Five County Association of Governments

Financial Statements
and Additional Information
With Independent Auditor's Report

For the Year Ended June 30, 2017

HAFEN | BUCKNER

Five County Association of Governments

Financial Statements and Supplementary Information

For the Year Ended June 30, 2017

TABLE OF CONTENTS

TABLE OF CONTENTS (CONTINUED)

SINGLE AUDIT COMPLIANCE SECTION:

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

HAFEN | BUCKNER

Certified Public Accountants
www.hbeg.com

90 E 200 N
St. George, UT 84770

Independent Auditor's Report

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Five County Association of Governments (Association), as of June 30, 2017, and for the year then ended which collectively comprise the Association's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Five County Association of Governments as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's financial statements. The supplementary combining and individual program statements and schedules and accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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 financial statements or the 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 program financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2017 on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Association's internal control over financial reporting and compliance.

Hafen, Buckner, Everett + Graff

HAFEN, BUCKNER, EVERETT & GRAFF, PC
November 1, 2017

FIVE COUNTY ASSOCIATION OF GOVERNMENTS
Management's Discussion and Analysis

The following narrative presents management's discussion and analysis of the Five County Association of Government's (AOG) financial performance during the year ending June 30, 2017. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements and additional information, which follow this section.

History and Background of Five County Association of Governments

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

Financial Highlights

- The AOG's assets and deferred inflows exceeded liabilities and deferred inflows by \$ 654,755 at the close of the most recent fiscal year.
- Unrestricted net position was a deficit \$ 264,855 at June 30, 2017.
- The Association's total assets are \$ 2,228,199.
- The Expenditures for June 30, 2017 were less than the adopted budget by \$ 641,177.
- Capital assets (Net of accumulated depreciation) at June 30, 2017 were \$ 919,610. which includes land, a building, equipment, and vehicles.

Overview of the Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the AOG's finances, in a manner similar to a private-sector business. The statements consist of the Statement of Net Position, and the Statement of Activities.

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

The *Statement of Activities* presents information showing how the net position of the AOG changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal year period (e.g., uncollected revenues and earned, but unused, vacation leave and sick leave).

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

Fund Financial Statements
As is common with other state or local government entities, the AOG uses *funds* to account for separate activities and to help demonstrate compliance with financially related legal requirements (such as budgetary compliance). A fund is a set of closely related accounts used to maintain control over financial resources which have been segregated for specific activities or purposes. The AOG maintains only governmental funds and fiduciary funds.

Governmental Funds
Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating the AOG's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The AOG maintains one governmental fund which is the general fund.

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

Fiduciary Fund Types
Trust and Agency Funds - Trust and agency funds are used to account for assets held by the Association in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include expendable trust, non-expendable trust, pension

trust and agency funds. Non-expendable trust and pension trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

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

Government-wide Financial Analysis

As previously noted, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Five County Association of Governments, assets exceeded liabilities by $ 654,755 at the close of the most recent fiscal year.

Five County Association of Governments
Comparative Summary of Net Position
As of June 30, 2017 and 2016

	Governmental Activities	
	2017	2016
Assets and deferred outflows of resources:		
Current and other assets	$ 1,308,589	$ 1,673,002
Capital assets	919,610	916,300
Deferred outflows of resources	595,060	501,012
Total assets & deferred outflows	2,823,259	3,090,314
Liabilities and deferred inflows of resources:		
Current liabilities	721,789	799,473
Noncurrent liabilities	1,254,413	1,154,486
Deferred inflows of resources	192,302	151,089
Total liabilities & deferred inflows	2,168,504	2,105,048
Net position:		
Invested in capital assets net of related debt	919,610	916,300
Unrestricted	(268,504)	68,966
Total net position	$ 654,755	$ 985,266

Governmental Activities:

As of June 30, 2017, the Associations assets exceeded liabilities by $654,755 down from $985,266 in fiscal year 2016 due primarily to funding changes and pension changes.

Five County Association of Governments
Comparative Schedule of Changes in Net Position
as of and for the fiscal year ended June 30, 2017 and 2015

	Governmental Activities 2017	Governmental Activities 2016
Revenues:		
Charges for services	$ 358,042	$ 318,698
Operating grants and contributions	6,973,946	6,765,163
Total revenues	7,331,988	7,083,861
Expenses:		
Governmental activities	7,662,499	7,150,632
Total expenses	7,662,499	7,150,632
Changes in net position	(330,511)	(66,771)
Net position, July 1	985,266	1,052,037
Net position, June 30	$ 654,755	$ 985,266

General Fund Budgetary Highlights

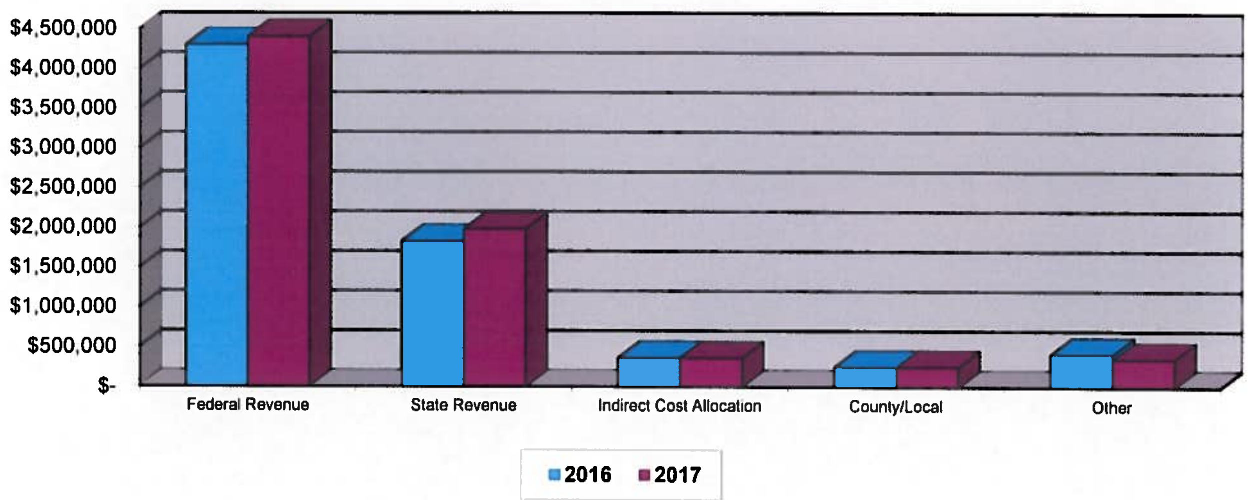
During the fiscal year, the Five County Association of Governments approved and revised the Association's budget. Budget amendments were made to reflect changes in contracts and related funding. Even with these adjustments, actual expenditures were below final budgeted amounts. Revenues were under the 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	$ 7,976,371	$ 8,259,883	$ 7,331,988
Total Expenditures including Capital Outlay	7,976,371	8,259,883	7,618,706
Excess (Deficit) of Revenues Over Expenditures	$ -0-	$ -0-	$ (286,718)

Revenues



Capital Assets

The AOG's fiscal year 2017 investment in capital assets, for all activities, amounted to $919,610. The AOG has chosen a threshold of capital assets to be included for reporting purposes at $3,000.

Summary of Net Capital Assets

	2017	2016
Buildings	$ 922,271	$ 922,271
Land	135,000	135,000
Furniture & Equipment	474,198	416,655
Depreciation	(611,859)	(557,626)
Total Net Capital Assets	$ 919,610	$ 916,300

Long-term Debt

The AOG had no long-term debt activity during the year.

Request for Information

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

BASIC FINANCIAL STATEMENTS

Five County Association of Governments

Statement of Net Position

June 30, 2017

		Governmental Activities
Assets:		
Cash & Cash Equivalents	$	105,486
Accounts Receivable		1,063,755
Accrued Revenue Receivable		19,085
Prepaid Assets		3,825
Inventory		116,438
Capital Assets (Net of Accumulated Depreciation)		919,610
Total Assets		2,228,199
Deferred Outflow of Resources:		595,060
Total Assets and Deferred Outflow of Resources	$	2,823,259
Liabilities:		
Accounts Payable	$	292,152
Accrued Liabilities		19,558
Unearned Revenue		410,079
Accrued Leave		160,928
Long-term Debt:		
Due with one year		10,616
Due in more than one year		35,441
Net Pension Liability		1,093,485
Total Liabilities		2,022,259
Deferred Inflow of Resources:		192,302
Net Position:		
Invested in Capital Assets		919,610
Unrestricted		(310,912)
Total Net Position		608,698
Total Liabilities, Deferred Inflows of Resources and Net Position	$	2,823,259

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

Five County Association of Governments

Statement of Activities
For the Year Ended June 30, 2017

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Assets: Total Governmental Activities
Governmental Activities:					
Administration	$ 454,427	$ 358,042	$	$	$ (96,385)
General Services	7,254,129		6,973,946		(280,183)
Total Governmental Activities	$ 7,708,556	$ 358,042	$ 6,973,946	$	(376,568)
General Revenues:					
Interest Earnings					
Total General Revenues					
Change in Net Position					(376,568)
Net Position at Beginning of Year (restated)					985,266
Net Position at End of Year					$ 608,698

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

Five County Association of Governments

Balance Sheet - Governmental Funds

June 30, 2017

	Major Fund
	General
Assets:	
Cash (Note 2)	$ 105,486
Accounts Receivable (Note 5)	1,063,755
Accrued Revenue Receivable	19,085
Prepaid Assets	3,825
Inventory (Note 3)	116,438
Total Assets	**$ 1,308,589**
Liabilities:	
Accounts Payable	292,152
Accrued Liabilities	19,558
Unearned Revenue (Note 8)	410,079
Total Liabilities	**721,789**
Fund Balance:	
Nonspendable:	
Inventory	116,438
Restricted	467,788
Assigned	-
Unassigned	2,574
Total Fund Balance	**586,800**
Total Liabilities and Fund Balances	**$ 1,308,589**

Five County Association of Governments

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2017

Total fund balances for governmental funds		$ 586,800
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	95,475	
Vehicles	373,323	
Accumulated Depreciation	(611,859)	
Total Capital Assets		919,610
Deferred Outflows of Resources - Pensions		595,060
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 follow:		
Accrued Leave	(160,928)	
Long-term Debt	(46,057)	
Net Pension Liability	(1,093,485)	
Total Long-term Liabilities		(1,300,470)
Deferred Inflows of Resources - Pensions		(192,302)
Total net position of governmental activities		$ 608,698

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, 2017

		General Fund Types
REVENUES:		
State	$	1,976,847
Federal		4,399,719
Indirect Cost Allocations (Note 4)		358,042
County/Local Participation		248,312
Accrued (Unearned) Revenue		(48,854)
Other		397,922
TOTAL REVENUES		7,331,988
EXPENDITURES:		
Total Payroll & Related Expense		3,199,152
Materials		1,341,623
Fiscal Management		18,090
Rent		131,132
Travel		135,829
Printing		29,351
Postage		10,346
Telephone		62,304
Office Supplies		38,695
Indirect Cost Allocation (Note 4)		343,675
Consultant/Contract Services		703,199
Capital Outlay		225,922
County Council on Aging		458,930
Other		920,458
TOTAL EXPENDITURES		7,618,706
Excess (Deficit) of Revenues Over Expenditures		(286,718)
OTHER FUNDING SOURCES/(USES)		
BEGINNING FUND BALANCE		873,518
YEAR END FUND BALANCE	$	586,800

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

Five County Association of Governments

Reconcilation 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, 2017

Net change in fund balances - total governmental funds		$ (286,718)
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	$ (59,917)	
Asset Retirements	-	
Total Capital Assets		(59,917)
The Statement of Activities shows pension benefits and pension expenses from adoption of GASB 68 that are not shown in the fund statements.		(33,833)
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	$ 49,957	
Less Debt Proceeds	(46,057)	
Total Long-term Liabilities		3,900
Change in net position of governmental activities		$ (376,568)

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, 2017

	Fiduciary Fund Type	
	Nonexpendable Trust	**Agency Fund**
Assets:		
Cash	$ 872,445	$ 109
Accrued Interest		
Notes Receivable	870,145	
Total Assets	**$ 1,742,590**	**$ 109**
Liabilities and Fund Balances:		
Due to SUPAC	$	$ 109
Fund Balance	1,742,590	
Total Liabilities and Fund Balance	**$ 1,742,590**	**$ 109**

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

Noncxpendable Trust Funds for the Year Ended June 30, 2017

	Fiduciary Fund Type Nonexpendable Trust
Revenues:	
Interest	$ 54,701
Other	2,000
Total Revenues	**56,701**
Expenditures:	
Administrative	16,540
Total Expenditures	**16,540**
Excess (Deficit) of Revenues Over Expenditures	40,161
Beginning Fund Balance	1,704,826
Year End Fund Balance	**$ 1,744,987**

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, 2017

Cash Provided By:		
Operating Activities		
Net Income (Loss)	$	(10,812)
Change in Operating Assets and Liabilities:		
(Increase)/Decrease in Accrued Interest Income		5,902
Bad Debts		48,608
Net Cash Used by Operating Activities		**43,698**
Noncapital Financing Activities:		
Net Cash Provided by Noncapital Financing Activities		
Investing Activities:		
Principal Repayments from Customers		277,210
Loans Made to Customers		(368,000)
Net Cash Used in Investing Activities		**(90,790)**
Increase/(Decrease) in Cash Equivalents		(47,092)
Cash and Cash Equivalents at Beginning of Year		919,537
Cash and Cash Equivalents at End of Year	**$**	**872,445**

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

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.

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.

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.

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.

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 or 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.

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:

Assets	Years
Buildings and Improvements	5 - 40
Leasehold Improvements	10
Vehicles	5 - 10
Machines and Equipments	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 funds 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.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk - At June 30, 2017, the carrying amount of the Association's deposits was $1,025,023 and the bank balances were $1,794,397. As of June 30, 2017 $500,000 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 fund have been allocated as indirect cost allocations to other funds. These allocated expenditures are offset by indirect credits totaling $352,895 and $347,253 for the years ended June 30, 2016 and June 30, 2017 respectively in the "Revenue" section of the administration fund. 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 or fund and not readily assignable to the benefitted program or fund were allocated to the various benefitted funds based on actual salaries, wages and fringe benefits of applicable personnel in those funds.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 and 2017 consist of the following:

	2016	2017
Federal Monies Due from Other Governmental Units	$ 589,423	$ 678,151
State Monies Due from Other Governmental Units	352,497	286,953
Other	73,196	98,651
Totals	**$ 1,015,116**	**$ 1,063,755**

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 Fund.

NOTE 6 - NOTES RECEIVABLE

Notes receivable consists of loans made by the Revolving Loan Fund to private businesses and individuals in the Five County Area. The Revolving Loan Fund is reported in the financial statements as a Nonexpendable Trust Fund. The loans bear interest ranging from 4 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, 2017, four new loans and one continuing loan totaling $299,000 were made. At September 30, 2017, one loan was delinquent. Due to the nature of the revolving loan fund, all of the loans should be considered as credit risks. If all of the loans were to become uncollectible, the entire amount due from 17 loans amounting to $827,963 would be recorded as a loss.

NOTE 7 - CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2017 follows:

Governmental Activities	Balance at 6/30/16	Additions	Retirements	Balance at 6/30/17
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	103,212		(7,737)	95,475
Vehicles	308,043	69,180	(3,900)	373,323
Total capital assets being depreciated	1,338,926	69,180	(11,637)	1,396,469
Less accumulated depreciation for:				
Building	313,189	23,056		336,245
Building Improvements	1,755	135		1,890
Office Furniture & Equipment	82,956	4,685	(4,838)	82,803
Vehicles	159,726	32,040	(845)	190,921
Total accumulated depreciation	557,626	59,916	(5,683)	611,859
Total capital assets, being depreciated, net	781,300	9,264	(5,954)	784,610
Governmental activities capital assets, net	$ 916,300	$ 9,264	$ (5,654)	$ 919,610

NOTE 8 - UNEARNED REVENUE / ACCRUED 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, 2016 and 2017 amounted to $564,490 and $410,079, respectively.

Accrued revenue represents the excess of expenditures over monies received and amounted to $168,999 and $19,085 at June 30, 2016 and 2017 respectively.

NOTE 9 - REVOLVING LOAN FUND

The revolving loan fund was created by the Steering Committee of the Association. The fund was created 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 fund 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 fund 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. The Utah Retirement Systems are comprised of the following pension trust funds:

- 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); ia 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.

NOTE 10 - RETIREMENT PLAN (CONTINUED)

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.

Benefits provided:: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or Age Eligible for Benefits	Benefit percent 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% per year all years	Up to 4%
Contributory System	Highest 5 years	35 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% per year all years	Up to 2.5%

**with actuarial reductions*

NOTE 10 - RETIREMENT PLAN (CONTINUED)

**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.*

Contributions: 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 URS 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 are as follows:

Utah Retirement Systems	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System			
11-Local Governmental Division Tier 1	6.000%	N/A	14.460%
111-Local Governmental Division Tier 2	N/A	N/A	16.690%
Noncontributory System			
15-Local Governmental Division Tier 1	N/A	N/A	18.470%

System	Employer Contributions	Employee Contributions
Noncontributory System	$ 213,426	N/A
Contributory System	10,979	—
Tier 2 Public Employees System	84,075	—
Tier 2 DC Only System	12,741	N/A
Total Contributions	$ 321,219	$ —

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.

NOTE 10 - RETIREMENT PLAN (CONTINUED)

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

At June 30,2017, the Association reported a net pension asset of $0 and a net pension liability of $1,093,485

	(Measurement Date): December 31, 2016				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share Dec. 31, 2015	Change (Decrease)
Noncontributory System	$ —	$ 983,341	0.1531392%	0.1561607%	(0.0030215)%
Contributory System	—	103,233	0.3146284%	0.1754427%	0.1391857 %
Tier 2 Public Employees System	—	6,911	0.0619502%	0.0583467%	0.0036035 %
	$ —	$1,093,485			

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculated the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 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, 2017, the Association recognized pension expense of $354,916.

At June 30, 2017 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	$ 21,360	$ 33,264
Changes in assumptions	—	32,635
Net difference between projected and actual earnings on pension plan investments	137,292	78,512
Changes in proportion and differences between contributions and proportionate share of contributions	5,408	47,891
Contributions subsequent to the measurement date	160,822	—
Total	$ 595,060	$ 192,302

NOTE 10 - RETIREMENT PLAN (CONTINUED)

$160,822 reported as deferred outflows of resources related to pensions results from contributions made by us prior to out fiscal year end, but subsequent to the measurement date of December 31, 2016.

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:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2017	$ 73,049
2018	74,056
2019	97,522
2020	(4,892)
2021	173
Thereafter	2,030

Actuarial assumptions: The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 Percent
Salary increases	3.35 - 10.35 percent, average, including inflation
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2016, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

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:

NOTE 10 - RETIREMENT PLAN (CONTINUED)

	Expected Return Arithmetic Basis		
Asset class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity Securities	40%	7.06%	2.82%
Debt Securities	20%	0.80%	0.16%
Real Assets	13%	5.10%	0.66%
Private Equity	9%	11.30%	1.02%
Absolute Return	18%	3.15%	0.57%
Totals	100%		5.23%
Inflation			2.60%
Expected arithmetic nominal return			7.83%

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of 4.60% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.20 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 was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 7.20 percent from 7.50 percent from the prior measurement period.

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 7.20 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 (6.20 percent) or 1 percentage point higher (8.20 percent) than the current rate:

Five County Association of Governments

Schedule of the Proportionate Share of the Net Pension Liability
Five County Association of Goverments
Utah Retirement Systems
December 31, 2016

	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%
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%
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%

ote:

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

Five County Association of Governments

Schedule of Contributions
Utah Retirement Systems

	Of 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
Noncontributory System	2015	234,378	234,378	-	1,312,475	17.86%
	2016	216,072	216,072	-	1,224,721	17.64%
	2017	213,426	213,426	-	1,195,784	17.85%
Contributory System	2015	10,765	10,765	-	74,448	14.46%
	2016	140,854	10,854	-	75,060	14.46%
	2017	10,979	10,979	-	75,924	14.46%
Tier 2 Public Employees System*	2015	52,246	52,246	-	349,707	14.94%
	2016	63,630	63,630	-	426,763	14.91%
	2017	84,075	84,075	-	563,879	14.91%
Tier 2 Public Employees DC Only System*	2015	7,701	7,701	-	114,601	6.72%
	2016	10,350	10,350	-	154,715	6.69%
	2017	12,741	12,741	-	190,442	6.69%

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

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 three years.

Changes in Assumptions:

The following actuarial assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

Five County Association of Governments

Combining Balance Sheet - All General Program Programs

June 30, 2017

	Program 1 Administration	Program 2 Aging Waiver Admin	Program 4 Aging Waiver Services	Program 5 Community & Economic Development	Program 6 Special Contracts	Program 7 Area Agency on Aging
Assets:						
Cash	$ 8,265	$ (4,394)	$ 13,923	$ 19,288	$ (15,923)	$ (11,107)
Accounts Receivable	48,614	5,486		146,401	114,480	64,707
Accrued Revenue Receivable			10,974			
Prepaid Expense	3,209					
Inventory						
Total Assets	**$ 60,088**	**$ 1,092**	**$ 24,897**	**$ 165,689**	**$ 98,557**	**$ 53,600**
Liabilities and Program Balances:						
Accounts Payable	60,088	1,092			30,607	46,169
Accrued Liabilities						
Unearned Revenue				10,283	39,601	
Program Balance:						
Nonspendable:						
Inventory						
Restricted:			24,897	155,406	28,349	7,431
Assigned:						
Unassigned:						
Total Liabilities and Program Balan	**$ 60,088**	**$ 1,092**	**$ 24,897**	**$ 165,689**	**$ 98,557**	**$ 53,600**

See Notes to Financial Statements

Program 8 Weatherization	Program 10 Human Services	Program 11 Volunteer Center-Iron	Program 12 Continuum of Care	Program 13 Child Care R & R	Program 14 Nutrition	Program 15 Heat Assistance
$ (40,637)	$ (398)	$ 1,724	$ (12,150)	$ (61,614)	$ 137,348	$ (25,323)
64,496	398	773	12,150	86,024	88,220	28,257
				616		
116,438						
$ 140,297	**$**	**$ 2,497**	**$**	**$ 25,026**	**$ 225,568**	**$ 2,934**
					95,750	
						2,931
23,859						
						3
116,438						
				25,026	129,818	
		2,497				
$ 140,297	**$ -**	**$ 2,497**	**$ -**	**$ 25,026**	**$ 225,568**	**$ 2,934**

Five County Association of Governments
Combining Balance Sheet - All General Programs
June 30, 2017

(Continued)

	Program 18 Mobility Management	Program 20 Foster Grandparent	Program 22 United Way Dixie	Program 24 Human Svcs Transp. Planning	Program 25 Transportation Planning
Assets:					
Cash	$ (2,029)	$ (2,890)	$ (14,400)	$ (2,165)	$ 244,714
Accounts Receivable	2,702	7,200	14,400	2,165	88,053
Accrued Revenue Receivable		3,751			
Prepaid Expense					
Inventory					
Total Assets	**$ 673**	**$ 8,061**	**$**	**$**	**$ 332,767**
Liabilities and Program Balances:					
Accounts Payable		4,310			
Accrued Liabilities					
Unearned Revenue					332,767
Program Balance:					
Nonspendable:					
Inventory					
Restricted:	673	3,751			
Assigned:					
Unassigned:					
Total Liabilities and Program Balan	**$ 673**	**$ 8,061**	**$**	**$**	**$ 332,767**

Program 26 SSBG	Program 27 Senior Companion	Program 28 CSBG	Program 29 Volunteer Income Tax Assistance	Program 30 Caregiver Support	Program 31 VITA IRS	Program 32 Iron County RPO	Program 33 Habitat for Humanity
$ (18,215)	$ (829)	$ (47,542)	$ (144)	$ (8,125)	$ (2,918)	$ (31,763)	$ (8,458)
18,348	13,060	49,506		32,881	1,970	31,745	6,363
132		328	144		1,081		2,405
$ 265	**$ 12,231**	**$ 2,292**	**$**	**$ 24,756**	**$ 133**	**$ (18)**	**$ 310**
265	12,231	3,710		7,735	133		310
				16,337			
		(1,418)		684			
						(18)	
$ 265	**$ 12,231**	**$ 2,292**	**$**	**$ 24,756**	**$ 133**	**$ (18)**	**$ 310**

Five County Association of Governments

Combining Balance Sheet - All General Programs

June 30, 2017

(Continued)

	Program 35 Alternatives	Program 36 New Choices Waiver	Program 40 TANF Program	Program 43 CAC -Child Development	Program 45 Community Fire Prevention	Program 47 Court Ordered Community Service
Assets:						
Cash	$ (25,021)	$ 66,324	$ (6,292)	$ (3,474)	$ (13,976)	$ (189)
Accounts Receivable	51,787	31,440	6,296	3,474	13,974	225
Accrued Revenue Receivable					270	
Prepaid Expense						
Inventory						
Total Assets	**$ 26,766**	**$ 97,764**	**$ 4**	**$**	**$ 268**	**$ 36**
Liabilities and Program Balances:						
Accounts Payable	23,200	4,593	4		268	36
Accrued Liabilities						
Unearned Revenue	3,566					
Program Balance:						
Nonspendable:						
Inventory						
Restricted:		93,171				
Assigned:						
Unassigned:						
Total Liabilities and Program Balan	**$ 26,766**	**$ 97,764**	**$ 4**	**$**	**$ 268**	**$ 36**

	Program 48 Youth Volunteer Corps	Program 49 County Natural Resource	Program 50 Payroll Clearing	Program 51 Alzheimers Association	Program 52 Continuum of Care Expansion	Totals (Memorandum Only) June 30, 2017	Totals (Memorandum Only) June 30, 2016
	$ 95	$ (17,401)	$ (2,417)	$ (187)	$ (6,214)	$ 105,486	$ 316,700
		19,052	2,707	187	6,214	1,063,755	1,015,116
						19,085	168,999
						3,825	32,467
						116,438	139,720
	$ 95	**$ 1,651**	**$ 290**	**$**	**$**	**$ 1,308,589**	**$ 1,673,002**
		1,651				292,152	230,409
			290			19,558	4,574
						410,079	564,490
						116,438	139,720
						467,788	728,019
							5,790
	95					2,574	
	$ 95	**$ 1,651**	**$ 290**	**$**	**$**	**$ 1,308,589**	**$ 1,673,002**

Five County Association of Governments

Combining Balance Sheet -Fiduciary Fund Types
Nonexpendable Trust Funds
June 30, 2017

	Nonexpendable Trust Funds		Totals (Memorandum Only)	
	Down Payment Assistance	Revolving Loan Fund	June 30, 2017	June 30, 2016
Assets:				
Cash	$ 21,754	$ 850,691	$ 872,445	$ 919,537
Accrued Interest				5,902
Notes Receivable		870,145	870,145	827,963
Total Assets	**$ 21,754**	**$ 1,720,836**	**$ 1,742,590**	**$ 1,753,402**
Liabilities and Fund Balances:				
Fund Balance	$ 21,754	$ 1,720,836	$ 1,742,590	$ 1,753,402
Total Liabilities and Fund Balance	**$ 21,754**	**$ 1,720,836**	**$ 1,742,590**	**$ 1,753,402**

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, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Southern Utah Planning Authorities Council:				
Assets:				
Cash	$ 109	$		$ 109
Liabilities:				
Due to SUPAC	$ 109	$		$ 109

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, 2017

	Program 1 Administration	Program 2 Aging Waiver Admin	Program 4 Aging Waiver Services	Program 5 Community & Economic Dev.	Program 6 Special Contracts
REVENUES:					
State	$	$ 18,176	$ 128,871	$ 178,525	$ 32,904
Federal		54,529		144,271	254,470
Indirect Cost Allocations	358,042				
County/Local Participation				75,000	46,547
Accrued (Unearned) Revenue				(10,283)	(39,601)
Other				18,215	
TOTAL REVENUES	358,042	72,705	128,871	405,728	294,320
EXPENDITURES:					
Total Payroll & Related Expense	256,421	60,230	95,486	263,146	
Materials					
Fiscal Management	18,090				
Rent	28,360	688	2,122	4,002	
Travel	4,149	3,709	4,385	12,416	
Printing	3,014	812	888	1,641	
Postage	2,567	25	545	1,375	
Telephone	4,087	609	1,484	2,304	
Office Supplies	4,221	1,005	465	1,999	
Indirect Cost Allocation		5,498	11,894	33,193	
Consultant/Contract Services			28,324	167,749	
Capital Outlay	2,277	129	134	2,886	
County Council on Aging					
Other	41,391			64,194	345,601
TOTAL EXPENDITURES	364,577	72,705	145,727	554,905	345,601
Excess (Deficit) of Revenues Over Expenditures	(6,535)		(16,856)	(149,177)	(51,281)
Transfer From (To) Other Program	6,336			(75,738)	45,334
Other Programing Sources/(Uses)					
Beginning Program Balance	199		41,753	380,321	34,296
Year End Program Balance	$	$	$ 24,897	$ 155,406	$ 28,349

See Notes to Financial Statements

Program 7 Area Agency On Aging	Program 8 Weatherization	Program 10 Human Services	Program 11 Volunteer Center-Iron Co	Program 12 Continuum of Care	Program 13 Child Care R & R	Program 14 Nutrition
$ 276,286	$ 35,670	$	$		$	$ 358,932
333,147	761,484	259		59,924	496,978	608,585
	(25,565)					
			12,241		9,177	312,700
609,433	771,589	259	12,241	59,924	506,155	1,280,217
101,476	456,614		5,638	10,750	373,241	12,972
	249,005			39,058		1,049,004
869	12,621				18,245	289
10,230	14,069	129	900		14,002	855
1,502	1,777		121		5,981	61
563	866		170		1,796	33
1,229	10,471			19	9,443	131
672	4,467		302		4,583	55
15,075	37,028		196	1,201	44,947	1,636
	877			8,896		
452	6,958		56		3,415	199,728
458,930						
18,448	118	230	2,361		30,375	10,864
609,446	794,871	359	9,744	59,924	506,028	1,275,628
(13)	(23,282)	(100)	2,497		127	4,589
7,444	139,720	100			24,899	125,229
$ 7,431	$ 116,438	$	$ 2,497	$	$ 25,026	$ 129,818

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, 2017

	Program 15 Heat Assistance	Program 18 Mobility Management	Program 19 Volunteer Ctr. Wash Co	Program 20 Foster Grandparent	Program 21 Rural Foster Grandparent	Program 22 United Way Dixie
REVENUES:						
State	$	$	$	$ 4,700	$	$
Federal	447,596	38,199		86,776		
Indirect Cost Allocations						
County/Local Participation			11,000	6,763		34,201
Accrued (Unearned) Revenue	(3)			3,751		
Other			4,350			
TOTAL REVENUES	447,593	38,199	15,350	101,990		34,201
EXPENDITURES:						
Total Payroll & Related Expense	341,680	40,978		26,463	5,153	24,354
Materials	4,556					
Fiscal Management						
Rent	33,083	249		567	129	
Travel	4,652	508		1,418	6	
Printing	509	319		628		122
Postage	264			122		
Telephone	10,581	317		379		
Office Supplies	6,701	198		347		
Indirect Cost Allocation	43,086	5,167		3,337	851	3,819
Consultant/Contract Services						
Capital Outlay	2,481	13		6		
County Council on Aging						
Other				108,955		
TOTAL EXPENDITURES	447,593	47,749		142,222	6,139	28,295
Excess (Deficit) of Revenues Over Expenditures		(9,550)	15,350	(40,232)	(6,139)	5,906
Transfer From (To) Other Program		9,550	(21,140)	43,983	6,139	
Other Programing Sources/(Uses)						
Beginning Program Balance		673	5,790			(5,906)
Year End Program Balance	$	$ 673	$	$ 3,751	$	$

See Notes to Financial Statements

Program 24 H.S. Transp. Planning	Program 25 Transportation Planning	Program 26 SSBG	Program 27 Senior Companion	Program 28 CSBG	Program 29 Volunteer Tax Assist.	Program 30 Caregiver Support	Program 31 VITA IRS
$	$	$	$ 16,242	$	$	$ 107,297	$
23,138	358,562	72,080	89,290	229,007	2,272	98,244	717
	30,000		13,056				
		132		328	144		1,081
	3,200			5	14,728	386	8,883
23,138	391,762	72,212	118,588	229,340	17,144	205,927	10,681
25,083	263,310	17,466	28,573	132,905	15,145	130,279	3,978
249	3,351		567	5,842		2,654	2,168
48	17,703	127	1,606	5,662		7,510	1,869
76	1,096	159	437	1,070		2,585	1,368
	255	37	222	263		571	
286	2,240	164	412	3,127		1,954	621
17	1,319	92	903	2,864		2,208	614
3,163	33,203	3,024	3,603	17,586	1,999	16,428	
	45,723	43,494	345	22,828		40,792	
	908	50	6	1,635		262	63
	2,106	3,599	97,605	36,976			
28,922	371,214	68,212	134,279	230,758	17,144	205,243	10,681
(5,784)	20,548	4,000	(15,691)	(1,418)		684	
5,784	(20,548)	(4,000)	15,691				
$	$	$	$	$ (1,418)	$	$ 684	$

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, 2017

	Program 32 Iron Co. RPO	Program 33 Habitat for Humanity	Program 35 Alternatives	Program 36 New Choices Waiver	Program 38 CSBG 2016	Program 39 Critical Needs Housing
REVENUES:						
State	$	$ 2,921	$ 276,867	$ 338,754	$	$ 31,242
Federal		11,532	105,328		114,265	
Indirect Cost Allocations						
County/Local Participation	31,745					
Accrued (Unearned) Revenue		2,405	(565)			
Other						
TOTAL REVENUES	31,745	16,858	381,630	338,754	114,265	31,242
EXPENDITURES:						
Total Payroll & Related Expense	26,390	10,820	109,269	267,522	36,177	6,000
Materials						
Fiscal Management						
Rent	588	1,394	2,384	5,512	4,185	
Travel	895	1,611	3,418	18,501	2,082	
Printing	143	7	800	2,345	1,076	
Postage		8	353	55	200	
Telephone	288	1,246	2,433	4,504	3,538	
Office Supplies	99	397	947	1,806	1,192	
Indirect Cost Allocation	3,329	1,364	14,448	31,553	4,383	
Consultant/Contract Services			247,371	20,868	45,249	25,242
Capital Outlay	13		207	555	97	
County Council on Aging						
Other					16,086	
TOTAL EXPENDITURES	31,745	16,847	381,630	353,221	114,265	31,242
Excess (Deficit) of Revenues Over Expenditures		11		(14,467)		
Transfer From (To) Other Programs				(11,391)		
Other Programing Sources/(Uses)						
Beginning Program Balance	(18)	(11)		119,029		
Year End Program Balance	$ (18)	$	$	$ 93,171	$	$

See Notes to Financial Statements

Program 40 TANF Program	Program 43 CAC - Child Development	Program 45 Community Fire Prevention	Program 46 VITA	Program 47 Court Ordered Community Svc	Program 48 Youth Volunteer Corps	Program 49 County Natural Resource
$ 15,000	$ 7,235	$ 33,942		$	$ 21	$ 113,262
			29			
		270				19,052
			5,693	6,207	1,390	
15,000	7,235	34,212	5,722	6,207	1,411	132,314
6,845	6,121	28,370	5,188	4,320		
267						
1,442		1,538		26	363	
35		42		509	228	
3				25	28	
129		149		159		
19	500	535		106	62	
860	614		534	555		
5,400					41	
		3,578		13		
				494	594	132,314
15,000	7,235	34,212	5,722	6,207	1,316	132,314
					95	
$	$	$	$	$	$ 95	$

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, 2017

	Program 51 Alzheimers Association	Program 52 Continuum of Care Expansion	Totals (Memorandum Only) June 30, 2017	Totals (Memorandum Only) June 30, 2016
REVENUES:				
State	$	$	$ 1,976,847	$ 1,829,116
Federal		9,037	4,399,719	4,299,515
Indirect Cost Allocations			358,042	362,983
County/Local Participation			248,312	249,856
Accrued (Unearned) Revenue			(48,854)	(70,952)
Other	747		397,922	413,343
TOTAL REVENUES	747	9,037	7,331,988	7,083,861
EXPENDITURES:				
Total Payroll & Related Expense		789	3,199,152	3,018,265
Materials			1,341,623	1,301,573
Fiscal Management			18,090	20,620
Rent	747		131,132	133,095
Travel			135,829	114,344
Printing			29,351	34,496
Postage			10,346	19,492
Telephone			62,304	53,318
Office Supplies			38,695	35,644
Indirect Cost Allocation		101	343,675	352,895
Consultant/Contract Services			703,199	627,361
Capital Outlay			225,922	71,061
County Council on Aging			458,930	440,274
Other		8,147	920,458	929,459
TOTAL EXPENDITURES	747	9,037	7,618,706	7,151,897
Excess (Deficit) of Revenues Over Expenditures			(286,718)	(68,036)
Transfer From (To) Other Program				
Other Programing Sources/(Uses)				
Beginning Program Balance			873,518	941,565
Year End Program Balance	$	$	$ 586,800	$ 873,529

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, 2017

With Comparative Totals for the Year Ended June 30, 2016

	Fiduciary Fund Types Nonexpendable Trust Funds		Totals (Memorandum Only)	
	Down Payment Assistance Fund	**Revolving Loan Fund**	**June 30, 2017**	**June 30, 2016**
Revenues:				
State Contracts	$	$	$	$
Interest		54,701	54,701	55,292
Other	6,457		6,457	2,000
Total Revenues	**6,457**	**54,701**	**61,158**	**57,292**
Expenditures:				
Legal Fees - Repossessions				
Bad Debts		48,608	48,608	
Administrative		23,362	23,362	8,716
Total Expenditures		**71,970**	**71,970**	**8,716**
Excess (Deficit) of Revenues Over Expenditures	6,457	(17,269)	(10,812)	48,576
Transfer From Other Funds				
Beginning Fund Balance	15,297	1,738,105	1,753,402	1,704,826
Year End Fund Balance	**$ 21,754**	**$ 1,720,836**	**$ 1,742,590**	**$ 1,753,402**

See Notes to Financial Statements

Five County Association of Governments

Combining Statement of Cash Flows - Nonexpendable Trust Funds

For the Year Ended June 30, 2017

With Comparative Totals for the Year Ended June 30, 2016

	Down Payment Assistance	Revolving Loan Fund	Totals - (Memorandum Only) June 30, 2017	June 30, 2016
Cash Provided By:				
Operating Activities				
Net Income (Loss)	$ 6,457	$ (17,269)	$ (10,812)	$ 48,576
Change in Operating Assets and Liabilities:				
(Increase)/Decrease in Accrued Interest Income		5,902	5,902	(3,767)
Loans Charged Off as Uncollectible		48,608	48,608	
Net Cash Used by Operating Activities	6,457	37,241	43,698	44,809
Noncapital Financing Activities:				
Transfers In				
Net Cash Provided by Noncapital Financing Activities				
Investing Activities:				
Principal Repayments from Customers		277,210	277,210	197,333
Loans Made to Customers		(368,000)	(368,000)	(299,000)
Net Cash Provided by Investing Activities		(90,790)	(90,790)	(101,667)
Increase/(Decrease) in Cash Equivalents	6,457	(53,549)	(47,092)	(56,858)
Cash and Cash Equivalents at Beginning of Year	15,297	904,240	919,537	976,395
Cash and Cash Equivalents at End of Year	$ 21,754	$ 850,691	$ 872,445	$ 919,537

See Notes to Financial Statements

SINGLE AUDIT COMPLIANCE SECTION

HAFEN | BUCKNER

Certified Public Accountants
www.hbeg.com

90 E 200 N
St. George, UT 84770

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, 2017, 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, 2017.

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

Hafen, Buckner, Everett & Graff, PC
St. George, Utah
November 3, 2017

HAFEN | BUCKNER

Certified Public Accountants
www.hbeg.com

90 E 200 N
St. George, UT 84770

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

We have audited the Five County Association of Government's (Association) compliance with the types of compliance requirements described 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, 2017. Five County Association of Government's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Five County Association of Government's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Each Major Federal Program

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, 2017.

Report on Internal Control Over Compliance

Management of Five County Association of Government's, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Hafen, Buckner, Everett & Graff

HAFEN, BUCKNER, EVERETT & GRAFF, PC

November 3, 2017

Five County Association of Governments
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/Program or Cluster Title	*Federal CFDA #*	*Pass-through Grantor*	*Federal Expenditures*
Aging Cluster-Cluster			
Department of Health and Human Services			
Special Programs for the Aging_Title III, Part B			
Special Programs for the Aging_Title III, Part B	93.044	Ut Dept of Aging	267,784
Total Special Programs for the Aging_Title III, Part B			267,784
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 Aging	587,873
Total Special Programs for the Aging_Title III, Part C_Nutrition Services			587,873
Nutrition Services Incentive Program			
Nutrition Services Incentive Program	93.053	Ut Dept of Aging	133,187
Total Nutrition Services Incentive Program			133,187
Total Department of Health and Human Services			988,844
Total Aging Cluster-Cluster			988,844
Foster Grandparents/Senior Companion Cluster-Cluster			
Corporation for National and Community Service			
Foster Grandparent Program			
Foster Grandparent Program	94.011		89,290
Total Foster Grandparent Program			89,290
Senior Companion Program			
Senior Companion Program	94.016		86,776
Total Senior Companion Program			86,776
Total Corporation for National and Community Service			176,066
Total Foster Grandparents/Senior Companion Cluster-Cluster			176,066
Transit Services Programs Cluster-Cluster			
Department of Transportation			
Enhanced Mobility of Seniors and Individuals with Disabilities			
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	UDOT	12,350
Total Enhanced Mobility of Seniors and Individuals with Disabilities			12,350
New Freedom Program			
New Freedom Program	20.521	UDOT	17,100
Total New Freedom Program			17,100
Total Department of Transportation			29,450
Total Transit Services Programs Cluster-Cluster			29,450
Other Programs			
Corporation for National and Community Service			
AmeriCorps			
AmeriCorps	94.006	Ut Dept. of Heritage & Arts	14,453
Total AmeriCorps			14,453
Total Corporation for National and Community Service			14,453
Department of Homeland Security			
Assistance to Firefighters Grant			
Assistance to Firefighters Grant	97.044		34,188
Total Assistance to Firefighters Grant			34,188
Total Department of Homeland Security			34,188
Department of Commerce			
Economic Adjustment Assistance			
Economic Adjustment Assistance	11.307		1,422,634
Total Economic Adjustment Assistance			1,422,634
Total Department of Commerce			1,422,634

Five County Association of Governments
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/Program or Cluster Title	*Federal CFDA #*	*Pass-through Grantor*	*Federal Expenditures*
Department of Energy			
Weatherization Assistance for Low-Income Persons			
Weatherization Assistance for Low-Income Persons	81.042	Ut Housing & Human Dev	189,699
Total Weatherization Assistance for Low-Income Persons			189,699
Total Department of Energy			189,699
Department of Transportation			
Highway Planning and Construction			
Highway Planning and Construction	20.205	UDOT	385,822
Total Highway Planning and Construction			385,822
Formula Grants for Rural Areas			
Formula Grants for Rural Areas	20.509	UDOT	6,240
Total Formula Grants for Rural Areas			6,240
Total Department of Transportation			6,240
Department of Health and Human Services			
Spec Prog for the Aging_Title VII, Chapter 3			
Spec Prog for the Aging_Title VII, Chapter 3	93.041	Ut Dept of Aging	18,211
Total Spec Prog for the Aging_Title VII, Chapter 3			18,211
Spec Programs for the Aging_Title VII, Chapter 2			
Special Programs for the Aging_Title VII, Chapter 2	93.042	Ut Dept of Aging	6,842
Total Special Programs for the Aging_Title VII, Chapter 2			6,842
Special Programs for the Aging_Title III, Part D			
Special Programs for the Aging_Title III, Part D	93.043	Ut Dept of Aging	15,543
Total Special Programs for the Aging_Title III, Part D			15,543
Special Programs for the Aging_Title IV_& Title II			
Spec Prog for the Aging_Title IV_& Title II	93.048	Ut Dept of Aging	26,004
Total Special Programs for the Aging_Title IV_& Title II			26,004
National Family Caregiver Support, Title III, Part E			
National Family Caregiver Support, Title III, Part E	93.052	Ut Dept of Aging	146,352
Total National Family Caregiver Support, Title III, Part E			146,352
Medicare Enrollment Assistance Program			
Medicare Enrollment Assistance Program	93.071	Ut Dept of Aging	14,418
Total Medicare Enrollment Assistance Program			14,418
Temporary Assistance for Needy Families (TANF) State Programs			
TANF State Programs	93.558	Utah DWS	15,000
Total TANF State Programs			15,000
Low-Income Home Energy Assistance			
Low-Income Home Energy Assistance	93.568	Ut Dept of Housing & Community Dev	992,491
Total Low-Income Home Energy Assistance			992,491
Child Care and Development Block Grant			
Child Care and Development Block Grant	93.575	Ut Workforce Services	496,978
Total Child Care and Development Block Grant			496,978
Social Services Block Grant			
Social Services Block Grant	93.667	Ut Dept of Aging	103,224
Total Social Services Block Grant			103,224
Evidence-Based Falls Prevention Programs Financed by PPHF			
Evidence-Based Falls Prevention Programs Financed Solely by PPHF	93.761	Ut Disease Control Prev	4,630
Total Evidence-Based Falls Prevention Programs Financed by PPHF			4,630

Five County Association of Governments
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/Program or Cluster Title	***Federal CFDA #***	***Pass-through Grantor***	***Federal Expenditures***
Medical Assistance Program			
Medical Assistance Program	93.778	Ut Div of Health Care Financing	381,406
Total Medical Assistance Program			381,406
Centers for Medicare & Medicaid Serv (CMS) Research, Demonstrations & Eval			
CMS Research, Demonstrations and Evaluations	93.779	Ut Dept of Aging	25,384
Total CMS Research, Demonstrations and Evaluations			25,384
Assistance Programs for Chronic Disease Prevention & Control			
Assistance Programs for Chronic Disease Prevention & Control	93.945	Ut Dept of Health	10,115
Total Assistance Programs for Chronic Disease Prevention & Control			10,115
Total Department of Health and Human Services			381,406
Department of Housing and Urban Development			
Community Development Block Grants/State's program			
Community Development Block Grants/State's program	14.228	Ut Dept of Housing & Community Dev	77,271
Total Community Development Block Grants/State's program			77,271
Continuum of Care Program			
Continuum of Care Program	14.267		68,961
Total Continuum of Care Program			68,961
Total Department of Housing and Urban Development			146,232
United States Department of Agriculture			
Emergency Food Assistance Program (Administrative Costs)			
Emergency Food Assistance Program (Administrative Costs)	10.568	Utah Food Bank	14,811
Total Emergency Food Assistance Program (Administrative Costs)			14,811
Total United States Department of Agriculture			14,811
Department of Veterans Affairs			
VHA Home Care			
VHA Home Care	64.044	Mountainlands AOG	38,006
Total VHA Home Care			38,006
Total Department of Veterans Affairs			38,006
Total Other Programs			4,508,683
Total Expenditures of Federal Awards			$ 5,703,043

The accompanying notes are an integral part of this schedule

FIVE COUNTY ASSOCIATION OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2017

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:

Program	CFDA	Amount
Low-Income Home Energy Assistance	93.568	$ 992,491
Weatherization Assistance for Low-Income Persons	81.042	$ 189,699

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.

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-

HAFEN | BUCKNER

Certified Public Accountants
www.hbeg.com

90 E 200 N
St. George, UT 84770

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

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

Report On Compliance with General State Compliance Requirements

We have audited the Five County Association of Government's (Association) compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor that could have a direct and material effect on the Association for the year ended June 30, 2017.

General state compliance requirements were tested for the year ended June 30, 2017 in the following areas:

Cash Management	Budgetary Compliance
Fund Balance	Open and Public Meetings Act
Public Treasurer's Bond	Utah Retirement Systems

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Five County Association of Government's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance on compliance for each state compliance requirement referred above. However, our audit does not provide a legal determination of Five County Association of Government's compliance with those requirements.

Opinion on General State Compliance Requirements

In our opinion, Five County Association of Governments complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2017.

Other Matters

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

Report on Internal Control Over Compliance

Management of Five County Association of Government is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit, we considered the Association's internal control over compliance with the state compliance requirements that could have a direct and material effect on the Association to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Five County Association of Government's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified..

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 and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide.* Accordingly, this report is not suitable for any other purpose.

Hafen, Buckner, Everett & Graff

HAFEN, BUCKNER, EVERETT & GRAFF, PC

November 1, 2017