

**MOUNTAINLAND ASSOCIATION
OF GOVERNMENTS**

Financial Statements

Year Ended June 30, 2021

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS

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Year Ended June 30, 2021

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Independent Auditor's Report

Executive Council
Mountainland Association of Governments

Report on the Basic Financial Statements

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, 2021, and the related notes to the basic financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund (a major fund), and the proprietary fund information of Mountainland Association of Governments as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's basic financial statements. The other information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Squire & Company, PC

Orem, Utah
October 21, 2021

Management's Discussion and Analysis

This section of Mountainland Association of Governments' (the Association) annual financial report presents management's discussion and analysis of the Association's financial performance during the year ended June 30, 2021. Please read it in conjunction with the Association's financial statements, which follow this section.

Financial Highlights

- The Association's assets and deferred outflows exceeded liabilities and deferred inflows by \$2,378,238 at the close of the most recent fiscal year.
- During the year, expenses were \$114,269 less than the \$40,090,914 generated in revenues for governmental activities.
- Funding from operating grants and contributions totaled \$39,520,268 for the current year, an increase of \$20,356,575 from the prior year. Funding is primarily to provide regional planning and aging and family services for participants and member cities and counties within the Mountainland Region of Utah.
- The *general fund* reported an unassigned fund balance of \$831,005 at June 30, 2021.

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 other 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, liabilities, and deferred inflows/outflows of resources of the Association, with the difference 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 (e.g., earned but unused vacation leave).

The government-wide financial statements of the Association are reported as governmental activities. (The Association has no business-type activities.) Governmental activities include administration, regional planning, and aging and family services. State and federal grants finance most of these activities.

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 can be divided into two categories: governmental funds and proprietary 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 to be 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 funds* are an accounting device used 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 financial 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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents other information that can be found after the notes to the basic financial statements. The other information compares financial information for several years.

Government-wide Financial Analysis

Net Position

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 exceeded liabilities and deferred inflows by \$2,378,238 at the close of the most recent fiscal year.

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS' Net Position

June 30, 2021 and 2020

	Governmental Activities		Total Change
	2021	2020	2021-2020
Current and other assets	\$ 25,816,861	\$ 17,655,171	\$ 8,161,690
Capital assets, net of accumulated depreciation	646,795	734,249	(87,454)
Total assets	26,463,656	18,389,420	8,074,236
Deferred outflows of resources	617,687	593,441	24,246
Current and other liabilities	22,558,546	14,386,290	8,172,256
Long-term liabilities	849,217	1,699,479	(850,262)
Total liabilities	23,407,763	16,085,769	7,321,994
Deferred inflows of resources	1,295,342	633,123	662,219
Net position:			
Investment in capital assets	646,795	734,249	(87,454)
Restricted for revolving loans	866,734	900,377	(33,643)
Unrestricted	864,709	629,343	235,366
Total net position	<u>\$ 2,378,238</u>	<u>\$ 2,263,969</u>	<u>\$ 114,269</u>

- Net position of the Association's governmental activities increased 5.1% to \$2,378,238. However, \$646,795 of the net position is invested in capital assets (building, computer and other equipment, and transportation equipment). The Association uses these capital assets to provide program services for participants and member cities and counties; consequently, these assets are *not* available for spending. An additional amount of \$866,734 is restricted for revolving loans and is *not* available for spending.
- *Unrestricted* net position increased \$253,366 to a balance of \$864,709 at June 30, 2021. This balance may be used to meet Association obligations to employees and creditors and to honor next year's budget.

Changes in Net Position

The Association's total net position increased by \$114,269 during the current year. The key elements of the increase in the Association's net position for the year ended June 30, 2021 are as follows:

- The Association's total revenues increased by 103.7% to \$40,090,914, primarily due to increased funding related to COVID-19. Federal and state grants and contracts make up 98.6% of the Association's revenues; local revenue generates 0.9% of the Association's revenues; the remainder of revenues (0.5%) is from matching contributions of in-kind services and facilities for programs administered by the Association.
- The total cost of all programs and services increased by 100.7% to \$39,976,645. This increase was mostly attributable to an increase in reimbursable costs associated with COVID-19 federal funding during the year which is reflected in regional planning.

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS' Change in Net Position
Years Ended June 30, 2021 and 2020

	Governmental Activities		Total Change
	2021	2020	2021-2020
Revenues:			
Program revenues:			
Charges for services	\$ 353,217	\$ 309,280	\$ 43,937
Operating grants and contributions	39,520,268	19,163,693	20,356,575
General revenues:			
Local and miscellaneous	217,429	205,766	11,663
Total revenues	40,090,914	19,678,739	20,412,175
Expenses:			
Administrative	302,040	427,840	(125,800)
Regional planning	31,063,288	11,339,554	19,723,734
Aging and adult services	8,611,317	8,155,279	456,038
Total expenses	39,976,645	19,922,673	20,053,972
Change in net position	114,269	(243,934)	358,203
Net position, beginning	2,263,969	2,507,903	(243,934)
Net position, ending	\$ 2,378,238	\$ 2,263,969	\$ 114,269

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 (the *general fund*) reported fund balances of \$2,405,545, which was \$185,821 less than the previous year.

Governmental funds report the differences between their assets and liabilities as fund balances, which are divided into nonspendable, restricted, and unrestricted portions. *Nonspendable* includes revolving loans and prepaids and deposits 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. The unrestricted fund balance is, in turn, subdivided between assigned and unassigned portions. *Assigned* balances in the *general fund* are those that do not meet the requirements of restricted but that are intended to be used for specific purposes. *Unassigned* balances in the *general fund* are all other available net fund resources. At June 30, 2021, the Association's fund balances in the *general fund* totaled \$2,405,545 (\$876,860 in nonspendable, \$697,680 in assigned, and \$831,005 in unassigned fund balances).

General Fund Budgetary Highlights

Actual expenditures were \$13,138,758 more than final budgeted amounts. Actual revenues were \$12,952,937 more than budgeted. Variances primarily resulted from COVID-19 expenditure-driven federal grants and the uncertainties related to the timing of anticipated spending. Such grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

Capital Assets

A summary of capital assets at June 30, 2021 and 2020 is outlined below:

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS' Capital Assets
(Net of accumulated depreciation)
June 30, 2021 and 2020

	Governmental		Total
	Activities		Change
	2021	2020	2021-2020
Building	\$ 590,016	\$ 624,193	\$ (34,177)
Computer and other equipment	15,613	22,715	(7,102)
Transportation equipment	41,166	87,341	(46,175)
Total capital assets	<u>\$ 646,795</u>	<u>\$ 734,249</u>	<u>\$ (87,454)</u>

Additional information on the Association's capital assets can be found in Note 3 to the basic financial statements.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, participants, member cities and counties, and creditors a general overview of the Association's finances and to demonstrate the Association's accountability for the funding it receives. If you have any questions about this report or need additional financial information, please 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, 2021

	Governmental Activities
Assets:	
Cash and investments	\$ 22,034,998
Intergovernmental receivables:	
Federal	2,618,181
State	266,148
Local	378,448
Loans receivable, net of allowance of \$174,511	360,514
Prepays and deposits	10,126
Net pension asset	148,446
Capital assets, net of accumulated depreciation:	
Building	590,016
Equipment	56,779
Total assets	26,463,656
Deferred outflows of resources related to pensions	617,687
Liabilities:	
Accounts, wages, and contracts payable	683,882
Unearned revenue:	
Federal	56,116
State	21,775,457
Local	43,091
Long-term liabilities:	
Portion due or payable within one year	493,027
Portion due or payable after one year	356,190
Total liabilities	23,407,763
Deferred inflows of resources related to pensions	1,295,342
Net position:	
Investment in capital assets	646,795
Restricted for revolving loans	866,734
Unrestricted	864,709
Total net position	\$ 2,378,238

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

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Statement of Activities
Year Ended June 30, 2021

<u>Activities and Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense)
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental activities:				
Administrative	\$ 302,040	\$ 2,576	\$ -	\$ (299,464)
Regional planning	31,063,288	274,950	30,964,994	176,656
Aging and family services	8,611,317	75,691	8,555,274	19,648
Total	<u>\$ 39,976,645</u>	<u>\$ 353,217</u>	<u>\$ 39,520,268</u>	(103,160)
General revenues:				
				217,429
				114,269
				<u>2,263,969</u>
				<u>\$ 2,378,238</u>

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

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS

Balance Sheet

Governmental Fund

June 30, 2021

	<u><i>General Fund</i></u>
Assets:	
Cash and investments	\$ 21,330,674
Intergovernmental receivables:	
Federal	2,618,181
State	266,148
Local	378,448
Loans receivable, net of allowance of \$174,511	360,514
Prepays and deposits	10,126
Total assets	<u><u>\$ 24,964,091</u></u>
Liabilities and fund balances:	
Liabilities:	
Accounts, wages, and contracts payable	\$ 683,882
Unearned revenue:	
Federal	56,116
State	21,775,457
Local	43,091
Total liabilities	<u>22,558,546</u>
Fund balances:	
Nonspendable:	
Revolving loans	866,734
Prepays and deposits	10,126
Assigned to:	
Aging and family services	697,680
Unassigned	831,005
Total fund balances	<u>2,405,545</u>
Total liabilities and fund balances	<u><u>\$ 24,964,091</u></u>

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

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Reconciliation of the Balance Sheet of the Governmental Fund
to the Statement of Net Position

June 30, 2021

Total fund balances for the governmental fund \$ 2,405,545

Total net position reported for governmental activities in the statement of net position are different because:

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

Building, net of \$706,343 accumulated depreciation	\$ 590,016	
Equipment, net of \$428,425 accumulated depreciation	56,779	
		646,795

Net pension obligations, are not due and payable in the current period and, therefore, are not reported in the fund.		3,553
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund.		(677,655)
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An internal service fund is 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 position at year-end is zero.

Total net position of governmental activities		-
		\$ 2,378,238

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
Governmental Fund
Year Ended June 30, 2021

	<i>General Fund</i>
Revenues:	
Federal	\$ 31,776,399
State	4,991,228
Local	1,341,450
Contributed services and facilities	1,628,620
Total revenues	39,737,697
 Expenditures:	
Administrative (unallocated)	291,155
Regional planning	31,077,089
Aging and family services	8,555,274
Total expenditures	39,923,518
Deficiency of revenues under expenditures / net change in fund balances	(185,821)
Fund balances, beginning of year	2,591,366
Fund balances, end of year	\$ 2,405,545

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 the Governmental Fund to the Statement of Activities
Year Ended June 30, 2021

Net change in fund balances of total governmental fund \$ (185,821)

Amounts reported for governmental activities in the statement of activities are different because:

The governmental fund reports capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for equipment and \$100,000 for building are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$	-	
Depreciation expense		<u>(87,454)</u>	(87,454)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as a pension expense.	387,544
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An internal service fund is used by management to charge the costs of compensated absence benefit services to the *general fund*. The net revenue of the internal service fund is reported with governmental activities.

Change in net position of governmental activities		<u>-</u>		<u>\$ 114,269</u>
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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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal	\$ 8,340,632	\$ 8,358,829	\$ 31,776,399	\$ 23,417,570
State	14,185,334	16,201,727	4,991,228	(11,210,499)
Local	996,352	1,174,070	1,341,450	167,380
Contributed services and facilities	1,067,366	1,050,134	1,628,620	578,486
Total revenues	<u>24,589,684</u>	<u>26,784,760</u>	<u>39,737,697</u>	<u>12,952,937</u>
Expenditures:				
Administrative (unallocated)	171,352	167,148	291,155	(124,007)
Regional planning	17,192,028	17,865,016	31,077,089	(13,212,073)
Aging and family services	7,226,304	8,752,596	8,555,274	197,322
Total expenditures	<u>24,589,684</u>	<u>26,784,760</u>	<u>39,923,518</u>	<u>(13,138,758)</u>
Excess (deficiency) of revenues over (under) expenditures/net change in fund balances	-	-	(185,821)	(185,821)
Fund balances, beginning of year	<u>2,591,366</u>	<u>2,591,366</u>	<u>2,591,366</u>	-
Fund balances, end of year	<u><u>\$ 2,591,366</u></u>	<u><u>\$ 2,591,366</u></u>	<u><u>\$ 2,405,545</u></u>	<u><u>\$ (185,821)</u></u>

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

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Statement of Fund Net Position
Proprietary Fund
June 30, 2021

	Governmental Activities - Internal Service Fund
Assets:	
Cash and investments	\$ 704,324
Liabilities:	
Compensated absences payable	<u>704,324</u>
Net position:	
Restricted for employee benefits	<u><u>\$ -</u></u>

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

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2021

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 353,217
Operating expenses:	
Compensated absences benefits	353,217
Operating income / Change in net position	-
Net position, beginning of year	-
Net position, end of year	\$ -

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

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Statement of Fund Cash Flows
Proprietary Fund
Year Ended June 30, 2021

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Charges for services received from <i>general fund</i>	\$ 353,217
Cash paid for compensated absences	<u>(326,408)</u>
Net cash provided by operating activities	26,809
Cash and cash equivalents, beginning of year	<u>677,515</u>
Cash and cash equivalents, end of year	<u><u>\$ 704,324</u></u>
Displayed on statements of fund net position as:	
Cash and investments	<u><u>\$ 704,324</u></u>

Supplemental Information:

Cash and cash equivalents includes amounts in demand deposits and amounts in the Utah Public Treasurers' Investment Fund as well as short-term investments with a maturity date within three months of the date acquired by the Association.

The Association had no noncash investing, noncapital financing, or capital and related financing activities

A reconciliation of operating income to cash flows provided by operating activities follows:

Operating income	\$ -
Increase in compensated absences payable	<u>26,809</u>
Net cash provided by operating activities	<u><u>\$ 26,809</u></u>

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

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Notes to Basic Financial Statements

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.

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Notes to Basic Financial Statements
Continued

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.

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Notes to Basic Financial Statements
Continued

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, 2021 of \$535,025 and an allowance for doubtful accounts of \$174,511.

Prepays and Deposits

Payments made for goods and services that will benefit periods beyond June 30, 2021 are recorded as prepaids and deposits. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Notes to Basic Financial Statements
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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

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Notes to Basic Financial Statements
Continued

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, 2020.

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.

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Notes to Basic Financial Statements
Continued

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, 2021 appear in the financial statements as summarized below:

Carrying amount of deposits	\$ 853,665
Carrying amount of investments	21,181,333
	<u>\$ 22,034,998</u>
Cash and investments - governmental fund (<i>general fund</i>)	\$ 21,330,674
Cash and investments - proprietary fund (<i>employee benefits internal service fund</i>)	704,324
	<u>\$ 22,034,998</u>

Deposits

The Association’s carrying amount of bank deposits at June 30, 2021, is \$853,665 and the bank balance is \$1,595,601, of which \$250,000 is covered by federal depository insurance. No deposits are collateralized, nor are they required to be by state statute.

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Notes to Basic Financial Statements
Continued

Investments

At year-end, the Association's investment balances of \$21,181,333 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, 2021:

- Public Treasurers' Investment Fund position of \$13,339,224, 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).

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Notes to Basic Financial Statements
Continued

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Building	\$ 1,296,359	\$ -	\$ -	\$ 1,296,359
Computer equipment	56,556	-	-	56,556
Other equipment	43,352	-	-	43,352
Transportation equipment	<u>385,296</u>	<u>-</u>	<u>-</u>	<u>385,296</u>
Total capital assets, being depreciated	1,781,563	-	-	1,781,563
Accumulated depreciation for:				
Building	(672,166)	(34,177)	-	(706,343)
Computer equipment	(33,841)	(7,102)	-	(40,943)
Other equipment	(43,352)	-	-	(43,352)
Transportation equipment	<u>(297,955)</u>	<u>(46,175)</u>	<u>-</u>	<u>(344,130)</u>
Total accumulated depreciation	<u>(1,047,314)</u>	<u>(87,454)</u>	<u>-</u>	<u>(1,134,768)</u>
Net capital assets, being depreciated / net governmental activity capital assets	<u>\$ 734,249</u>	<u>\$ (87,454)</u>	<u>\$ -</u>	<u>\$ 646,795</u>

For the year ended June 30, 2021, depreciation expense was charged to functions of the Association as follows:

Governmental activities:	
Administrative	\$ 11,135
Regional planning	12,919
Aging and family services	<u>63,400</u>
Total depreciation expense, governmental activities	<u>\$ 87,454</u>

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)

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Notes to Basic Financial Statements
Continued

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.

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Notes to Basic Financial Statements
Continued

For the year ended June 30, 2021, Association required contribution rates for the plans were as follows:

	Defined Benefit Plans Rates				Totals
	Association Contribution	Amortization of UAAL *	Paid by Association for Employee	Association Rates for 401(k) Plan	
Tier 1 Noncontributory System	11.86%	6.61%	-	-	18.47%
Tier 1 Contributory System	6.09%	8.37%	6.00%	-	20.46%
Tier 2 Contributory System **	8.93%	6.61%	-	1.15%	16.69%
Tier 2 Defined Contribution Plan **	0.08%	6.61%	-	10.00%	16.69%

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

** The Association 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, 2021, Association and employee contributions to the plans were as follows:

	Association Contributions	Employee Contributions
Tier 1 Noncontributory System	\$ 413,375	\$ -
Tier 1 Contributory System	19,600	8,133
Tier 2 Contributory System *	164,825	-
401(k) Plan	60,050	33,339
457 Plan and other individual plans	-	19,100

* 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, 2021, the Association reported a net pension asset of \$148,446 and a net pension liability of \$144,893 for the following plans:

	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	\$ -	\$ 136,561
Tier 1 Contributory System	148,446	-
Tier 2 Contributory System	-	8,332
Total	\$ 148,446	\$ 144,893

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Notes to Basic Financial Statements
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The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability was determined by an actuarial valuation as of January 1, 2020, 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, 2020 and the change in its proportion since the prior measurement date for each plan:

	Proportionate Share	
	2020	Change
Tier 1 Noncontributory System	0.2662302%	(0.0108692)%
Tier 1 Contributory System	0.8282805%	(0.1002936)%
Tier 2 Contributory System	0.0579289%	(0.0053214)%

For the year ended June 30, 2021, the Association recognized pension expense of \$234,552 for the defined benefit pension plans and pension expense of \$60,050 for the defined contribution plans.

At June 30, 2021, the Association reported deferred outflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources Related to Pensions			
	Tier 1 Noncontributory System	Tier 1 Contributory System	Tier 2 Contributory System	Total
Differences between expected and actual experience	\$ 183,206	\$ -	\$ 7,670	\$ 190,876
Changes of assumptions	-	-	10,539	10,539
Changes in proportion and differences between contributions and proportionate share of contributions	87,557	-	14,754	102,311
Association contributions subsequent to the measurement date	206,596	9,656	97,710	313,962
Total	\$ 477,359	\$ 9,656	\$ 130,673	\$ 617,688

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Notes to Basic Financial Statements
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At June 30, 2021, the Association reported deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Inflows of Resources Related to Pensions			
	Tier 1 Noncontributory System	Tier 1 Contributory System	Tier 2 Contributory System	Total
Differences between expected and actual experience	\$ -	\$ -	\$ 3,815	\$ 3,815
Changes of assumptions	17,863	-	303	18,166
Net difference between projected and actual earnings on pension plan investments	997,175	251,832	24,354	1,273,361
Total	\$ 1,015,038	\$ 251,832	\$ 28,472	\$ 1,295,342

The \$313,962 reported as deferred outflows of resources related to pensions resulting from Association contributions subsequent to the measurement date of December 31, 2020 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. 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 December 31,	Tier 1 Noncontributory System	Tier 1 Contributory System	Tier 2 Contributory System	Total
2020	\$ (168,384)	\$ (80,545)	\$ (4,037)	\$ (252,966)
2021	(67,580)	(38,590)	(2,326)	(108,496)
2022	(342,993)	(91,625)	(5,536)	(440,154)
2023	(165,318)	(41,072)	(1,529)	(207,919)
2024	-	-	2,962	2,962
Thereafter	-	-	14,956	14,956

Actuarial Assumptions

The total pension liability in the January 1, 2020 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 9.75%, average, including inflation
Investment rate of return	6.95%, 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.

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Notes to Basic Financial Statements
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The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2016. 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:

Asset Class	Expected Return Arithmetic Basis	
	Target Allocation	Long-Term Expected Real Rate of Return
Equity securities	37%	6.30%
Debt securities	20%	0.00%
Real assets	15%	6.19%
Private equity	12%	9.50%
Absolute return	16%	2.75%
Cash and cash equivalents	0%	0.00%
Total	100%	

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50% and a real return of 4.45% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 6.95%. 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.

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Notes to Basic Financial Statements
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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 6.95%, 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 (5.95%) or 1-percentage-point higher (7.95%) than the current rate:

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Association's proportionate share of the net pension (asset) liability:			
Tier 1 Noncontributory System	\$ 2,367,560	\$ 136,561	\$ (1,723,312)
Tier 1 Contributory System	220,787	(148,446)	(460,201)
Tier 2 Contributory System	140,199	8,332	(92,543)
Total	<u>\$ 2,728,546</u>	<u>\$ (3,553)</u>	<u>\$ (2,276,056)</u>

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plans

At June 30, 2021, the Association reported payables of \$64,444 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 \$571,666 to the money purchase pension plan during the year ended June 30, 2021. As of and for the year ended June 30, 2021, the Association has a liability to the plan of \$50,101. 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

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Notes to Basic Financial Statements
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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, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 677,515	\$ 353,217	\$ (326,408)	\$ 704,324	\$ 493,027
Net pension liability	1,021,964	(254,975)	(622,096)	144,893	-
Total long-term liabilities	<u>\$ 1,699,479</u>	<u>\$ 98,242</u>	<u>\$ (948,504)</u>	<u>\$ 849,217</u>	<u>\$ 493,027</u>

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 Seven Plan (Calendar) Years

	<u>Association's Proportion of Net Pension Liability (Asset)</u>	<u>Association's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Association's Covered Payroll</u>	<u>Association's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Tier 1 Noncontributory System:					
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:					
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:					
2020	0.5792890 %	\$ 8,332	\$ 925,700	0.90 %	98.3 %
2019	0.0526075 %	11,832	731,034	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 Seven 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:					
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:					
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:					
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:					
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 %

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Notes to Required Supplementary Information

NOTE A – CHANGES IN ASSUMPTIONS-UTAH RETIEMENT SYSTEMS

Amounts reported in plan year 2020 reflect the following assumption changes adopted from the January 1, 2020 valuation:

- The payroll growth assumption decreased from 3.00% to 2.90%.
- Other assumptions that were modified: retirement rates, termination rates, disability rates, rate of salary increase, and pre and post retirement mortality tables.

Assumptions for plan years 2019 and 2018 remain unchanged from the prior years.

Amounts reported in plan year 2017 reflect the following assumption changes adopted from the January 1, 2017 valuation:

- The investment return assumption was decreased from 7.20% to 6.95%.
- The inflation assumption decreased from 2.60% to 2.50%.
- The life expectancy assumption increased for most groups.
- The wage inflation assumption decreased from 3.35% to 3.25%.
- The payroll growth assumption decreased from 3.10% to 3.00%.

Amounts reported in plan year 2016 reflect the following assumption changes adopted from the January 1, 2016 valuation:

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

Amounts reported in plan year 2015 reflect the following assumption changes adopted from the January 1, 2015 valuation:

- The wage inflation assumption for all employee groups was decreased from 3.75% to 3.50%.
- The rate of salary increases assumption for most groups was modified.
- The payroll growth assumption was decreased from 3.50% to 3.25%.
- The post retirement mortality assumption for female educators showed an improvement.
- Minor adjustments to the preretirement mortality assumption were made.
- Certain demographic assumptions were changed that generally resulted in a) an increase in members anticipated to terminate employment prior to retirement, b) a slight decrease in members expected to become disabled, and c) a slight increase in the expected age of retirement.

NOTE B – SCHEDULE OF ASSOCIATION CONTRIBUTIONS-UTAH RETIREMENT SYSTEMS

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
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2021 through 2017

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets:					
Cash and investments	\$ 21,330,674	\$ 13,282,093	\$ 8,944,900	\$ 21,064,398	\$ 12,046,750
Intergovernmental receivables:					
Federal	2,618,181	2,397,767	959,487	795,697	563,440
State	266,148	124,445	244,355	248,321	300,450
Local	378,448	712,770	211,721	46,755	98,542
Loans receivable, net of allowance	360,514	455,784	728,385	576,013	575,864
Prepays and deposits	10,126	4,797	5,160	6,112	6,682
Total assets	<u>\$ 24,964,091</u>	<u>\$ 16,977,656</u>	<u>\$ 11,094,008</u>	<u>\$ 22,737,296</u>	<u>\$ 13,591,728</u>
Liabilities and fund balances:					
Liabilities:					
Accounts, wages, and contracts payable	\$ 683,882	\$ 2,690,230	\$ 596,476	\$ 693,305	\$ 322,554
Unearned revenue:					
Federal	56,116	26,830	-	-	56,409
State	21,775,457	11,492,002	7,671,996	19,399,915	10,375,650
Local	43,091	177,228	103,527	32,532	218,176
Total liabilities	22,558,546	14,386,290	8,371,999	20,125,752	10,972,789
Fund balances:					
Nonspendable:					
Revolving loans	866,734	900,377	944,940	905,954	867,589
Prepays and deposits	10,126	4,797	5,160	6,112	6,682
Assigned to:					
Facilities	-	-	23,904	87,395	151,913
Aging and family services	697,680	677,683	627,242	521,617	516,030
Worksite wellness	-	-	4,012	19,152	30,839
Unassigned	831,005	1,008,509	1,116,751	1,071,314	1,045,886
Total fund balances	2,405,545	2,591,366	2,722,009	2,611,544	2,618,939
Total liabilities and fund balances	<u>\$ 24,964,091</u>	<u>\$ 16,977,656</u>	<u>\$ 11,094,008</u>	<u>\$ 22,737,296</u>	<u>\$ 13,591,728</u>

Source: Information taken from the Association's audited financial statements. This summary itself has not been audited.

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Years Ended June 30, 2021 through 2017

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues:					
Federal	\$ 31,776,399	\$ 7,646,241	\$ 5,897,153	\$ 6,143,300	\$ 5,869,113
State	4,991,228	8,346,929	13,659,218	3,299,427	2,096,860
Local	1,341,450	1,684,922	1,435,176	920,765	773,938
Contributed services and facilities	<u>1,628,620</u>	<u>1,691,367</u>	<u>1,919,788</u>	<u>2,636,824</u>	<u>1,971,296</u>
Total revenues	39,737,697	19,369,459	22,911,335	13,000,316	10,711,207
Expenditures by function:					
Administrative (unallocated)	291,155	431,850	99,567	194,568	91,781
Regional planning	31,077,089	11,120,522	15,411,716	6,246,865	3,709,041
Aging and family services	<u>8,555,274</u>	<u>7,947,730</u>	<u>7,289,587</u>	<u>6,566,278</u>	<u>6,719,797</u>
Total expenditures	<u>39,923,518</u>	<u>19,500,102</u>	<u>22,800,870</u>	<u>13,007,711</u>	<u>10,520,619</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(185,821)	(130,643)	110,465	(7,395)	190,588
Fund balances, beginning of year	<u>2,591,366</u>	<u>2,722,009</u>	<u>2,611,544</u>	<u>2,618,939</u>	<u>2,428,351</u>
Fund balances, end of year	<u>\$ 2,405,545</u>	<u>\$ 2,591,366</u>	<u>\$ 2,722,009</u>	<u>\$ 2,611,544</u>	<u>\$ 2,618,939</u>
Expenditures by object:					
Personnel	\$ 6,440,923	\$ 5,704,823	\$ 5,153,089	\$ 4,523,006	\$ 4,459,128
Telephone, travel, and other	347,904	389,894	330,861	295,134	347,776
Administrative and accounting	141,956	109,712	98,453	83,160	73,508
Contracts and pass-through	31,092,475	11,383,656	15,021,035	5,371,220	3,549,085
Occupancy and supplies	271,640	220,650	277,644	98,367	119,826
Contributed services and facilities	<u>1,628,620</u>	<u>1,691,367</u>	<u>1,919,788</u>	<u>2,636,824</u>	<u>1,971,296</u>
Total expenditures	<u>\$ 39,923,518</u>	<u>\$ 19,500,102</u>	<u>\$ 22,800,870</u>	<u>\$ 13,007,711</u>	<u>\$ 10,520,619</u>

Source: Information taken from the Association's audited financial statements. This summary itself has not been audited.

**MOUNTAINLAND ASSOCIATION
OF GOVERNMENTS**

COMPLIANCE REPORTS

Year Ended June 30, 2021

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MOUNTAINLAND ASSOCIATION OF GOVERNMENTS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	CFDA Number	Pass-through Grantor's Number	MAG Fund Number	Award Period	Award Amount	Passed Through to Subrecipients	Accrued (Unearned) Revenue at 06/30/20	Receipts	Disbursements	Accrued (Unearned) Revenue at 06/30/21
U.S. DEPARTMENT OF COMMERCE										
<i>Economic Development Cluster:</i>										
Direct Programs:										
COVID-19 Economic Adjustment Assistance	11.307		241	07/01/20-06/30/22	\$ 390,768	\$ -	\$ -	\$ 195,393	\$ 159,770	\$ (35,623)
Direct Programs:										
Economic Development-Support for Planning Organizations	11.302		221	04/01/20-03/31/21	70,000	-	(6,582)	52,500	59,082	-
Economic Development-Support for Planning Organizations	11.302		222	04/01/20-03/31/21	70,000	-	-	-	6,438	6,438
						<u>-</u>	<u>(6,582)</u>	<u>52,500</u>	<u>65,520</u>	<u>6,438</u>
Total U.S. Department of Commerce						-	(6,582)	247,893	225,290	(29,185)
U.S. DEPARTMENT OF DEFENSE										
Direct Programs:										
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610		127	06/1/20-12/31/21	350,768	-	-	-	37,129	37,129
Total U.S. Department of Defense						-	-	-	37,129	37,129
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT										
<i>CDBG - Entitlement Grants Cluster:</i>										
Passed Through Utah County:										
Community Development Block Grants/State's Program	14.218	B-19-UC-49-0003	270	07/01/17-06/30/21	1,313,945	196,217	531,335	693,610	196,217	33,942
Community Development Block Grants/State's Program	14.218	B-20-UC-49-0003	271	07/01/18-06/30/22	1,432,237	364,284	-	399,073	544,284	145,211
Passed Through Lehi City:										
Community Development Block Grants/State's Program	14.218	B-20-MC-0015	280	07/01/19-06/30/20	40,000	-	15,824	28,309	12,485	-
Community Development Block Grants/State's Program	14.218	B-20-MC-0015	281	07/01/20-06/30/21	40,000	-	-	2,565	18,975	16,410
Total CDBG - Entitlement Grants Cluster						560,501	547,159	1,123,557	771,961	195,563
Passed Through Utah Department of Workforce Services:										
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	20-0700	260	07/01/19-06/30/20	50,000	-	38,940	38,940	-	-
Community Development Block Grants/State's Program Non-Entitlement Grants in Hawaii	14.228	21-0584	261	07/01/20-06/30/21	50,000	-	-	17,310	50,000	32,690
COVID-19 Community Development Block Grants/State's Program Non-Entitlement Grants in Hawaii	14.228	20-3714	242	06/18/20-06/30/21	1,361,644	-	428,667	887,667	537,731	78,731
Passed Through Utah County:										
COVID-19 Community Development Block Grants/State's Program Non-Entitlement Grants in Hawaii	14.228	B-20-UW-49-0003	246	06/18/20-06/30/22	1,468,966	-	-	30,687	133,055	102,368
Total U.S. Department of Housing and Urban Development						560,501	1,014,766	2,098,161	1,492,747	409,352
U.S. DEPARTMENT OF TRANSPORTATION										
Passed Through Utah Department of Transportation:										
<i>Highway Planning and Construction Cluster:</i>										
Highway Planning and Construction	20.205	17-9174	120	07/01/19-06/30/20	1,043,525	-	264,607	276,488	11,881	-
Highway Planning and Construction	20.205	17-9174	121	07/01/20-06/30/21	1,094,883	-	-	-	1,094,883	1,094,883
Total Highway Planning and Construction Cluster						-	264,607	276,488	1,106,764	1,094,883
Total U.S. Department of Transportation						-	264,607	276,488	1,106,764	1,094,883

The accompanying notes are an integral part of this schedule.

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	CFDA Number	Pass-through Grantor's Number	MAG Fund Number	Award Period	Award Amount	Passed Through to Subrecipients	Accrued (Unearned) Revenue at 06/30/20	Receipts	Disbursements	Accrued (Unearned) Revenue at 06/30/21
U.S. DEPARTMENT OF THE TREASURY										
Passed Through Utah County:										
COVID-19 Coronavirus Relief Fund	21.019	COVID	240	07/01/20-06/30/21	\$20,000,000	\$ -	\$ 7,000	\$ 20,000,000	\$ 19,993,000	\$ -
Passed Through Summit County:										
COVID-19 Coronavirus Relief Fund	21.019	COVID	243	07/01/20-06/30/21	1,010,000	-	-	1,010,000	1,010,000	-
Passed Through Wasatch County:										
COVID-19 Coronavirus Relief Fund	21.019	COVID	244	07/01/20-06/30/21	1,180,000	-	-	1,180,000	1,180,000	-
Passed Through Park City, Utah:										
COVID-19 Coronavirus Relief Fund	21.019	COVID	247	07/01/20-06/30/21	2,200,000	-	-	2,200,000	2,200,000	-
Total U.S. Department of the Treasury						-	7,000	24,390,000	24,383,000	-
U.S. DEPARTMENT OF ENERGY										
Passed Through Utah Department of Workforce Services:										
Weatherization Assistance for Low-Income Persons	81.042	20-0039	500	07/01/19-06/30/20	349,353	-	57,800	60,075	2,275	-
Weatherization Assistance for Low-Income Persons	81.042	20-3769	501	07/01/20-06/30/21	395,658	-	-	273,119	395,658	122,539
Weatherization Assistance for Low-Income Persons	81.042	21-2684	502	07/01/21-06/30/22	394,414	-	-	-	2,164	2,164
Total U.S. Department of Energy						-	57,800	333,194	400,097	124,703
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES										
Passed Through Utah Department of Human Services:										
<i>Aging Cluster:</i>										
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	16-0356	790	07/01/19-06/30/20	492,300	-	116,049	116,049	-	-
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	AO3140	791	07/01/20-06/30/21	377,799	-	-	257,836	377,799	119,963
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	16-0356	790	07/01/19-06/30/20	1,331,700	-	361,772	361,772	-	-
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	AO3140	791	07/01/20-06/30/21	985,435	-	-	947,352	985,435	38,083
Nutrition Services Incentive Program	93.053	16-0356	790	07/01/19-06/30/20	178,700	-	11,125	11,125	-	-
Nutrition Services Incentive Program	93.053	AO3140	791	07/01/20-06/30/21	182,300	-	-	182,300	182,300	-
Total Aging Cluster						-	488,946	1,876,434	1,545,534	158,046
Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	93.042	16-0356	790	07/01/19-06/30/20	43,300	-	157	157	-	-
Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	93.042	AO3140	791	07/01/20-06/30/21	22,400	-	-	22,400	22,400	-
						-	157	22,557	22,400	-
Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	93.043	16-0356	790	07/01/19-06/30/20	24,900	-	6,631	6,631	-	-
Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	93.043	AO3140	791	07/01/20-06/30/21	24,900	-	-	17,768	24,900	7,132
						-	6,631	24,399	24,900	7,132
Special Programs for the Aging-Title IV and Title II Discretionary Projects, Recovery Act	93.048	16-0356	790	07/01/19-06/30/20	20,000	-	5,475	5,475	-	-
Special Programs for the Aging-Title IV and Title II Discretionary Projects, Recovery Act	93.048	AO3140	791	07/01/20-06/30/21	23,375	-	-	23,375	23,375	-
						-	5,475	28,850	23,375	-
National Family Caregiver Support, Title III, Part E	93.052	16-0356	790	07/01/19-06/30/20		-	48,965	48,965	-	-
National Family Caregiver Support, Title III, Part E	93.052	AO3140	791	07/01/20-06/30/21	231,863	-	-	154,089	231,863	77,774
						-	48,965	203,054	231,863	77,774

The accompanying notes are an integral part of this schedule.

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	CFDA Number	Pass-through Grantor's Number	MAG Fund Number	Award Period	Award Amount	Passed Through to Subrecipients	Accrued (Unearned) Revenue at 06/30/20	Receipts	Disbursements	Accrued (Unearned) Revenue at 06/30/21
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)										
Passed Through Utah Department of Human Services (Continued):										
Medicare Enrollment Assistance Program	93.071	16-0356	790	07/01/19-06/30/20	\$ 15,000	\$ -	\$ 3,096	\$ 3,096	\$ -	\$ -
Medicare Enrollment Assistance Program	93.071	AO3140	791	07/01/20-06/30/21	16,880	-	-	5,553	16,880	11,327
							3,096	8,649	16,880	11,327
Social Services Block Grant	93.667	17-2108	710	07/01/19-06/30/20	214,151	-	50,132	79,718	29,586	-
Social Services Block Grant	93.667	17-2108A3	711	07/01/20-06/30/21	215,695	-	-	25,139	215,695	190,556
Social Services Block Grant	93.667	16-0356	790	07/01/19-06/30/20	127,400	-	111,821	111,821	-	-
Social Services Block Grant	93.667	AO3140	791	07/01/20-06/30/21	122,400	-	-	30,669	122,400	91,731
							161,953	247,347	367,681	282,287
Centers for Medicare and Medicaid Services (CMS) Research Demonstrations and Evaluations	93.779	AO3140	791	07/01/20-06/30/21	22,570	-	-	22,570	22,570	-
Passed Through Utah Department of Workforce Services:										
Low-Income Home Energy Assistance	93.568	18-0916	629	07/01/19-06/30/20	376,315	-	36,838	27,734	15,373	24,477
Low-Income Home Energy Assistance	93.568	19-0916	620	10/01/19-10/30/21	405,570	-	56,796	253,527	203,106	6,375
Low-Income Home Energy Assistance	93.568	21-1783	621	10/01/20-10/30/22	622,113	-	-	217,191	283,912	66,721
Low-Income Home Energy Assistance	93.568	18-1184	608	07/01/17-06/30/18	212,396	-	5	5	-	-
Low-Income Home Energy Assistance	93.568	DC18-HEAT	509	09/05/18-06/30/20	1,009,234	-	15,651	7,919	-	7,732
Low-Income Home Energy Assistance	93.568	20-0038	510	07/01/19-06/30/21	930,422	-	68,405	427,651	398,407	39,161
Low-Income Home Energy Assistance	93.568	20-3767	511	07/01/20-06/30/22	788,048	-	-	291,464	357,512	66,048
							177,695	1,225,491	1,258,310	210,514
Total U.S. Department of Health and Human Services						-	892,918	3,659,351	3,513,513	747,080
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE										
Direct Program:										
Retired and Senior Volunteer Program	94.002		880	04/01/19-03/31/20	75,985	-	150	150	-	-
Retired and Senior Volunteer Program	94.002		881	04/01/20-03/31/21	83,845	-	21,779	88,335	66,311	(245)
Retired and Senior Volunteer Program	94.002		882	04/01/21-03/31/22	83,845	-	-	-	11,803	11,803
Total Corporation for National and Community Service						-	21,929	88,485	78,114	11,558
DEPARTMENT OF HOMELAND SECURITY										
Passed through State Department of Public Safety:										
Pre-Disaster Mitigation	97.047	EMD-2019-PC-0006	140	10/1/18-04/04/22	71,250	-	4,311	3,695	4,714	5,330
Total Department of Homeland Security						-	4,311	3,695	4,714	5,330
TOTAL FEDERAL AWARDS						\$ 560,501	\$ 2,256,749	\$ 31,097,267	\$ 31,241,368	\$ 2,400,850

* The Association also received \$275,523 from the State Medicaid Waiver program not included on this schedule; these funds are direct federal cash assistance to individuals.

The accompanying notes are an integral part of this schedule.

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS FOR PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Mountainland Association of Governments (the Association) under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Association, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Association.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE C – RELATIONSHIP TO THE ASSOCIATIONS’ FINANCIAL STATEMENTS

Federal awards expended on the schedule of expenditures of federal awards for the year ended June 30, 2021 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 balances. 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, 2021 is as follows:

General Fund	\$ 31,776,399
Veteran-Directed Home & Community Based Services	<u>(535,031)</u>
Total federal revenue reported on the Schedule of Expenditures of Federal Awards (SEFA)	<u><u>\$ 31,241,368</u></u>



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

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, each major fund, and the aggregate remaining fund information of Mountainland Association of Governments (the Association), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued our report thereon dated October 21, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of 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 Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Squire & Company, PC

Orem, Utah
October 21, 2021



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Executive Council
Mountainland Association of Governments

Report on Compliance for Each Major Federal Program

We have audited the compliance of Mountainland Association of Governments (the Association) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Association’s major federal programs for the year ended June 30, 2021.

The Association’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Association’s major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing

our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

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

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

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 governmental activities, each major fund, and the aggregate remaining fund information of Mountainland Association of Governments as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements. We issued our report thereon dated October 21, 2021, which contained unmodified opinions on those basic 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Squire & Company, PC

Orem, Utah
October 21, 2021

MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2021

No matters were reported in the prior year audit.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency identified	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness identified	No
Significant deficiency identified	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

Identification of Major Federal Programs

Name of Federal Program (CFDA Number)

COVID-19 Coronavirus Relief Fund (21.019)

Aging Cluster:

 Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers (93.044)

 Special Programs for the Aging-Title III, Part C-Nutrition Services (93.045)

 Nutrition Services Incentive Program (93.053)

Social Services Block Grant (93.667)

Dollar threshold used to distinguish between type A and type B programs:	\$937,241
Auditee qualified as low-risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



Independent Auditor's Report on Compliance
and Report on Internal Control over Compliance
Required by the *State Compliance Audit Guide*

Executive Council
Mountainland Association of Governments

Report on Compliance

We have audited the compliance of Mountainland Association of Governments (the Association) with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2021.

Budgetary Compliance
Fund Balance
Fraud Risk Assessment
Cash Management

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Association's compliance based on our audit of the state 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*, issued by the Office of the Utah State Auditor. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each State Compliance Requirement Tested

In our opinion, Mountainland Association of Governments complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances 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 – We noted the Association’s total expenditures exceeded the amounts appropriated in the final budget by \$13,138,758. The variance was primarily a result of uncertainties related to the timing of anticipated spending of COVID-19 expenditure-driven grant funds and the resulting recognition of expenditures and revenues. Revenues exceeded appropriated amounts by \$12,952,937. We recommend budgets be adopted and amended as appropriate to avoid exceeding appropriated amounts.

Views of Responsible Officials – We will review these matters and make changes as necessary.

The Association’s response to the noncompliance findings identified in our audit is described above. The Association’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Association 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 the Association’s internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with those 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 the Association’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a 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 over 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.

Squire + Company, PC

Orem, Utah
October 21, 2021