

Presented to and accepted by the Steering Committee on November 8, 2023

FIVE COUNTY ASSOCIATION OF GOVERNMENTS

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

For the Year Ended June 30, 2023

Five County Association of Governments
 Financial Statements and Supplementary Information
 For the Year Ended June 30, 2023

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Five County Association of Governments
Financial Statements and Supplementary Information
For the Year Ended June 30, 2023

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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, 2023, 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, 2023, 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
ST. GEORGE, UTAH
November 3, 2023

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 (Association) financial performance during the year ending June 30, 2023. 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 Association 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 Association's assets and deferred outflows exceeded liabilities and deferred inflows by \$1,804,252 at the close of the most recent fiscal year.
- Unrestricted net position was \$118,590 at June 30, 2023.
- The Association's total assets are \$3,127,084.
- The Expenditures for June 30, 2023 were less than the adopted budget by \$1,157,778.
- Capital assets (Net of accumulated depreciation) at June 30, 2022 were \$744,826 which includes land, a building, equipment, and vehicles.

Overview of the Financial Statements

This discussion is intended to serve as an introduction to the Association's basic financial statements. The Association'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 Association'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 Association, 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 Association is improving or deteriorating.

The *Statement of Activities* presents information showing how the net position of the Association 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 Association 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 Association 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 Association'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 Association maintains one governmental fund which is the general fund.

General Fund. The general fund is the operating fund of the Association. 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 Association 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 Association 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 \$1,804,252 at the close of the most recent fiscal year.

**Five County Association of Governments
Comparative Summary of Net Position
As of June 30, 2023 and 2022**

	Governmental Activities	
	2023	2022
Assets and deferred outflows of resources:		
Current and other assets	\$ 2,208,718	\$3,540,201
Capital & leased assets	918,366	886,058
Deferred outflows of resources	715,188	493,145
Total assets & deferred outflows	3,842,272	4,919,404
Liabilities and deferred inflows of resources:		
Current liabilities	1,673,792	1,168,894
Noncurrent liabilities	354,864	381,510
Deferred inflows of resources	9,364	1,673,673
Total liabilities & deferred inflows	2,038,020	3,224,077
Net position:		
Invested in capital assets net of related debt	703,110	636,302
Restricted	982,552	906,565
Unrestricted	118,590	152,460
Total net position	\$1,804,252	\$1,695,327

Governmental Activities:

As of June 30, 2023, the Associations assets exceeded liabilities by \$1,098,428 down from \$2,875,855 in fiscal year 2022 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, 2023 and 2022**

	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Revenues:		
Charges for services	\$ 640,966	\$ 596,985
Operating grants and contributions	<u>11,234,227</u>	<u>10,306,062</u>
Total revenues	<u>11,875,193</u>	<u>10,903,047</u>
Expenses:		
Governmental activities	<u>11,766,268</u>	<u>10,321,568</u>
Total expenses	<u>11,766,268</u>	<u>10,321,568</u>
Changes in net position	108,925	581,479
Net position, July 1	<u>1,695,327</u>	<u>1,113,848</u>
Net position, June 30	<u>\$ 1,804,252</u>	<u>\$ 1,695,327</u>

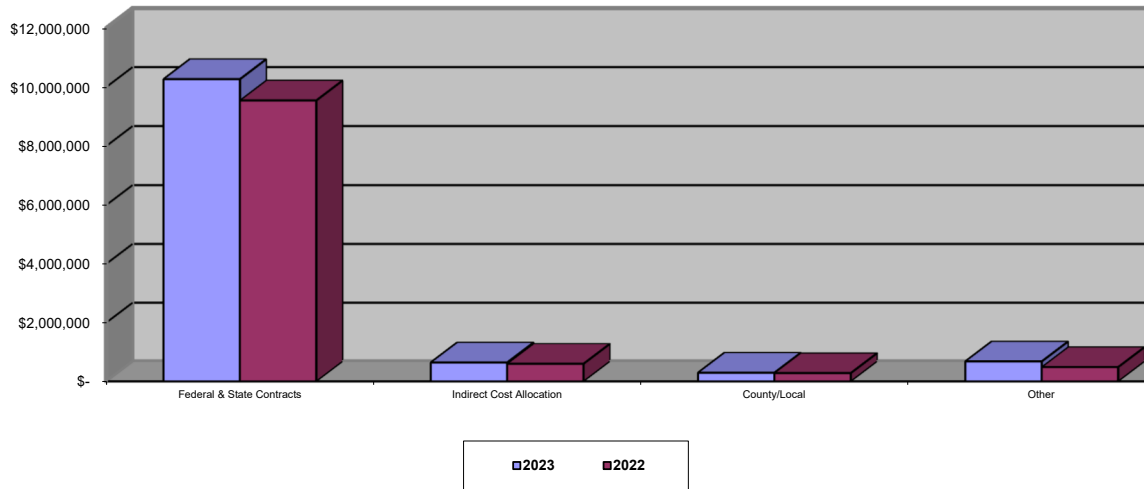
General Fund Budgetary Highlights

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:

	Original	Amended	Actual
Total Revenues	\$12,737,571	\$13,063,236	\$11,875,193
Total Expenditures including Capital Outlay	<u>12,737,571</u>	<u>13,063,236</u>	<u>11,905,458</u>
Excess (Deficit) of Revenues Over Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (30,265)</u>

Revenues



Capital Assets:

The Association's fiscal year 2023 investment in capital assets, for all activities, amounted to \$744,826. The Association has chosen a threshold of capital assets to be included for reporting purposes at \$3,000.

Summary of Net Capital Assets

	2023	2022
Buildings	\$ 927,671	\$ 927,671
Land	135,000	135,000
Furniture & Equipment	527,567	405,844
Accumulated Depreciation	<u>(845,412)</u>	<u>(821,093)</u>
Total Net Capital Assets	<u>\$ 744,826</u>	<u>\$ 647,422</u>

Operating Leases (Right to Use Assets):

The Association has various operating leases as a part of its operations. These operating leases include building, copy machines, and postage machines. These operating leases are known as right to use assets as the Association has a right to its use during the lease period. Total operating leases (right to use) at the end of the fiscal year was \$173,540, with \$78,427 being due in the next fiscal year, and \$95,113 considered as long-term lease obligations. These right to use assets have a maturity date of 3-6 years.

Long-term Debt:

The Association's fiscal year 2023 long-term debt totaled \$41,716 compared with \$11,120 in 2022.

Request for Information:

This financial report is designed to provide interested parties with a general overview of the Association'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, 2023

	Governmental Activities
Assets:	
Cash & Cash Equivalents	\$ -
Accounts Receivable	195,687
Accrued Revenue	1,835,715
Prepaid Assets	49,125
Inventory	128,191
Net Pension Asset	-
Right to Use Assets	173,540
Capital Assets (Net of Accumulated Depreciation)	744,826
Total Assets	3,127,084
Deferred Outflows of Resources:	715,188
Total Assets and Deferred Outflows of Resources	\$ 3,842,272
Liabilities:	
Cash Deficit	\$ 370,217
Accounts Payable	292,671
Accrued Liabilities	6,815
Unearned Revenue	267,354
Accrued Leave	229,155
Credit Line Payable	210,000
Operating Leases:	
Due within one year	78,427
Due in more than one year	95,113
Long-term Debt:	
Due within one year	11,120
Due in more than one year	30,596
Net Pension Liability	437,188
Total Liabilities	2,028,656
Deferred Inflows of Resources:	9,364
Net Position:	
Invested in Capital Assets	703,110
Restricted	982,552
Unrestricted	118,590
Total Net Position	1,804,252
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 3,842,272

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

Five County Association of Governments
Balance Sheet - Governmental Funds
June 30, 2023

	Major Fund
	General
<i>Assets:</i>	
Cash (Note 2)	
Accounts Receivable (Note 5)	195,687
Accrued Revenue Receivable	1,835,715
Other Assets	49,125
Inventory (Note 3)	128,191
<i>Total Assets</i>	\$ 2,208,718
 <i>Liabilities:</i>	
Cash (Deficit)	\$ 370,217
Accounts Payable	292,671
Accrued Liabilities	6,815
Unearned Revenue (Note 8)	267,354
Credit Line	210,000
<i>Total Liabilities</i>	1,147,057
 <i>Fund Balance:</i>	
Nonspendable:	
Inventory	128,191
Restricted	982,552
Assigned	
Unassigned	(49,082)
<i>Total Fund Balance</i>	1,061,661
 <i>Total Liabilities and Fund Balances</i>	 \$ 2,208,718

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, 2023

Total fund balances for governmental funds	\$ 1,061,661
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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	54,204	
Vehicles	473,364	
Accumulated Depreciation	<u>(845,413)</u>	
Total Capital Assets		744,826
 Net Pension Asset		 -
 Deferred Outflows of Resources - Pensions		 715,188
 Operating Leases:		
Leased Assets		173,540
Leases Payable (Short-term portion)		(78,427)

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	(229,155)	
Leases Payable	(95,113)	
Long-Term Debt	(41,716)	
Net Pension Liability	<u>(437,188)</u>	
Total Long-term Liabilities		(803,172)
 Deferred Inflows of Resources - Pensions		 <u>(9,364)</u>

Total net position of governmental activities	<u>\$ 1,804,252</u>
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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, 2023

	General Fund Types
REVENUES:	
State & Federal Contracts	\$ 10,263,978
Indirect Cost Allocations (Note 4)	640,966
County/Local Participation	292,702
Other	677,547
TOTAL REVENUES	11,875,193
EXPENDITURES:	
Total Payroll & Related Expense	5,395,697
Materials	2,007,970
Fiscal Management	42,791
Rent	181,607
Travel	292,234
Printing	24,638
Postage	10,413
Telephone	109,404
Office Supplies	136,454
Indirect Cost Allocation (Note 4)	677,167
Consultant/Contract Services	1,250,874
Capital Outlay	131,537
County Council on Aging	535,975
Assistance	361,243
Other	747,454
TOTAL EXPENDITURES	11,905,458
Excess (Deficit) of Revenues Over Expenditures	(30,265)
OTHER FUNDING SOURCES/(USES)	
BEGINNING FUND BALANCE	1,091,808
YEAR END FUND BALANCE	\$ 1,061,661

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, 2023

Net change in fund balances - total governmental funds \$ (30,265)

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	\$ (66,086)	
Capital Outlays	<u>163,491</u>	
Total Capital Assets		97,405

Government funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense. 68,935

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	\$ 3,446	
Repayment (Acquisition) of Long-Term Debt Principal	<u>(30,596)</u>	
Total Long-Term Liabilities Activities		<u>(27,150)</u>

Change in net position of governmental activities \$ 108,925

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, 2023

	<u>Fiduciary Fund Type</u>	
	<u>Nonexpendable Trust</u>	<u>Agency Fund</u>
<i>Assets:</i>		
Cash	\$ 798,349	\$ -
Accrued Interest		
Notes Receivable	800,659	
<i>Total Assets</i>	<u>\$ 1,599,008</u>	<u>\$ -</u>
 <i>Liabilities and Fund Balances:</i>		
Due to SUPAC	\$	\$ -
Fund Balance	1,599,008	
<i>Total Liabilities and Fund Balance</i>	<u>\$ 1,599,008</u>	<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, 2023

	<u>Fiduciary Fund Type</u> <u>Nonexpendable Trust</u>
<i>Revenues:</i>	
Interest	\$ 29,963
Other	
<i>Total Revenues</i>	<u>29,963</u>
 <i>Expenditures:</i>	
Bad Debts	188,403
Administrative	32,304
<i>Total Expenditures</i>	<u>220,707</u>
Excess (Deficit) of Revenues Over Expenditures	(190,744)
<i>Beginning Fund Balance</i>	<u>1,789,752</u>
<i>Year End Fund Balance</i>	<u><u>\$ 1,599,008</u></u>

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, 2023

Cash Provided By:

Operating Activities	
Net Income (Loss)	\$ (190,744)

Change in Operating Assets and Liabilities:

(Increase)/Decrease in Accrued Interest Income	-
Bad Debts	188,403

<i>Net Cash Used by Operating Activities</i>	<u>(2,341)</u>
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Noncapital Financing Activities:

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

Principal Repayments from Customers	139,580
Loans Made to Customers	(281,891)

<i>Net Cash Used in Investing Activities</i>	<u>(142,311)</u>
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Increase/(Decrease) in Cash Equivalents	(144,652)
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Cash and Cash Equivalents at Beginning of Year	943,001
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<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 798,349</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

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

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

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

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk - At June 30, 2023, the carrying amount of the Association's deposits was \$356,277 and the bank balances were \$1,080,676. As of June 30, 2023, \$641,879 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 \$640,966 for the year ended June 30, 2023 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, 2023 consist of the following:

Federal & State Monies Due from Other Governmental Units	\$ 1,835,715
Other	<u> </u>
Totals	<u>\$ 1,835,715</u>

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**

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, 2023, seven new loans totaling \$281,891 were made. At June 30, 2023, 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 23 loans amounting to \$800,659 would be recorded as a loss.

NOTE 7 - CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2023, follows:

<u>Governmental Activities</u>	6/30/2022			6/30/2023
	Balance	Additions	Retirements	Balance
Capital assets, not being depreciated:				
Land	\$135,000	\$ -	\$ -	\$135,000
Total capital assets, not being depreciated	135,000	-	-	135,000
Capital assets, being depreciated:				
Building	922,271	-	-	922,271
Building Improvements	5,400	-	-	5,400
Office Furniture & Equipment	72,547	23,425	(41,768)	54,204
Vehicles	333,297	140,066	-	473,363
Total capital assets being depreciated	1,427,454	163,491	(41,768)	1,455,238
Less accumulated depreciation	821,094	66,086	(41,768)	845,412
Total capital assets, being depreciated, net	627,300	97,405	-	609,826
Governmental activities capital assets, net	\$ 762,300	\$ 97,405	\$ -	\$ 744,826

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, 2023 is \$267,354.

FIVE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

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.

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

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**

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, 2023, are as follows:

<u>Utah Retirement Systems</u>	<u>Employee Paid by Employer</u>	<u>Employer Contribution</u>	<u>Employer 401(k)</u>
Contributory System			
11-Local Governmental Division Tier 1	6.00%	13.96%	-
111-Local Governmental Division Tier 2	-	16.01%	0.18
Noncontributory System			
15-Local Governmental Division Tier 1	N/A	17.97%	-
Tier 2 DC Only			
211 Local Government	N/A	6.19%	10.00%

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 203,345	-
Contributory System	13,614	5,851
Tier 2 Public Employees System	253,577	
Tier 2 DC Only System	<u>30,008</u>	<u>-</u>
Total Contributions	<u>\$ 500,544</u>	<u>\$ 5,851</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

NOTE 10 - RETIREMENT PLAN (CONTINUED)

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

At June 30, 2023, we reported a net pension asset of \$0 and a net pension liability of \$437,188.

(Measurement Date): December 31, 2022

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Dec. 31, 2021	Share Change (Decrease)
Noncontributory System	\$	\$291,743	0.1589575%	0.1589575%	0.0113784%
Contributory System		\$69,095	0.6129446%	0.6129446%	0.0588719%
Tier 2 Public Employees System		<u>\$76,350</u>	0.0620037%	0.0620037%	0.0081129%
		<u>\$437,188</u>			

The net pension asset and liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022, 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, 2023, we recognized pension expense of \$431,364.

At June 30, 2023, we reported deferred outflows of resources and deferred inflows of resources relation to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 124,743	\$ 3,029
Changes in assumptions	\$ 72,600	1,359
Net difference between projected and actual earnings on pension plan investments	\$ 243,817	
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 30,689	4,976
Contributions subsequent to the measurement date	<u>\$ 243,339</u>	<u>—</u>
Total	<u>\$ 715,188</u>	<u>\$9,364</u>

\$243,339 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, 2022.

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

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>
2023	\$ (85,961)
2024	4,434
2025	107,723
2026	403,951
2027	6,548
Thereafter	25,789

Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2023, we recognized pension expense of \$142,917.

At June 30, 2023, 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	\$ 98,955	\$ ---
Changes in assumptions	47,813	1,165
Net difference between projected and actual earnings on pension plan investments	192,436	
Changes in proportion and differences between contributions and proportionate share of contributions	17,625	1,881
Contributions subsequent to the measurement date	<u>97,288</u>	<u>---</u>
Total	<u>\$ 454,117</u>	<u>\$ 3,046</u>

\$97,288 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, 2022.

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>
2023	\$ (31,788)
2024	12,752
2025	77,294
2026	295,525
2027	---
Thereafter	---

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

NOTE 10 - RETIREMENT PLAN (CONTINUED)

Contributory System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2023, we recognized pension expense of \$142,155.

At June 30, 2023, we reported deferred outflows of resources and deferred inflows of resources relation to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ ---	\$ ---
Changes in assumptions	\$ ---	\$ ---
Net difference between projected and actual earnings on pension plan investments	\$ 20,599	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$ ---	\$ ---
Contributions subsequent to the measurement date	\$ 6,807	\$ ---
Total	\$ 27,406	\$

\$6,807 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, 2022.

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>
2023	\$ (58,476)
2024	(17,472)
2025	15,841
2026	80,706
2027	---
Thereafter	---

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

For the year ended June 30, 2023, we recognized pension expense of \$146,291.

At June 30, 2023, 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**

NOTE 10 - RETIREMENT PLAN (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,788	\$ 3,029
Changes in assumptions	24,787	194
Net difference between projected and actual earnings on pension plan investments	30,782	---
Changes in proportion and differences between contributions and proportionate share of contributions	13,064	3,095
Contributions subsequent to the measurement date	139,243	—
Total	\$ 233,665	\$ 6,318

\$139,243 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, 2022.

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>
2023	\$ 4,303
2024	\$ 9,153
2025	\$ 14,588
2026	\$ 27,720
2027	\$ 6,548
Thereafter	\$ 25,789

Actuarial Assumptions

The total pension liability in the December 31, 2022, 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**

NOTE 10 - RETIREMENT PLAN (CONTINUED)

The actuarial assumptions used in the January 1, 2022, valuation were based on an experience study of the demographic assumptions as of January 1, 2020, and a review of economic assumptions as of January 1, 2021.

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	35%	6.58%	2.30%
Debt Securities	20%	(1.08) %	0.22%
Real Assets	18%	5.72%	1.03%
Private Equity	12%	9.80%	1.18%
Absolute Return	15%	2.91%	0.44%
Cash & Cash Equivalents	0%	(0.11) %	0.00%
Totals	100%		5.17%
			<u>2.50%</u>
			<u>7.67%</u>

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 does not use the Municipal Bond Index Rate.

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

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:

<u>System</u>	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 1,838,660,	\$ 291,743	\$(1,000,788)
Contributory System	\$ 354,467	\$ 69,095	\$ (173,105)
Tier 2 Public Employees System	\$ <u>333,606</u>	\$ <u>76,350</u>	\$ (<u>121,834</u>)
Total	<u>\$ 2,526,733</u>	<u>\$437,188</u>	<u>\$(1,295,727)</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**

NOTE 10 - RETIREMENT PLAN (CONTINUED)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
401(k) Plan			
Employer Contributions	\$52,163	\$52,986	\$42,194
Employee Contributions	61,237	55,898	44,629
457 Plan			
Employer Contributions	—	—	—
Employee Contributions	1,526	1,008	11,593
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	8,980	4,850	3,700
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	2,800	1,800	1,050

NOTE 11 – OPERATING LEASES (RIGHT TO USE ASSETS):

At fiscal yearend, the Association reported leased assets of \$173,540, with current lease liabilities of \$78,427 and non-current lease liabilities of \$95,113. The Association has various operating leases as a part of its operations. These operating leases include building, copy machines, and postage machines. These operating leases are known as right to use assets as the Association has a right to its use during the lease period. These right to use assets have a maturity date of 3-6 years.

NOTE 12 – DATE OF MANAGEMENT REVIEW:

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 3, 2023, the date the financial statements were available to be issued.

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, 2023

	<u>Budgeted Amounts</u>		Actual	Favorable (Unfavorable)
	Original	Revised		
REVENUES:				
State & Federal Contracts	\$ 10,467,298	\$ 10,974,539	\$ 10,263,978	\$ (710,561)
Indirect Cost Allocations (Note 4)	650,000	650,000	640,966	(9,034)
County/Local Participation	207,730	204,251	292,702	88,451
Other	1,412,543	1,234,446	677,547	(556,899)
TOTAL REVENUES	12,737,571	13,063,236	11,875,193	(1,188,043)
EXPENDITURES:				
Total Payroll & Related Expense	5,920,084	6,124,499	5,395,697	728,802
Materials	2,064,387	2,121,932	2,007,970	113,962
Fiscal Management			42,791	(42,791)
Rent			181,607	(181,607)
Travel	278,742	278,342	292,234	(13,892)
Printing			24,638	(24,638)
Postage			10,413	(10,413)
Telephone			109,404	(109,404)
Supplies	51,500	51,500	136,454	(84,954)
Indirect Cost Allocation	650,000	650,000	677,167	(27,167)
Consultant/Contract Services	1,231,589	1,394,569	1,250,874	143,695
Capital Outlay	130,799	211,475	131,537	79,938
County Council on Aging	522,770	522,770	535,975	(13,205)
Assistance	1,887,700	1,708,149	361,243	1,346,906
Other			747,454	(747,454)
TOTAL EXPENDITURES	12,737,571	13,063,236	11,905,458	1,157,778
Excess (Deficit) of Revenues Over Expenditures			(30,265)	(30,265)
TRANSFER FROM (TO) OTHER FUNDS			118	118
OTHER FUNDING SOURCES/(USES)				
BEGINNING FUND BALANCE	1,091,808	1,091,808	1,091,808	
YEAR END FUND BALANCE	\$ 1,091,808	\$ 1,091,808	\$ 1,061,661	\$ (30,147)

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, 2023

	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%
	2022	0.1703359%	\$ 291,743	\$1,214,238	24.03%	97.50%
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%
	2022	0.6718165%	\$ 69,095	\$ 94,332	73.25%	97.70%
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%
	2022	0.0701166%	\$ 76,350	\$1,529,262	4.99%	92.30%

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 nine 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%
	2023	203,345	203,345		1,197,772	16.98%
<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%
	2023	13,614	13,614		97,524	13.96%
<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%
	2023	253,577	253,577		1,583,868	16.01%
<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%
	2023	30,008	30,008		484,776	6.19%

*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 eight years.

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

Changes in Assumptions

No changes were made in actuarial assumption from the prior year's valuation.

OTHER SUPPLEMENTARY INFORMATION

Five County Association of Governments
Combining Balance Sheet - All General Programs
June 30, 2023

	<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>Program 8</u>
	<u>Administration</u>	<u>Aging Waiver Admin</u>	<u>Veteran's Direct</u>	<u>Aging Waiver Services</u>	<u>Community & Economic Development</u>	<u>Special Contracts</u>	<u>Area Agency on Aging</u>	<u>Weatherization</u>
Assets:								
Cash	\$ 224,885	\$ (12,632)	\$ 104,108	\$ (24,028)	\$ 450,060	\$ 142,693	\$ (85,883)	\$ (179,811)
Accounts Receivable	468							
Accrued Revenue		13,871	96,839	33,575	105,269	(11,284)	143,662	182,118
Other Assets	31,985							
Inventory								128,191
Total Assets	\$ 257,338	\$ 1,239	\$ 200,947	\$ 9,547	\$ 555,329	\$ 131,409	\$ 57,779	\$ 130,498
Liabilities and Program Balances:								
Accounts Payable	74	60	32,858	48	22,500	315	50,442	14,592
Accrued Liabilities	3,884							
Unearned Revenue			229,055					
Credit Line	210,000							
Program Balance:								
Nonspendable:								
Inventory								128,191
Restricted:								
Assigned:					532,829	131,094	7,337	
Unassigned:	43,380	1,179	(60,966)	9,499				(12,285)
Total Liabilities and Program Balances	\$ 257,338	\$ 1,239	\$ 200,947	\$ 9,547	\$ 555,329	\$ 131,409	\$ 57,779	\$ 130,498

See Notes to Financial Statements

<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>Program 19</u>
<u>RSVP</u>	<u>Human Services</u>	<u>Hurricane Valley Food Pantry</u>	<u>Continuum of Care</u>	<u>Child Care R & R</u>	<u>Nutrition</u>	<u>Heat Assistance</u>	<u>Mobility Mgt</u>	<u>Volunteer Center Wash. County</u>
\$ (94) 17,341	\$ 18,425	\$ 697	\$ (23,874)	\$ (117,490)	\$ 32,712	\$ (138,878)	\$ (12,414)	\$ 103,201
				149,603	333,298	141,952	13,087	
\$ 17,247	\$ 18,425	\$ 697	\$ (23,874)	\$ 32,113	\$ 366,010	\$ 3,074	\$ 673	\$ 103,201
				4,197	120,500	140 2,931		
17,247				27,916	245,510		673	
	18,425	697	(23,874)			3		103,201
\$ 17,247	\$ 18,425	\$ 697	\$ (23,874)	\$ 32,113	\$ 366,010	\$ 3,074	\$ 673	\$ 103,201

Five County Association of Governments
Combining Balance Sheet - All General Programs
June 30, 2023

(Continued)	<u>Program 20</u>	<u>Program 21</u>	<u>Program 22</u>	<u>Program 24</u>	<u>Program 25</u>	<u>Program 26</u>	<u>Program 27</u>	<u>Program 28</u>
	<u>Foster</u>	<u>Heat/ Water</u>	<u>Senior</u>	<u>Human</u>	<u>Dixie</u>	<u>SSBG</u>	<u>Senior</u>	<u>CSBG</u>
	<u>Grandparent</u>	<u>LIHWAP</u>	<u>Support</u>	<u>Services</u>	<u>MPO</u>		<u>Companion</u>	
			<u>One Time</u>	<u>Transp.</u>				
				<u>Planning</u>				
Assets:								
Cash	\$ (18,346)	\$ (11,528)	\$ (5,673)	\$ (3,972)	\$ (140,496)	\$ (16,612)	\$ (15,244)	\$ (17,047)
Accounts Receivable		11,528						31,186
Accrued Revenue	11,866		5,906	3,530	112,667	9,781	18,585	
Other Assets								
Inventory								
Total Assets	\$ (6,480)	\$ -	\$ 233	\$ (442)	\$ (27,829)	\$ (6,831)	\$ 3,341	\$ 14,139
Liabilities and Program Balances:								
Accounts Payable	16				544	957	32	44
Accrued Liabilities								
Unearned Revenue								
Program Balance:								
Nonspendable:								
Inventory								
Restricted:								
Assigned:								
Unassigned:	(6,496)		233	(442)	(28,373)	(7,788)	3,309	14,095
Total Liabilities and Program Balances	\$ (6,480)	\$ -	\$ 233	\$ (442)	\$ (27,829)	\$ (6,831)	\$ 3,341	\$ 14,139

<u>Program 29</u>	<u>Program 30</u>	<u>Program 31</u>	<u>Program 32</u>	<u>Program 33</u>	<u>Program 34</u>	<u>Program 35</u>	<u>Program 36</u>	<u>Program 37</u>	<u>Program 38</u>
Utah CAP Program	Caregiver Support	EFA QEFAF	Iron County RPO	Emergency Rent Assistance	Ombudsman Program	Alternatives	New Choices Waiver	Services VA	CSBG
\$ (1,644)	\$ (63,504)	\$ 1,166	\$ (19,614)	\$ 6,890	\$ (12,629)	\$ (57,801)	\$ (192,433)	\$ (8,920)	\$ (8,880)
	95,071		18,226	5,613	12,629	90,045	118,085	9,797	8,880
			1,388						
\$ (1,644)	\$ 31,567	\$ 1,166	\$	\$ 12,503	\$	\$ 32,244	\$ (74,348)	\$ 877	\$
	11,621					25,892	1,950		
				18,244					
	19,946								
(1,644)		1,166		(5,741)		6,352	(76,298)	877	
\$ (1,644)	\$ 31,567	\$ 1,166	\$	\$ 12,503	\$	\$ 32,244	\$ (74,348)	\$ 877	\$

Five County Association of Governments
Combining Balance Sheet - All General Programs
June 30, 2023

(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>	<u>Program 46</u>	<u>Program 47</u>
	ESG Cares	Emergency	Iron County	Emergency	ESG	ESG	Child	TANF	Court Ordered
	Rapid	Solutions	EFSP	Food&Shelter	Cares	Cares	Care	VITA	Community
	Rehousing		Program	Program	HP	Hotels	Stabilization		Service
Assets:									
Cash	\$ 54,888	\$ 2,325	\$ 20,055	\$ (8,441)	\$ 218	\$	\$ (43,913)	\$ (84,649)	\$ (49)
Accounts Receivable									
Accrued Revenue		600		8,445	(65,129)		43,969	84,675	
Other Assets									
Inventory									
Total Assets	\$ 54,888	\$ 2,925	\$ 20,055	\$ 4	\$ (64,911)	\$ -	\$ 56	\$ 26	\$ (49)
Liabilities and Program Balances:									
Accounts Payable								144	
Accrued Liabilities									
Unearned Revenue			20,055						
Program Balance:									
Nonspendable:									
Inventory									
Restricted:									
Assigned:									
Unassigned:	54,888	2,925		4	(64,911)		56	(118)	(49)
Total Liabilities and Program Balances	\$ 54,888	\$ 2,925	\$ 20,055	\$ 4	\$ (64,911)	\$ -	\$ 56	\$ 26	\$ (49)

<u>Program 48</u>	<u>Program 49</u>	<u>Program 50</u>	<u>Program 51</u>	<u>Program 52</u>	<u>Programs</u>		<u>Programs 55</u>	<u>Programs 56</u>	<u>Programs 57</u>	<u>Programs 58</u>				
<u>TEFAP</u>	<u>Institute of Autonomous Mobility</u>	<u>Payroll Clearing</u>	<u>VITA Federal</u>	<u>Continuum of Care Expansion</u>	<u>53 & 54</u>	<u>CSBG Cares</u>	<u>Senior Medicare Patrol</u>	<u>SHIP Expense</u>	<u>Benefit Enrollment Center</u>	<u>Weatherization WAP Infrastructure</u>	<u>Totals</u>			
\$ (40,387)	\$	\$ (15,752)	\$ (17,981)	\$ (14,669)	\$ (53,766)	\$ 53,048	\$ (3,277)	\$ 3,277	\$ (11,424)	\$ 11,424	\$ (3,796)	\$ (44,989)	\$ 44,989	\$ (370,217)
34,813			13,579	14,518										195,687
		15,752												1,835,715
														49,125
														128,191
<u>\$ (5,574)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,402)</u>	<u>\$ (151)</u>	<u>\$ (718)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (3,796)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,838,501</u>
			5,745											292,671
														6,815
														267,354
														210,000
														128,191
														982,552
(5,574)			(10,147)	(151)	(718)				(3,796)					(49,082)
<u>\$ (5,574)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (4,402)</u>	<u>\$ (151)</u>	<u>\$ (718)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (3,796)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,838,501</u>

Five County Association of Governments
 Combining Balance Sheet -Fiduciary Fund Types
 Nonexpendable Trust Funds
June 30, 2023

**Nonexpendable
Trust Funds**

	Down Payment Assistance	Revolving Loan Fund	Totals
<i>Assets:</i>			
Cash	\$ 37,706	\$ 760,643	\$ 798,349
Accrued Interest			
Notes Receivable		800,659	800,659
<i>Total Assets</i>	\$ 37,706	\$ 1,561,302	\$ 1,599,008
 <i>Liabilities and Fund Balances:</i>			
Fund Balance	\$ 37,706	\$ 1,561,302	\$ 1,599,008
<i>Total Liabilities and Fund Balance</i>	\$ 37,706	\$ 1,561,302	\$ 1,599,008

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, 2023

	Balance	Additions	Deductions	Balance
	June 30, 2022			June 30, 2023
<i>Southern Utah Planning Authorities Council:</i>				
<i>Assets:</i>				
Cash	\$ 119	\$ 45	\$ 164	\$ -
<i>Liabilities:</i>				
Due to SUPAC	\$ 119	\$ 45	\$ 164	\$ -

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, 2023

	<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>Administration</u>	<u>Aging Waiver Admin</u>	<u>Veteran's Direct</u>	<u>Aging Waiver Services</u>	<u>Community & Economic Dev.</u>	<u>Special Contracts</u>
REVENUES:						
State & Federal Contracts	\$	\$	\$	\$	\$	
Indirect Cost Allocations	640,966	116,755	358,079	196,980	569,341	
County/Local Participation					152,948	
Other					39,305	40,706
TOTAL REVENUES	640,966	116,755	358,079	196,980	761,594	40,706
EXPENDITURES:						
Total Payroll & Related Expense	439,049	93,134	47,233	142,238	443,149	
Materials						
Fiscal Management	38,377					
Rent	28,644	784	684	2,144	4,122	
Travel & Training	38,718	2,784	1,906	5,241	22,969	
Printing	2,160	885	78	1,008	1,308	
Postage	2,919	406	56	241	277	
Telephone	8,276	1,436	1,091	1,262	6,072	
Supplies	9,190	2,927	5,599	1,007	10,929	
Indirect Cost Allocation		8,348	6,182	18,662	58,045	
Consultant/Contract Services	9,243	4,202	356,216	20,324	65,000	
Capital Outlay	1,034				4,204	
County Council on Aging Assistance						
Other	53,032	670			2,915	59,681
TOTAL EXPENDITURES	630,642	115,576	419,045	192,127	618,990	59,681
Excess (Deficit) of Revenues Over Expenditures	10,324	1,179	(60,966)	4,853	142,604	(18,975)
Transfer From (To) Other Programs					(33,059)	
Other Programing Sources/(Uses)						
Beginning Program Balance	33,056			4,646	423,284	150,069
Year End Program Balance	\$ 43,380	\$ 1,179	\$ (60,966)	\$ 9,499	\$ 532,829	\$ 131,094

See Notes to Financial Statements

<u>Program 7</u> Area Agency On Aging	<u>Program 8</u> Weatherization	<u>Program 9</u> RSVP	<u>Program 10</u> Human Services	<u>Program 11</u> Hurricane Valley Food Pantry	<u>Program 12</u> Continuum of Care	<u>Program 13</u> Child Care R & R	<u>Program 14</u> Nutrition	<u>Program 15</u> Heat Assistance
\$ 716,718	\$ 1,276,033	\$ 149,081	\$ 1,923	\$	\$ 127,958	\$ 887,443	\$ 1,228,363	\$ 904,278
				1,170				
			221	(2,500)	9,341	7,311	430,060	
716,718	1,276,033	149,081	2,144	(1,330)	137,299	894,754	1,658,423	904,278
130,681	656,598	86,649			32,302	666,277	26,038	626,016
	406,643					8,674	1,569,790	11,656
					4,414			
897	35,553	482		5,366		21,780	445	43,532
5,691	35,624	4,658		96		39,799	739	11,266
741	1,735	1,837			4	3,900	53	1,002
93	1,266	392		15	27	1,677	179	525
1,756	16,120	1,337		547	558	14,188	488	22,577
1,414	6,032	8,715		583		4,250	4,503	14,103
25,122	85,978	11,368			4,291	98,723	3,416	82,125
2,454	965	9,709		48	18,810	7,998	10,817	
1,319		965		234		10,065	27,891	70,187
533,425					2,550			
					86,435			
13,125	42,610	5,722	250		4,970	10,112		21,289
716,718	1,289,124	131,834	250	6,889	154,361	887,443	1,644,359	904,278
	(13,091)	17,247	1,894	(8,219)	(17,062)	7,311	14,064	
	(46,864)			(1,646)	7,615	(326)		
7,337	175,861		16,531	10,562	(14,427)	20,931	231,446	3
\$ 7,337	\$ 115,906	\$ 17,247	\$ 18,425	\$ 697	\$ (23,874)	\$ 27,916	\$ 245,510	\$ 3

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, 2023

	<u>Program 18</u>	<u>Program 19</u>	<u>Program 20</u>	<u>Program 21</u>	<u>Program 22</u>	<u>Program 24</u>	<u>Program 25</u>
	Mobility Mgt	Volunteer Center Wash County	Foster Grandparent	Heat/ Water LIHWAP	Senior Support One Time	H.S. Cons. Transportation Planning	Dixie MPO
REVENUES:							
State & Federal Contracts	\$ 77,788	\$	\$ 96,389	\$ 77,554		\$ 20,269	\$ 678,581
Indirect Cost Allocations							
County/Local Participation	19,134	29,507				5,380	44,000
Other			100		23,485		
TOTAL REVENUES	96,922	29,507	96,489	77,554	23,485	25,649	722,581
EXPENDITURES:							
Total Payroll & Related Expense	81,064		35,167	68,559	21,124	23,448	397,350
Materials							
Fiscal Management							
Rent	248		574		93	248	3,656
Travel & Training	2,533		8,867		19		18,415
Printing	26	13	545			46	637
Postage	62		320		3	3	57
Telephone	798		693		675	131	3,026
Supplies	305	226	1,287		1,220		3,992
Indirect Cost Allocation	10,636		4,616	8,995		3,026	51,936
Consultant/Contract Services			1,077		118		254,972
Capital Outlay							2,318
County Council on Aging Assistance							
Other			44,319				14,595
TOTAL EXPENDITURES	95,672	239	97,465	77,554	23,252	26,902	750,954
Excess (Deficit) of Revenues Over Expenditures	1,250	29,268	(976)		233	(1,253)	(28,373)
Transfer From (To) Other Programs	1,308					1,812	
Other Programing Sources/(Uses)							
Beginning Program Balance	(1,885)	73,933	(5,520)			(1,001)	
Year End Program Balance	\$ 673	\$ 103,201	\$ (6,496)	\$	\$ 233	\$ (442)	\$ (28,373)

See Notes to Financial Statements

<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>Program 34</u>	<u>Program 35</u>
SSBG	Senior Companion	CSBG	Utah CAP	Caregiver Support	EFA QEFAF	Iron County RPO	Emergency Rent Assistance	Ombudsman Program	Alternatives
\$ 77,315	\$ 113,901	\$ 108,694	\$ 17,409	\$ 220,626	\$ 48,523	\$	\$ 137,044	\$ 70,751	\$ 485,758
	2,254					38,309			
	50			130					
77,315	116,205	108,694	17,409	220,756	48,523	38,309	137,044	70,751	485,758
5,736	32,171	64,668	13,350	131,423	7,279	32,021	116,738	60,798	147,039
88	574	3,061	776	1,790	3,161	536		473	2,270
	24,470	7,885	280	4,142		1,029	572	3,161	5,145
8	560	989	414	508		129	292	44	486
73	335	109	8	121		6	7	17	363
35	701	2,237	42	1,989	205	185	2,499	1,273	2,196
	1,206	484	1,336	7,582	588	57	830	1,420	7,376
753	4,207	8,711	1,568	17,242	1,075	4,218	15,316	364	19,283
67,307		4,549		54,988	36,204				299,227
				854	360		6,531	3,201	853
2,710		31,126							
375	51,813	2,223		117	75				
77,085	116,037	126,042	17,774	220,756	48,947	38,181	142,785	70,751	484,238
230	168	(17,348)	(365)		(424)	128	(5,741)		1,520
		33,428			1,646				
(8,018)	3,141	(1,985)	(1,279)	19,946	(56)	(128)			4,832
\$ (7,788)	\$ 3,309	\$ 14,095	\$ (1,644)	\$ 19,946	\$ 1,166	\$	\$ (5,741)	\$	\$ 6,352

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, 2023

	<u>Program 36</u> New Choices Waiver	<u>Program 37</u> Services VA	<u>Program 38</u> CSBG	<u>Program 39</u> ESG Cares Rapid Rehousing	<u>Program 40</u> Emergency Solutions	<u>Program 41</u> Emergency Food & Shelter	<u>Program 42</u> Emergency Food & Shelter Iron County
REVENUES:							
State & Federal Contracts	\$ 217,375	\$ 18,000	\$ 241,861	\$	\$ 49,000	\$ 21,561	\$
Indirect Cost Allocations County/Local Participation							
Other	3,052	31,279			14,486		
TOTAL REVENUES	220,427	49,279	241,861		63,486	21,561	
EXPENDITURES:							
Total Payroll & Related Expense	245,162	46,502	123,198		13,797		
Materials							
Fiscal Management							
Rent	3,359		5,717				
Travel & Training	7,233	600	22,018		2		
Printing	1,151	8	1,985			11	
Postage	35	89	100		6	19	
Telephone	2,604	253	3,019		281		
Supplies	4,292	950	3,357				
Indirect Cost Allocation	29,521		16,503		1,810		
Consultant/Contract Services	3,368				45		
Capital Outlay							
County Council on Aging Assistance			48,005		45,517	20,745	
Other			3,024		7,895	786	
TOTAL EXPENDITURES	296,725	48,402	226,926		69,353	21,561	
Excess (Deficit) of Revenues Over Expenditures	(76,298)	877	14,935		(5,867)		
Transfer From (To) Other Programs			30,830	57,033			
Other Programing Sources/(Uses)							
Beginning Program Balance			(45,765)	(2,145)	8,792		4
Year End Program Balance	\$ (76,298)	\$ 877	\$	\$ 54,888	\$ 2,925	\$	4

See Notes to Financial Statements

<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>Program 50</u>	<u>Program 51</u>
ESG Cares HP	ESG Cares Hotels	Child Care Stabilization	TANF VITA	Court Ordered Community Services	TEFAP	Institute of Autonomous Mobility	Payroll Clearing	VITA Federal
\$	\$	\$ 198,508	\$ 238,895	\$	\$ 55,873	\$	\$	\$ 126,600
				7,515				
		198,508	238,895	7,515	55,873			126,600
		41,853	48,917	4,596	10,818			36,250
			(1,600)		6,365			100
		5,563	3,976		30			1,390
			269	261	12	3		
		33	110		48			28
		1,244	816	43	1,314			1,217
		17,810	1,238		129			8,802
			42,258	603	1,300			4,940
		50	1,471					
								84,020
		131,955	142,462	1,971	41,431	4,900		
		198,508	239,917	7,474	61,447	4,903		136,747
			(1,022)	41	(5,574)	(4,903)		(10,147)
(65,126)	5,783	326		18,740		(459)	(3,912)	
215	(5,783)	(270)	904	(18,830)		5,362	3,912	
\$ (64,911)	\$	\$ 56	\$ (118)	\$ (49)	\$ (5,574)	\$	\$	\$ (10,147)

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, 2023

	<u>Program 52</u> Continuum of Care Expansion	<u>Programs</u> <u>53 & 54</u> CSBG Cares	<u>Programs 55</u> Senior Medicare Patrol	<u>Programs 56</u> SHIIP Expense	<u>Programs 57</u> Benefit Enrollment Center	<u>Programs 58</u> Weatherization WAP Infrastructure	<u>Totals</u>
REVENUES:							
State & Federal Contracts	\$ 53,808	\$ 157,205	\$ 20,026	\$ 44,190		\$ 57,522	\$ 10,263,978
Indirect Cost Allocations							640,966
County/Local Participation							292,702
Other	13,006				60,000		677,547
TOTAL REVENUES	66,814	157,205	20,026	44,190	60,000	57,522	11,875,193
EXPENDITURES:							
Total Payroll & Related Expense	4,265	57,197	16,297	33,585	50,013	35,948	5,395,697
Materials						11,207	2,007,970
Fiscal Management							42,791
Rent			576	655	780	3,674	181,607
Travel & Training		828	123	808	2,394	1,260	292,234
Printing	5	108	2	141	1,031	243	24,638
Postage	5	20		291	67	5	10,413
Telephone	49	1,940	580	1,306	1,877	468	109,404
Supplies	564	1,232	266	322	331		136,454
Indirect Cost Allocation	560	7,532	2,033	4,406	6,778	4,717	677,167
Consultant/Contract Services		19,883	149	2,676	525		1,250,874
Capital Outlay							131,537
County Council on Aging							535,975
Assistance	24,115	18,570					361,243
Other	33,920	51,138				79	747,454
TOTAL EXPENDITURES	63,483	158,448	20,026	44,190	63,796	57,601	11,905,458
Excess (Deficit) of Revenues Over Expenditures	3,331	(1,243)			(3,796)	(79)	(30,265)
Transfer From (To) Other Programs	(7,615)	525				79	118
Other Programing Sources/(Uses)							
Beginning Program Balance	4,133						1,091,808
Year End Program Balance	\$ (151)	\$ (718)	\$	\$	\$ (3,796)	\$	\$ 1,061,661

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, 2023

	Fiduciary Fund Types		
	<u>Nonexpendable Trust Funds</u>		
	<u>Down Payment</u>	<u>Revolving</u>	<u>Totals</u>
	<u>Assistance Fund</u>	<u>Loan Fund</u>	
<i>Revenues:</i>			
State Contracts	\$	\$	\$
Interest		29,963	29,963
Other			
<i>Total Revenues</i>		<u>29,963</u>	<u>29,963</u>
<i>Expenditures:</i>			
Legal Fees - Repossessions			
Bad Debts		188,403	188,403
Administrative		32,304	32,304
<i>Total Expenditures</i>		<u>220,707</u>	<u>220,707</u>
Excess (Deficit) of Revenues Over Expenditures		(190,744)	(190,744)
Transfer From Other Funds			
<i>Beginning Fund Balance</i>		<u>37,706</u>	<u>1,752,046</u>
<i>Year End Fund Balance</i>	<u>\$</u>	<u>37,706</u>	<u>\$ 1,561,302</u>
		<u>\$ 1,561,302</u>	<u>\$ 1,599,008</u>

See Notes to Financial Statements

Five County Association of Governments
Combining Statement of Cash Flows - Nonexpendable Trust Funds
For the Year Ended June 30, 2023

	Down Payment Assistance	Revolving Loan Fund	Totals
<i>Cash Provided By:</i>			
Operating Activities			
Net Income (Loss)	\$ -	\$ (190,744)	\$ (190,744)
<i>Change in Operating Assets and Liabilities:</i>			
(Increase)/Decrease in Accrued Interest Income			
Loans Charged Off as Uncollectible		188,403	188,403
<i>Net Cash Used by Operating Activities</i>		<u>(2,341)</u>	<u>(2,341)</u>
<i>Noncapital Financing Activities:</i>			
Transfers In			
<i>Net Cash Provided by Noncapital Financing Activities</i>			
<i>Investing Activities:</i>			
Principal Repayments from Customers		139,580	139,580
Loans Made to Customers		(281,891)	(281,891)
<i>Net Cash Provided by Investing Activities</i>		<u>(142,311)</u>	<u>(142,311)</u>
Increase/(Decrease) in Cash Equivalents		(144,652)	(144,652)
Cash and Cash Equivalents at Beginning of Year	37,706	905,295	943,001
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 37,706</u>	<u>\$ 760,643</u>	<u>\$ 798,349</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, 2023, 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 November 3, 2023.

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
St. George, Utah
November 3, 2023

**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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Five County Association of Governments, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Association’s basic financial statements. We issued our report thereon dated November 3, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

HAFEN, BUCKNER, EVERETT & GRAFF, PC
ST. GEORGE, UTAH
November 3, 2023

**Five County Association of Governments
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>	<i>Major Program</i>
<i>Aging Cluster-Cluster</i>				
Department of Health and Human Services				
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and 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	454,355	
Total Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers			454,355	
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	774,886	
Total Special Programs for the Aging_Title III, Part C_Nutrition Services			774,886	
Nutrition Services Incentive Program				
Nutrition Services Incentive Program	93.053	Ut Dept of Human Services	117,400	
Total Nutrition Services Incentive Program			117,400	
<i>Total Department of Health and Human Services</i>			1,346,641	
<i>Total Aging Cluster-Cluster</i>			1,346,641	X
<i>Economic Development Cluster-Cluster</i>				
Department of Commerce				
Economic Adjustment Assistance				
Economic Adjustment Assistance	11.307		128,946	
Total Economic Adjustment Assistance			128,946	
<i>Total Department of Commerce</i>			128,946	
<i>Total Economic Development Cluster-Cluster</i>			128,946	
<i>Food Distribution Cluster-Cluster</i>				
United States Department of Agriculture				
Emergency Food Assistance Program (Administrative Costs)				
Emergency Food Assistance Program (Administrative Costs)	10.568	Utah Food Bank	57,796	
Total Emergency Food Assistance Program (Administrative Costs)			57,796	
<i>Total United States Department of Agriculture</i>			57,796	
<i>Total Food Distribution Cluster-Cluster</i>			57,796	
<i>Foster Grandparents/Senior Companion Cluster-Cluster</i>				
Corporation for National and Community Service				
Foster Grandparent Program				
Foster Grandparent Program	94.011		102,551	
Total Foster Grandparent Program			102,551	
Senior Companion Program				
Senior Companion Program	94.016		88,816	
Total Senior Companion Program			88,816	
<i>Total Corporation for National and Community Service</i>			191,367	
<i>Total Foster Grandparents/Senior Companion Cluster-Cluster</i>			191,367	
<i>Highway Planning and Construction Cluster-Cluster</i>				
Department of Transportation				
Highway Planning and Construction				
Highway Planning and Construction	20.205	UDOT	570,226	
Total Highway Planning and Construction			570,226	
<i>Total Department of Transportation</i>			570,226	
<i>Total Highway Planning and Construction Cluster-Cluster</i>			570,226	
<i>Medicaid Cluster-Cluster</i>				
Department of Health and Human Services				
Medical Assistance Program				
Medical Assistance Program	93.778	Ut Division of Health Care Financing	214,943	
Total Medical Assistance Program			214,943	
<i>Total Department of Health and Human Services</i>			214,943	

Total Medicaid Cluster-Cluster			<u>214,943</u>
Services To Indian Children, Elderly And Families-Cluster			
Department of Health and Human Services			
Community Services Block Grant (477 Cluster - Version 2)			
Community Services Block Grant (477 Cluster - Version 2)	93.569	UT Dept of Workforce Services	<u>507,760</u>
Total Community Services Block Grant (477 Cluster - Version 2)			507,760
Child Care and Development Block Grant(477 Cluster - Version 2)			
Child Care and Development Block Grant(477 Cluster - Version 2)	93.575	Ut Dept of Workforce Services	<u>1,085,952</u>
Total Child Care and Development Block Grant(477 Cluster - Version 2)			<u>1,085,952</u>
<i>Total Department of Health and Human Services</i>			<u>1,593,712</u>
Total Services To Indian Children, Elderly And Families-Cluster			1,593,712
TANF Cluster-Cluster			
Department of Health and Human Services			
Temporary Assistance for Needy Families (TANF) State Programs			
Temporary Assistance for Needy Families (TANF) State Programs	93.558	Community Action Partnership of Ut	<u>238,895</u>
Total Temporary Assistance for Needy Families (TANF) State Programs			<u>238,895</u>
<i>Total Department of Health and Human Services</i>			<u>238,895</u>
Total TANF Cluster-Cluster			238,895
Transit Services Programs Cluster-Cluster			
Department of Transportation			
Enhanced Mobility of Seniors and Individuals with Disabilities			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	UDOT	<u>26,537</u>
Total Enhanced Mobility of Seniors and Individuals with Disabilities			<u>26,537</u>
<i>Total Department of Transportation</i>			<u>26,537</u>
Total Transit Services Programs Cluster-Cluster			26,537
Other Programs			
Corporation for National and Community Service			
Retired and Senior Volunteer Program	94.002		<u>80,780</u>
Total Retired and Senior Volunteer Program			<u>80,780</u>
<i>Total Corporation for National and Community Service</i>			80,780
Department of Homeland Security			
Emergency Food and Shelter National Board Program	97.024	United Way	<u>20,808</u>
Total Emergency Food and Shelter National Board Program			<u>20,808</u>
<i>Total Department of Homeland Security</i>			20,808
Department of Commerce			
<i>Total Department of Commerce</i>			0
Department of Energy			
Weatherization Assistance for Low-Income Persons			
Weatherization Assistance for Low-Income Persons	81.042	Ut Dept of Workforce Services	<u>305,481</u>
Total Weatherization Assistance for Low-Income Persons			<u>305,481</u>
<i>Total Department of Energy</i>			305,481
Department of Transportation			
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research			
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	UDOT	<u>128,624</u>
Total Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research			128,624
Formula Grants for Rural Areas			
Formula Grants for Rural Areas	20.509	UDOT	<u>50,000</u>
Total Formula Grants for Rural Areas			<u>50,000</u>
<i>Total Department of Transportation</i>			178,624

X

Department of Health and Human Services

Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation

Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	Utah Dept. of Aging	<u>527</u>
Total Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation			527

Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals			
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	Utah Dept. of Human Services	<u>14,851</u>

Total Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals			14,851
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Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services			
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	Ut Dept of Human Services	<u>35,922</u>
Total Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services			35,922

Special Programs for the Aging_Title IV_and Title II_Discretionary Projects			
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	Ut Dept of Human Services	<u>20,026</u>
Total Special Programs for the Aging_Title IV_and Title II_Discretionary Projects			20,026

National Family Caregiver Support, Title III, Part E			
National Family Caregiver Support, Title III, Part E	93.052	Ut Dept of Human Services	<u>134,626</u>
Total National Family Caregiver Support, Title III, Part E			134,626

Medicare Enrollment Assistance Program			
Medicare Enrollment Assistance Program	93.071	Ut Dept of Human Services	<u>21,153</u>
Total Medicare Enrollment Assistance Program			21,153

Low-Income Home Energy Assistance	93.568	Ut Dept of Workforce Services	<u>1,946,621</u>
Total Low-Income Home Energy Assistance			1,946,621

Social Services Block Grant	93.667	Ut Dept of Workforce Services	<u>100,158</u>
Total Social Services Block Grant			100,158

Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	Ut Dept of Human Services	<u>23,037</u>
Total Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations			23,037
<i>Total Department of Health and Human Services</i>			<u>2,296,921</u>

Department of Housing and Urban Development

Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Ut Dept of Workforce Services	<u>83,687</u>
Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii			83,687

Emergency Solutions Grant Program		Ut Dept of Housing and Community Development	
Emergency Solutions Grant Program	14.231		<u>24,500</u>
Total Emergency Solutions Grant Program			24,500

Continuum of Care Program			
Continuum of Care Program	14.267		<u>181,767</u>
Total Continuum of Care Program			181,767

<i>Total Department of Housing and Urban Development</i>			<u>289,954</u>
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Department of the Treasury

Volunteer Income Tax Assistance (VITA) Matching Grant Program

Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	Community Action Partnership of Ut	<u>126,601</u>
Total Volunteer Income Tax Assistance (VITA) Matching Grant Program			126,601
Emergency Rental Assistance Program			
Emergency Rental Assistance Program	21.023	Ut Dept of Workfomce Services	<u>207,795</u>
Total Emergency Rental Assistance Program			<u>207,795</u>
<i>Total Department of the Treasury</i>			334,396
Department of Veterans Affairs			
VHA Home Care			
VHA Home Care	64.044		<u>358,078</u>
Total VHA Home Care			<u>358,078</u>
<i>Total Department of Veterans Affairs</i>			<u>358,078</u>
Total Other Programs			<u>3,865,042</u>
Total Expenditures of Federal Awards			<u><u>\$ 8,234,105</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, 2023

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, 2023

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	\$1,346,641
Indian Children, Elderly & Families	93.569 & 93.575	\$1,593,712

- 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, 2023

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, 2023

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 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, 2023.

State compliance requirements were tested for the year ended June 30, 2023, in the following areas:

Cash Management
Fraud Risk Assessment
Utah Retirement Systems

Budgetary Compliance
Fund Balance

Opinion on Compliance

In our opinion, Five County Association of Government’s complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the State Compliance Audit Guide (Guide). Our responsibilities under those standards and the State Compliance Audit Guide 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. 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 government 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 GAAS, Government Auditing Standards, and the Guide 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 the government program as a whole as referred to above.

In performing an audit in accordance with GAAS , Government Auditing Standards, and the Guide, 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 Guide, 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guide and which are described in the accompanying schedule of findings and recommendations as item 2023-1. Our opinion on compliance is not modified with respect to this matter. Management agrees to our findings and recommendations in regard to timely submissions of the Deposit and Investment report as required by state statutes.

Government Auditing Standards require the auditor to perform limited procedures on the Association's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and recommendations. The Association's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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 to 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 charged with governance.

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

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

HAFEN, BUCKNER, EVERETT & GRAFF, PC
ST. GEORGE, UTAH
November 3, 2023

FIVE COUNTY ASSOCIATION OF GOVERNMENTS
STATE COMPLIANCE SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2023

State Compliance Findings

2023-1 Cash Management

- Finding:** Association did not timely prepare and submit semi-annual Deposit and Investment reports to the Money Management Council. Although the filed reports appear to be mathematically correct, both reports were submitted after the 30-day submission window.
- Condition:** The Association is required to submit semi-annual Deposit and Investment reports to the Money Management Council within 30 days of the period's end date.
- Cause of condition:** The deadline was not monitored and adhered to by the Association.
- Effect:** The Association was not in compliance with State statute.
- Recommendation:** The Association should implement policies and procedures to ensure timely filing of the semi-annual Deposit and Investment reports to the Money Management Council.
- Response:** The Association agrees with the recommendation and will implement procedures to ensure future compliance with the timeliness of filing the Deposit and Investment reports to the Money Management Council as required.