes in proportion and differences between contributions and proportionate share of contributions	14,815	---
Contributions subsequent to the measurement date	<u>129,995</u>	<u>---</u>
Total	<u>\$ 182,028</u>	<u>\$ 68,470</u>

\$129,995 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

These contributions will be recognized as a reduction of the net pension liability in the upcoming year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2022	\$ (12,140)
2023	(15,576)
2024	(11,287)
2025	(6,481)
2026	5,126
Thereafter	23,919

**Actuarial Assumptions**

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 - 9.25 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based on gender, occupation and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 10 - RETIREMENT PLAN (CONTINUED)**

The actuarial assumptions used in the January 1, 2021, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-Term expected portfolio real rate of return</u>
Equity Securities	37%	6.58%	2.43%
Debt Securities	20%	(0.28)%	(0.06)%
Real Assets	15%	5.77%	0.87%
Private Equity	12%	9.85%	1.18%
Absolute Return	16%	2.91%	0.47%
Cash & Cash Equivalents	0%	(1.01)%	0.00%
<b>Totals</b>	<b>100%</b>		<b>4.89%</b>
			<u>Inflation</u> 2.50%
			<u>Expected arithmetic nominal return</u> 7.34%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

*Discount rate:* The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments, to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95% to 6.85% from the prior measurement date.

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 10 - RETIREMENT PLAN (CONTINUED)**

*Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:* The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.85 percent) or 1 percentage point higher (7.85 percent) than the current rate:

<b><u>System</u></b>	<b>1% Decrease (5.95%)</b>	<b>Discount Rate (6.95%)</b>	<b>1% Increase (7.95%)</b>
Noncontributory System	\$ 489,532	\$(910,367)	\$(2,078,309)
Contributory System	(177,039)	(443,737)	(669,762)
Tier 2 Public Employees System	<u>156,357</u>	<u>(26,242)</u>	<u>(166,441)</u>
Total	<u>\$ 468,850</u>	<u>\$(1,380,346)</u>	<u>\$(2,380,346)</u>

\*\*\*Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

**Defined Contribution Savings Plans**

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Five County Association of Governments participates in the following Defined Contribution Savings Plans Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan
- Traditional IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30 were as follows:



**FIVE COUNTY ASSOCIATION OF GOVERNMENTS  
NOTES TO THE FINANCIAL STATEMENTS**

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	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>401(k) Plan</b>			
Employer Contributions	\$52,986	\$42,194	\$42,634
Employee Contributions	55,898	44,629	40,890
<b>457 Plan</b>			
Employer Contributions	—	—	—
Employee Contributions	1,008	11,593	3,168
<b>Roth IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	4,850	3,700	3,610
<b>Traditional IRA</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	1,800	1,050	1,000

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Five County Association of Governments**  
**Combined Statement of Revenues, Expenditures and Change in Fund Balance**  
**Budget and Actual - General Fund Types**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Revised</u>		
<b>REVENUES:</b>				
State & Federal Contracts	\$ 9,201,457	\$ 11,427,704	\$ 9,541,744	\$ (1,885,960)
Indirect Cost Allocations (Note 4)	550,000	550,000	596,985	46,985
County/Local Participation	175,286	178,720	280,045	101,325
Other	702,295	437,532	484,273	46,741
<b>TOTAL REVENUES</b>	<b>10,629,038</b>	<b>12,593,956</b>	<b>10,903,047</b>	<b>(1,690,909)</b>
<b>EXPENDITURES:</b>				
Total Payroll & Related Expense	4,610,867	5,570,833	4,670,556	900,277
Materials	1,589,927	1,457,563	1,815,277	(357,714)
Fiscal Management			30,091	(30,091)
Rent			175,837	(175,837)
Travel	216,191	222,680	197,610	25,070
Printing			47,687	(47,687)
Postage			10,225	(10,225)
Telephone			90,898	(90,898)
Supplies	339,800	337,900	96,881	241,019
Indirect Cost Allocation	550,000	575,925	586,409	(10,484)
Consultant/Contract Services	1,172,638	986,049	1,183,069	(197,020)
Capital Outlay	74,679	188,424	79,833	108,591
County Council on Aging	520,350	697,007	519,037	177,970
Assistance	1,554,586	2,557,575	660,425	1,897,150
Other			688,041	(688,041)
<b>TOTAL EXPENDITURES</b>	<b>10,629,038</b>	<b>12,593,956</b>	<b>10,851,876</b>	<b>1,742,080</b>
Excess (Deficit) of Revenues Over Expenditures			51,171	51,171
<b>TRANSFER FROM (TO) OTHER FUNDS</b>				
<b>OTHER FUNDING SOURCES/(USES)</b>				
BEGINNING FUND BALANCE	1,040,637	1,040,637	1,040,637	
<b>YEAR END FUND BALANCE</b>	<b>\$ 1,040,637</b>	<b>\$ 1,040,637</b>	<b>\$ 1,091,808</b>	<b>\$ 51,171</b>

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

**Five County Association of Governments**  
Schedule of the Proportionate Share of the Net Pension Liability  
Five County Association of Governments  
June 30, 2022

	As of December 31,	Proportion of Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Employee Payroll	Proportion of Net Pension Liability (Asset) as a percentage of its covered-employee Payroll	Plan Fiduciary Net Position as a percentage of its covered-employee Payroll
Noncontributory Retirement System	2014	0.1687390%	\$ 732,704	\$ 1,389,073	52.70%	90.20%
	2015	0.1561607%	\$ 883,633	\$ 1,257,533	70.27%	87.80%
	2016	0.1531392%	\$ 983,341	\$ 1,218,254	80.72%	87.30%
	2017	0.1561792%	\$ 684,268	\$ 1,197,471	57.14%	91.90%
	2018	0.1547481%	\$ 1,139,522	\$ 1,190,463	95.72%	87.00%
	2019	0.1561173%	\$ 588,386	\$ 1,175,976	50.03%	93.70%
	2020	0.1512056%	\$ 77,560	\$ 1,091,744	7.10%	99.20%
	2021	0.1589575%	\$ (910,367)	\$ 1,133,017	-80.35%	108.70%
Contributory Retirement System	2014	0.1384092%	\$ 39,923	\$ 74,028	53.90%	94.00%
	2015	0.1754427%	\$ 123,311	\$ 74,754	164.96%	85.70%
	2016	0.3146284%	\$ 103,233	\$ 75,492	136.75%	92.90%
	2017	0.3789076%	\$ 30,833	\$ 76,887	40.10%	98.20%
	2018	0.4304542%	\$ 174,680	\$ 80,568	216.81%	91.20%
	2019	0.4642803%	\$ 30,427	\$ 83,196	36.57%	98.60%
	2020	0.5264545%	\$ (94,352)	\$ 86,841	-108.65%	103.90%
	2021	0.6129446%	\$ (443,737)	\$ 90,030	-492.88%	115.90%
Tier 2 Public Employees System	2014	0.0673100%	\$ (2,040)	\$ 330,001	-0.60%	103.50%
	2015	0.0583467%	\$ (127)	\$ 376,926	-0.03%	100.20%
	2016	0.0619502%	\$ 6,911	\$ 508,042	1.36%	95.10%
	2017	0.0633512%	\$ 5,586	\$ 620,047	0.90%	97.40%
	2018	0.0570609%	\$ 24,438	\$ 666,028	3.67%	90.80%
	2019	0.0582625%	\$ 13,104	\$ 809,851	1.62%	96.50%
	2020	0.0609361%	\$ 8,764	\$ 973,485	0.90%	98.30%
	2021	0.0620037%	\$ (26,242)	\$ 1,151,216	-2.28%	103.80%

**Note:**

This schedule will become a 10-year history. The schedule will be built each year since the implementation of GASB 68. The schedule above is only for the first six years.

## Five County Association of Governments

### Schedule of Contributions

#### Utah Retirement Systems

	Of Fiscal Year Ended June 30,	Actuarial determined contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
<hr/>						
Noncontributory System	2016	216,072	216,072	-	1,224,721	17.64%
	2017	213,426	213,426	-	1,195,784	17.85%
	2018	215,396	215,396	-	1,207,479	17.84%
	2019	207,053	207,053	-	1,166,145	17.76%
	2020	203,892	203,892	-	1,149,259	17.74%
	2021	193,323	193,323	-	1,101,668	17.55%
	2022	203,837	203,837	-	1,167,231	17.46%
<hr/>						
Contributory System	2016	140,854	10,854	-	75,060	14.46%
	2017	10,979	10,979	-	75,924	14.46%
	2018	11,420	11,420	-	78,975	14.46%
	2019	11,718	11,718	-	81,036	14.46%
	2020	12,342	12,342	-	85,356	15.66%
	2021	12,815	12,815	-	88,623	14.46%
	2022	13,179	13,179	-	91,140	14.46%
<hr/>						
Tier 2 Public Employees System*	2016	63,630	63,630	-	426,763	14.91%
	2017	84,075	84,075	-	563,879	14.91%
	2018	96,846	96,846	-	640,942	15.11%
	2019	116,770	116,770	-	751,413	15.54%
	2020	130,971	130,971	-	836,340	15.66%
	2021	174,945	174,945	-	1,107,244	15.80%
	2022	210,827	210,827	-	1,311,933	16.07%
<hr/>						
Tier 2 Public Employees DC Only System*	2016	10,350	10,350	-	154,715	6.69%
	2017	12,741	12,741	-	190,442	6.69%
	2018	13,706	13,706	-	204,870	6.69%
	2019	16,454	16,454	-	245,949	6.69%
	2020	21,677	21,677	-	324,021	6.69%
	2021	20,535	20,535	-	306,945	6.69%
	2022	29,495	29,495	-	440,888	6.69%

\*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative practices.

**Note:**

This schedule will become a 10-year history. The schedule will be built each year since the implementation of GASB 68. The schedule above is only for the first five years.

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**Changes in Assumptions**

The investment return assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate this assumption change resulted in a \$509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability of as December 31, 2020 for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.

## **OTHER SUPPLEMENTARY INFORMATION**

**Five County Association of Governments**  
**Combining Balance Sheet - All General Programs**  
**June 30, 2022**

	<u>Program 1</u>	<u>Program 2</u>	<u>Program 3</u>	<u>Program 4</u>	<u>Program 5</u>	<u>Program 6</u>	<u>Program 7</u>
	<u>Administration</u>	<u>Aging Waiver Admin</u>	<u>Veteran's Direct</u>	<u>Aging Waiver Services</u>	<u>Community &amp; Economic Development</u>	<u>Special Contracts</u>	<u>Area Agency on Aging</u>
<b>Assets:</b>							
Cash	\$ 7,722	\$ (8,397)	\$ 143,483	\$ (17,751)	\$ 369,015	\$ 137,371	\$ (82,670)
Accounts Receivable	468						
Accrued Revenue		8,397	85,572	22,397	54,269	12,698	90,007
Other Assets	27,757						
Inventory							
<b>Total Assets</b>	<b>\$ 35,947</b>	<b>\$ -</b>	<b>\$ 229,055</b>	<b>\$ 4,646</b>	<b>\$ 423,284</b>	<b>\$ 150,069</b>	<b>\$ 7,337</b>
<b>Liabilities and Program Balances:</b>							
Accounts Payable							
Accrued Liabilities	2,891						
Unearned Revenue Credit Line			229,055				
<b>Program Balance:</b>							
Nonspendable:							
Inventory							
Restricted:					423,284	150,069	7,337
Assigned:							
Unassigned:	33,056			4,646			
<b>Total Liabilities and Program Balances</b>	<b>\$ 35,947</b>	<b>\$ -</b>	<b>\$ 229,055</b>	<b>\$ 4,646</b>	<b>\$ 423,284</b>	<b>\$ 150,069</b>	<b>\$ 7,337</b>

See Notes to Financial Statements



<u>Program 8</u>	<u>Program 9</u>	<u>Program 10</u>	<u>Program 11</u>	<u>Program 12</u>	<u>Program 13</u>	<u>Program 14</u>	<u>Program 15</u>	<u>Program 18</u>
<u>Weatherization</u>	<u>RSVP</u>	<u>Human Services</u>	<u>Volunteer Center Iron County</u>	<u>Continuum of Care</u>	<u>Child Care R &amp; R</u>	<u>Nutrition</u>	<u>Heat Assistance</u>	<u>Mobility Mgt</u>
\$ (121,216)	\$ (14,393)	\$ 16,531	\$ 10,562	\$ (14,427)	\$ (106,516)	\$ 27,288	\$ (159,312)	\$ (12,364)
185,052	14,393				130,598	204,158	162,246	10,479
126,690								
<b>\$ 190,526</b>	<b>\$ -</b>	<b>\$ 16,531</b>	<b>\$ 10,562</b>	<b>\$ (14,427)</b>	<b>\$ 24,082</b>	<b>\$ 231,446</b>	<b>\$ 2,934</b>	<b>\$ (1,885)</b>
14,665					3,151		2,931	
126,690								
49,171					20,931	231,446		(1,885)
		16,531	10,562	(14,427)			3	
<b>\$ 190,526</b>	<b>\$ -</b>	<b>\$ 16,531</b>	<b>\$ 10,562</b>	<b>\$ (14,427)</b>	<b>\$ 24,082</b>	<b>\$ 231,446</b>	<b>\$ 2,934</b>	<b>\$ (1,885)</b>

**Five County Association of Governments**  
**Combining Balance Sheet - All General Programs**  
**June 30, 2022**

(Continued)

	<u>Program 19</u>	<u>Program 20</u>	<u>Program 21</u>	<u>Program 24</u>	<u>Program 25</u>	<u>Program 26</u>	<u>Program 27</u>
	<u>Volunteer</u>			<u>Human Svcs</u>			
	<u>Center</u>	<u>Foster</u>	<u>Heat/</u>	<u>Transp.</u>	<u>Transportation</u>		<u>Senior</u>
	<u>Wash. County</u>	<u>Grandparent</u>	<u>Water</u>	<u>Planning</u>	<u>Planning</u>	<u>SSBG</u>	<u>Companion</u>
<b>Assets:</b>							
Cash	\$ 73,933	\$ (13,936)	\$ (12,090)	\$ (4,057)	\$ 178,925	\$ (41,663)	\$ (15,910)
Accounts Receivable							
Accrued Revenue		8,416	12,090	3,056	86,823	33,645	19,051
Other Assets							
Inventory							
<b>Total Assets</b>	<b>\$ 73,933</b>	<b>\$ (5,520)</b>	<b>\$ -</b>	<b>\$ (1,001)</b>	<b>\$ 265,748</b>	<b>\$ (8,018)</b>	<b>\$ 3,141</b>
<b>Liabilities and Program Balances:</b>							
Accounts Payable					9,803		
Accrued Liabilities							
Unearned Revenue					255,945		
<b>Program Balance:</b>							
Nonspendable:							
Inventory							
Restricted:							
Assigned:							
Unassigned:	73,933	(5,520)		(1,001)		(8,018)	3,141
<b>Total Liabilities and Program Balances</b>	<b>\$ 73,933</b>	<b>\$ (5,520)</b>	<b>\$ -</b>	<b>\$ (1,001)</b>	<b>\$ 265,748</b>	<b>\$ (8,018)</b>	<b>\$ 3,141</b>

<b>Program 28</b>	<b>Program 29</b>	<b>Program 30</b>	<b>Program 31</b>	<b>Program 32</b>	<b>Program 33</b>	<b>Program 35</b>	<b>Program 36</b>	<b>Program 38</b>
<b>CSBG</b>	<b>Volunteer Income Tax Assistance</b>	<b>Caregiver Support</b>	<b>VITA IRS</b>	<b>Iron County RPO</b>	<b>Habitat for Humanity</b>	<b>Alternatives</b>	<b>New Choices Waiver</b>	<b>CSBG</b>
\$ (28,073)	\$ (1,279)	\$ (37,704)	\$ (1,222)	\$ (23,673)	\$ (29,261)	\$ (76,151)	\$ (97,901)	\$ (122,685)
26,088		57,650	1,166	22,157 1,388	47,505	80,909 74	97,901	76,920
<b>\$ (1,985)</b>	<b>\$ (1,279)</b>	<b>\$ 19,946</b>	<b>\$ (56)</b>	<b>\$ (128)</b>	<b>\$ 18,244</b>	<b>\$ 4,832</b>	<b>\$ -</b>	<b>\$ (45,765)</b>

18,244

19,946

(1,985)	(1,279)		(56)	(128)		4,832		(45,765)
<b>\$ (1,985)</b>	<b>\$ (1,279)</b>	<b>\$ 19,946</b>	<b>\$ (56)</b>	<b>\$ (128)</b>	<b>\$ 18,244</b>	<b>\$ 4,832</b>	<b>\$</b>	<b>\$ (45,765)</b>

**Five County Association of Governments**  
**Combining Balance Sheet - All General Programs**  
**June 30, 2022**

(Continued)

	<u>Program 39</u>	<u>Program 40</u>	<u>Program 41</u>	<u>Program 42</u>	<u>Program 43</u>	<u>Program 44</u>	<u>Program 45</u>
			Iron County				
	<u>Pamela</u>	<u>Emergency</u>	<u>EFSP</u>	<u>Food&amp;Shelter</u>	<u>CAC -Child</u>	<u>Food</u>	<u>Emergency Community</u>
	<u>Atkinson</u>	<u>Solutions</u>	<u>Program</u>	<u>Program</u>	<u>Development</u>	<u>Network</u>	<u>Fire</u>
							<u>Prevention</u>
<b>Assets:</b>							
Cash	\$ (57,812)	\$ 8,792	\$ 20,808	\$ (8,441)	\$ (137,824)	\$ (5,783)	\$ (17,990)
Accounts Receivable							
Accrued Revenue	55,667			8,445	138,039		37,723
Other Assets							
Inventory							
<b>Total Assets</b>	<b>\$ (2,145)</b>	<b>\$ 8,792</b>	<b>\$ 20,808</b>	<b>\$ 4</b>	<b>\$ 215</b>	<b>\$ (5,783)</b>	<b>\$ 19,733</b>
<b>Liabilities and Program Balances:</b>							
Accounts Payable							
Accrued Liabilities							
Unearned Revenue			20,808				20,003
<b>Program Balance:</b>							
Nonspendable:							
Inventory							
Restricted:							
Assigned:							
Unassigned:	(2,145)	8,792		4	215	(5,783)	(270)
<b>Total Liabilities and Program Balances</b>	<b>\$ (2,145)</b>	<b>\$ 8,792</b>	<b>\$ 20,808</b>	<b>\$ 4</b>	<b>\$ 215</b>	<b>\$ (5,783)</b>	<b>\$ 19,733</b>

<u>Program 46</u>	<u>Program 47</u>	<u>Program 48</u>	<u>Program 49</u>	<u>Program 50</u>	<u>Program 51</u>	<u>Program 52</u>	<u>Programs 53 &amp; 54</u>	
<u>VITA</u>	<u>Court Ordered Community Service</u>	<u>Iron County COCS</u>	<u>Institute of Autonomous Mobility</u>	<u>Payroll Clearing</u>	<u>VITA Federal</u>	<u>Continuum of Care Expansion</u>	<u>CSBG Cares</u>	<u>Totals</u>
\$ (1,192)	\$ (18,830)	\$ (34,813)	\$ 5,362	\$ (7,324)	\$ (83,795)	\$ (33,854)	\$ (24,779)	\$ (475,296)
								468
2,096		34,813			99,050	37,987	24,779	1,992,242
				11,236				40,455
								126,690
<b>\$ 904</b>	<b>\$ (18,830)</b>	<b>\$ -</b>	<b>\$ 5,362</b>	<b>\$ 3,912</b>	<b>\$ 15,255</b>	<b>\$ 4,133</b>	<b>\$</b>	<b>\$ 1,684,559</b>
					15,255			42,874
								5,822
								544,055
904			5,362					126,690
	(18,830)			3,912		4,133		906,565
								58,553
<b>\$ 904</b>	<b>\$ (18,830)</b>	<b>\$</b>	<b>\$ 5,362</b>	<b>\$ 3,912</b>	<b>\$ 15,255</b>	<b>\$ 4,133</b>	<b>\$</b>	<b>\$ 1,684,559</b>

**Five County Association of Governments**  
 Combining Balance Sheet -Fiduciary Fund Types  
 Nonexpendable Trust Funds  
**June 30, 2022**

**Nonexpendable  
Trust Funds**

	<b>Down Payment Assistance</b>	<b>Revolving Loan Fund</b>	<b>Totals</b>
<i>Assets:</i>			
Cash	\$ 37,706	\$ 905,295	\$ 943,001
Accrued Interest			
Notes Receivable		846,751	846,751
<b><i>Total Assets</i></b>	<b>\$ 37,706</b>	<b>\$ 1,752,046</b>	<b>\$ 1,789,752</b>
 <i>Liabilities and Fund Balances:</i>			
Fund Balance	\$ 37,706	\$ 1,752,046	\$ 1,789,752
<b><i>Total Liabilities and Fund Balance</i></b>	<b>\$ 37,706</b>	<b>\$ 1,752,046</b>	<b>\$ 1,789,752</b>

See Notes to Financial Statements

**Five County Association of Governments**  
**Statement of Changes in Assets and Liabilities -**  
**All Agency Funds**  
**For the Year Ended June 30, 2022**

	<b>Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b>
	<b>June 30, 2021</b>			<b>June 30, 2022</b>
<i><b>Southern Utah Planning Authorities Council:</b></i>				
<i>Assets:</i>				
Cash	\$ 119	\$		\$ 119
<i>Liabilities:</i>				
Due to SUPAC	\$ 119	\$		\$ 119

See Notes to Financial Statements

**Five County Association of Governments**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
All General Fund Programs  
**For The Year Ended June 30, 2022**

	<u>Program 1</u>	<u>Program 2</u>	<u>Program 3</u>	<u>Program 4</u>	<u>Program 5</u>
	<u>Administration</u>	<u>Aging Waiver Admin</u>	<u>Veteran's Direct</u>	<u>Aging Waiver Services</u>	<u>Community &amp; Economic Dev.</u>
REVENUES:					
State & Federal Contracts	\$	\$ 90,832	\$ 452,344	\$ 155,368	\$ 515,046
Indirect Cost Allocations	596,985				
County/Local Participation					117,316
Other					1,350
<b>TOTAL REVENUES</b>	<b>596,985</b>	<b>90,832</b>	<b>452,344</b>	<b>155,368</b>	<b>633,712</b>
EXPENDITURES:					
Total Payroll & Related Expense	366,622	76,173	54,108	115,293	421,547
Materials					
Fiscal Management	30,091				
Rent	27,303	656	956	2,023	3,485
Travel & Training	16,730	1,731	4,120	4,687	13,075
Printing	1,526	1,112	114	353	1,738
Postage	1,867	319	31	362	520
Telephone	5,401	1,012	1,304	1,557	4,045
Supplies	9,203	2,495	425		12,237
Indirect Cost Allocation		7,209	7,754	16,522	60,408
Consultant/Contract Services	20,680	125	382,137	29,167	
Capital Outlay	6,041		1,308		3,266
County Council on Aging Assistance			50		92,317
Other	43,716		37		3,672
<b>TOTAL EXPENDITURES</b>	<b>529,180</b>	<b>90,832</b>	<b>452,344</b>	<b>169,964</b>	<b>616,310</b>
Excess (Deficit) of Revenues Over Expenditures	67,805			(14,596)	17,402
Transfer From (To) Other Programs					
Other Programing Sources/(Uses)					
Beginning Program Balance	(34,749)			19,242	405,882
<b>Year End Program Balance</b>	<b>\$ 33,056</b>	<b>\$</b>	<b>\$</b>	<b>\$ 4,646</b>	<b>\$ 423,284</b>

See Notes to Financial Statements



<u>Program 6</u>	<u>Program 7</u>	<u>Program 8</u>	<u>Program 9</u>	<u>Program 10</u>	<u>Program 11</u>	<u>Program 12</u>	<u>Program 13</u>	<u>Program 14</u>
Special Contracts	Area Agency On Aging	Weatherization	RSVP	Human Services	Human Services	Continuum of Care	Child Care R & R	Nutrition
\$ 253,091	\$ 674,967	\$ 1,088,355	\$ 120,364	\$ 705	\$	\$ 131,869	\$ 775,062	\$ 1,191,998
					27,077			
39,733					1,662	9,886	6,946	396,360
292,824	674,967	1,088,355	120,364	705	28,739	141,755	782,008	1,588,358
	114,187	635,488	80,658		1,240	21,879	585,151	17,998
		246,174					10,185	1,525,807
	868	38,026	300				20,012	289
	3,351	33,039	2,117			547	32,291	483
	693	1,496	2,015		1	26,485	3,472	43
	320	1,053	812				1,014	47
	3,173	12,303	1,365			100	15,620	450
	4,061	4,642	9,735		427		4,611	114
	24,416	73,856	11,558		178	2,609	76,905	2,579
		638	8,035		4,491	14,269	8,799	11,382
	29		72				11,302	29,756
	519,037							
	278					86,425		
300,112	4,554	41,640	3,697	150	1,181		4,342	
300,112	674,967	1,088,355	120,364	150	7,518	152,314	773,704	1,588,948
(7,288)				555	21,221	(10,559)	8,304	(590)
157,357	7,337	175,861		15,976	(10,659)	(3,868)	12,627	232,036
\$ 150,069	\$ 7,337	\$ 175,861	\$	\$ 16,531	\$ 10,562	\$ (14,427)	\$ 20,931	\$ 231,446

**Five County Association of Governments**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
All General Fund Programs  
**For The Year Ended June 30, 2022**

	<u>Program 15</u>	<u>Program 18</u>	<u>Program 19</u>	<u>Program 20</u>	<u>Program 21</u>	<u>Program 24</u>
	Heat	Mobility	Volunteer	Foster	Heat/	H.S. Cons.
	Assistance	Mgt	Center	Grandparent	Water	Transportation
			Wash County			Planning
<b>REVENUES:</b>						
State & Federal Contracts	\$ 814,353	\$ 67,342	\$	\$ 82,818	\$ 59,221	\$ 20,533
Indirect Cost Allocations						
County/Local Participation		13,954	21,025			4,369
Other						
<b>TOTAL REVENUES</b>	<b>814,353</b>	<b>81,296</b>	<b>21,025</b>	<b>82,818</b>	<b>59,221</b>	<b>24,902</b>
<b>EXPENDITURES:</b>						
Total Payroll & Related Expense	580,049	72,030		38,330	51,866	21,946
Materials	33,111					
Fiscal Management						
Rent	42,376	249		567		249
Travel & Training	4,467	608		5,969		
Printing	512	60	1	410		184
Postage	1,091		1	164		
Telephone	20,095	785		649		142
Supplies	13,097		72	249		
Indirect Cost Allocation	83,121	10,323		5,493	7,355	3,145
Consultant/Contract Services			867	374		
Capital Outlay	11,338					
County Council on Aging						
Assistance						
Other	25,096			31,769		
<b>TOTAL EXPENDITURES</b>	<b>814,353</b>	<b>84,055</b>	<b>941</b>	<b>83,974</b>	<b>59,221</b>	<b>25,666</b>
Excess (Deficit) of Revenues Over						
Expenditures		(2,759)	20,084	(1,156)		(764)
Transfer From (To) Other Programs						
Other Programing Sources/(Uses)						
Beginning Program Balance	3	874	53,849	(4,364)		(237)
Year End Program Balance	\$ 3	\$ (1,885)	\$ 73,933	\$ (5,520)	\$	\$ (1,001)

See Notes to Financial Statements

<u>Program 25</u>	<u>Program 26</u>	<u>Program 27</u>	<u>Program 28</u>	<u>Program 29</u>	<u>Program 30</u>	<u>Program 31</u>	<u>Program 32</u>	<u>Program 33</u>
<u>Dixe</u>		<u>Senior</u>		<u>Volunteer</u>	<u>Caregiver</u>	<u>VITA</u>	<u>Iron Co.</u>	<u>Habitat for</u>
<u>MPO</u>	<u>SSBG</u>	<u>Companion</u>	<u>CSBG</u>	<u>Tax Assist.</u>	<u>Support</u>	<u>IRS</u>	<u>RPO</u>	<u>Humanity</u>
\$ 490,578	\$ 101,780	\$ 122,435	\$ 156,147	\$ 21,762	\$ 249,948	\$ 35,225	\$	\$ 136,310
52,000		4,363					39,941	
		683						3,285
542,578	101,780	127,481	156,147	21,762	249,948	35,225	39,941	139,595
327,468	7,647	37,710	88,918	16,983	166,713	8,046	33,547	114,710
3,288		567	3,573	726	2,769	454	588	
9,469		23,957	2,632	742	2,446		690	1,480
730	2	512	530		819		108	289
65	68	268	39		672			15
2,904	26	654	2,989	124	2,720		227	1,933
2,119		172	3,258	1,374	1,592	75		4,112
47,707	1,096	5,418	14,165	2,154	24,286	1,106	4,781	16,441
138,766	85,970		9,898		43,593	25,544		
3,992					3,708			615
	6,971		23,753					
12,242		56,561	6,392					
548,750	101,780	125,819	156,147	22,103	249,318	35,225	39,941	139,595
(6,172)		1,662		(341)	630			
6,172	(8,018)	1,479	(1,985)	(938)	19,316	(56)	(128)	
\$	\$ (8,018)	\$ 3,141	\$ (1,985)	\$ (1,279)	\$ 19,946	\$ (56)	\$ (128)	\$

**Five County Association of Governments**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
All General Fund Programs  
**For The Year Ended June 30, 2022**

	<u>Program 35</u>	<u>Program 36</u>	<u>Program 38</u>	<u>Program 39</u>	<u>Program 40</u>	<u>Program 41</u>
	<u>Alternatives</u>	<u>New Choices Waiver</u>	<u>CSBG</u>	<u>Pamela Atkinson</u>	<u>Emergency Solutions</u>	<u>Emergency Food &amp; Shelter</u>
<b>REVENUES:</b>						
State & Federal Contracts	\$ 479,455	\$ 243,098	\$ 83,443	\$ 55,667	\$ 48,165	\$ 23,227
Indirect Cost Allocations						
County/Local Participation						
Other					7,670	
<b>TOTAL REVENUES</b>	<b>479,455</b>	<b>243,098</b>	<b>83,443</b>	<b>55,667</b>	<b>55,835</b>	<b>23,227</b>
<b>EXPENDITURES:</b>						
Total Payroll & Related Expense	161,993	244,942	26,739	3,740	3,323	
Materials						
Fiscal Management						
Rent	2,817	3,975	5,002			
Travel & Training	5,427	5,167	4,289			
Printing	599	1,658	1,698	17		
Postage	1,168	41	90			
Telephone	2,548	4,120	1,181	18	1	
Supplies	2,051	2,911	677			
Indirect Cost Allocation	23,642	32,446	3,832	536	10	
Consultant/Contract Services	274,212	1,891	6,485	38,381	8,715	
Capital Outlay	3,713	542				
County Council on Aging						
Assistance			19,422		45,513	23,227
Other			1,695	12,975	2,482	
<b>TOTAL EXPENDITURES</b>	<b>478,170</b>	<b>297,693</b>	<b>71,110</b>	<b>55,667</b>	<b>60,044</b>	<b>23,227</b>
Excess (Deficit) of Revenues Over						
Expenditures	1,285	(54,595)	12,333		(4,209)	
Transfer From (To) Other Programs						
Other Programing Sources/(Uses)						
Beginning Program Balance	3,547	54,595	(58,098)	(2,145)	13,001	
<b>Year End Program Balance</b>	<b>\$ 4,832</b>	<b>\$</b>	<b>\$ (45,765)</b>	<b>\$ (2,145)</b>	<b>\$ 8,792</b>	<b>\$</b>

See Notes to Financial Statements

<u>Program 42</u>	<u>Program 43</u>	<u>Program 44</u>	<u>Program 45</u>	<u>Program 46</u>	<u>Program 47</u>	<u>Program 48</u>	<u>Program 49</u>
<u>Emergency</u>	<u>ESG Cares</u>	<u>Emergency</u>	<u>Child</u>	<u>TANF</u>	<u>Court Ordered</u>	<u>Iron</u>	<u>Institute of</u>
<u>Food &amp; Shelter</u>	<u>HP</u>	<u>Food</u>	<u>Care</u>	<u>VITA</u>	<u>Community</u>	<u>County</u>	<u>Autonomous</u>
<u>Iron County</u>		<u>Network</u>	<u>Stabilization</u>		<u>Services</u>	<u>COCS</u>	<u>Mobility</u>
\$ 49,271	\$ 231,200	\$	\$ 102,127	\$ 2,097	\$ 45	\$ 69,298	\$
	1,228				7,392		
49,271	232,428		102,127	2,097	7,437	69,298	
	38,439	335	65,458		8,013	4,187	
						11,434	
			7,437	768			
	10			4	327		
	50				1	145	
	152	2	658		118	2,225	
	1,262		9,668			234	
	4,931	48			1,148	647	
	17,893						
			2,825	1,326			
49,271	169,691						
		5,397	16,081		1,604	50,426	
49,271	232,428	5,782	102,127	2,098	11,211	69,298	
		(5,782)		(1)	(3,774)		
4	215	(1)	(270)	905	(15,056)		5,362
\$ 4	\$ 215	\$ (5,783)	\$ (270)	\$ 904	\$ (18,830)	\$	\$ 5,362

**Five County Association of Governments**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
All General Fund Programs  
**For The Year Ended June 30, 2022**

	<u>Program 50</u>	<u>Program 51</u>	<u>Program 52</u>	<u>Programs</u>	
	<u>Payroll</u>	<u>VITA</u>	<u>Continuum</u>	<u>53 &amp; 54</u>	
	<u>Clearing</u>	<u>Federal</u>	<u>of Care</u>	<u>CSBG</u>	<u>Totals</u>
			<u>Expansion</u>	<u>Cares</u>	
<b>REVENUES:</b>					
State & Federal Contracts	\$	\$ 102,401	\$ 69,648	\$ 174,149	\$ 9,541,744
Indirect Cost Allocations					596,985
County/Local Participation					280,045
Other	3,912		4,166		484,273
<b>TOTAL REVENUES</b>	<u>3,912</u>	<u>102,401</u>	<u>73,814</u>	<u>174,149</u>	<u>10,903,047</u>
<b>EXPENDITURES:</b>					
Total Payroll & Related Expense		25,669	4,719	26,692	4,670,556
Materials					1,815,277
Fiscal Management					30,091
Rent				3,285	175,837
Travel & Training		3,182		6,709	197,610
Printing			13	156	47,687
Postage		2			10,225
Telephone		94	74	129	90,898
Supplies		3,387		2,621	96,881
Indirect Cost Allocation		3,989	429	4,166	586,409
Consultant/Contract Services			8,327	42,430	1,183,069
Capital Outlay					79,833
County Council on Aging					519,037
Assistance		66,078	47,325	30,104	660,425
Other			4,363	57,857	688,041
<b>TOTAL EXPENDITURES</b>		<u>102,401</u>	<u>65,250</u>	<u>174,149</u>	<u>10,851,876</u>
Excess (Deficit) of Revenues Over					
Expenditures	3,912		8,564		51,171
Transfer From (To) Other Programs					
Other Programing Sources/(Uses)					
Beginning Program Balance			(4,431)		1,040,637
Year End Program Balance	<u>\$ 3,912</u>	<u>\$</u>	<u>\$ 4,133</u>	<u>\$</u>	<u>\$ 1,091,808</u>

See Notes to Financial Statements

**Five County Association of Governments**  
**Combining Statement of Revenues, Expenses and Changes in Fund Balance**  
**Nonexpendable Trust Funds for the Year Ended June 30, 2022**

	<b>Fiduciary Fund Types</b>		
	<b><u>Nonexpendable Trust Funds</u></b>		
	<b><u>Down Payment</u></b>	<b><u>Revolving</u></b>	
	<b><u>Assistance Fund</u></b>	<b><u>Loan Fund</u></b>	<b><u>Totals</u></b>
<b><i>Revenues:</i></b>			
State Contracts	\$	\$	\$
Interest		24,255	24,255
Other	2,894		2,894
<b><i>Total Revenues</i></b>	<b><u>2,894</u></b>	<b><u>24,255</u></b>	<b><u>27,149</u></b>
<b><i>Expenditures:</i></b>			
Legal Fees - Repossessions			
Bad Debts			
Administrative	40	350	390
<b><i>Total Expenditures</i></b>	<b><u>40</u></b>	<b><u>350</u></b>	<b><u>390</u></b>
Excess (Deficit) of Revenues Over Expenditures	2,854	23,905	26,759
Transfer From Other Funds			
<b><i>Beginning Fund Balance</i></b>	<b><u>34,852</u></b>	<b><u>1,728,141</u></b>	<b><u>1,762,993</u></b>
<b><i>Year End Fund Balance</i></b>	<b><u>\$ 37,706</u></b>	<b><u>\$ 1,752,046</u></b>	<b><u>\$ 1,789,752</u></b>

See Notes to Financial Statements

**Five County Association of Governments**  
Combining Statement of Cash Flows - Nonexpendable Trust Funds  
**For the Year Ended June 30, 2022**

	Down Payment Assistance	Revolving Loan Fund	Totals
<b><i>Cash Provided By:</i></b>			
Operating Activities			
Net Income (Loss)	\$ 2,854	\$ 23,905	\$ 26,759
<b><i>Change in Operating Assets and Liabilities:</i></b>			
(Increase)/Decrease in Accrued Interest Income			
Loans Charged Off as Uncollectible			
<b><i>Net Cash Used by Operating Activities</i></b>	<u>2,854</u>	<u>23,905</u>	<u>26,759</u>
<b><i>Noncapital Financing Activities:</i></b>			
Transfers In			
<b><i>Net Cash Provided by Noncapital Financing Activities</i></b>			
<b><i>Investing Activities:</i></b>			
Principal Repayments from Customers		161,060	161,060
Loans Made to Customers		(167,000)	(167,000)
<b><i>Net Cash Provided by Investing Activities</i></b>		<u>(5,940)</u>	<u>(5,940)</u>
Increase/(Decrease) in Cash Equivalents	2,854	17,965	20,819
Cash and Cash Equivalents at Beginning of Year	<u>34,852</u>	<u>887,330</u>	<u>922,182</u>
<b><i>Cash and Cash Equivalents at End of Year</i></b>	<u>\$ 37,706</u>	<u>\$ 905,295</u>	<u>\$ 943,001</u>

See Notes to Financial Statements



## **SINGLE AUDIT COMPLIANCE SECTION**

**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***

Steering Committee  
Five County Association of Governments  
St. George, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Five County Association of Governments (the Association), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Five County Association of Government's basic financial statements, and have issued our report thereon dated December 28, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 Five County Association of Government'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 obtaining this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Five County Association of Government's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hafen Buckner Everett & Graff, PC*

Hafen, Buckner, Everett & Graff, PC  
December 28, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Steering Committee  
Five County Association of Governments  
St. George, Utah

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Five County Association of Governments (the Association)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Association's major federal programs for the year ended June 30, 2022. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Association's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Association's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Association's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

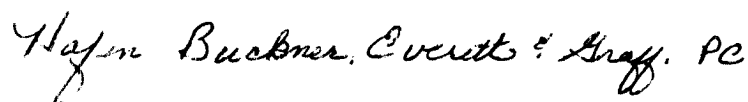
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

### **Purpose of this Report**

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.



**HAFEN, BUCKNER, EVERETT & GRAFF, PC**  
December 28, 2022

**Five County Association of Governments  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal ALN #</i>	<i>Pass-through Grantor</i>	<i>Federal Expenditures</i>	<i>Major Program</i>
<b><i>Aging Cluster-Cluster</i></b>				
Department of Health and Human Services				
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services & Senior Centers				
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	Ut Dept of Human Services	\$ 390,229	
Total Spec. Prog. for the Aging_Title III, Part B_Grants for Supportive Services & Senior Centers			390,229	
Special Programs for the Aging_Title III, Part C_Nutrition Services				
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	Ut Dept of Human Services	801,645	
Total Special Programs for the Aging_Title III, Part C_Nutrition Services			801,645	
Nutrition Services Incentive Program				
		Ut Dept of Human Services		
Nutrition Services Incentive Program	93.053		116,400	
Total Nutrition Services Incentive Program			116,400	
<i>Total Department of Health and Human Services</i>			1,308,274	
<b><i>Total Aging Cluster-Cluster</i></b>			1,308,274	<b>X</b>
<b><i>Food Distribution Cluster-Cluster</i></b>				
United States Department of Agriculture				
Emergency Food Assistance Program (Administrative Costs)				
Emergency Food Assistance Program (Administrative Costs)	10.568	Utah Food Bank	65,680	
Total Emergency Food Assistance Program (Administrative Costs)			65,680	
<i>Total United States Department of Agriculture</i>			65,680	
<b><i>Total Food Distribution Cluster-Cluster</i></b>			65,680	
<b><i>Foster Grandparents/Senior Companion Cluster-Cluster</i></b>				
Corporation for National and Community Service				
Foster Grandparent Program				
Foster Grandparent Program	94.011		165,808	
Total Foster Grandparent Program			165,808	
Senior Companion Program				
Senior Companion Program	94.016		77,974	
Total Senior Companion Program			77,974	
<i>Total Corporation for National and Community Service</i>			243,782	
<b><i>Total Foster Grandparents/Senior Companion Cluster-Cluster</i></b>			243,782	
<b><i>Highway Planning and Construction Cluster-Cluster</i></b>				
Department of Transportation				
Highway Planning and Construction				
Highway Planning and Construction	20.205	UDOT	370,874	
Total Highway Planning and Construction			370,874	
<i>Total Department of Transportation</i>			370,874	
<b><i>Total Highway Planning and Construction Cluster-Cluster</i></b>			370,874	
<b><i>Medicaid Cluster-Cluster</i></b>				
Department of Health and Human Services				
Medical Assistance Program				
		Ut Div of Health Care Financing		
Medical Assistance Program	93.778		285,906	
Total Medical Assistance Program			285,906	
<i>Total Department of Health and Human Services</i>			285,906	

**Five County Association of Governments  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal ALN #</i>	<i>Pass-through Grantor</i>	<i>Federal Expenditures</i>	<i>Major Program</i>
<b>Total Medicaid Cluster-Cluster</b>			285,906	
<b>Services To Indian Children, Elderly And Families-Cluster</b>				
Department of Health and Human Services				
Community Services Block Grant (477 Cluster - Version 2)		UT Dept of Workforce Services	399,600	
Community Services Block Grant (477 Cluster - Version 2)	93.569		<u>399,600</u>	
Total Community Services Block Grant (477 Cluster - Version 2)			399,600	
Child Care and Development Block Grant(477 Cluster - Version 2)		Ut Dept of Workforce Services	856,860	
Child Care and Development Block Grant(477 Cluster - Version 2)	93.575		<u>856,860</u>	
Total Child Care and Development Block Grant(477 Cluster - Version 2)			<u>856,860</u>	
<i>Total Department of Health and Human Services</i>			<u>1,256,460</u>	
<b>Total Services To Indian Children, Elderly And Families-Cluster</b>			1,256,460	<b>X</b>
<b>TANF Cluster-Cluster</b>				
Department of Health and Human Services				
Temporary Assistance for Needy Families (TANF) State Programs		Community Action Prtnrsh of Ut	2,097	
Temporary Assistance for Needy Families (TANF) State Programs	93.558		<u>2,097</u>	
Total Temporary Assistance for Needy Families (TANF) State Programs			<u>2,097</u>	
<i>Total Department of Health and Human Services</i>			<u>2,097</u>	
<b>Total TANF Cluster-Cluster</b>			2,097	
<b>Transit Services Programs Cluster-Cluster</b>				
Department of Transportation				
Enhanced Mobility of Seniors and Individuals with Disabilities		UDOT	67,343	
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513		<u>67,343</u>	
Total Enhanced Mobility of Seniors and Individuals with Disabilities			<u>67,343</u>	
<i>Total Department of Transportation</i>			<u>67,343</u>	
<b>Total Transit Services Programs Cluster-Cluster</b>			67,343	
<b>Other Programs</b>				
Corporation for National and Community Service				
Retired and Senior Volunteer Program				
Retired and Senior Volunteer Program	94.002		73,679	
Total Retired and Senior Volunteer Program			<u>73,679</u>	
<i>Total Corporation for National and Community Service</i>			73,679	
Department of Homeland Security				
Emergency Food and Shelter National Board Program		United Way	72,498	
Emergency Food and Shelter National Board Program	97.024		<u>72,498</u>	
Total Emergency Food and Shelter National Board Program			72,498	
BRIC: Building Resilient Infrastructure and Communities				
BRIC: Building Resilient Infrastructure and Communities	97.047		29,266	
Total BRIC: Building Resilient Infrastructure and Communities			<u>29,266</u>	
<i>Total Department of Homeland Security</i>			<u>101,764</u>	
Department of Commerce				
Economic Development Support for Planning Organizations				

**Five County Association of Governments  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal ALN #</i>	<i>Pass-through Grantor</i>	<i>Federal Expenditures</i>	<i>Major Program</i>
Economic Development Support for Planning Organizations	11.302		170,528	
Total Economic Development Support for Planning Organizations			<u>170,528</u>	
<i>Total Department of Commerce</i>			<u>170,528</u>	
Department of Energy				
Weatherization Assistance for Low-Income Persons		Ut Dept of Workforce		
Weatherization Assistance for Low-Income Persons	81.042	Services	275,885	
Total Weatherization Assistance for Low-Income Persons			<u>275,885</u>	
<i>Total Department of Energy</i>			<u>275,885</u>	
Department of Transportation				
Metropolitan Transportation Planning & State & Non-Metropolitan Planning & Research				
Metropolitan Transportation Planning and State and Non-				
Metropolitan Planning and Research	20.505	UDOT	123,656	
Total Metropolitan Transportation Planning & State & Non-Metropolitan Planning & Research			<u>123,656</u>	
<i>Total Department of Transportation</i>			<u>123,656</u>	
Department of Health and Human Services				
Spec. Prog. for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Serv. for Older Individuals				
Special Programs for the Aging_Title VII, Chapter 2_Long Term		Utah Dept. of		
Care Ombudsman Services for Older Individuals	93.042	Human Services	14,045	
Ttl. Spec. Prog. for the Aging_Title VII, Chapter 2_LT Care Ombudsman Serv. for Older Individuals			<u>14,045</u>	
Spec. Prog. for the Aging_Title III, Part D_Disease Prev. & Health Promotion Services				
Special Programs for the Aging_Title III, Part D_Disease		Ut Dept of Human		
Prevention and Health Promotion Services	93.043	Services	36,500	
Total Spec. Prog. for the Aging_Title III, Part D_Disease Prev. & Health Promotion Services			<u>36,500</u>	
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects				
Special Programs for the Aging_Title IV_and Title		Ut Dept of Human		
II_Discretionary Projects	93.048	Services	71,078	
Total Special Programs for the Aging_Title IV_and Title II_Discretionary Projects			<u>71,078</u>	
National Family Caregiver Support, Title III, Part E		Ut Dept of Human		
National Family Caregiver Support, Title III, Part E	93.052	Services	165,545	
Total National Family Caregiver Support, Title III, Part E			<u>165,545</u>	
Low-Income Home Energy Assistance				
Low-Income Home Energy Assistance	93.568	Ut Dept of Workforce Services	1,552,622	
Total Low-Income Home Energy Assistance			<u>1,552,622</u>	
Social Services Block Grant				
Social Services Block Grant	93.667	Ut Dept of Workforce Services	197,135	
Total Social Services Block Grant			<u>197,135</u>	
Centers for Medicare & Medicaid Services (CMS) Research, Demonstrations & Evaluations				
Centers for Medicare and Medicaid Services (CMS) Research,		Ut Dept of Human		
Demonstrations and Evaluations	93.779	Services	22,500	
Ttl. Ctrs. for Medicare & Medicaid Services (CMS) Research, Demonstrations & Evaluations			<u>22,500</u>	



**Five County Association of Governments  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal ALN #</i>	<i>Pass-through Grantor</i>	<i>Federal Expenditures</i>	<i>Major Program</i>
<i>Total Department of Health and Human Services</i>			2,059,425	
Department of Housing and Urban Development				
Community Development Block Grants				
		Ut Dept of Workforce Services		
Community Development Block Grants	14.228		<u>165,252</u>	
Total Community Development Block Grants			165,252	
Emergency Solutions Grant Program				
		Ut Dept of Housing & Community Development		
Emergency Solutions Grant Program	14.231		<u>296,329</u>	
Total Emergency Solutions Grant Program			296,329	
Home Investment Partnerships Program				
		Ut Dept of Workforce Services		
Home Investment Partnerships Program	14.239		<u>103,832</u>	
Total Home Investment Partnerships Program			103,832	
Continuum of Care Program				
Continuum of Care Program	14.267		<u>201,518</u>	
Total Continuum of Care Program			<u>201,518</u>	
<i>Total Department of Housing and Urban Development</i>			766,931	
Department of the Treasury				
Volunteer Income Tax Assistance (VITA) Matching Grant Program				
		Community Action Partnership of Ut		
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009		<u>88,822</u>	
Total Volunteer Income Tax Assistance (VITA) Matching Grant Program			88,822	
Emergency Rental Assistance Program				
		Ut Dept of Workforce Services		
Emergency Rental Assistance Program	21.023		<u>139,595</u>	
Total Emergency Rental Assistance Program			<u>139,595</u>	
<i>Total Department of the Treasury</i>			228,417	
Department of Veterans Affairs				
VHA Home Care				
VHA Home Care	64.044		<u>426,880</u>	
Total VHA Home Care			<u>426,880</u>	
<i>Total Department of Veterans Affairs</i>			<u>426,880</u>	
<b>Total Other Programs</b>			<u>4,227,165</u>	
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 7,827,581</u></u>	

The accompanying notes are an integral part of this schedule

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2022**

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**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Note A: Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Five County Association of Governments (the Association) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and requirements for Federal Awards (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Association, it is not intended to and does not present the financial position or changes in financial position of the Association.

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

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting as described in Note 1 of the Association's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C: Indirect Costs**

The Association elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniformed Guidance.

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2022**

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**I. SUMMARY OF AUDITOR'S RESULTS**

- A. Type of audit report issued on the financial statements: Unmodified opinion.
- B. Internal control over financial reporting:
  - Material weakness identified: None.
  - Significant deficiencies identified that were not considered to be material weaknesses: None
- C. Instances of noncompliance material to the financial statements: None
- D. Internal control over major programs:
  - Material weakness identified: None
  - Significant deficiencies identified that were not considered to be material weaknesses: None
- E. Type of report issued on compliance for major programs: Unmodified opinion.
- F. Audit findings required to be reported in accordance with 2 CFR section 200.516(a): None.
- G. Major Programs:

<u>Program</u>	<u>ALN</u>	<u>Amount</u>
Aging Cluster	93.044, 93.045 & 93.053	\$1,308,274
Indian Children, Elderly & Families	93.569 & 93.575	\$1,256,460

- H. Dollar threshold used to distinguish between Type A and B programs: \$750,000.
- I. Five County Association of Government qualifies as a low-risk auditee.

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2022**

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**II. FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS***

-NONE-

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS AS DEFINED IN ACCORDANCE WITH 2 CFR SECTION 200.516(A) OF THE UNIFORM GUIDANCE**

-NONE-

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2022

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**Status of Federal Award Findings and Questioned Costs**

- NONE -

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND  
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
 AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE**

Steering Committee  
 Five County Association of Governments  
 St. George, Utah

**Report On Compliance with General State Compliance Requirements**

We have audited the Five County Association of Government’s (Association) compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor that could have a direct and material effect on the Association for the year ended June 30, 2022.

General state compliance requirements were tested for the year ended June 30, 2022, in the following areas:

- |  |                         |
|--|-------------------------|
| Open and Public Meetings Act                   | Budgetary Compliance    |
| Public Treasurer’s Bond                        | Fund Balance            |
| Fraud Risk Assessment                          | Utah Retirement Systems |
| Special & Local Service District Board Members |                         |

**Management's Responsibility**

Management is responsible for compliance with the state requirements referred to above.

**Auditor's Responsibility**

Our responsibility is to express an opinion on Five County Association of Government’s compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the Association’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 on compliance for each state compliance requirement referred above. However, our audit does not provide a legal determination of Five County Association of Government’s compliance with those requirements.

**Opinion on Compliances**

In our opinion, Five County Association of Governments complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2022.

**Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*.

## Report on Internal Control Over Compliance

Management of Five County Association of Government is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit, we considered the Association's internal control over compliance with the state compliance requirements that could have a direct and material effect on the Association to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, 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 Five County Association of Government'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 state compliance requirement 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 state compliance requirement 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 state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charge 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 and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

*Hafen, Buckner, Everett & Graff, PC*

HAFEN, BUCKNER, EVERETT & GRAFF, PC  
December 28, 2022