

Southeastern Utah Association of Local Governments
Basic Financial Statements
with
Independent Auditor's Report
Year Ended June 30, 2021

Southeastern Utah Association of Local Governments

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June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southeastern Utah Association of Local Governments
Price, Utah 84501

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Utah Association of Local Governments (SEUALG; 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 as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Southeastern Utah Association of Local Governments, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southeastern Utah Association of Local Governments' ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Southeastern Utah Association of Local Governments' basic financial statements. The Schedules of Indirect and Direct Costs are presented for purposes of additional analysis and not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The Schedules of Indirect and Direct Costs, and the Schedule of Expenditures of Federal Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 23, 2022, on our consideration of Southeastern Utah Association of Local Governments' 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 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 Southeastern Utah Association of Local Governments' internal control over financial reporting and compliance.

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah
March 23, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Southeastern Utah Association of Local Governments, we offer readers of the SEUALG's financial statements this narrative overview and analysis of the financial activities of the Association for the fiscal year ended June 30, 2021. It is designed to provide an overview of the Association's financial activity. It is also intended to assist the reader in focusing on significant financial issues, including identifying changes in the Association's financial position (its ability to address the next and subsequent years' challenges), identifying any material deviations from the approved budget, and identifying individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the Association's financial statements.

SEUALG BACKGROUND

The Southeastern Utah Association of Local Governments is a voluntary agency formed in 1970 under the Utah Inter-local Cooperation Act of 1965. The SEUALG was formed to provide regional planning and coordination of state and federal programs and grants across the southeastern Utah district, which consists of Carbon, Emery, Grand, and San Juan Counties. The SEUALG, while considered a government entity, has no regulatory authority, passes no laws, and does not set or collect taxes.

The governing board of the SEUALG consists of one county commissioner from each member county and one municipal elected official from each member county. County-level councils of governments decide which elected officials from each respective county will serve on the SEUALG board. SEUALG Board Officers are elected for a two-year term.

While the SEUALG must adhere to the same budgeting requirements as other public entities in Utah, the actual amount of funds the SEUALG receives is determined solely by the SEUALG's granting agencies. All the grants administered by the SEUALG are "categorical" and funds from each grant can be spent only on eligible activities as determined by the granting agency.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of the SEUALG exceeded its liabilities and deferred inflows as of June 30, 2021 by \$1,670,660. Of this amount, \$(787,952) is unrestricted net position that has been created by the implementation of GASB 68. Although the unrestricted net position in the government-wide financial statements is negative, the fund balance in governmental fund is positive. A significant percentage of this fund balance provides the majority of the SEUALG operating capital.
- The SEUALG invests funds not needed for immediate operations, and not restricted by federal cash management regulations, in separate accounts with the Utah State Public Treasurer's Investment Fund or in savings accounts at local banks. Earnings from these investments and savings accounts for the fiscal period ending June 30, 2021 were:

FINANCIAL HIGHLIGHTS (Continued)

BTAC	\$	743
Revolving Loan Funds		2,677
Eastern Utah TV/Tech Association		51
Miscellaneous SEUALG Programs		1,046
Total	\$	4,517

All other funds are held in the SEUALG general checking account.

- Capital assets (net of accumulated depreciation) of the SEUALG were \$537,407 at June 30, 2021, which included buildings and equipment.
- Overall revenues increased by \$1,868,059 and overall expenditures increased \$1,655,746 for the period ending June 30, 2021. These increases were due mainly to increases in charges for services and the operating grants and contributions to the agency during the reporting period.

The SEUALG experienced an increase in its overall funding during fiscal year 2021 with current programs. There were increases in one time state funding for the Aging programs. Circles program continued and received additional funding as did the Veterans Program-SEUALG was awarded direct funds for the program again this year. Contributions from the Agency's member counties remained the same.

OVERVIEW OF FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The *statement of net position* presents information on all of SEUALG 's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SEUALG is improving or deteriorating. However, other non-financial factors need to be considered.

The *statement of activities* presents information showing how SEUALG's net position changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements of the SEUALG are reported as governmental activities. Governmental activities include central administration, management/operation of the Area Agency on Aging, community and social services, community, housing and economic development, inter-local planning and coordination, and weatherization. State and federal grants are the finance basis for these activities. Contributions from SEUALG member governments, donations, project income, and fees for services provide required matching funds and gap funding.

REPORTING SEUALG'S MOST SIGNIFICANT FUNDS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The SEUALG also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements along with budgetary and grant specific requirements and restrictions. The SEUALG maintains only governmental and fiduciary funds.

- Governmental funds - these funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed, short-term view of the SEUALG'S general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the SEUALG's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The only major governmental fund (as determined by generally accepted accounting principles) is the General Fund.

- General Fund - The General Fund is the primary operating fund of the SEUALG. Revenues from grants, intergovernmental contributions, program income, fees for services, donations, and all other resources are accounted for in this fund. Expenditures for program operation and SEUALG administrative costs are also accounted for in the General Fund.
- Fiduciary Funds
 - Trust and Agency Funds – The SEUALG acts as the manager and fiscal agent for the independent non-profit Southeastern Utah Business and Technical Assistance Center (BTAC). The activities of this agency are accounted for in a separate trust fund and in the same manner as enterprise funds. The Association also holds funds for the Eastern Utah Television & Technology Program and reports these monies in a Trust fund.

- Nonexpendable Trust Funds – The Revolving Loan Fund Program was created by the SEUALG about twenty-five years ago with grant monies from various federal sources to provide gap financing for qualified business in the southeast district. The funds in the Revolving Loan Fund portfolio are accounted for individually depending on the original funding source and are included in the SEUALG’s fiduciary financial statements as nonexpendable trust funds.

In 2008, the State Department of Community and Culture (Division of Housing and Community Development) completed the release of the Community Development Block Grant (CDBG) funds that had been applied for to provide the required match for the Economic Development Administration (EDA) funds. The CDBG revolving loan fund monies were rolled into the EDA revolving loan fund program and are no longer shown on the financial reports as a stand-alone fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the SEUALG, assets exceed liabilities by \$1,670,660.

We have made a comparison of the past two fiscal years of net position.

Net Position June 30, 2021 and 2020

	Governmental Activities		Changes
	2021	2020	
Current and other assets	\$ 2,160,172	\$ 1,525,156	\$ 635,016
Capital assets	537,407	400,835	136,572
Deferred outflows of resources	216,522	164,788	51,734
Total assets and deferred outflows of resources	<u>\$ 2,914,101</u>	<u>\$ 2,090,779</u>	<u>\$ 823,322</u>
Other liabilities	\$ 289,220	\$ 94,138	\$ 195,082
Long-term liabilities outstanding	621,985	328,883	293,102
Deferred inflows of resources	332,236	157,959	174,277
Total liabilities and inflows of resources	<u>\$ 1,243,441</u>	<u>\$ 580,980</u>	<u>\$ 662,461</u>
Net position:			
Invested in capital assets, net of related debt	\$ 537,407	\$ 400,835	\$ 136,572
Restricted	1,921,205	1,193,124	728,081
Unrestricted	<u>(787,952)</u>	<u>(84,160)</u>	<u>(703,792)</u>
Total net position	<u><u>\$ 1,670,660</u></u>	<u><u>\$ 1,509,799</u></u>	<u><u>\$ 160,861</u></u>

**Change in Net Position
June 30, 2021 and 2020**

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 763,318	\$ 138,956
Operating grants and contribs	5,131,068	3,939,586
General revenues:		
Grants and contributions not restricted	-	10,482
Taxes	573	1,463
Gain(Loss) on sale of capital assets	-	6,000
Unrestricted investment earnings	694	3,886
Miscellaneous	72,779	-
Total revenues	<u>\$ 5,968,432</u>	<u>\$ 4,100,373</u>
Expenses:		
General government	\$ 3,849,899	\$ 153,574
Public health	464,590	3,067,189
Public safety	1,169,880	151,981
Economic Development	323,202	779,080
Total expenses	<u>5,807,571</u>	<u>4,151,824</u>
Increase in net position before transfers	<u>160,861</u>	<u>(51,451)</u>
Increase in net position	160,861	(51,451)
Net position - beginning	<u>1,509,799</u>	<u>1,561,250</u>
Net position - ending	<u>\$ 1,670,660</u>	<u>\$ 1,509,799</u>

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

The focus of the SEUALG's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the SEUALG's financing requirements.

As of June 30, 2021, the SEUALG's governmental fund (General Fund) reported a fund balance of \$1,670,660. This represents an increase of \$160,861 from last year's ending balance, most of which arrive from the increase of revenues over expenditures.

The General Fund is the primary operating fund of the SEUALG. All activities which are not required to be accounted for in separate funds, either by state or local ordinance or by a desire to maintain a matching of revenues and expenses, are accounted for in this fund.

Grants and contributions continue to be the largest source of revenue in the General Fund and represent 86% of total general fund revenues.

Total intergovernmental revenue in the governmental funds of \$4,362,257 consists of federal, state, and local grants. The largest portion of the federal grants were received from the U.S. Department of Health and Human Services in the amount of \$1,957,946. The largest portion of the state/local safety grants is the Ground-Up Housing Construction Program in the amount \$298,285.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the General Fund original and final budgeted expenditures totaled \$7,482,575.

The General Fund budget for fiscal year ending June 30, 2021 reflects an increase of 8.0% over the final budget for the fiscal year ended June 30, 2020.

CAPITAL ASSET

The SEUALG's threshold for reporting and tracking capital assets is \$5,000. In order to comply with various grant and contract requirements, the SEUALG also tracks all equipment, computer, and software purchases over \$500. However, these expenditures are not accounted for in the Capital Asset Account. The SEUALG's investment in capital assets net of accumulated depreciation as of June 30, 2021 was \$537,407.

	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Adjustments Depreciation & Retirements</u>	<u>Balance at June 30, 2021</u>
Land	\$ -	\$ 104,970	\$ -	\$ 104,970
Buildings	170,234	(8,405)	-	161,829
Machinery and Equipment	230,601	40,007	-	270,608
Totals at historical cost	\$ 400,835	\$ 136,572	\$ -	\$ 537,407

During Fiscal 2021, changes in "Land" and "Machinery and Equipment" were due to current yearly depreciation and asset purchases that resulted in an increase in net capital assets of \$136,572.

LONG-TERM DEBT

The SEUALG carries two long-term debt obligations. One obligation consists of compensated absences incurred from the accumulation of vacation, sick leave, and comp-time, which has been earned but unpaid as of June 30, 2021. The amount of the obligation as of year-end is \$108,102. The Association also has reported a long-term net pension liability. The net pension liability is now required to be reported because of the adoption and implementation of Government Accounting Standard No. 68. At June 30, 2021, the net pension liability was \$47,173.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the SEUALG's finances for all those with an interest in the Association's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

Executive Director,

375 S. Carbon Ave.

P.O. Box 1106

Price, UT 84501.

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Basic Financial Statements

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Statement of Net Position

As of June 30, 2021

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 727,580
Cash and cash equivalents - restricted	213,622
Receivables:	
Due from other governmental units	1,216,031
Prepaid expenses	2,939
Capital assets not being depreciated:	
Land	104,970
Capital assets being depreciated (net of accumulated depreciation):	
Buildings	161,829
Machinery and equipment	270,608
Total Assets	<u>2,697,579</u>
Deferred outflows of resources related to pension	216,522
Total assets and deferred outflows of resources	<u>2,914,101</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Accounts payable	133,849
Accrued liabilities	47,269
Compensated absences	108,102
Noncurrent Liabilities:	
Net pension liability	47,173
Unearned revenues	574,812
Total Liabilities	<u>911,205</u>
Deferred inflows of resources related to pension	332,236
Total liabilities and deferred inflows of resources	<u>1,243,441</u>
NET POSITION	
Net investment in capital assets	537,407
Restricted for:	
Revolving Loan	1,763,732
BTAC	147,052
EUTV	10,421
Unrestricted	(787,952)
Total net position	<u><u>\$ 1,670,660</u></u>

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

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Statement of Activities

For the year ended June 30, 2021

Function/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
	Expenses	Charges for Services	Operating Grants and Contributions		PRIMARY GOVERNMENT	
			Capital Grants and Contributions	Governmental Activities	Governmental Activities	Total
Primary Government:						
Governmental Activities:						
General government	\$ 3,849,899	\$ 360,939	\$ 877,032	\$ -	\$ (2,611,928)	\$ (2,611,928)
Public health	464,590	402,379	2,604,082	-	2,541,871	2,541,871
Public safety	1,169,880	-	241,267	-	(928,613)	(928,613)
Economic development	323,202	-	1,408,687	-	1,085,485	1,085,485
Total Governmental Activities	\$ 5,807,571	\$ 763,318	\$ 5,131,068	\$ -	\$ 86,815	\$ 86,815
General Revenues:						
Tax - Motel exempt					\$ 573	\$ 573
Unrestricted investment earnings					694	694
Miscellaneous					72,779	72,779
Total General Revenues and Transfers					74,046	74,046
Change in Net Assets					160,861	160,861
Net Position - Beginning					1,509,799	1,509,799
Net Position - Ending					\$ 1,670,660	\$ 1,670,660

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

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Balance Sheet Governmental Funds As of June 30, 2021

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 727,580	\$ 727,580
Cash and cash equivalents - restricted	213,622	213,622
Due from other funds	1,216,031	1,216,031
Prepaid expenses	2,939	2,939
Total Assets	<u>2,160,172</u>	<u>2,160,172</u>
LIABILITIES AND DEFERRED INFLOW OF RESOURCES		
Liabilities:		
Accounts payable	129,408	129,408
Accrued liabilities	47,269	47,269
Deposits payable	4,441	4,441
Unearned revenues	574,812	574,812
Total Liabilities	<u>755,930</u>	<u>755,930</u>
FUND BALANCES		
Nonspendable	2,939	2,939
Restricted	1,193,123	1,193,123
Unassigned	964,110	964,110
Total Fund Balances	<u>\$ 2,160,172</u>	<u>\$ 2,160,172</u>
Total liabilities and fund balances	<u>\$ 1,404,242</u>	<u>\$ 1,404,242</u>

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

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

As of June 30, 2021

Total fund balances - governmental fund types: \$ 1,404,242

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	104,970	
Buildings	161,829	
Equipment	<u>270,608</u>	537,407

Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds.

Net pension liability	(47,173)	
Compensated absences	<u>(108,102)</u>	(155,275)

Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.

Deferred outflows		216,522
Deferred inflows		(332,236)

Net position of government activities: \$ 1,670,660

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

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2021

	General Fund	Total Governmental Funds
REVENUES		
Intergovernmental revenues	\$ 5,523,447	\$ 5,523,447
Charges for services	370,939	370,939
Miscellaneous	74,046	74,046
Total Revenues	<u>5,968,432</u>	<u>5,968,432</u>
EXPENDITURES		
Current:		
General government	4,102,382	4,102,382
Public health	430,110	430,110
Public safety	1,169,880	1,169,880
Economic development	292,836	292,836
Total Expenditures	<u>5,995,208</u>	<u>5,995,208</u>
Excess Revenues Over (Under)		
Expenditures	(26,776)	(26,776)
Fund Balances - Beginning	1,431,018	1,431,018
Fund Balances - Ending	<u>\$ 1,404,242</u>	<u>\$ 1,404,242</u>

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

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2021

Net changes in fund balances - total governmental funds: \$ (26,776)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 136,572

Expenditures are recognized in the governmental funds when paid with available financial resources. However, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenditures are paid or due. This adjustment combines the net changes of the following balances:

Change in Compensated Absences (66,899)

The Statement of Activities shows pension benefits and pension expenses from the adoption of GASB 68 that are not shown on the fund statements. 117,964

Change in net position of governmental activities: \$ 160,861

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

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Statement of Net Position

Fiduciary Funds

As of June 30, 2021

	TRUST FUNDS			TOTAL FIDUCIARY FUNDS
	REVOLVING LOAN FUNDS	BTAC	EASTERN UTAH TV & TECH ASSOCIATION	
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 608,336	\$ 151,719	\$ 10,421	\$ 770,476
Note receivable - Cares Act	16,465	-	-	16,465
Note receivable - EDA funds	100,220	-	-	100,220
Note receivable - EDA Recap funds	9,109	-	-	9,109
Note receivable - Monticello	4,150	-	-	4,150
Note receivable - Rural Development	6,308	-	-	6,308
Note receivable - San Juan	7,502	-	-	7,502
Total current assets	752,090	151,719	10,421	914,230
Noncurrent Assets:				
Notes receivable	1,022,188	-	-	1,022,188
Equipment	-	5,279	-	5,279
Less: Accumulated depreciation	-	(5,279)	-	(5,279)
Total noncurrent assets	1,022,188	-	-	1,022,188
<u>LIABILITIES</u>				
Noncurrent Liabilities:				
Deposit payable	10,546	4,667	-	15,213
Total noncurrent liabilities	10,546	4,667	-	15,213
<u>NET POSITION</u>				
Held in trust	1,763,732	147,052	10,421	1,921,205
Total net position	1,763,732	147,052	10,421	1,921,205
Total Liabilities and Fund Balance	\$ 1,763,732	\$ 147,052	\$ 10,421	\$ 1,921,205

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

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Statement of Revenues, Expenses, and Changes in Fund Net Position

Fiduciary Funds

For the Year Ended June 30, 2021

	TRUST FUNDS			TOTAL FIDUCIARY FUNDS
	REVOLVING LOAN FUNDS	BTAC	EASTERN UTAH TV & TECH ASSOCIATION	
REVENUES:				
Charges for services	\$ 135,215	\$ 91,876	\$ 30,000	\$ 257,091
Interest	53,919	937	51	54,907
Total	189,134	92,813	30,051	311,998
EXPENDITURES:				
Advertising	-	472	-	472
Bank fees	-	325	-	325
Building maintenance & supplies	-	3,394	27,641	31,035
Fees, licenses & legal	852	1,098	-	1,950
I.T. Services	-	2,621	-	2,621
Indirect expenses	2,159	2,041	79	4,279
Insurance	-	2,125	-	2,125
Loan disbursements	492,274	-	-	492,274
Meetings & conferences	-	374	-	374
Postage & office supplies	178	1,236	3	1,417
Professional services	-	133,172	1,717	134,889
Rent	-	16,247	-	16,247
Salaries and benefits	14,422	13,517	562	28,501
Telephone	-	872	-	872
Utilities	-	13,670	-	13,670
Miscellaneous	-	5,384	-	5,384
Total	509,885	196,548	30,002	736,435
Excess of Revenues Over (Under) Expenditures	(320,751)	(103,735)	49	(424,437)
OTHER FINANCING SOURCES (USES)				
Grant revenue	366,648	85,347	-	451,995
Total Other Financing Sources (Uses)	366,648	85,347	-	451,995
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	45,897	(18,388)	49	27,558
Fund Balances - Beginning	1,584,750	165,440	36,017	1,786,207
Prior period adjustment	133,085	-	(25,645)	107,440
Fund Balances - Ending	\$ 1,763,732	\$ 147,052	\$ 10,421	\$ 1,921,205

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

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Financial Statements

For the Year Ended June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the SEUALG conform to accounting principles generally accepted in the United States of America as applicable to governments. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Southeastern Utah Association of Local Governments was established in 1970, by representatives of local governments of Carbon, Emery, Grand, and San Juan counties, in the State of Utah in accordance with an Executive Order issued by Governor Rampton in 1970. The Executive Order fixed the boundaries of multi-county districts for planning and development in the State of Utah. All county and municipal units of government within each district were requested to cooperate and participate in establishing a multi-county association of governments under the terms of the Inter-local Cooperation Act of 1965. The main purposes of the districting and the establishment of Association of Governments were to facilitate area-wide planning and development activities, to provide a strengthened role of county and municipal officials in the execution of state and federal programs at the local level, and to eliminate duplication and competition between various levels of government and thus facilitate the most effective use of the State's resources.

1.A. FINANCIAL REPORTING ENTITY

For financial reporting purposes, the Association has included all funds, organization, account groups, agencies, boards and commissions. The Association has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Association are such that exclusion would cause the Association's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Association to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific burdens on the Association. All entities, of which the Association is considered to be financially accountable, would be included in their financial reporting. According to the Standards listed above, there are no entities that should be included in the Association's financial statements as component units. The Association is not a component unit of any other governmental organization.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Financial Statements

For the Year Ended June 30, 2021

1.B. BASIS OF PRESENTATION (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

1.C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Governmental fund financial statements are reporting using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Association considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Sales taxes, property taxes, franchise taxes, interest, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Association.

Fiduciary fund financial statements are presented using the accounting basis, which is consistent with the fund's accounting measurement objective. Trust funds use the economic resources measurement focus and the accrual basis of accounting. Their revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period incurred, if measurable. The Fiduciary Funds reported in the Association's financial statements are used to account for the activity of the revolving loan monies received from different governmental organizations and funds held for the Southeastern Utah Business and Technical Assistance Center and the Eastern Utah TV & Technological Association. The money in these funds is being used to promote new business and develop a technological structure to improve communication for the television and emergency radio communications.

The government reports the following major governmental fund:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Association's BTAC function and various other functions of the Association. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expense for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expense not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for us, it is the Association's policy to use restricted resources first, and then unrestricted resources as they are needed.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Financial Statements

For the Year Ended June 30, 2021

1.D. Budgeting

The Association's budgets are adopted on the modified accrual basis of accounting. The Association follows the budgetary practices and procedures required by Utah State law. These requirements are summarized as follows:

1. A formal budget is adopted for all funds which require a budget: all general and special revenue funds. The budget is a complete financial plan, which identifies all estimated revenue and all appropriations for expenditure for the year. The budget must balance, that is estimated revenues and other financing sources must equal appropriated expenditures.
2. By June 7, the Association's executive director submits to the Association's governing board a proposed operating budget for the fiscal year beginning July 1.
3. The Board of Directors discusses and approved the budget and sets a date for public hearing.
4. A public hearing is held to obtain public comments and the budget is adopted.
5. The governing board can transfer budgeted amounts between line items or departments by resolution, but any action that increases the total general fund budget must be approved by resolution only after a public hearing. (The budgets of other funds may be increased after giving public notice.)

1.E. Cash and Cash Equivalents and Investments

Cash and Cash Equivalents – Cash and cash equivalents are carried at cost or amortized cost, which approximates market. Cash and cash equivalents are reported on the financial statements as cash and represent deposits with financial institutions or cash deposits held in escrow. The cash reported on the financial statements by fund has been pooled by Treasurer into several bank accounts.

Investments – Investments are funds deposited with the State of Utah and held in the State Public Treasurers Investment Fund. Investments are considered cash equivalent in the financial statements.

1.F. Receivables

Amounts receivable in the governmental fund types consist mainly of amounts due from federal and state governments where collectability is reasonably assured. Accordingly, no allowance for uncollectible accounts has been established.

1.G. Capital Assets

Capital assets, which include building and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines Capital Assets as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Association uses the straight-line method of depreciation to amortize the cost of equipment and buildings over their estimated useful life.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized and reported as equipment or projects as they are constructed. There has been no interest expense incurred during construction of assets. Interest expense is not capitalized. Estimated useful lives are as follows:

Equipment	5-15 years
Building	40 years

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Financial Statements

For the Year Ended June 30, 2021

1.H. Compensated Absences

It is the Association's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave as employees are not paid for unused sick leave at retirement or termination. Vacation pay vests to employees and is paid to employees in cash at termination or when they retire. Compensated absences liability at June 30, 2021 from vacation is \$108,102.

1.I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes include 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.

In addition to liabilities, the statement of net position will sometimes include 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 it will not be recognized as an inflow of resources (revenue) until then.

NOTE 2. DEPOSITS AND INVESTMENTS

Depositing and investing, for the Association is governed by the Utah Money Management Act (Utah Code, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

The Association follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of Association funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government, and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

2.A. DEPOSITS

The Association maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Income from the investment of pooled cash is allocated based on each fund's portion of the pool. In addition, cash is separately held by individual funds.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Association's deposits may not be returned to it. The Association does not have a formal deposit policy for custodial credit risk. At June 30, 2021, the Association's bank balance of cash on deposit was \$1,498,814. Of this amount \$500,000 was insured, but \$998,814 of the deposits was uninsured and uncollateralized.

2.B. INVESTMENTS

The Association follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the deposit of City funds in a "qualified depository." The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the federal government, and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Utah Money Management Act and adhering to the rules of the Utah Money Management Council.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Financial Statements

For the Year Ended June 30, 2021

The Utah Money Management Act also defines the types of securities allowed as appropriate temporary investments for the City and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

2.B. INVESTMENTS (Continued)

Restricted cash may only be deposited in state or national banks meeting certain minimum net worth requirements or invested in securities representing direct obligations of or obligations guaranteed by the U.S. government, agencies of the U.S. government, any state within the territorial United States of America, repurchase agreements or interest-bearing time deposits with state or national banks meeting certain minimum net worth requirements, or certain other investments.

The Utah Public Treasurers' Investment Fund (UPTIF) is an external deposit and investment pool wherein governmental entities are able to pool the moneys from several entities to improve investment efficiency and yield. These moneys are invested primarily in money market securities and contain no withdrawal restrictions. As such, the moneys invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds. Financial statements for the UPTIF can be obtained from the Utah State Treasurers Office.

Fair Value of Investments

The Association measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets:
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At June 30, 2021, the Association had the following recurring fair value measurements:

<u>Invest by Fair Value Level</u>	<u>6/30/2020</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment in Public				
Treasurers' Investment Fund	\$ 212,864	\$ -	\$ 212,864	
Total Fair Value	\$ 212,864	\$ -	\$ 212,864	\$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets.
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the June 30, 2021 fair value factor, as calculated by the Utah State Treasurer, to the Association's average daily balance in the fund; and,
- Donated Real Estate: recent appraisals of the real estate's value.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Financial Statements For the Year Ended June 30, 2021

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Association manages its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days – 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of June 30, 2021, the Association's investments had the following maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity in Years</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>More Than 5</u>
Investment in Public				
Treasurers' Investment Fund	\$ 212,864	\$ 212,864		
Total Fair Value	\$ 212,864	\$ 212,864	\$ -	\$ -

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Association reduces its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

At June 30, 2021, the Association's investments had the following quality ratings:

<u>Investment Type</u>	<u>Fair Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
Investment in Public					
Treasurers' Investment Fund	\$ 212,864	\$ -	\$ -		\$ 212,864
Total Fair Value	\$ 212,864	\$ -	\$ -	\$ -	\$ 212,864

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Association's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits its investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. The Association has \$xxx invested with the State of Utah Public Treasurer's Investment fund that are uninsured and registered in the name of the Association.

NOTE 3. RESTRICTED NET POSITION/FUND BALANCE

The Association has restricted net position in the amount of \$1,193,123 in the government-wide and fund financial statements respectively. Amounts have been restricted because the Association has entered into many different grant agreements where funds are restricted by these agreements for specific function and purposes. See note 10 for detail of amounts restricted.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Financial Statements For the Year Ended June 30, 2021

NOTE 4. CAPITAL ASSETS

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

	Balance at June 30, 2020	Additions	Disposals Transfers	Balance at June 30, 2021
Governmental Activities:				
Land	\$ -	\$ 104,970	\$ -	\$ 104,970
Buildings	336,187	-	-	336,187
Machinery and Equipment	766,636	108,639	-	875,275
Totals at historical cost	<u>1,102,823</u>	<u>213,609</u>	<u>-</u>	<u>1,316,432</u>
Less Accumulated Depreciation:				
Buildings	(165,953)	(8,405)	-	(174,358)
Machinery and Equipment	(536,035)	(68,632)	-	(604,667)
Total Accum. Depreciaton	<u>(701,988)</u>	<u>(77,037)</u>	<u>-</u>	<u>(779,025)</u>
Governmental Activities capital assets, net	<u>\$ 400,835</u>	<u>\$ 136,572</u>	<u>\$ -</u>	<u>\$ 537,407</u>

Depreciation expenses was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 12,191
Public Health	34,480
Community and economic development	30,366
Total depreciation expense	<u>\$ 77,037</u>

NOTE 5. PENSION PLAN

General Information about the Pension Plan

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost-sharing, public employee retirement system.

Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system;

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Financial Statements

For the Year Ended June 30, 2021

The Utah Retirement Systems (Systems) are established and governed by the respective sections of the Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting website: www.urs.org/general/publications.

Summary of Benefits by System

Benefits provided: URS provides retirement, disability, and death benefits.

Retirement benefits are as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

** all post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Financial Statements

For the Year Ended June 30, 2021

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by state statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2021 are as follows:

	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employer Rate for 401(k) Plan</u>
Contributory System			
11-Local Government Division - Tier 1	6.00	14.46	N/A
111-Local Government Division - Tier 2	N/A	15.80	0.89
Noncontributory System			
15-Local Government Division Tier - 1	N/A	18.47	N/A
Tier 2 DC Only			
211-Local Government	N/A	6.69	10.00

***Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2021, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$112,079	N/A
Tier 2 Public Employees System	99,934	-
Tier 2 DC Only System	8,652	N/A
Total Contributions	\$220,665	\$0

Contributions reported are the URS board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Financial Statements

For the Year Ended June 30, 2021

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

At June 30, 2021, we reported a net pension asset of \$0 and a net pension liability of \$47,173.

	(Measurement Date): December 31, 2020				
	Net Pension	Net Pension	Proportionate	Proportionate Share	Change
	Asset	Liability	Share	June 30, 2019	(Decrease)
Noncontributory System	\$ -	\$ 42,421	0.0827004%	0.0745374%	0.0081630%
Tier 2 Public Employees System	-	4,752	0.0330380%	0.0300485%	0.0029895%
	<u>\$ -</u>	<u>\$ 47,173</u>			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2021, we recognized pension expense of \$102,857.

At June 30, 2021 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61,284	\$ 2,176
Changes in assumptions	6,010	5,722
Net difference between projected and actual earnings on pension plan investments	-	323,646
Changes in proportion and differences between contributions and proportionate share of contributions	37,872	693
Contributions subsequent to the measurement date	111,356	-
Total	<u>\$ 216,522</u>	<u>\$ 332,237</u>

\$111,356 reported as deferred outflows of resources related to pension results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Financial Statements

For the Year Ended June 30, 2021

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2021	\$ (58,418)
2022	\$ (19,230)
2023	\$ (107,984)
2024	\$ (52,187)
2025	\$ 1,728
Thereafter	\$ 9,020

Actuarial Assumptions

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary Increases	3.25-9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are 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.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Financial Statements For the Year Ended June 30, 2021

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	37.00%	6.30%	2.33%
Debt securities	20.00%	0.00%	0.00%
Real assets	15.00%	6.19%	0.93%
Private equity	12.00%	9.50%	1.14%
Absolute return	16.00%	2.75%	0.44%
Cash and cash equivalents	0.00%	0.00%	0.00%
Totals	100%		4.84%
	Inflation		2.50%
	Expected arithmetic nominal return		7.34%

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 percent. The projection of cash flow used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments, to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95 percent.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the 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 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 735,447	\$ 42,421	\$ (535,321)
Tier 2 Public Employees System	79,958	4,752	(52,779)
	\$815,405	\$47,173	(\$588,100)

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b), and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Financial Statements

For the Year Ended June 30, 2021

SEUALG participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- *401(k) Plan
- *457(b) Plan
- *Roth IRA Plan
- *Traditional IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contributions Savings Plan for fiscal year ended June 30, were as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
401(k) Plan				
Employer Contributions	\$103,433	\$88,922	\$77,401	\$64,869
Employee Contributions	\$54,230	\$33,348	\$26,246	\$17,796
457 Plan				
Employer Contributions	\$0	\$0	\$0	\$0
Employee Contributions	\$2,400	\$2,558	\$2,400	\$2,400
Roth IRA Plan				
Employer Contributions	N/A	N/A	N/A	N/A
Employee Contributions	\$2,500	\$2,400	\$2,350	\$1,200
Traditional IRA				
Employer Contributions	N/A	N/A	N/A	N/A
Employee Contributions	\$1,200	\$1,200	\$1,200	\$1,200

Pension beginning and ending values June 30, 2021

Retirement System	Net Pension Liability/(Asset) at 12/31/2019			Net Pension Liability/(Asset) at 12/31/2020		
	System Total NPL/(NPA)	Proportionate Share	Beginning Values	System Total NPL/(NPA)	Proportionate Share	Beginning Values
Noncontributory:						
Local Government	\$376,886,867	0.074537%	\$ 280,922	\$ 51,294,272	0.082700%	\$ 42,421
Tier 2 Public Employees	22,490,751	0.021828%	6,758	14,382,778	0.033038%	4,751
			<u>\$ 287,680</u>			<u>\$ 47,172</u>

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Financial Statements

For the Year Ended June 30, 2021

NOTE 6. LONG-TERM DEBT

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2020, was as follows:

<u>Type of Debt</u>	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>
Governmental Activities:				
Net Pension Liability	\$ 287,680	\$ -	\$ (240,507)	\$ 47,173
Compensated Absences	41,203	66,899	-	108,102
Total Governmental Debt	<u>328,883</u>	<u>66,899</u>	<u>(240,507)</u>	<u>155,275</u>

NOTE 7. UNCOLLECTIBLE LOANS

The Southeastern Utah Association of Local Governments (Association) performs the fiscal responsibility of a fiduciary fund which received funds from several different sources to create and operate a revolving loan fund. For the past several years, the fiduciary fund has made loans to individuals and businesses that have met the qualifications established when grant funds were received.

Unfortunately, sometimes business and individuals who have received loan funds are not current on their repayment of these loans. The revolving loan board has taken several measures to recover these funds. Some loans have been restricted while others are being litigated in an effort to secure these funds. The revolving funds are held in the Economic Development District and reported as a trust fund by the Association.

NOTE 8. RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Association pays an annual premium to Utah Local Governments Trust for its health insurance coverage. The Association is insured through commercial companies for its general liability coverage. At June 30, 2021, the Association had no claims or judgments filed against it related to the risks mentioned above.

NOTE 9. FUND BALANCE CLASSIFICATIONS

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Organization is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Net position for governmental funds can consist of the following:

Nonspendable Fund Balance – Any nonspendable fund balance includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance – Any restricted fund balance includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Financial Statements

For the Year Ended June 30, 2021

Committed Fund Balance – Any committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the Nibley City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

Assigned Fund Balance – Any assigned fund balance includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Nibley City Council or (b) a body to which the governing body has delegated the authority to assign amounts. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) other than the General Fund that are not classified as non-spendable, restricted, or committed.

Unassigned – The unassigned fund balance is the residual classification for the General Fund. This designation is also used in other governmental funds to report a negative fund balance.

When an expenditure is incurred for purposes for which, both restricted and unrestricted fund balance is available, it is the unwritten policy and practice of the Association to consider restricted amounts to have been spent first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications, could be used, it is the practice of the Association that committed amounts will be spent first, followed by assigned amounts, and then unassigned amounts.

The Association also has not adopted a formal policy regarding a minimum fund balance but follows Utah State law which requires all Association’s to maintain a minimum general fund balance equal to 5% of total revenues of the general fund.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Financial Statements

For the Year Ended June 30, 2021

According to Governmental Accounting Standard Board Statement number 54, when fund balance classifications are reported in the financial statements in the aggregate, a more detailed disclosure should be made. Below a detail of the fund balance classifications has been shown:

	Non-Spendable	Restricted	Unassigned	Total
Nonspendable:				
Prepays	\$ 2,939			\$ 2,939
Restricted:				
Aging & Nutrition Programs		328,434		328,434
Alternatives		2,993		2,993
Building Fund		14,851		14,851
Stepping Grant		524		524
AMX Vista San Juan		9,400		9,400
Coal Strike Team		14,275		14,275
AAA local		20,842		20,842
Community Dev. Bldg.		2,460		2,460
CDBG Project Inc./CDBG Office ADA		27,193		27,193
Economic Development		522		522
Cencus Outreach		3,093		3,093
Quality Food Agency		10,416		10,416
GWC Foundation		20,879		20,879
Department of Energy		3,416		3,416
Med Waiver		737		737
CIB Planning		19,487		19,487
A.O.G. Director		59,818		59,818
IT Support		32,755		32,755
Community Service Car Pool		23,145		23,145
Agency Network Services		2,479		2,479
Heat		3		3
Food Bank Programs		339,919		339,919
Price City Housing		20,059		20,059
Self Help Programs		8,533		8,533
New Choices Waiver		935		935
Rural Development Loan Repay		851		851
Mountain Vets		30,066		30,066
Agency Car Pool/Copier		11,161		11,161
Direct Loan Package P.I.		2,943		2,943
Liheap WX/ Liheap Utah		4,348		4,348
GWC American Express		4,472		4,472
Forklift Propane		219		219
Rural Diversification		11,670		11,670
Out & About Trans/Driver		30,285		30,285
Arrive Utah		122,448		122,448
Homeless Emergency Assist		1,675		1,675
Bus Fund		5,817		5,817
Unassigned:				
General fund			964,110	964,110
Fund Balance Totals	\$ 2,939	\$ 1,193,123	\$ 964,110	\$ 2,160,172

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Financial Statements

For the Year Ended June 30, 2021

NOTE 10. NET POSITION UNRESTRICTED – DEFICIT

With the implementation of GASB 68, other financial elements are required as part of the financial statements such as deferred outflows of resources, deferred inflows of resources, the net pension asset and net pension liability. It has had the effect of creating a deficit in the unrestricted net position on the Government Wide Financial Statements, as reported on the Statement of Net Position. Because the unfunded portion of the net pension liability is so high, it requires the reducing of the Unrestricted Net Position in the Government Wide financial statements.

NOTE 11. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at June 30, 2021, and revenues and expenses during the year then ended. The actual results could differ from those estimates.

NOTE 12. RESTRICTED CASH

The amount of restricted cash as shown on the Balance Sheet of the fund statements and the Statement of Net Position shown on the government-wide financial statements is money that is being held in various bank accounts of the Association. These funds are pooled and allocated to each program as they need funds. Some of the programs listing in note 10 that have restricted fund balance are some of the programs that have restricted cash.

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Required Supplementary Information
(Unaudited)

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual – General Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over(Under)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 7,085,075	\$ 7,085,075	\$ 5,523,447	\$ (1,561,628)
Charges for services	163,400	163,400	370,939	207,539
Miscellaneous	234,100	234,100	74,046	(160,054)
Total Revenues	7,482,575	7,482,575	5,968,432	(1,514,143)
EXPENDITURES				
Current:				
General government	327,000	327,000	4,102,382	3,775,382
Public health	4,072,003	4,072,003	430,110	(3,641,893)
Public safety	150,000	150,000	1,169,880	1,019,880
Economic development	2,933,572	2,933,572	292,836	(2,640,736)
Total Expenditures	7,482,575	7,482,575	5,995,208	(1,487,367)
Excess Revenues Over (Under)				
Expenditures	-	-	(26,776)	(26,776)
Fund Balances - Beginning			1,431,018	
Fund Balances - Ending			\$ 1,404,242	

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual – General Fund

For the Year Ended June 30, 2021

	As of fiscal year ended June 30,	Noncontributory System	Contributory System	Tier 2 Public Employees
Proportion of the net pension liability (asset):	2020	0.0827004%	0.0000000%	0.0330380%
	2019	0.0745374%	0.0000000%	0.0300485%
	2018	0.0737009%	0.0000000%	0.0218281%
	2017	0.0742547%	0.0000000%	0.0147813%
	2016	0.0680340%	0.0000000%	0.0054889%
	2015	0.0769139%	0.0308101%	0.0135863%
	2014	0.0930943%	0.0490784%	0.0139826%
Proportionate share of the net pension liability (asset):	2020	\$ 42,421	\$ -	\$ 4,752
	2019	280,922	-	6,758
	2018	542,713	-	9,349
	2017	325,332	-	1,303
	2016	448,223	-	612
	2015	435,216	21,655	(30)
	2014	404,237	14,156	(424)
Covered Employee Payroll:	2020	\$ 595,131	\$ -	\$ 528,840
	2019	563,148	-	417,604
	2018	599,694	-	253,956
	2017	631,545	-	144,401
	2016	625,577	-	45,014
	2015	656,880	13,128	87,669
	2014	809,656	26,256	68,389
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll:	2020	7.13%	0.00%	0.90%
	2019	49.88%	0.00%	1.62%
	2018	90.50%	0.00%	3.68%
	2017	51.51%	0.00%	0.90%
	2016	71.65%	0.00%	1.36%
	2015	66.26%	164.95%	-0.03%
	2014	49.90%	53.90%	-0.60%
Plan fiduciary net position as a percentage of its covered-employee payroll:	2020	99.2%	0.0%	98.3%
	2019	93.7%	0.0%	96.5%
	2018	87.0%	0.0%	90.8%
	2017	91.9%	0.0%	97.4%
	2016	87.8%	0.0%	95.1%
	2015	87.3%	85.7%	100.2%
	2014	90.2%	94.0%	103.5%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the last seven years.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Schedule of the Proportionate Share of the Net Pension Liability Utah Retirement Systems

June 30, 2021

Last 10 Fiscal Years*

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 141,924	\$ 141,924	\$ -	\$ 844,435	16.81%
	2015	132,089	132,089	-	738,606	17.88%
	2016	108,754	108,754	-	615,555	17.67%
	2017	114,935	114,935	-	648,693	17.72%
	2018	105,356	105,356	-	595,201	17.70%
	2019	104,528	104,528	-	593,200	17.62%
	2020	97,966	97,966	-	552,760	17.72%
	2021	112,079	112,079	-	619,169	18.10%
Contributory System	2014	\$ 3,487	\$ 3,487	\$ -	\$ 26,256	13.28%
	2015	3,797	3,797	-	26,256	14.46%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	-	-	-	-	0.00%
	2020	-	-	-	-	0.00%
	2021	-	-	-	-	0.00%
Tier 2 Public Employees System *	2014	\$ 13,046	\$ 13,046	\$ -	\$ 93,256	13.99%
	2015	15,093	15,093	-	101,026	14.94%
	2016	4,214	4,214	-	28,260	14.91%
	2017	13,451	13,451	-	90,217	14.91%
	2018	28,727	28,727	-	190,120	15.11%
	2019	54,566	54,566	-	351,130	15.54%
	2020	70,558	70,558	-	450,560	15.66%
	2021	99,934	99,934	-	640,967	15.59%
Tier 2 Public Employees DC Only System *	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	3,260	3,260	-	48,510	6.72%
	2016	5,247	5,247	-	78,426	6.69%
	2017	5,797	5,797	-	86,657	6.69%
	2018	6,045	6,045	-	90,357	6.69%
	2019	6,835	6,835	-	102,164	6.69%
	2020	9,541	9,541	-	142,622	6.69%
	2021	8,652	8,652	-	129,330	6.69%

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

** Paragraph 81.b of GASB 68 requires employers to disclose a 10 year history of contributions in RSI. The schedule above is for the prior eight years, a 10-year history will need to be built prospectively.

***Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative issues.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to Required Supplementary Information

For the Year Ended June 30, 2021

Changes in Assumptions Related to Pensions:

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability of as December 31, 2019, for all systems combined. The Actuarial Experience Study report as of December 31, 2019, provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the "Retirement Office" column using the "Reports and Stats" tab.

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Supplementary Information and Other Compliance Reports

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Schedule of Total Expenditures

For the Year Ended June 30, 2021

Expenditures

Salaries	\$ 1,669,078
Fringe benefits	740,845
Advertising	24,067
Bank fees	6,331
Closing costs	2,202
Contract personnel	663,537
Dues/publications	10
Equipment purchase	108,639
Equipment/non-inventory	123,728
Food/meals	274,805
Gas/vehicle maintenance	40,797
Indirect expense	318,888
Insurance/bonding	42,352
IT Services	31,269
Licenses/fees/legal	491,392
Maintenance/repairs/supplies	14,380
Materials/tools	171,899
Meetings/conferences	22,737
Office supplies/printing	6,677
Pass through	1,001,732
Postage/handling	43,205
Rent	26,291
Sales, Use & Transient Tax	579
Special projects	97,882
Travel/local	38,774
Utilities/telephone	121,622
Miscellaneous	116,427

\$ 6,731,640

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Schedule of Indirect Expense

For the Year Ended June 30, 2021

Expenditures

Salaries	\$ 154,288
Fringe benefits	49,936
Bank fees	7,734
Insurance/bonding	41,856
IT Services	226
Legal/License fees	1,467
Office supplies/printing	9,728
Postage/handling	7,179
Professional fees	38,324
Travel	490
Utilities/telephone	7,660

\$ 318,888

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Total Expenditures and Indirect Cost Rate

For the Year Ended June 30, 2021

Reconciliation of Expenditures

Indirect expenditures	\$ 318,888
Direct expenditures	<u>6,412,752</u>

Total expenditures	<u>\$ 6,731,640</u>
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General expenditures	\$ 5,995,208
Fiduciary expenditures	<u>736,435</u>

Total expenditures	<u>\$ 6,731,643</u>
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Indirect Cost Rate

Indirect costs	\$ 318,888
Divided by direct salary costs	<u>1,669,078</u>

Percentage	<u><u>19.11%</u></u>
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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Southeastern Utah Association of Local Governments
Price, Utah 84501

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Southeastern Utah Association of Local Governments (SEUALG; herein referred to as the “Association”), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise SEUALG’s basic financial statements and have issued our report thereon dated March 23, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah

March 23, 2022



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

Board of Directors
Southeastern Utah Association of Local Governments
Price, Utah 84501

Report on Compliance with General State Compliance Requirements

We have audited the Southeastern Utah Association of Local Governments’ compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor that could have a direct and material effect on SEUALG for the year ended June 30, 2021.

General state compliance requirements were tested for the year ended June 30, 2021 in the following areas:

- | | |
|------------------------------|------------------------|
| Budgetary Compliance | Fund Balance |
| Cash Management | Utah Retirement System |
| Open and Public Meetings Act | Fraud Risk Assessment |
| Public Treasurer’s Bond | |

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the Association’s compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the Association 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 with general state compliance requirements. However, our audit does not provide a legal determination of the Association’s compliance.

Opinion on General State Compliance Requirements

In our opinion, the SEUALG, complied, in all material respects, with the general compliance requirements referred to above that could have a direct and material effect on the Association 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 in our letter to management dated March 23, 2022 as items SC-2021.1 and SC-2021.2. Our opinion on compliance is not modified with respect to these matters.

The Association's response to the noncompliance findings identified in our audit is described in our letter to management. 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 compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the compliance requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 general 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 general 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 combination of deficiencies, in internal control over compliance with a general 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 that might be material weaknesses or significant deficiencies. We consider the financial statement finding shown in the accompanying findings and questioned costs to be a material weakness.

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

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah
March 23, 2022



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

Board of Directors
Southeastern Utah Association of Local Governments
Price, Utah 84501

Report on Compliance for Each Major Federal Program

We have audited the Southeastern Utah Association of Local Governments' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the SEUALG's major federal programs for the year ended June 30, 2021. The SEUALG'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of SEUALG'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 SEUALG'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 SEUALG's compliance.

Opinion on Each Major Federal Program

In our opinion, the SEUALG, 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 SEUALG, 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 SEUALG'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 SEUALG'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah

March 23, 2022

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2021

SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unqualified opinion on the basic financial statements of the SEUALG.
2. No reportable conditions related to the audit of the financial statements are reported in the Auditor's Report on Internal Controls and Compliance with Laws and Regulations.
3. No instances of noncompliance material to the financial statements of the SEUALG were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award program is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with Uniform Guidance.
5. The independent auditor's report on compliance for the major federal award programs for the SEUALG, expresses an unqualified opinion.
6. The audit disclosed no audit findings that are required to be reported under 2 CFR section 200.516(a).
7. The programs tested as a major program include:
 - Community Development Block Grant – CFDA #14.228
8. The threshold for distinguishing Types A and B programs is \$750,000 of federal awards expended.
9. The SEUALG was determined to be a low-risk auditee.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Schedule of Findings and Questioned Costs (continued)

For the Year Ended June 30, 2021

FINANCIAL STATEMENT FINDINGS

Internal Control over Financial Reporting (Material Weakness)

Condition: The Association could not provide auditors with a complete trial balance, separated into all funds. Auditor was required to separate balances into major funds. Nonmajor funds were unable to be separated from each other.

Criteria: An Association should have controls in place over financial reporting to maintain accurate records which includes tracking funds individually.

Cause: General lack of knowledge by management, inadequate record keeping.

Potential Effect of Condition: Management is unable to determine if errors are occurring throughout period. Management is also unable to create accurate financial reporting for governing body or external users of the financial statements.

Recommendation: We recommend that management implement controls over financial reporting to ensure accurate tracking and financial statement presentation.

Response: The Association experienced turnover and are working on training new employees, with the help of their third-party accounting firm, to separate accounts into proper funds.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted during current audit.

SUMMARY OF PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT FINDINGS

No findings noted during prior audit.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted during prior audit.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or Pass Through Grantor's Number	Grant Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture				
Direct Program:				
Rural Self Help Housing Tech Assist - 523 Grant	10.420	52-004-870299154	94,941	-
Pass-through State Department of Human Services:				
USDA - TEFAP	10.568	223319	18,628	-
Total U.S. Department of Agriculture			\$ 113,569	\$ -
U.S. Department of Commerce				
Direct Program:				
SEUEDD Support for Planning Organizations	11.302	05-83-05353-02	90,000	-
EDA CARES	11.307	05-39-02469-01	178,028	-
Rural Diversification	11.307	05-79-05929	35,458	-
CARES Act Relief	11.307		214,481	-
Total U.S. Department of Commerce			\$ 517,967	\$ -
U.S. Department of Housing and Urban Development				
Pass-through State Department of Workforce Services:				
*CDBG - Admin/Planning	14.228	20-0597	49,901	-
*CDBG - PD	14.228	20-0188	186,960	-
*CDBG - CV	14.228	20-3743	590,205	-
*CDBG - SH Housing Land Acquisition	14.228	N/A	113,312	-
Emergency Solutions Grant	14.231	20-0697	112,798	-
ESG - CARES ACT	14.231	20-3430	49,740	-
HOME - IPP (TBRA)	14.239	20-3407	350	-
Total U.S. Department of Housing and Urban Development			\$ 1,103,265	\$ -
U.S. Department of Transportation				
Pass-through State Department of Transportation:				
State Transit Planning	20.505	18-9260	11,373	-
Total U.S. Department of Transportation			\$ 11,373	\$ -
U.S. Department of the Treasury				
Direct Program:				
Volunteer Income Tax Assistance	21.009	19VITA	7,084	-
Pass-through Utah State Treasurer:				
HAP - Coronavirus Relief	21.019	N/A	317,565	-
Carbon CARES Donation	21.019		5,452	-
HAP - Coronavirus Relief Fund 21-2002	21.019		86,738	-
Emery Co CARES	21.019		1,294	-
AAA - CARES	21.019		119,642	-
ERA (Emergency Rental Assistance)	21.023		18,834	-
Total U.S. Department of Treasury			\$ 556,608	\$ -
U.S. Department of Energy				
Direct Program:				
Weatherization Assistance for Low-Income Persons	81.042		145,231	-
Total U.S. Department of Energy			\$ 145,231	\$ -

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

U.S. Department of Veterans Affairs

Direct Program:

Community Care Home - Veterans Affairs	64.044	93,761	-
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Total U.S. Department of Veterans Affairs

U.S. Department of Health and Human Services

Pass-through State Department of Workforce Services:

Title VII, Long-Term Care Ombudsman Services for Older Individuals	93.042	8,347	-
Title III, Part VI: Disease Preventive and Health Promotion Services	93.043	5,400	-
Title III, Part II: Grants for Supportive Services and Senior Centers	93.044	83,285	-
Title III, Part III: Nutrition Services	93.045	228,837	-
Senior Medicare Patrol	93.048	133	-
Title III E NFCSP (Caregiver)	93.052	225,060	-
Nutrition Services Incentive Program	93.053	60,006	-
State Health Insurance Assistance Program	93.779	4,594	-
Temporary Assistance for Need Families (TANF)	93.558	271,552	-
Low-Income Home Energy Assistance	93.568	762,167	-
Community Services Block Grant	93.569	209,026	-
USU - AAA CARES Act Funding	93.048	17,856	-
Social Service Block Grant - TXX	93.667	39,103	-
Medical Assistance Program (Medicaid; Title XIX) - DAAS	93.778	27,838	-
Medical Assistance Program (Medicaid; Title XIX) - HCFA	93.778	10,544	-
Medical Assistance Program (Medicaid; Title XIX) - New Choices	93.778	4,197	-
		17-2147	-
		16-0288	-
		87-0299	-

Total U.S. Department of Health and Human Services

\$ 1,957,946	\$ -
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Total Federal Expenditures

\$ 4,499,719.26

* Major program

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of program activity of the Association's federal award programs does not necessarily present transactions that would be included in financial statements of the Association presented on the modified accrual basis of accounting, as contemplated by generally accepted accounting principles.

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 (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Association, it is not intended to and does not present the financial position, changes in the financial position, or cash flows of the Association.

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

2. REVOLVING LOAN FUNDS

Beginning in 2008, the Economic Development Administration included instructions on how to include expenditures for revolving loan funds on the Schedule of Expenditure of Federal Awards (SEFA). These expenditures are actually the funds beginning capital base reflected by any current activity.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

***COMMUNICATION WITH THOSE
CHARGED WITH GOVERNANCE***

JUNE 30, 2021

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

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Board of Directors
Southeastern Utah Association of Local Governments
Price, Utah 84501

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Southeastern Utah Association of Local Governments for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 27, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Southeastern Utah Association of Local Governments are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transaction entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 23, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management’s Discussion and Analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of Southeastern Utah Association of Local Governments Board of Directors, management of Southeastern Utah Association of Local Governments, and other various Federal and State funding and auditing agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah

March 23, 2022

SCHEDULE OF FINDINGS

Internal Control Findings – Current Year

See financial statement finding in the schedule of findings and questioned costs contained in the financial statements.

State Compliance Findings – Current Year

SC-2021.1 Public Hearing Notifications

Condition: The association did not provide the required notice for its original and final budget amendment public hearings in excess of the 7-day requirement.

Criteria: Utah code requires that notice of a public hearing be published in 3 public locations as well as on the Utah Public Notice Website at least 7 days before the day of the hearing.

Cause of condition: Oversight by management and cause by change in key management positions.

Potential effect of condition: Noncompliance with Utah State Code

Recommendation: We recommend that management publish notice of public hearing at least 7 days prior to the public hearing.

Client response: Management will make a note to ensure notifications of public hearings are done in excess of the minimum requirement.

SC-2021.2 Utah Public Notice Website

Condition: The Association did not publish minutes for meetings tested (September 24, 2020 and October 22, 2020) on the Utah Public Notice Website.

Criteria: *Utah Code* 54-4-203 G(i) states that the entity shall “make pending minutes available to the public within a reasonable time after holding the open meeting that is the subject of the pending minutes”.

Cause of condition: Oversight and change of key management positions.

Potential effect of condition: Noncompliance with Utah State Code.

Recommendation: We recommend that after meeting minutes are approved in a subsequent meeting, the Association should post the approved minutes to the Utah Public Notice Website.

Client response: Management will ensure that all approved meeting minutes are uploaded to the website in a reasonable time after approval.

Status of Internal Control Findings – Prior Year

No findings related to internal control in prior year.

Status of State Compliance Findings – Prior Year

Condition: For the fiscal year ended June 30, 2020, the Association has emailed a copy, timely, of their budget adoption meeting notices to each newspaper of general circulation in the areas that they are providing services. The Association, however, has not received a certified copy of these notices to verify that these have been published in the respective newspaper, nor does the Association have any documents to verify that the notice has been published in each newspaper as required by the State of Utah.

Status of finding: This appears to have been addressed and corrected.