

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Five County Association of Governments as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered Five County Association of Government's system of internal control over financial reporting (internal control) as a basis for designing 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 Five County Association of Government's internal control. Accordingly, we do not express an opinion on the effectiveness of Five County Association of Government's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

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. We consider the following deficiencies in internal control to be significant deficiencies:

**2025-001      ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS**

Upon review of the Microloan Program, it was noted that the program experienced significant loan write-offs during the year, with several additional potential write-offs anticipated. In response to these probable losses, the client established an allowance for loan loss, as recommended, to appropriately account for the expected uncollectible amounts. Furthermore, it was recommended that the client strengthen internal controls and procedures within the Microloan Program to enhance loan collectability. Suggested improvements include issuing more frequent account statements, increasing collection efforts, and requiring governing body review and approval for any future loan write-offs.

This communication is intended solely for the information and use of management, Steering Committee, others within Five County Association of Government, and is not intended to be, and should not be, used by anyone other than these specified parties.

Hafen, Buckner, Everett, & Graff, PC  
St. George, Utah  
November 10, 2025