MOUNTAINLAND ASSOCIATION OF

GOVERNMENTS

Financial Statements

Year Ended June 30, 2023

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS

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Year Ended June 30, 2023

INDEPENDENT AUDITOR'S REPORT

Executive Council
Mountainland Association of Governments
Orem, Utah

Opinions

We have audited the accompanying financial statements of the governmental activities, the general fund (a major fund), and the proprietary fund information of Mountainland Association of Governments (the Association), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Mountainland Association of Governments's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities (a major fund), and the proprietary fund information of Mountainland Association of Governments, as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mountainland Association of Governments, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Audit Standards, we have also issued our report dated November 2, 2023 on our consideration of Mountainland Association of Governments's internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contract, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mountainland Association of Governments's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Audit Standards in considering Mountainland Association of Governments's internal control over financial reporting and compliance.

Gilbert & Stewart

Gilbert & Stewart CPA PC
Provo, Utah
March 10, 2024

Management’s Discussion and Analysis

This section of the financial report of Mountainland Association of Governments (the Assocation) presents management’s discussion and analysis of the Association’s financial performance during the year ended June 30, 2023. Please read it in conjunction with the Associations’ financial statements, which follow this section.

Financial Highlights

- The Association’s net position was $3,298,888 at the close of the most recent fiscal year.
- During the year, expenses were $5,547,790 less than the $36,291,355 generated in taxes and other revenues for governmental activities.
- The general fund reported an unassigned fund balance of $6,838,498 on June 30, 2023.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Association, with the remainder being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Association is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the Association changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (such as, uncollected taxes and earned but unpaid employee benefits).

The government-wide financial statements of the Association are reported as *governmental activities.* The Association’s basic services are included here, such as instruction, various supporting services, food services, community services, and interest on long-term liabilities. Property taxes and state and federal grants finance most of these activities.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund financial statements - A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Association, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Association are categorized as governmental funds.

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

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

The Association maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *general fund* which is considered a major fund..

The Association adopts an annual appropriated budget for its *general fund.* A budgetary comparison statement has been provided for the *general fund* to demonstrate compliance with this budget.

- **Proprietary fund** – The Association maintains one proprietary fund type. Internal service funs are an accounting device use to accumulate and allocate costs internally among a government's various functions. The Association used one internal service fund (which accounts for certain employee benefits); it is included within governmental activities in the government-wide statements.

Notes to the basic financial statements - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 18 through 36 of this report.

Additional information - In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Association's progress in funding its obligation to provide pension benefits to its employees.

In addition to required supplementary information, other information has been presented for additional analysis.
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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Association, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $3,298,888 at the close of the most recent fiscal year.

MOUNTAINLAND ASSOCIATION OF GOVERMENTS - Net Position
June 30, 2023 and 2022

	Governmental Activities				Total Change	
	2023		2022		2023-2022	
Current and other assets	$	72,120,549	$	37,474,202	$	34,646,347
Capital assets		1,177,490		712,357		465,133
Total assets		73,298,039		38,186,559		35,111,480
Deferred outflow of Resources		989,232		782,339		206,893
Current and other liabilities		63,724,361		32,257,840		31,466,521
Noncurrent liabilities		1,790,008		596,760		1,193,248
Total liabilities		65,514,369		32,854,600		32,659,769
Deferred Inflow of Resources		16,222		2,815,411		(2,799,189)
Net Postion:						
Net investment in capital assets		716,408		712,357		4,051
Restricted		779,290		866,734		(87,444)
Unrestricted		7,260,982		1,719,797		5,541,185
Total net position	$	8,756,680	$	3,298,888	$	5,457,792

- A portion of the Association's net position ($779,290) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for a revolving loan fund.

- An additional portion of the Association's net position ($ 716,408) reflects its net investment in capital assets. The Association uses these capital assets to provide services; consequently, these assets are *not* available for future spending.

- The remaining balance of net position ($7,260,982) is unrestricted and may be used to meet the Association's obligations to students, employees, and creditors and to honor next year's budget. This balance includes the Association's proportionate share of the unfunded obligation of the defined benefit pension plans administered by URS.

The Association's net position increased by $5,547,792 during the current year from governmental activities.

The following discussion and analysis on governmental activities focuses on this increase:

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS - Change in Net Position
June 30, 2023 and 2022

	Governmental Activities 2023	Governmental Activities 2022	Total Changes 2023-2022
Revenues:			
Program revenues:			
Charges for services	$ 158,916	$ 586,412	$ (427,496)
Operating grants and contributions	25,715,934	16,875,570	8,840,364
General Revenues:			
Local and miscellaneous			-
Federal and state aid not restricted to specific purposes		-	-
Earnings on investments	2,652,349	0	2,652,349
Local and miscellaneous	7,764,136	188,273	7,575,863
Total revenues	36,291,335	17,650,255	18,641,080
Expenses:			
Administration	468,572	396,185	72,387
Regional planning	23,076,459	8,375,631	14,700,828
Aging and adult services	7,288,514	7,957,789	(669,275)
Total expenses	30,833,545	16,729,605	14,103,940
Changes in net position	5,457,790	920,650	4,537,140
Net position, beginning	3,298,888	2,378,238	920,650
Net position, ending	$ 8,756,678	$ 3,298,888	$ 5,457,790

Financial Analysis of the Association's Funds

As noted earlier, the Association uses fund accounting to ensure and demonstrate compliance with finance- related legal requirements.

Governmental fund - The focus of the Association's *governmental fund* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Association's financing requirements. As the Association completed the year, its governmental fund reported a fund balance of $8,396,188, $6,103,417 more the previous year.

In addition, the following other changes in fund balances should be noted:

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. *Nonspendable* includes prepaid items and inventories that are not expected to be converted to cash. *Restricted* includes net fund resources of the Association that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions include revenues received for specific purposes. The unrestricted fund balance is subdivided between committed, assigned, and unassigned portions. *Committed* balances reflect the Association's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. *Assigned* balances are those that do not meet the requirements of committed but that are intended to be used for specific purposes. *Unassigned* balances are all other available net fund resources. At June 30, 2023, the Association's combined governmental fund balance is $ ($1,557,690 in nonspendable and assigned funds, and $6,838,498 is unassigned fund balances).

General Fund Budgetary Highlights

During the year, the Board revised the Association's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was a increase of $896,208 in total *general fund* expenditures. During the year, final budgeted revenues increased by $745,308 to reflect anticipated federal and state funding.

Even with these adjustments, actual expenditures were $7,885,737 more than final budgeted amounts. Other variances normally result from expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

Capital Asset and Debt Administration

Capital assets - The Association's investment in capital assets for its governmental activities as of June ,30, 2023 amounts to $712,357 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and equipment. Capital assets at June 30, 2023 and 2021 are outlined below:

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS Capital Assets
June 30, 2023 and 2022

	2023	2022	Total Change 2023-2022
Construction in progress	$ -	$ 80,076	$ (80,076)
Buildings & Improvements	1,075,289	556,405	518,884
Furniture and Equipment	102,201	75,876	26,325
	$ 1,177,490	$ 712,357	$ 465,133

Contacting the Association's Management

This financial report is designed to provide our citizens, taxpayers, participants, member cities, and counties, and creditors with a general overview of the Association's finances and to demonstrate the Association's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mountainland Association of Governments, Executive Director, 586 East 800 North, Stratford Park, Orem, Utah 84097.

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets:	
Cash and investments	$ 66,135,803
Receivables:	
Local Sources	2,193,347
State	626,492
Federal	2,702,697
Prepaid Expenditures	3,060
Loans receivable, net of allowance of $174,511	459,150
Net Pension Asset	-
Capital assets:	
Construction in progress	-
Capital assets, net of accumulated depreciation	1,177,490
Total assets	73,298,039
Deferred Outflows of Resources:	
Pension related	989,232
Liabilities:	
Accounts payable	366,072
Unearned revenue:	
State	61,458,289
Long-term liabilities:	
Due within one year	275,379
Due in more than one year	1,514,629
Total liabilities	65,514,369
Deferred Inflows of Resources:	
Pension related	16,222
Net Position:	
Net investment in capital assets	716,408
Restricted for:	
Revolving loans	779,290
Unrestricted	7,260,982
Total net position	$ 8,756,680

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

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Statement of Activities
Year Ended June 30, 2023

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental activities:					
Administrative	$ 468,572	$ 158,916	$ -	$ -	$ (309,656)
Regional planning	22,670,061		21,681,982	-	(988,079)
Aging and family services	7,288,514	-	4,034,252	-	(3,254,262)
Total school district	30,427,147	158,916	25,716,234	-	(4,551,997)
General revenues:					
Earnings on investments					2,652,349
Miscellaneous					7,764,136
Total general revenues					10,009,789
Change in net position					5,457,792
Net position - beginning of year					3,298,888
Net position - end or year					$ 8,756,680

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

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Balance Sheet
Governmental Fund
June 30, 2023

		General Fund
Assets:		
Cash and investments	$	66,135,803
Receivables:		
Local		2,193,347
State		626,492
Federal		2,702,697
Loans receivable , net of allowance of $137,638		459,150
Prepaid and deposits		3,060
Total assets	$	72,120,549
Liabilities and fund balances:		
Liabilities:		
Accounts, wages, and contracts payable	$	366,072
Unearned revenue:		
Federal		-
State		61,458,289
Local		1,900,000
Total liabilities		63,724,361
Fund Balances:		
Nonspendable:		
Revolving loans		779,290
Prepaids and deposits		3,060
Assigned to:		
Employee obligations		775,340
Unassigned		6,838,498
Total fund balances		8,396,188
Total liabilities and fund balances	$	72,120,549

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

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2023

Total fund balances for governmental funds		$ 8,396,188
Total net position reported for governmental activities in the statement of net position is different because:		
The net pension asset is not an available resource and therefore is not reported in the governemental funds		-
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Construction in progress	$ -	
Buildings and improvements, net of $739,955 accumulated depreciation	619,351	
Leased assets net of $12,665 amortization	455,938	
Furniture and equipment, net of $482,044 accumulated depreciation	102,201	1,177,490
Internal service funds are used by management to charge the costs of compensated absences to the general fund. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. Internal service fund net positon at year end is zero.		-
Long-term liabilities that pertain to governmental funds, including bonds payable, 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 assets. Balances at year-end are:		
Compensated Absences	(775,340)	
Obligations under capital leases	(461,082)	
Net pension liability	$ (553,586)	
Deferred outflows of resources-pension related	989,232	
Deferred inflows of resources-pension related	(16,222)	(816,998)
Total net position of governmental activities		$ 8,756,680

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
Year Ended June 30, 2023

		General Fund
Revenues:		
Earnings on investments	$	2,652,349
Local sources	$	7,923,052
State aid		15,405,364
Federal aid		9,389,138
Contributed service and facilities		515,036
Total revenues		35,884,939
Expenditures:		
Current:		
Administrative (unallocated)		453,194
Regional planning		22,562,814
Aging and family services		7,234,116
Total expenditures		30,250,124
Excess (deficiency) of revenues over (under) expenditures		5,634,815
Other financing sources (uses):		
Equipment capital lease		468,602
Sale of capital assets		-
Total other financing sources (uses)		468,602
Net change in fund balances		6,103,417
Fund balances - beginning of year		2,292,771
Fund balances - end of year	$	8,396,188

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

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement of Activities
Year Ended June 30, 2023

Net change in fund balances-total governmental funds		$ 6,103,417
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than $5,000 for furniture and equipment and $75,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	$ 565,029	
Loss on disposal of capital assets	-	
Proceeds from sales of capital assets		
Depreciation expense	(99,895)	465,134
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The net pension benefit is $125,664.		125,664
services to the general fund. The net revenue of the internal service fund is reported with govermental activities.		(775,341)
Change in net position of governmental activities		$ 5,457,792

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

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Earnings on investments	$ -	$ -	$ 2,652,349	$ 2,652,349
Local sources	1,682,339	854,640	7,923,052	7,068,412
State aid	13,703,106	12,101,100	15,405,364	3,304,264
Federal aid	5,845,873	9,028,647	9,389,138	360,491
Contributed services and facilities	453,686	380,000	515,036	135,036
Total revenues	21,685,004	22,364,387	35,884,939	13,520,552
Expenditures:				
Administrative (unallocated)	381,482	381,482	453,194	(71,712)
Regional planning	15,340,716	16,020,099	22,562,814	(6,542,715)
Aging and family services	5,962,806	5,962,806	7,234,116	(1,271,310)
Total expenditures	21,685,004	22,364,387	30,250,124	(7,885,737)
Excess of revenues over expenditures	-	-	5,634,815	5,634,815
Other financing sources (uses):				
Execution of Lease		-	468,602	468,602
Sale of capital assets	-	-	-	-
Net change in fund balances	-	-	6,103,417	6,103,417
Fund balances - beginning of year	2,292,771	2,292,771	2,292,771	-
Fund balances - end of year	$ 2,292,771	$ 2,292,771	$ 8,396,188	$ 6,103,417

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Mountainland Association of Governments (the Association) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Association are described below.

Reporting Entity

The Executive Council, comprised of county commissioners from Summit, Utah, and Wasatch counties and mayors of cities within those counties, is the governing authority for the Association. The Association is not a component unit of any other primary government. Blended component units are, in substance, part of the Association's operations.

The Association was formed in 1971 as an interlocal agency and is a voluntary association of local governments in Summit, Utah, and Wasatch counties in the State of Utah. Resources of the Association are primarily federal, state, and local grants and contracts to provide services and administer programs in the following areas:

Regional planning – transportation planning and construction, air and water quality planning, economic development planning and coordination, community development assistance, CARES Act programs, revolving loan program, and tourism promotion.

Aging and family services – volunteer programs, social support services, support for senior citizens centers, transportation, congregate and home-delivered meals, home energy and weatherization assistance, and advocacy for the elderly.

As required by GAAP, these financial statements present the Association and its component units, Mountainland Community Living Council, Inc. and Mountainland Foundation, Inc., legally separate organizations for which the Association is considered financially accountable. Mountainland Community Living Council, Inc. and Mountainland Foundation, Inc. are reported as blended component units within the governmental funds of the Association.

Government-wide and Fund Financial Statements

The *government-wide financial statements* (the statement of net position and the statement of changes in net position) display information about the government (the Association). These statements include the financial activities of the overall government. Adjustments have been made to eliminate the double-counting of internal activities.

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 that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function is included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a building is used primarily for most activities of the Association) is ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include 1) charges for services offered by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues are presented as general revenues.

The *fund financial statements* provide information about the Association's funds. Separate statements for each fund category (governmental and proprietary) are presented.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating expenses result from transactions directly associated with the fund's principal services.

The Association reports the following major governmental fund:

- The *general fund* is the Association's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Association reports the following fund type:

- The *employee benefits internal service fund (proprietary fund)* accounts for the accumulation of resources to pay for accrued vacation and sick leave for eligible employees of the Association.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The *government-wide financial statements* are reported using the economic resources measurement focus. The government-wide and proprietary fund 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 contributions. Revenue from grants and contributions is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities in the current period. For this purpose, the Association considers revenues available if they are collected within sixty days after year-end. Expenditures generally are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental fund.

Under the terms of grant agreements, the Association funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. The Association primarily applies cost-reimbursement grant resources first to such programs, followed by categorical block grants, and then by general revenues.

Budgetary Data

The Association operates within the budget requirements for special districts as specified by Utah state law. Budgets are presented on the modified accrual basis of accounting for the governmental fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance commitment. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- Each year the executive director and staff submit to the Executive Council a proposed budget for each fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. The Association primarily works with budgets for each grant that it receives.

- The Executive Council approves the budget and submits a copy to the state auditor.

- As determined by the state auditor and state statutes, no expenditures are to be made in excess of amounts budgeted for each department (function).

Expenditure-driven grants are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding fiscal year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

Cash and Investments

The cash balances of the funds are pooled and invested by the Association for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. Investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are recorded in the *general fund*.

Loans Receivable

The Association has loans receivable at June 30, 2022 of $535,025 and an allowance for doubtful accounts of $174,511.

Prepaids and Deposits

Payments made for goods and services that will benefit periods beyond June 30, 2023 are recorded as prepaids and deposits. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Leases

The Association follows GASB Statement No. 87, Leases. The Association is a lessee for a noncancellable lease of buildings. The Association recognizes a lease liability and a lease asset at the commencement of the lease term. The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset is measured at the amount of the initial measurement. of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The Association reduces the lease liability as payments are made and recognizes an outflow of resources for interest on the liability. The Association amortizes the lease asset using the straight-line method and amortizes over the shorter of the lease term or the useful life of the underlying asset.

Capital Assets

Capital assets, which include building, computer and other equipment, and transportation equipment, are reported in the government-wide financial statements. The Association defines capital assets as assets with an initial, individual cost of more than $5,000 for equipment and $100,000 for buildings. Purchased or constructed capital assets are reported at cost or estimated historical 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. Buildings and equipment of the Association are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building	40
Computer equipment	3
Transportation equipment	5
Other equipment	3 to 5

Unearned Revenue

Unearned revenue is recorded when cash or other assets are received prior to when claim on those resources is obtained.

Compensated Absences

Permanent employees earn vacation and sick leave in amounts varying with tenure. Upon separation from employment, each employee shall receive payment for all unused accrued vacation leave up to but not to exceed 240 hours. Upon separation from employment, each employee may receive up to 25% plus 1% for each year of service of unused sick leave. Employees retiring with 30 years of service shall be eligible to receive payment of 100% of unused sick leave, not to exceed the employee's salary. Upon separation of employment, each employee shall receive payment for all unused compensatory leave up to but not to exceed 40 hours. Unpaid vacation, sick, and compensatory leave is accounted for in the Association's *employee benefits internal service fund*.

Pensions

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

Deferred Outflows/Inflows of Resources

In addition to assets, financial statements will sometimes 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Association has one item that qualifies for reporting in this category. Deferred outflows of resources related to pensions includes a) changes of assumptions in the measurement of the net pension liability (asset), b) net difference between projected and actual earnings on pension plan investments, c) changes in proportion and differences between Association contributions and proportionate share of contributions, and d) Association contributions subsequent to the measurement date of December 31, 2021.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Association has one item that qualifies for reporting in this category. Deferred inflows of resources related to pensions includes a) differences between expected and actual experience, b) changes of assumptions in the measurement of the net pension liability (asset), c) net difference between projected and actual earnings on pension plan investments, and d) changes in proportion and differences between Association contributions and proportionate share of contributions.

Net Position/Fund Balances

The residual of all other elements presented in a statement of net position is net position on the government-wide and proprietary fund financial statements and the residual of all other elements presented in a balance sheet on the governmental fund financial statements is fund balance.

Net position is divided into three components: net investment in capital assets (capital assets net of related debt), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation.

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the Association is bound to honor them. The Association first determines and reports nonspendable balances, then restricted, then committed, and so forth.

Fund balance classifications are summarized as follows:

> *Nonspendable* – This category includes 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. Fund balance amounts related to revolving loans, including cash balances to be loaned and loans receivable, and prepaids and deposits are classified as nonspendable.
>
> *Assigned* – This category includes fund balance amounts that the Association intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by written approval of the Association's steering committee. The Association has assigned general fund resources that are to be used for aging and family services.
>
> *Unassigned* – Residual balances in the general fund are classified as unassigned.

Net Position/Fund Balance Flow Assumption

Sometimes the Association will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report in each category of net position and fund balance, a flow assumption must be made about the order in which the resources are considered to be applied.

Net position – It is the Association's policy to consider restricted net position to have been depleted before unrestricted net position.

Fund balance – It is the Association's policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 2 – DEPOSITS AND INVESTMENTS

The Association follows the requirements of the Utah Money Management Act (the Act) (Section 51, Chapter 7 of the Utah Code) in handling its depository and investing transactions. Association funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the Association to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, high-grade commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

The PTIF is invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the PTIF. The degree of risk of the PTIF depends upon the underlying portfolio. The State Money Management Council requires semi-annual reporting of all cash balances and investments. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The Association considers the actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Deposits and investments at June 30, 2023 appear in the financial statements as summarized below:

Deposits and investments:		
Carrying amount of deposits	$	403,135
Carrying amount of investments		65,732,668
Total deposits and investments	$	66,135,803

Deposits

The Association's carrying amount of bank deposits at June 30, 2023, is $403,135 and the bank balance is $1,987,960, of which $250,000 is covered by federal depository insurance. No deposits are collateralized, nor are they required to be by state statute.

Investments

At year-end, the Association's investment balances of $65,732,668 were held in the PTIF. The PTIF investment portfolio has an average maturity of less than 90 days. The majority of the PTIF's corporate bonds and notes are variable-rate securities, which reset every three months to the prevailing market interest rates. The PTIF is not rated.

Credit risk – Credit quality can be a depiction of potential variable cash flows and credit risk. The Association does not have a formal investment policy that limits its investment choices in regard to credit quality ratings in addition to the provisions of the Act.

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Association will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Association does not have a formal investment policy for custodial credit risk in regard to the custody of the Association's investments in addition to the provisions of the Act.

Concentration of credit risk – The Association places no limit on the amount it may invest in any one issuer. All of the Association's investments are invested with the Utah State Treasurer in the PTIF.

NOTE 3 – FAIR VALUE MEASUREMENTS

The Association categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Association has the following recurring fair value measurements as of June 30, 2023:

- Public Treasurers' Investment Fund position of $65,732,668, the unit of account is each share held, and the value of the position is the fair value of the pool's share price multiplied by the number of shares held (Level 2 inputs).

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Construction in progress	$ 80,076	$ -	$ (80,076)	$ -
Total capital assets, not being depreciated	80,076	-	(80,076)	-
Capital assets, being depreciated:				
Buildings and improvements	1,296,359	96,560	-	1,392,919
Leased assets	-	468,602		468,602
Furniture, equipment, vehicles	557,921	79,943	-	637,864
Total capital assets, being depreciated	1,854,280	645,105	-	2,499,385
Accumulated depreciation for:				
Buildings and improvements	(739,956)	(33,612)	-	(773,568)
Leased assets	-	(12,664)	-	(12,664)
Furniture, equipment, vehicles	(482,044)	(53,619)	-	(535,663)
Total accumulated depreciation	(1,222,000)	(99,895)	-	(1,321,895)
Total capital assets, being depreciated, net	632,280	545,210	-	1,177,490
Governmental activities capital assets, net	$ 712,356	$ 545,210	$ (80,076)	$ 1,177,490

Depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Administrative	$ 22,898
Regional planning	22,599
Aging and family services	54,398
Total depreciation expense, governmental activities	$ 99,895

NOTE 5 – RETIREMENT PLANS

Description of Plans

Eligible employees of the Association are provided with the following plans through the Utah Retirement Systems (the URS) administered by the URS:

Defined Benefit Pension Plans (cost-sharing, multiple-employer plans):

- Public Employees Noncontributory Retirement System (Tier 1 Noncontributory System)
- Public Employees Contributory Retirement System (Tier 1 Contributory System)
- Tier 2 Hybrid Public Employees Contributory Retirement System (Tier 2 Contributory System)

Defined Contribution Plans (individual account plans):

- 401(k) Plan (includes the Tier 2 Defined Contribution Plan)

- 457 Plan and other individual plans

Association employees qualify for membership in the retirement systems if a) employment, contemplated to continue during a fiscal or calendar year, normally requires an average of 20 or more hours per week and the employee receives benefits normally provided by the Association as approved by the Utah State Retirement Board, b) the employee is a classified school employee whose employment normally requires an average of 20 hours or more per week regardless of benefits, c) the employee is a teacher who teaches half-time or more and receives benefits normally provided by the Association as approved by the Utah State Retirement Board, or d) the employee is an appointed officer.

Title 49 of the *Utah Code* grants the authority to establish and amend the benefit terms to the Utah State Retirement Board, whose members are appointed by the Governor. The URS (a component unit of the State of Utah) issues a publicly available financial report that can be obtained at www.urs.org.

The Tier 2 systems 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 systems, are members of the Tier 2 systems.

Benefits provided

The URS provides retirement, disability, and death benefits to participants in the defined benefit pension plans. Retirement benefits in the defined benefit pension plans are determined from 1.25% to 2.00% of the employee's highest 3 or 5 years of compensation times the employee's years of service depending on the pension plan; benefits are subject to cost-of-living adjustments up to 2.50% or 4.00%, limited to the actual Consumer Price Index increase for the year. Employees are eligible to retire based on years of service and age.

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required contributions and associated earnings are vested during the first four years of employment. If an employee terminates prior to the vesting period, employer contributions and associated earnings for that employee are subject to forfeiture. Forfeitures are used to cover a portion of the plan's administrative expenses paid by participants. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

Contributions

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

For the year ended June 30, 2023, Association required contribution rates for the plans were as follows:

	Defined Benefit Plans Rates				
	MAG Contribution	Amortization of UAAL *	Paid by MAG for Employee	MAG Rates for 401(k) Plan	Totals
Tier 1 Noncontributory System	11.86%	6.11%	-		17.97%
Tier 1 Contributory System	6.09%	7.87%	6.00%	.	19.96%
Tier 2 Contributory System **	8.93%	6.11%	-	1.15%	16.19%
Tier 2 Defined Contribution Plan **	0.08%	6.11%	-	10.00%	16.19%

* The District is required to contribute additional amounts based on covered-employee payroll to finance the unfunded actuarial accrued liability (UAAL) of the Tier 1 plans.

** District contribution includes 0.08% of covered-employee payroll of the Tier 2 plans for death benefits.

Employees can make additional contributions to defined contribution plans subject to limitations.

For the year ended June 30, 2023, Association and employee contributions to the plans were as follows:

	District Contributions *	Employee Contributions
Tier 1 Noncontributory System	$ 356,573	$ -
Tier 2 Contributory System	272,765	-
Tier 2 DC Only System	78,632	-
401(k) Plan	-	107,435
457 Plan and other individual plans	-	30,000

* Required contributions from Tier 2 plans to finance the unfunded actuarial accrued liability of the Tier 1 plans are reported as contributions to the Tier 2 plans.

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

At June 30, 2023, the Association reported a net pension asset of $0 and a net pension liability of $553,585 for the following plans:

	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	$ -	$ 453,220
Tier 1 Contributory System	-	26,694
Tier 2 Contributory System	-	73,672
Total	$ -	$ 553,586

The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability was determined by an actuarial valuation as of January 1, 2022, rolled-forward using generally accepted actuarial procedures. The Association's proportion of the net pension liability (asset) is equal to the ratio of the Association's actual contributions compared to the total of all employer contributions during the plan year. The following presents the Association's proportion (percentage) of the collective net pension liability (asset) at

December 31, 2022 and the change in its proportion since the prior measurement date for each plan:

	Proportionate Share 2022	Proportionate Share Change
Tier 1 Noncontributory System	0.2646157%	-0.0170533%
Tier 2 Contributory System	0.2595501%	-0.6888398%
Tier 2 Public Employees System	0.0676570%	0.0036179%

For the year ended June 30, 2023, the Association recognized pension expense of 547,626, for the defined benefit pension plans and pension expense of $73,672 for the defined contribution plans.

At June 30, 2023, the Association reported deferred outflows of resources related to defined benefit pension plans from the following sources:

	Tier 1 Noncontriutory System	Tier 1 Contributory System	Tier 3 Contributory System	Total
Differences between expected and actual experience	$ 153,726	$ -	$ 24,883	$ 178,609
Changes of assumptions	74,277	-	23,917	98,194
Net difference between projected and actual earnings on pension plan investments	298,949	7,958	29,702	336,609
Changes in proportion and differences between District contributions and proportionate share of contributions	23,315	-	15,922	39,237
Contributions subsequent to the measurement date	172,701	-	163,882	336,583
Total	$ 722,968	$ 7,958	$ 258,306	$ 989,232

At June 30, 2023, the Association reported deferred inflows of resources related to defined benefit pension plans from the following sources:

	Tier 1 Noncontriutory System	Tier 1 Contributory System	Tier 3 Contributory System	Total
Differences between expected and actual experience	$ -	$ -	$ 2,923	$ 2,923
Changes of assumptions	1,810	-	187	1,997
Net difference between projected and actual earnings on pension plan investments	8,004	-	3,298	11,302
Total	$ 9,814	$ -	$ 6,408	$ 16,222

The $336,583 reported as deferred outflows of resources related to pensions resulting from Association contributions subsequent to the measurement date of December 31, 2021 will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending June 30,	Tier 1 Noncontriutory System	Tier 1 Contributory System	Tier 3 Contributory System	Total
2024	$ (49,654)	$ (22,592)	$ 4,426	$ (67,820)
2025	10,935	(6,750)	9,106	13,291
2026	120,076	6,120	14,351	140,547
2027	459,096	31,180	27,022	517,298
2028	-	-	6,595	6,595
Thereafter	-	-	26,514	26,514

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 mortality tables or were developed from actual experience, 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, 2022 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2019. Changes of assumptions that affected measurement of the total pension liability since the prior measurement date include adjustments for inflation, salary increases, payroll growth, post retirement mortality, preretirement mortality, and certain demographics to more closely reflect actual experience.

The long-term expected rate of return on defined benefit 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:

	Expected Return Arithmetic Basis		
Asset Class	**Target Allocation**	**Real Return Arithmetic Basis**	**Long-Term Expected Real Rate of Return**
Equity securities	35%	6.58%	2.30%
Debt securities	20%	1.08%	0.22%
Real assets	18%	5.72%	1.03%
Private equity	12%	9.80%	1.18%
Absolute return	15%	2.91%	0.44%
Cash and cash equivalents	0%	-0.11%	0.00%
Total	100%		5.16%
Inflation			2.50%
Expected arithmetic nominal return			7.66%

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

Discount Rate

The discount rate used to measure the total pension liability was 6.85%. 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, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate was not changed from the prior measurement date.

Sensitivity of the Association's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Association's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.85%, as well as what the Association's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

		1% Decrease (5.85%)		Discount Rate (6.85%)		1% Increase (7.85%)
District's proportionate share of the net pension liability (asset):						
Tier 1 Noncontributory System	$	2,856,346	$	453,220	$	(1,554,718)
Tier 1 Contributory System		136,945		26,694		(66,878)
Tier 2 Contributory System		321,903		73,672		(117,560)
Total	$	3,315,194	$	553,586	$	(1,739,156)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plans

At June 30, 2023, the Association reported payables of $72,206 for contributions to defined benefit pension plans and defined contribution plans.

Other Retirement Plans

Money purchase plan – The Association has also adopted a 401(k) money purchase pension plan with annual vesting of 100% which is available to all employees. The Association has elected to make annual contributions to the plan at a rate from 6.2% to 15.43% of wages paid to employees.
Participants can also make deductible and nondeductible voluntary contributions to the plan. The Association contributed $50,865 to the money purchase pension plan during the year ended June 30, 2023. As of and for the year ended June 30, 2023, the Association has no liability to the plan as of June 30, 2023. A financial institution holds plan assets.

NOTE 6 – RISK MANAGEMENT

The Association maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to $5 million per occurrence through policies administered by the Utah Local Governments Trust (the Fund). The Association also insures its building and contents against all insurable risks of direct physical loss or damage with the Fund. Property physical damage is insured to replacement value with a $1,000 deductible; automobile physical damage is insured to actual value with a $500 deductible; other liability is limited to the lesser of $5 million or the statutory limit. The Fund is a public agency insurance mutual operated for the benefit of the State and local governments within the State. The Association pays annual premiums to the Fund; the Fund obtains independent coverage for insured events, up to $25 million per location. This is a pooled arrangement where the participants' pay experience-rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base. Insurance coverage from coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

Unemployment compensation is maintained through Utah Department of Workforce Services; settled claims for the past three years have been insignificant. Utah Local Governments Trust covers all Association employees for workers' compensation.

NOTE 7 – LONG-TERM OBLIGATIONS

Long-term liabilities include obligations for compensated absences (vacation, sick, and compensatory leave) and net pension liability. Long-term liability activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Obligations under leases		468,602	(7,520)	461,082	120,311
Compensated absences	598,760	176,580		775,340	155,068
Net pension liabilitiy	-	1,226,876	(673,290)	553,586	-
Total governmental activity long-term liabilities	$ 598,760	$ 1,872,058	$ (680,810)	$ 1,790,008	$ 275,379

NOTE 8 – GRANTS

The Association receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the Association's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the *general fund*. Based on prior experience, Association administration believes such disallowance, if any, would be immaterial.

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS

Schedules of the District's Proportionate Share of the Net Pension Liability (Asset) -
Utah Retirement Systems
Last Nine Plan (Calendar) Years

	Association's Proportion of Net Pension Liability (Asset)	Association's Proportionate Share of the Net Pension Liability (Asset)	Association's Covered Payroll	Association's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Tier 1 Noncontributory System:					
2022	0.2646157%	$ 453,200	$ 2,106,693	21.51%	97.5%
2021	0.2816690%	$ (1,613,148)	$ 2,274,346	-70.93%	108.7%
2020	0.2662302%	136,561	2,205,359	6.19%	99.2%
2019	0.2553610%	962,422	2,144,708	44.87%	93.7%
2018	0.2304793%	1,697,186	1,931,790	87.86%	87.0%
2017	0.2268262%	993,794	1,994,120	49.84%	91.9%
2016	0.2191396%	1,407,144	1,982,118	70.99%	87.3%
2015	0.2139885%	1,210,851	1,863,736	64.97%	87.8%
2014	0.2121856%	921,243	1,876,808	49.09%	90.2%
Tier 1 Contributory System:					
2022	0.2595501%	$ 26,694	$ 35,793	74.58%	97.7%
2021	0.9483899%	$ (686,580)	$ 139,301	(492.88%)	115.9%
2020	0.8282805%	(148,446)	136,629	(108.65%)	103.9%
2019	0.7279869%	47,710	130,450	36.57%	98.6%
2018	0.6611221%	268,285	123,742	216.81%	91.2%
2017	0.5809550%	47,275	117,885	40.10%	98.2%
2016	0.4751601%	155,905	114,010	136.75%	92.9%
2015	0.2600327%	182,765	110,797	164.95%	85.7%
2014	0.1863622%	53,755	99,624	53.96%	94.0%
Tier 2 Contributory System:					
2022	0.0676570%	$ 73,671	$ 1,474,050	5.00%	92.3%
2021	0.0640391%	$ (27,104)	$ 1,187,800	(2.28%)	103.8%
2020	0.5792890%	8,332	925,700	0.90%	98.3%
2019	0.0526075%	11,832	731,304	1.62%	96.5%
2018	0.0423527%	18,139	492,878	3.68%	90.8%
2017	0.0374848%	3,305	366,764	0.90%	97.4%
2016	0.0356606%	3,978	292,447	1.36%	95.1%
2015	0.0488088%	(107)	315,271	(0.03%)	100.2%
2014	0.4094040%	(1,281)	201,017	(0.64%)	103.5%

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS

Schedules of District Contributions - Utah Retirement Systems

Last Nine Reporting (Fiscal) Years

	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Association's Covered Payroll	Contributions as a Percentage of Covered Payroll
Tier 1 Noncontributory System:					
2023	$ 356,573	$ 356,573	$ -	$ 1,985,152	17.96%
2022	412,897	412,897	-	2,237,013	18.46%
2021	413,375	413,375	-	2,239,559	18.46%
2020	399,869	399,869	-	2,164,963	18.47%
2019	383,516	383,516	-	2,076,429	18.47%
2018	349,553	349,553	-	1,921,885	18.19%
2017	348,700	348,700	-	2,004,487	17.40%
2016	335,523	335,523	-	1,924,720	17.43%
2015	323,085	323,085	-	1,851,080	17.45%
Tier 1 Contributory System:					
2023	$ -	$ -	$ -	$ -	0.00%
2021	15,663	15,663	-	108,320	14.46%
2021	19,600	19,600	-	135,548	14.46%
2020	19,511	19,511	-	134,933	14.46%
2019	18,377	18,377	-	127,090	14.46%
2018	17,383	17,383	-	120,213	14.46%
2017	16,706	16,706	-	115,531	14.46%
2016	16,248	16,248	-	112,367	14.46%
2015	15,228	15,228	-	105,310	14.46%
Tier 2 Contributory System:					
2023	$ 272,765	$ 272,765	$ -	$ 1,703,713	16.01%
2022	211,940	211,940	-	1,318,857	16.07%
2021	164,825	164,825	-	1,043,199	15.80%
2020	126,544	126,544	-	808,070	15.66%
2019	98,570	98,570	-	634,299	15.54%
2018	60,520	60,520	-	400,530	15.11%
2017	48,514	48,514	-	325,377	14.91%
2016	42,384	42,384	-	284,266	14.91%
2015	41,856	41,856	-	280,160	14.94%
Tier 2 Defined Contribution Plan:					
2023	$ 44,058	$ 44,058	$ -	$ 711,756	6.19%
2022	40,729	40,729	-	608,801	6.69%
2021	24,536	24,536	-	366,764	6.69%
2020	17,719	17,719	-	264,859	6.69%
2019	14,602	14,602	-	218,269	6.69%
2018	13,115	13,115	-	196,036	6.69%
2017	11,588	11,588	-	173,216	6.69%
2016	8,846	8,846	-	132,229	6.69%
2015	3,866	3,866	-	57,523	6.72%

1. CHANGES IN ASSUMPTIONS –UTAH RETIREMENT SYSTEMS

No significant changes were made in assumptions for the fiscal 2023 year.

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

2. SCHEDULES OF DISTRICT'S PROPORTIONAL SHARE OF THE NET PENSION LIABILITY (ASSET)–UTAH RETIREMENT SYSTEMS

These schedules only present information for the 2014 and subsequent measurement periods of the plans; prior-year information is not available.

3. SCHEDULES OF DISTRICT CONTRIBUTIONS –UTAH RETIREMENT SYSTEMS

These schedules only present information for the 2015 and subsequent reporting periods of the plans; prior-year information is not available. Contributions as a percentage of covered-employee payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. Required contributions from Tier 2 plans to finance the unfunded actuarial accrued liability of the Tier 1 plans are reported as contributions to the Tier 2 plans.

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS

SINGLE AUDIT AND OTHER COMPLIANCE INTERNAL CONTROL REPORTS

YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

Mountainland Association of Governments
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	CFDA Number	Pass-through Grantor's Number	Passed Through to Subrecipients	Disbursements
U.S. Department of Commerce				
Economic Development Cluster:				
Direct Programs:				
Covid-19 Economic Adjustment Assistance	11.307	N/A	$ -	$ 1,000
Direct Programs:				
Economic Development-Support for Planning Organizations	11.302	Var	-	250,545
			-	251,545
Total U.S. Department of Commerce			-	251,545
U.S. Department of Defense				
Direct Programs:				
Community Economic Adjustment Assistance for Compatiable Use and Joint Land Use Studies	12.610		-	299,404
Total U.S. Department of Defense			-	299,404
U.S. Department of Housing and Urban Development				
CDBG - Entittlement Grants Cluster				
Passed Through Utah County:				
Community Development Block Grants/State's Program	14.218	Var	1,266,841	1,470,404
Passed Through Lehi City:				
Community Development Block Grants/State's Program	14.218	Var		20,398
Total CDBG - Entittlement Grants Cluster			1,266,841	1,490,802
Passed Through Utah Department of Workforce Services:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Var	-	720,109
Total U.S. Department of Housing and Urban Development			1,266,841	2,210,911
U.S Department of Transportation				
Passed Through Utah Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	Var		1,320,030
Total Highway Planning and Construction Cluster			-	1,320,030
Total U.S. Department of Transportation			-	1,320,030
U.S. Department of Energy				
Passed Through Utah Department of Workforce Services:				
Weatherization Assistance for Low-Income Persons	81.042	Var	-	473,823
Total U.S. Department of Energy			-	473,823
U.S. Department of Health and Human Services				
Passed Through Utah Department of Human Services:				
Aging Cluster:				
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services Senior Centers	93.044	Var	-	722,727
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	Var	-	837,083
Total Aging Cluster			-	1,559,810

Mountainland Association of Governments
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	CFDA Number	Pass-through Grantor's Number	Passed Through to Subrecipients	Disbursements
U.S. Department of Health and Human Services (Continued)				
Passed Through Utah Department of Human Services (Continued):				
Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	93.042	Var	-	109,000
			-	109,000
Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	93.043	Var	-	11,578
			-	11,578
Medical Assistance Program	93.778	Var	-	234,712
			-	234,712
National Family Caregiver Support, Title III, Part E	93.052	Var	-	221,803
			-	221,803
Medicare Enrollment Assistance Program	93.071	Var	-	13,977
			-	13,977
			-	
Social Services Block Grant	93.667	Var	-	448,860
			-	448,860
Passed Through Utah Department of Workforce Services:				
Low-Income Home Energy Assistance	93.568	Var	-	1,647,013
			-	1,647,013
Total U.S. Department of Health and Human Services			-	4,246,753
Corporation for National and Community Service-AmeriCorps				
Direct Program:				
Retired and Senior Volunteer Program	94.002	N/A	-	73,093
Total Corporation for National and Community Service			-	73,093
Department of Homeland Security				
Passed through State Department of Public Security:				
Pre-Disaster Mitigation	97.047	Var	-	25,649
Total Department of Homeland Security			-	25,649
Total Federal Awards			$ 1,266,841	$ 8,901,208

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal grant activity of Mountainland Association of Governments under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).* Because the Schedule presents only a selected portion of the operations of Mountainland Association of Governments, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Mountainland Association of Governments.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of activities related to the Association expenditure of Federal awards. The schedule has been prepared on the same basis of accounting as the financial statements. Most of the awards are reimbursement based. Therefore, as expenditures of Federal funds are made, revenue is recognized. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Mountainland Association of Governments does not use the 10% de minimis cost rate as allowed under Uniform Guidance

NOTE C - ACCOUNTS RECEIVABLE

The financial statements include accounts receivable from Federal programs. These receivables are recorded according to the same basis of accounting as the financial statements. The receivables reflect Federal awards that have been expended by year end and not yet reimbursed.

NOTE D – RELATIONSHIP TO THE ASSOCIATIONS' FINANCIAL STATEMENTS

Federal award expended on the schedule of expenditures of federal awards for the year ended June 30, 2023 are also reported in the Association's financial statements as program revenues on the statement of activities and as federal revenue on the statement of revenues, expenditures, and changes in fund balance. A reconciliation of federal revenue as reported on the Association's basic financial statements and the schedule of expenditures of federal awards for the year ended June 30, 2023 is as follows:

General Fund	$ 9,389,138
Veteran-Directed Home & Community Based Services	(487,930)
Total Federal assistance reported on SEFA	$ 8,901,208

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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*

Executive Council
Mountainland Association of Governments
Orem, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mountainland Association of Governments, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Mountainland Association of Governments's basic financial statements, and have issued our report thereon dated March 10, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mountainland Association of Governments'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 Mountainland Association of Governments's internal control. Accordingly, we do not express an opinion on the effectiveness of Mountainland Association of Governments'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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mountainland Association of Governments'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*.

Response to Findings

The Association's response to the findings identified in our audit is described in the Schedule of Findings and Questioned Costs. The Association's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert & Stewart

Gilbert & Stewart
Certified Public Accountants
Provo, Utah
March 10, 2024

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

Executive Council
Mountainland Association of Governments
Orem, Utah

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mountainland Association of Governments's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mountainland Association of Governments's major federal programs for the year ended June 30, 2023. Mountainland Association of Governments's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Mountainland Association of Governments complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether the noncompliance with compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Association's compliance based on out audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Association's compliance with the requirements of each federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, and the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mountainland Association of Governments, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Mountainland Association of Governments's basic financial statements. We issued our report thereon dated March 10, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Gilbert & Stewart

Gilbert & Stewart
Certified Public Accountants
Provo, Utah
March 10, 2024

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Mountainland Association of Governments were prepared in accordance with GAAP.

2. No significant deficiencies in internal control were disclosed during the audit of the financial statements. Material weaknesses are reported in the attached schedule.

3. No instances of noncompliance material to the financial statements of Mountainland Association of Governments, which would be required to be reported in accordance with *Government Auditing Standards,* were disclosed during the audit.

4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit. No material weaknesses are reported.

5. The auditor's report on compliance for the major Federal award programs for Mountainland Association of Governments expresses an unmodified opinion on all major federal programs.

6. There are no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.

7. The programs tested as a major program were: Highway Planning and Construction CFDA #20.205; Social Services Block Grant CFDA #93.667; Medical Assistance Program CFDA #93.778.

8. The threshold for distinguishing between Type A and B programs was $750,000.

9. Mountainland Association of Governments was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

Internal Controls over Financial Reporting-Significant Deficiency

Condition: During our audit a significant amount of adjustments were made to multiple accounts including cash, receivables, and related accounts, accrued liabilities, deferred revenues and other accounts. These adjustments to the financial statements were needed to present the financial statement in accordance with GAAP.

Criteria: Accounting systems and processes should provide timely and useful information to management and external stakeholders.

Cause: The Association moved from an inadequate accounting program and system and begin implementing a new modern and more robust system during the year. Implementation of the new system has been a significant undertaking and resulted in significant deficiencies.

Effect: This resulted in a significant delay in the Association's ability to close their year end and to provide financial information in a timely manner.

Recommendation: We recommend continuing the implementation of the new software with robust reporting and processing capabilities. We also recommend that accounting policies and procedures be modified and enhanced to provide systems to provide information in a timely manner. We also recommend adding needed personnel to spread the duties and responsibilities.

Association Response: The Association is implementing new accounting software system and is the process of completing the implementation. We are also modifying our policies and procedures to provide the information in a timely manner. We have added additional personnel to help with added workload and to provide better controls.

C. PRIOR YEAR FINDINGS AND QUESTIONED COSTS –MAJOR AWARD PROGRAMS

None

D. FINDINGS AND QUESTIONED COSTS – MAJOR AWARD PROGRAMS

None

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

Executive Council
Mountainland Association of
Governments
Orem, Utah

Report On Compliance

We have audited Mountainland Association of Governments's compliance with the applicable 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 Mountainland Association of Governments for the year ended June 30, 2023.

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

Budgetary Compliance
Fund Balance
Cash Management
Fraud Risk Assessment
Public Treasurer's Bond

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Mountainland Association of Governments'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 compliance requirements referred to above that could have a direct and material effect on Mountainland Association of Governments occurred. An audit includes examining, on a test basis, evidence about Mountainland Association of Governments'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 state compliance requirement referred to above. However, our audit does not provide a legal determination of Mountainland Association of Governments's compliance with those requirements.

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Opinion on Compliance

In our opinion, Mountainland Association of Governments complied, in all material respects, with the state compliance requirements referred to above that could have a direct and material effect on Mountainland Association of Governments for the year ended June 30, 2023.

Other Matters

The results of our auditing procedures disclosed instance of noncompliance, which are required to be reported in accordance with the State Compliance Audit Guide and which are described below. Our opinion on compliance is not modified with respect to these matters.

> *Budgetary Compliance* – During our audit we noted that the Association had expenditures in excess of budgeted amounts. This as a result of additional programs and funding that the Association received after the original budget was approved. Expenditures did not exceed revenues. We recommend the Association make year-end adjustments to the budget to reflect actual expenditures to prevent expenditures exceeding budgeted amounts.
>
> *Views of Responsible Officials* – We concur with the finding. We will make necessary budget adjustments to ensure expenditures are within budgeted amounts.

Report On Internal Control Over Compliance

Management of Mountainland Association of Governments 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 of compliance, we considered Mountainland Association of Governments's internal control over compliance with the compliance requirements referred to above to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with 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 Mountainland Association of Governments'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 charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control 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.

Gilbert & Stewart

Gilbert & Stewart, CPA PC
Certified Public Accountants
Provo, Utah
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