



SAN JUAN COUNTY
FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

For the year ended December 31, 2001

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

June 1, 2002

The Honorable Board of County Commissioners
San Juan County
Monticello, Utah 84535

We have audited the accompanying general purpose financial statements of San Juan County for the year ended December 31, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of San Juan County Transportation Special Service District, San Juan Health Care Services District, Bluff Service Area, Central San Juan County Recreation Service District and San Juan Mental Health/Substance Abuse Special Service District, which represent 100 percent of the assets and 100 percent of the revenues of the governmental and proprietary fund types of the Component Units. These financial statements were prepared by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units, San Juan County Transportation Special Service District, San Juan Health Care Services District, Central San Juan County Recreation Service District, and San Juan Mental Health/Substance Abuse Special Service District, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of San Juan County as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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San Juan County
June 1, 2002
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In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2002, on our consideration of San Juan County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of San Juan County, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Chadwick, Steinkirchner, Davis & Co., P.C.

COMBINED BALANCE SHEET

San Juan County
COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS
For the year ended December 31, 2001

	Government Fund Types		
	General	Special Revenue	Capital Improvements
ASSETS			
Cash and Investments:			
Unrestricted	\$ 3,673,733	\$ 17,907,274	\$ 14,014,698
Restricted	-	535,639	-
Accounts Receivable	264,162	149,033	100,200
Other Receivables	-	-	-
Other Governmental Unit Receivables	526,925	-	-
Taxes Receivable	-	-	-
Interest Receivable	58,751	-	-
San Juan School Dist. Long-term Receivable	900,000	-	-
Inventory – Class “B” Road	-	367,995	-
Property and Equipment (Net)	-	-	-
Other Assets	-	-	-
Limited Use Assets	-	-	-
Amount Available in Debt Service Funds	-	-	-
Amount to be Provided for Retirement of Long Term Debt	-	-	-
Total Assets	\$ 5,423,571	\$ 18,959,941	\$ 14,114,898
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts Payable	\$ 256,044	\$ 178,473	\$ 30,697
Accrued Liabilities	41,309	26,957	-
Deferred Revenue	-	572,309	-
Accrued Landfill Costs	-	56,490	-
Due to Taxing Units	-	-	-
Collections Payable	-	-	-
Long-term Debt	-	-	-
Compensated Absences	-	-	-
Total Liabilities	297,353	834,229	30,697
FUND EQUITY			
Investment in General Fixed Assets	-	-	-
Contributed Capital	-	-	-
Retained Earnings/Fund Balance	-	-	-
Fund Balances:			
Reserved for Class “B” Inventory	-	367,995	-
Reserved for Class “B” Road	-	15,669,506	-
Reserved for Landfill Costs	-	535,639	-
Reserved for Debt Service	-	-	-
Reserved for Capital Outlay	-	34,225	14,084,201
Unreserved:			
Designated for Recreation	900,000	-	-
Designated for Nursing Home	931,589	-	-
Undesignated	3,294,629	1,518,347	-
Total Fund Equity	5,126,218	18,125,712	14,084,201
Total Liabilities and Fund Equity	\$ 5,423,571	\$ 18,959,941	\$ 14,114,898

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

San Juan County

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

For the year ended December 31, 2001

Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)		Component Units	
	Trust and Agency	General Fixed Assets	General Long Term Debt	Primary Unit		
				December 31 2001		December 31 2000
\$ 7,682,294	\$ —	\$ —	\$ 43,277,999	\$ 40,388,851	\$ 3,058,709	
—	—	—	535,639	364,755	382,688	
—	—	—	513,395	833,326	804,633	
—	—	—	—	—	2,692	
70,297	—	—	526,925	1,251,327	462,333	
—	—	—	70,297	113,021	—	
—	—	—	58,751	37,034	—	
—	—	—	900,000	900,000	—	
—	17,501,035	—	367,995	500,000	—	
—	—	—	17,501,035	16,081,295	5,230,446	
—	—	—	—	—	242,880	
—	—	—	—	—	10,922	
—	—	—	—	—	—	
—	—	1,760,685	1,760,685	1,150,024	655,000	
<u>7,752,591</u>	<u>17,501,035</u>	<u>1,760,685</u>	<u>65,512,721</u>	<u>61,619,633</u>	<u>10,850,303</u>	
—	—	—	465,214	674,419	725,821	
—	—	—	68,266	124,473	431,810	
—	—	—	572,309	—	—	
—	—	—	56,490	45,192	—	
250,535	—	—	250,535	350,827	—	
2,056	—	—	2,056	22,023	—	
—	—	1,217,400	1,217,400	627,000	1,493,889	
—	—	543,285	543,285	523,024	—	
<u>252,591</u>	—	<u>1,760,685</u>	<u>3,175,555</u>	<u>2,366,958</u>	<u>2,651,520</u>	
—	17,501,035	—	17,501,035	16,081,295	5,312	
—	—	—	—	—	1,998,869	
—	—	—	—	—	4,057,171	
—	—	—	367,995	500,000	—	
—	—	—	15,669,306	14,436,681	—	
—	—	—	535,639	331,755	—	
—	—	—	—	33,000	382,683	
—	—	—	14,118,426	13,144,993	1,145,477	
—	—	—	900,000	900,000	—	
—	—	—	931,589	1,433,425	—	
7,500,000	—	—	12,312,976	12,391,526	609,271	
7,500,000	17,501,035	—	62,337,166	59,252,675	8,198,783	
<u>\$ 7,752,591</u>	<u>\$ 17,501,035</u>	<u>\$ 1,760,685</u>	<u>\$ 65,512,721</u>	<u>\$ 61,619,633</u>	<u>\$ 10,850,303</u>	

San Juan County

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – ALL GOVERNMENT TYPES

For the year ended December 31, 2001

	Governmental Fund Types		
	General	Special Revenue	Capital Improvements
Revenues:			
Taxes	\$ 3,261,768	\$ 398,266	\$ –
Licenses and Permits	41,972	–	–
Intergovernmental Revenue	1,802,357	2,872,396	–
Charges for Services	1,399,881	692,759	–
Fines and Forfeitures	333,483	–	–
Interest	207,218	703,797	571,285
Miscellaneous	161,622	54,572	100,200
Total Revenues	<u>7,208,301</u>	<u>4,721,790</u>	<u>671,485</u>
Expenditures:			
Current:			
General Government	2,446,050	164,500	–
Public Safety	2,055,081	–	–
Public Health	540,140	732,545	–
Highways and Public Improvement	52,868	3,421,742	–
Parks and Recreation	174,974	258,260	–
Conservation and Economic Development	431,040	–	–
Contributions	1,370,577	–	–
Capital Outlay	–	–	1,149,421
Debt Service:			
Principal Retirement	–	18,000	–
Interest and Fiscal Charges	–	15,675	–
Total Expenditures	<u>7,070,730</u>	<u>4,610,722</u>	<u>1,149,421</u>
Excess of Revenues Over (Under) Expenditures	137,571	111,068	(477,936)
Other Financing Sources (Uses):			
Lease Proceeds	–	188,400	420,000
Loss of Defeasance of Debt	–	–	–
Operating Transfers in	389,059	597,353	997,143
Operating Transfers out	(1,615,121)	–	–
Total Other Financing Sources (Uses)	<u>(1,226,062)</u>	<u>785,753</u>	<u>1,417,143</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and other Uses	(1,088,491)	896,821	939,207
Fund Balances Beginning of Year (as restated)	<u>6,214,709</u>	<u>17,228,891</u>	<u>13,144,994</u>
Fund Balances – End of Year	<u>\$ 5,126,218</u>	<u>\$ 18,125,712</u>	<u>\$ 14,084,201</u>

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

San Juan County

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – ALL GOVERNMENT TYPES

For the year ended December 31, 2001

Totals (Memorandum Only)		
Primary Unit		
December 31 2001	December 31 2000	Component Units
\$ 3,660,034	\$ 3,523,024	\$ —
41,972	44,929	1,399,720
4,674,753	6,476,898	—
2,092,640	1,575,323	—
333,483	359,611	—
1,482,300	2,162,321	62,806
316,394	303,921	—
<u>12,601,576</u>	<u>14,446,027</u>	<u>1,462,526</u>
2,610,550	2,396,713	—
2,055,081	1,888,210	—
1,272,685	930,241	—
3,474,610	6,069,422	15,670
433,234	732,989	—
431,040	600,880	—
1,370,577	606,023	—
1,149,421	1,364,702	396,000
18,000	18,000	69,000
<u>15,675</u>	<u>16,125</u>	<u>1,795</u>
<u>12,830,873</u>	<u>14,623,305</u>	<u>482,465</u>
(229,297)	(177,278)	980,061
608,400	—	—
—	(558,944)	—
1,983,555	1,452,110	—
<u>(1,615,121)</u>	<u>(926,254)</u>	<u>—</u>
<u>976,834</u>	<u>(33,088)</u>	<u>—</u>
747,537	(210,336)	980,061
<u>36,588,594</u>	<u>35,881,746</u>	<u>1,157,370</u>
<u>\$ 37,336,131</u>	<u>\$ 35,671,380</u>	<u>\$ 2,137,431</u>

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
IMPROVEMENT

For the year ended

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$ 3,294,383	\$ 3,261,768	\$ (32,615)
Licenses and Permits	42,390	41,972	(418)
Intergovernmental Revenue	1,811,743	1,802,357	(9,386)
Charges for Services	1,337,094	1,399,881	62,787
Fines and Forfeitures	336,971	333,483	(3,488)
Interest	209,290	207,218	(2,072)
Miscellaneous Revenue	116,755	115,604	(1,151)
Contributions and Transfers	46,477	46,018	(459)
Total Revenues	7,195,103	7,208,301	13,198
Expenditures:			
Current:			
General Government	2,461,771	2,446,050	15,721
Public Safety	2,075,572	2,055,081	20,491
Public Health	545,504	540,140	5,364
Highways and Public Improvement	53,392	52,868	524
Parks and Recreation	176,703	174,974	1,729
Conservation and Economic Development	435,329	431,040	4,289
Contributions	1,384,282	1,370,577	13,705
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	7,132,553	7,070,730	61,823
Excess of Revenues Over (Under) Expenditures	62,550	137,571	75,021
Other Financing Sources (Uses):			
Operating Transfers In	392,949	389,059	(3,890)
Operating Transfers Out	(1,631,271)	(1,615,121)	16,150
Lease Proceeds	-	-	-
Total Other Financing Sources	(1,238,322)	(1,226,062)	12,260
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (1,175,772)</u>	(1,088,491)	<u>\$ 87,281</u>
Fund Balances – Beginning of Year (as restated)		6,214,709	
Fund Balances – End of Year		<u>\$ 5,126,218</u>	

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

County

BALANCES -BUDGET AND ACTUAL - GENERAL, SPECIAL REVENUE, AND CAPITAL
FUND TYPES

December 31, 2001

Special Revenue Funds			Capital Improvement Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 402,243	\$ 398,266	\$ (3,977)	\$ -	\$ -	\$ -
-	-	-	-	-	-
4,147,595	2,872,396	(1,275,199)	-	-	-
598,580	692,759	94,179	-	-	-
-	-	-	-	-	-
710,832	703,797	(7,035)	576,997	571,285	(5,712)
55,115	54,572	(543)	101,202	100,200	(1,002)
-	-	-	-	-	-
5,914,365	4,721,790	(1,192,575)	678,199	671,485	(6,714)
166,144	164,500	1644	-	-	-
-	-	-	-	-	-
728,408	732,545	4,137	-	-	-
3,061,651	3,421,742	(360,091)	-	-	-
260,822	258,260	2,562	-	-	-
-	-	-	-	-	-
-	-	-	1,160,892	1,149,421	11,471
-	-	-	-	-	-
18,180	18,000	180	-	-	-
15,831	15,675	156	-	-	-
4,251,036	4,610,722	(359,686)	1,160,892	1,149,421	11,471
1,663,329	111,068	(1,552,261)	(482,693)	(477,936)	4,757
603,326	597,353	(5,973)	1,007,114	997,143	(9,971)
-	-	-	-	-	-
-	188,400	188,400	-	420,000	420,000
603,326	785,753	182,427	1,007,114	1,417,143	410,029
\$ 2,266,655	896,821	\$ (1,369,834)	\$ 524,421	939,207	\$ 414,786
	17,228,891			13,144,994	
	<u>\$ 18,125,712</u>			<u>\$ 14,084,201</u>	

San Juan County

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL, SPECIAL REVENUE, AND CAPITAL IMPROVEMENT
FUND TYPES

December 31, 2001

	Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable Unfavorable
Revenues:			
Taxes	\$ 3,696,626	\$ 3,660,034	\$ (36,592)
Licenses and Permits	42,390	41,972	(418)
Intergovernmental Revenue	5,959,338	4,674,753	(1,284,585)
Charges for Services	1,935,674	2,092,640	156,966
Fines and Forfeitures	336,971	333,483	(3,488)
Interest	1,497,199	1,482,300	(14,899)
Miscellaneous Revenue	273,072	270,376	(2,696)
Contributions and Transfers	46,477	46,018	(459)
Total Revenues	13,787,747	12,601,576	(1,186,171)
Expenditures:			
Current:			
General Government	2,627,915	2,610,550	17,365
Public Safety	2,075,572	2,055,081	20,491
Public Health	1,273,912	1,272,685	1,227
Highways and Public Improvement	3,115,043	3,474,610	(359,567)
Parks and Recreation	437,525	433,234	4,291
Conservation and Economic Development	435,329	431,040	4,289
Contributions	1,384,282	1,370,577	13,705
Capital Outlay	1,160,892	1,149,421	11,471
Debt Service:			
Principal Retirement	18,180	18,000	180
Interest and Fiscal Charges	15,831	15,675	156
Total Expenditures	12,544,481	12,830,873	(286,392)
Excess of Revenues Over (Under) Expenditures	1,243,266	(229,297)	(1,472,563)
Other Financing Sources (Uses):			
Operating Transfers In	2,003,389	1,983,555	(19,834)
Operating Transfers Out	(1,631,271)	(1,615,121)	16,150
Lease Proceeds	–	608,400	608,400
Total Other Financing Sources	372,118	976,834	604,716
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 1,615,384	747,537	\$ (867,847)
Fund Balances – Beginning of Year		36,588,594	
Fund Balances – End of Year		\$ 37,336,131	

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

San Juan County

COMBINING BALANCE SHEET COMPONENT UNITS

For the year ended December 31, 2001

	Governmental	Proprietary Fund Types					Totals Memorandum Only
	Fund Type	San Juan	Bluff	Central	San Juan	San Juan	
	San Juan	San Juan	Bluff	Central	San Juan	San Juan	
	County	Health	Service	San Juan	Mental Health/	Substance	
	Transportation	Care	Area	County	Abuse	Special	
	Special	Services		Recreation	Service	Service Dist.	
	Service	District		Service	Special		
	District	District		District	Service Dist.		
ASSETS							
Cash and Investments							
Unrestricted	\$ 1,588,746	\$ 396,014	\$ 223,130	\$ 1,519	\$ 849,300		\$ 3,058,709
Restricted	382,688	-	-	-	-		382,688
Accounts Receivable	151,754	624,373	5,091	-	23,415		804,633
Other Receivables	-	2,692	-	-	-		2,692
Due from Other Governments	-	23,552	5,000	-	433,781		462,333
Inventory - Supplies	-	186,701	-	-	-		186,701
Fixed Assets (Net)	5,312	2,941,645	1,622,403	11,020	650,066		5,230,446
Other Assets - Prepaid Supplies	14,243	27,948	150	-	13,838		56,179
Limited Use Assets	-	10,922	-	-	-		10,922
Amount to be Provided for Retirement of General Long-Term Debt	655,000	-	-	-	-		655,000
TOTAL ASSETS	\$ 2,797,743	\$ 4,213,847	\$ 1,855,774	\$ 12,539	\$ 1,970,400		\$10,850,303
LIABILITIES, EQUITY AND FUND EQUITY							
Liabilities:							
Accounts Payable	\$ -	\$ 331,731	\$ 548	\$ 128	\$ 393,414		\$ 725,821
Accrued Liabilities	-	368,657	251	-	62,902		431,810
Long-term Debt	655,000	524,813	130,076	-	184,000		1,493,889
Compensated Absences	-	-	-	-	-		-
Total Liabilities	655,000	1,225,201	130,875	128	640,316		2,651,520
Fund Equity:							
Investment in General Fixed Assets	5,312	-	-	-	-		5,312
Contributed Capital	-	-	1,664,618	53,136	281,115		1,998,869
Retained Earnings/Fund Balance	-	2,988,646	60,281	(40,725)	1,048,969		4,057,171
Fund Balances:							
Restricted:							
Reserved for Debt Service	382,683	-	-	-	-		382,683
Reserved for Capital Outlay	1,145,477	-	-	-	-		1,145,477
Unreserved:							
Undesignated	609,271	-	-	-	-		609,271
Total Fund Equity	2,142,743	2,988,646	1,724,899	12,411	1,330,084		8,198,783
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 2,797,743	\$ 4,213,847	\$ 1,855,774	\$ 12,539	\$ 1,970,400		\$10,850,303

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

San Juan County

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL COMPONENT UNITS
For the year ended December 31, 2001**

	San Juan County Transportation Special Service District			Totals
	General	Debt Service	Capital Projects	Memorandum Only
Revenues:				
Mineral Lease Fees	\$ 1,399,720	\$ -	\$ -	\$ 1,399,720
Interest	46,257	16,549	-	62,806
Total Revenues	<u>1,445,977</u>	<u>16,549</u>	<u>-</u>	<u>1,462,526</u>
Expenditures				
Current:				
Highways and Public Improvement	15,670	-	-	15,670
Capital Outlay	396,000	-	-	396,000
Debt Service				
Principal Payments	-	69,000	-	69,000
Interest and Fiscal Charges	-	1,795	-	1,795
Total Expenditures	<u>411,670</u>	<u>70,795</u>	<u>-</u>	<u>482,465</u>
Excess Revenues Over (Under) Expenditures	<u>1,034,307</u>	<u>(54,246)</u>	<u>-</u>	<u>980,061</u>
Other Financing Sources (Uses):				
Transfers from (to) Other Funds	<u>(1,347,168)</u>	<u>201,691</u>	<u>1,145,477</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,347,168)</u>	<u>201,691</u>	<u>1,145,477</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and other Uses	<u>(312,861)</u>	<u>147,445</u>	<u>1,145,477</u>	<u>980,061</u>
Fund Balances Beginning of Year	<u>922,132</u>	<u>235,238</u>	<u>-</u>	<u>1,157,370</u>
Fund Balances – End of Year	<u>609,271</u>	<u>382,683</u>	<u>1,145,477</u>	<u>2,137,431</u>

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

San Juan County

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCES/RETAINED EARNINGS – PROPRIETARY COMPONENT UNITS**

For the year ended December 31, 2001

	San Juan Health Care Service District	Bluff Service Area	Central San Juan County Recreation Service District	San Juan Mental Health/ Substance Abuse Special Service Dist.	Totals Memorandum Only
Operating revenues					
Net Patient Services Revenue	\$ 3,959,621	\$ -	\$ -	\$ 750,191	\$ 4,709,812
Water and Sewer Service Fees	-	57,369	-	-	57,369
Intergovernmental Revenue	-	-	-	640,305	640,305
Other Revenue	<u>53,330</u>	<u>19,247</u>	<u>37,100</u>	<u>34,241</u>	<u>143,918</u>
Total revenues	4,012,951	76,616	37,100	1,424,737	5,551,404
Operating expenses					
Salaries and Benefits	2,992,967	6,635	35,482	845,873	3,880,957
Professional Fees and Purchases Services	558,385	2,625	2,364	9,273	572,647
Supplies	527,644	3,039	5,221	17,099	553,003
Utilities	159,194	6,801	36,433	26,585	229,013
Repairs and Maintenance	108,951	15,440	33,712	6,639	164,742
Depreciation	438,377	50,451	7,754	47,032	543,614
Insurance	78,865	6,118	3,270	27,618	115,871
Travel, Dues and Education	42,270	659	-	72,294	115,223
Provisions for Bad Debts	342,936	-	-	-	342,936
Hospital Costs	-	-	-	3,000	3,000
Medicaid Match	-	-	-	208,216	208,216
Other	<u>93,399</u>	<u>3,434</u>	<u>9,457</u>	<u>53,849</u>	<u>160,139</u>
Total operating expenses	<u>5,342,988</u>	<u>95,202</u>	<u>133,693</u>	<u>1,317,478</u>	<u>6,889,361</u>
Net Income (Loss) from Operations	(1,330,037)	(18,586)	(96,593)	107,259	(1,337,957)
Nonoperating Revenues (Expense)					
Subsidy from Other Government	\$ 1,011,528	\$ -	\$ -	\$ -	\$ 1,011,528
Investment Income	2,755	5,452	353	23,076	31,636
Interest Expense	(21,716)	(2,801)	-	(4,838)	(29,355)
Net Gain on Disposal of Assets	(219,203)	-	-	-	(219,203)
Unrestricted Gifts, Bequests and Grants	-	171,000	76,969	-	247,969
Other Revenue	<u>5,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,906</u>
Total Non Operating Revenues (Expense)	<u>779,270</u>	<u>173,651</u>	<u>77,322</u>	<u>18,238</u>	<u>1,048,481</u>
Net Income (Loss)	(550,767)	155,065	(19,271)	125,497	(289,476)
Fund Balances/Retained Earnings					
Beginning of Year	2,838,448	(94,784)	(21,454)	923,472	3,645,682
Amounts Released from Restrictions	<u>700,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>700,965</u>
Fund Balances/Retained Earnings End of Year	<u>\$ 2,988,646</u>	<u>\$ 60,281</u>	<u>\$ (40,725)</u>	<u>\$ 1,048,969</u>	<u>\$ 4,057,171</u>

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

San Juan County

COMBINING STATEMENT OF CASH FLOWS – PROPRIETARY COMPONENT UNITS

For the year ended December 31, 2001

	San Juan Health Care Service District	Bluff Service Area	Central San Juan County Recreation Service District	San Juan Mental Health/ Substance Abuse Special Service Dist.	Totals Memorandum Only
Cash Flows From Operating Activities					
Net Income (Loss) from Operations	\$ (1,330,037)	\$ (18,586)	\$ (96,593)	\$ 107,259	\$ (1,337,957)
Adjustments to Reconcile Net Income to Net Cash Provided by Operations:					
Depreciation	438,377	50,451	7,754	47,032	543,614
Changes in Operating Assets and Liabilities					
(Increase) Decrease in Receivable	324,387	(691)	–	54,374	378,070
(Increase) Decrease in Supplies, Prepaid Expenses and Other Assets	12,767	–	–	3,465	16,232
(Increase) Decrease in Due from Other Governments	55,313	–	–	(50,498)	4,815
Increase (Decrease) in Accounts Payable and Accrued Expenses	(236,959)	(514)	(1,102)	196,584	(41,991)
Net Cash Provided by Operating Activities	(736,152)	30,660	(89,941)	358,216	(437,217)
Cash Flows from Noncapital Financing Activities:					
Subsidy from County	1,011,528	22,000	–	–	1,033,528
Grants	639,407	–	76,969	–	716,376
Net Cash Provided by Noncapital Financing	1,650,935	22,000	76,969	–	1,749,904
Cash Flows from Capital and Related Financing Activities:					
Capital Expenditures	(593,286)	(176,589)	–	(49,230)	(819,105)
Proceeds from Sale of Property and Equipment	–	–	–	–	–
Bond and Note Proceeds	–	5,900	–	–	5,900
Grant Proceeds	–	149,000	–	–	149,000
Interest Paid on Long-term Debt	–	(2,801)	–	(4,838)	(7,639)
Principal Payments of Long-term Debt	(7,192)	(13,636)	–	(8,000)	(28,828)
Net Cash Used for Capital and Related Financing	(600,478)	(38,126)	–	(62,068)	(700,672)
Cash flows from Investing Activities:					
Investment Income	2,755	5,452	353	23,076	31,636
Net Cash Used in Investing Activities	2,755	5,452	353	23,076	31,636
Net Increase (Decrease) in Cash	317,060	19,986	(12,619)	319,224	643,651
Cash – Beginning of Year	78,954	203,144	14,138	530,076	826,312
Cash – End of Year	\$ 396,014	\$ 223,130	\$ 1,519	\$ 849,300	\$ 1,469,963
Supplemental Disclosure of Cash Flow Information:					
Cash Paid for Interest Expense	\$ –	\$ 2,801	\$ –	\$ 4,838	\$ 7,639

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

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of San Juan County have been prepared in conformity with the accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The accompanying financial statements present the financial position of various fund types and account groups and the result of operations of the various fund types. The financial statements are presented for the year ended December 31, 2001.

1. Reporting Entity

For financial reporting purposes, San Juan County has included all funds and account groups. The County has also considered all potential component units for which it is financially accountable and that exclusion would cause the County'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 (1) appointing a voting majority of an organization's governing body and (2) the ability of the County to impose its will on that organization or (3) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these financial statements present San Juan County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. Complete financial statements of the individual component units, that issue separate financial statements, audited and unaudited, can be obtained from the San Juan County Auditor's office.

Discrete Component Units:

These component units are entities which are legally separate from the County, but are financially accountable to the County or whose relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The County must approve their tax rates and debt. The County could also take away their operating authority and could dissolve the district. Each of these districts was organized under the State of Utah's Statute for special service districts, Section 17A-2-1300. The component units column of the combined financial statements include the financial data of the following entities:

- San Juan County Transportation Special Service District (Governmental Fund Type) – This District's governing body consists of five member board, appointed by the San Jan County Board of Commissioners. The purpose of the District is to construct, repair and maintain certain roads within its boundaries. The District was audited by other independent auditors, and their report, dated July 27, 2001, has been previously issued under separate cover. A copy of the report can be obtained at the San Jan County Auditor's office in Monticello, Utah.
- San Juan Health Services District (Proprietary Fund Type) – This District's governing body consists of a six member board appointed by the San Juan County Board of Commissioners. The District operates a hospital, a birthing center and ambulance services in various San Juan County communities. The District was audited by other independent auditors, and their report, dated June 6, 2001, has been previously issued under separate cover. A copy of the report can be obtained at the San Juan County Auditor's office in Monticello, Utah.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- Bluff Service Area (Proprietary Fund Type) – This District’s governing body consists of a three member board appointed by the San Juan County Board of Commissioners. The District provides sewer and water services to the San Juan County community of Mexican Hat. The District was audited by other independent auditors, and their report, dated June 11, 2001, has been previously issued under separate cover. A copy of the report can be obtained at the San Juan County Auditor’s office in Monticello, Utah.
- Central San Jan County Recreation Service District (Proprietary Fund Type) – This District’s governing body consists of a five member board appointed by the San Juan County Board of Commissioners. The District provides recreational activities to the citizens of Blanding City and surrounding areas. The District was audited by other independent auditors, and their report, dated July 11, 2001, has been previously issued under separate cover. A copy of the report can be obtained at the San Juan County Auditor’s office in Monticello, Utah.

2. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The government has the following fund types and account groups:

Governmental Funds:

Governmental Funds are used to account for the government’s general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). Measurable means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses, interest and special assessments are susceptible to accrual. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditures-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Governmental Funds include the following fund type:

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

Special Revenue Fund: The Special Revenue Fund accounts for revenue sources that are restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

Debt Service Fund: The Debt Service Fund accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Capital Improvement Fund: The Capital Improvement Fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Fiduciary Funds:

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. Fiduciary Funds include the following fund type:

Agency Fund – The Agency fund is custodial in nature and does not present results of operations or have a measurement focus. Agency Funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

Account Groups:

General Fixed Asset Account Group – The General Fixed Asset Account Group is used to account for fixed assets not accounted for in the proprietary and fiduciary fund types.

General Long-Term Debt Account Group – The General Long-Term Debt Account Group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

3. Assets, Liabilities and Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments are stated at cost.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fixed Assets:

Fixed assets used in governmental fund types of the government are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value on to the government) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the general fixed assets account group.

Long-Term Obligations:

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

Fund Equity:

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

Memorandum Only – Total Columns:

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made the aggregation of this data.

4. Property Tax Calendar:

- | | |
|-----------|--|
| January 1 | Lien Date – All property appraised based upon situs and status as of this date (real and personal). |
| March 1 | Calendar year taxing entities must inform the County of the date, time and place of the budget hearing for the next fiscal year for inclusion with tax notice. |
| June 22 | County auditor to prepare and mail Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners or in the event that Notices of Valuation and Tax Changes are not required, the county auditor is to compute taxes and the county treasurer is to mail tax notices. |
| July 22 | County Auditor to prepare and mail Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners or in the event that Notices of Valuation and Tax Changes are not required, the county auditor is to compute taxes and the county treasurer is to mail tax notices. |

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Property Tax Calendar – continued:

- September 1 State Tax Commission approves tax rates.
- November 1 County Auditor is to deliver the equalized assessment roll to the county treasurer with affidavit.
- November 1 County auditor to chare the county treasurer to account for all taxes levied.
- November 1 County treasurer to mail tax notices. Tax notices for calendar year entities include notice of budget hearings.
- November 30 Taxes on real property become delinquent.

6. Use of Estimates:

The preparation of financial statements is in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

7. Budgets and Budgetary Accounting:

The governing body of the entity shall establish the time and place of the public hearing to consider the adoption of the budget and shall publish notice of the hearing at least seven days prior to the hearing in at least one issue of the newspaper of general circulation published within the County in which the entity is located. If no such newspaper is published, the required notice may be posed in three public places within the entity's jurisdiction. The tentative budget must be made available to the public for inspection for a number of days, as provided by law, prior to the budget hearing.

- a. On or before the first regularly scheduled meeting of the County Commission in the month of November, the County Auditor prepares a tentative budget for the next budget year.
- b. After a public notice has been published, a public hearing is then held on the adoption of the budget.
- c. After the public hearing, the County Commission makes final adjustments to the tentative budget.
- d. On or before December 15, the County Commission adopts the budget by resolution or ordinance and sets the tax rate for taxes.
- e. The budget officer may transfer unexpended budgeted amounts within departments.
- f. The County Commission may transfer unexpended budgeted amounts from one department in a fund to another department in the same fund by resolution.
- g. The total budget appropriation of any governmental fund may be increased only after a public hearing has been held and followed by resolution of the County Commission.
- h. budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level.

The Fiscal Procedures Act for Utah Counties require Counties to restrict expenditures to authorized departmental budgets. The combined statement of revenues, expenditures and changes in fund balance – budget and actual identifies the departments and funds which have overexpended budgeted amounts if any and, therefore, do not comply with appropriate fiscal procedures.

NOTE B – DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds. Each fund types portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents".

Deposits:

At the year-end the carrying amount of the County's deposits for the Primary Government was \$1,033,457 and the bank balance was \$1,046,463. Of the bank balances, \$200,000 was covered by federal depository insurance. At December 31, 2001, the carrying amount of the component units was \$885,513 and the bank balance was \$1,496,009. Of the bank balance, \$813,901 was covered by federal depository insurance. Utah state statutes do not require deposits to be collateralized, however, financial institutions must be approved by the State Money Management Council. The petty cash balance for the Primary Government was \$840.

Investments:

Statutes authorize the County to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool. The County is also authorized to enter into reverse repurchase agreements. The County's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 included uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the County's name.

Primary Government:

Investments in the Primary Government at December 31, 2001, are as follows:

	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>	Category Fair Value
Investments:				
Term Notes	\$ _____	\$ _____	\$ _____	\$ -
Other Items:				
State Treasurer's Investment Pool				<u>42,779,341</u>
Total Investments				<u>\$ 42,779,341</u>

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

Component Units:

At December 31, 2001, investments for the component units consisted of the following:

	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>	Category <u>Fair Value</u>
Investments:				
Government Securities	\$ -	\$ 166,746	\$ -	\$ 166,746
Other Items:				
State Treasurer's Investment Pool				<u>2,399,751</u>
Total Investments				<u>\$ 2,566,497</u>

The Utah Public Treasurer's Investment Fund is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds.

NOTE C – LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

Closure and Postclosure Care Cost – Municipal Solid Waste Landfill – Class I:

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closures and postclosure care costs as an expenditure in the Landfill Special Revenue Fund each period based on landfill capacity used as of each balance sheet date. The \$53,666 reported as landfill closure and postclosure care liability at December 31, 2001, represents the cumulative amount reported to date based on the use of 10% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$482,989 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2001. The County expects to close the landfill in the year 2046. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by State and Federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements, and at December 31, 2001, investments of \$508,857 are held for these purposes. These are reported as restricted assets on the balance sheet. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE C – LANDFILL CLOSURE AND POST CLOSURE CARE COSTS – CONTINUED

Closure and Postclosure Care Cost – Municipal Solid Waste Landfill – Class IV

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste. The final closure of this Class IV Landfill shall consist of leveling wasted to the extent practicable, covering with a minimum of two feet of earthen material, and seeding with grass according to the closure plan contained in the permit applications. San Juan County shall also meet the requirements of UAC R315-309 by recording with the San Juan County Recorder, as part of the record of title, that the property was used as landfill. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as expenditure in the General Fund each period based on landfill capacity used as of each balance sheet date. The \$2,824 reported as landfill closure and postclosure care liability for the Class IV Landfill at December 31, 2001, represents the cumulative amount reported to date based on the use of less than 10% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$25,421 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2001. The county expects to close the landfill in the year 2046. Actual costs may be higher due to inflation, changes in regulations.

The County is required by State and Federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements, and, at December 31, 2001, investments of \$26,782 are held for these purposes. These are reported as restricted assets on the balance sheet. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest is inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

NOTE D – TAXES RECEIVABLE – GENERAL FUND

San Juan County assesses and collects taxes for the taxing units of the County. The County then remits such monies to the taxing units according to the tax rates set by each taxing unit. The amounts held by the Treasurer at the year end were considered collected by the County Funds and are shown as cash in the County accounts.

NOTE E – NOTE RECEIVABLE

San Juan School District – Long-term Receivable:

Pursuant to an agreement in 1992, the County advanced \$900,000 to the San Juan School District for the purpose of providing local funding for a scholarship fund for County residents and to construct teacher housing. The County also agreed to transfer to the School District the annual State PILT payment. In exchange, the School District agreed to operate a recreation program for residents in the southern part of San Juan County. The School District also agreed to accumulate funds for the repayment of the advance from San Juan County. The amount to be repaid is contingent upon the continuation of the State of Utah PILT payment.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE E – NOTE RECEIVABLE – CONTINUED

San Juan Health Care Services District – Note Receivable:

On August 29, 1999, San Juan County agreed to loan the San Juan Health Care Services District up to \$500,000 with interest from the date of each advance until paid in full. Interest will be calculated monthly on the outstanding principal balance at a rate equal to that of the Public Treasurers Investment Fund. The principal amount outstanding on this note will be due and payable in full within five years of the date of the note. The principal balance due at December 31, 2001 was \$500,000. the accrued interest at year end amounted to \$58,751.

NOTE F – FIXED ASSETS

Primary Government:

The following is a statement of changes in General Fixed Assets – Primary Government:

	Balance December 31 2000	Fixed Assets Not Previously Recorded	Additions	December 31 Deletions	Balance 2001
Land	\$ 256,184	\$ 25,000	\$ -	\$ -	\$ 281,184
Buildings	5,020,931	200,000	64,286	-	5,285,217
Auto and Trucks	1,891,526	349,500	407,556	45,295	2,603,287
Heavy Equipment	6,280,627	-	352,832	-	6,633,459
Light Equipment	2,659,027	-	144,880	106,019	2,697,888
Grand Total	\$ 16,108,295	\$ 574,500	\$ 969,554	\$ 151,314	\$ 17,501,035

Component Units:

The following is a statement of changes in General Fixed Assets – Component Units

	Balance December 31 2000	Additions	Deletions	Balance December 31 2001
Computer Equipment	\$ 5,312	\$ -	\$ -	\$ 5,312
Grand Total	\$ 5,312	\$ -	\$ -	\$ 5,312

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE F – FIXED ASSETS – CONTINUED

The following is a statement of changes in Proprietary Fund Type Fixed Assets – Component Units:

	Balance December 31 2000	Additions	Deletions	Balance December 31 2001
Land	\$ 127,065	\$ -	\$ 19,620	\$ 107,445
Land Improvements	208,273	7,444	-	215,717
Buildings and Improvements	5,387,916	-	17,879	5,370,037
Water System	1,421,438	176,369	-	1,597,807
Machinery and Equipment	4,689,173	42,006	527,984	4,203,195
Total	<u>\$ 11,833,865</u>	<u>\$ 225,819</u>	<u>\$ 565,483</u>	<u>\$ 11,494,201</u>
Less Accumulated Depreciation	<u>(6,665,019)</u>	<u>(105,237)</u>	<u>(501,189)</u>	<u>(6,269,067)</u>
Grand Total	<u>\$ 5,168,846</u>	<u>\$ 120,582</u>	<u>\$ 64,294</u>	<u>\$ 5,225,134</u>

NOTE G – LONG TERM DEBT

Primary Government:

General Obligation Bonds:

Detention Facility Limited Obligation Bonds – During 1987 the County, in accordance with terms of a bond resolution and an agreement with the State of Utah in exchange for funds received from the State of Utah for the purpose of constructing a detention facility, issued bonds payable to the State of Utah in the amount of \$1,800,000. Such bonds mature on August 15, 2015, and are non-interest bearing.

One of the terms of the bond resolution and agreement with the State of Utah calls for depositing \$217,512 in "San Juan County, Utah Escrow Fund". This deposit is in the form of a treasury note which bears interest at 7.35% and upon maturity at August 15, 2015 will be approximately equal to the amount required to retire the bonds payable of \$1,800,000.

Defeasance of Bonds:

In 1987 San Juan County defeased revenue bonds by placing certain monies in an irrevocable trust to provide for all future debt service payments on bonds. When the bonds were originally defeased in 1987 the County elected to carry the bonds and related trust investments on the books. Each year the County would recognize the interest expense on the bonds and the interest income on the treasury bonds as they matured. However, according to GASB, the bonds should have been removed from the books when they were first defeased. The County elected to remove the bonds and the respective trust assets from the books in calendar year 2000 which resulted in a loss on defeasance reported on the debt service funds' statement of revenues, expenditures and changes in fund balance. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At December 31, 2001, \$1,800,000 of bonds outstanding are considered defeased.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE G –LONG TERM DEBT – CONTINUED

Revenue Bonds:

Solid Waste Revenue Bonds – During 1995 San Juan County began construction of a solid waste landfill. The project cost approximately \$1,550,000 and was funded from the following sources:

PCIB – Revenue Bonds	\$ 711,750
Indian Health Service Grant	680,000
Local Contribution	<u>158,250</u>
	<u>\$ 1,550,000</u>

The terms of the PCIB loan require 30 yearly payment beginning in October of 1996 with interest at 2.5%.

The following is a schedule of changes in Revenue Bonds payable as of December 31, 2001:

Bond Issue	Date of Issue	Interest Rate	Total Issued	Outstanding December 31 2000	Current Year Changes		Outstanding December 31 2001
					Issued	Matured	
Revenue Bonds:							
Solid Waste Bonds	1995	2.5%	\$ 711,750	\$ 627,000	\$ —	\$ 18,000	\$ 609,000
			<u>\$ 711,750</u>	<u>\$ 627,000</u>	<u>\$ —</u>	<u>\$ 18,000</u>	<u>\$ 609,000</u>

The following are principal payments on Revenue Bonds to maturity:

	Principal	Interest	Total
2002	19,000	15,225	34,225
2003	19,000	14,750	33,750
2004	20,000	14,275	34,275
2005	20,000	13,775	33,775
2006	21,000	13,275	34,275
Thereafter	<u>510,000</u>	<u>136,875</u>	<u>646,875</u>
	<u>609,000</u>	<u>208,175</u>	<u>817,175</u>

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE G -LONG TERM DEBT - CONTINUED

Capital Leases:

During 2001 the County entered into capital leases totaling \$608,400 (\$188,400 in the EMS special revenue fund and \$420,000 in the Roads capital improvement fund).

Obligations under capital leases at December 31, 2001, represent equipment leases payable in monthly installments including interest. The leases are secured by equipment with a stated cost of \$608,400 reflected in general fixed asset account group. The following is a schedule by years of future minimum lease payments under capital leases for the next five years.

Year Ending December 31,	
2002	\$ 140,538
2003	140,538
2004	140,538
2005	140,538
2006	<u>135,877</u>
	698,029
Less amount representing interest	<u>89,629</u>
Present value of minimum lease payments	<u>\$ 608,400</u>

Component Units:

San Juan Health Care Services District:

Notes Payable:

Promissory note from County at approximately 6.1% interest, due before August 28, 2004.	\$ 500,000
--	------------

Capital Leases:

Obligations under capital leases.	<u>24,813</u>
-----------------------------------	---------------

Total	<u>\$ 524,813</u>
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Obligations under capital leases at December 31, 2001, represent equipment leases payable in monthly installments including interest. The leases are secured by equipment with a stated cost of \$100,240 and accumulated amortization of \$100,240 at December 31, 2001. The following is a schedule, by years of future minimum lease payments under capital leases for the next five years.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE G -LONG TERM DEBT - CONTINUED

Year Ending December 31, 2001	<u>\$ 26,639</u>
Total Minimum lease payments	26,639
Less: Amounts representing interest	<u>(1,826)</u>
Present value of minimum lease payments	<u>\$ 24,813</u>

The aggregate maturities for the next five years on long-term debt for San Juan Health Care Services at December 31, 2001 is as follows

	<u>Long-term Debt</u>	<u>Capital Lease Obligation</u>
2002	\$ -	\$ 26,639
2003	-	-
2004	<u>500,000</u>	<u>-</u>
Total	<u>\$ 500,000</u>	26,639
Less Amount Representing Interest		<u>(1,826)</u>
Total		<u>\$ 24,813</u>

San Juan Mental Health/Substance Abuse Special Service District:

During 1998, the District issued health care Facility Revenue Bonds, Series 1998, dated September 8, 1998, in the Districts name for \$200,000 to Zions First National Bank, bearing an interest rate of 2.50%, payable over 20 years. The repayment schedule is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Due April 1			
2002	8,000	4,600	12,600
2003	8,000	4,400	12,400
2004	9,000	4,200	13,200
2005	9,000	3,975	12,975
Thereafter	<u>150,000</u>	<u>29,525</u>	<u>179,525</u>
Total	<u>184,000</u>	<u>46,700</u>	<u>230,700</u>

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE G - LONG TERM DEBT - CONTINUED

San Juan County Transportation Special Service District:

During 1995 the series 1990 Road Improvement Revenue Bonds were retired with the issuance of two Series 1995 Debt Restructuring issues title "1995 Refunding Bonds Community Impact Board" of equal amounts.

The first issue for \$1,062,000 is collateralized by the mineral lease income that is passed through the Utah Department of Transportation on a quarterly basis.

The second issue for \$1,410,000 will be repaid in one installment on April 1, 2010. The source of repayment comes from the District's purchase of \$489,429 U.S. Treasury Zero Coupon Bonds yielding 8.02%. These investments were placed with an escrow agent in agreement with the Utah State Community Impact Board. This transaction effected an in-substance defeasance of these bonds.

The following is a summary of bond transactions of the District for the year ended December 31, 2001

	<u>First Issue</u>	<u>Second Issue</u>
Date of Issue	05/19/1995	05/09/1995
Date of Maturity	04/10/2010	04/10/2010
Interest Rate	1%	1%
Total Issued	1,062,000	1,410,000
Payment Amount	76,150 to 76,990	1,636,966
Payment Timing	Annual	04/01/2010
Balance December 31, 2000	724,000	1,410,000
Current Issued	-	-
Current Retirements	<u>(69,000)</u>	<u>-</u>
Balance December 31, 2001	<u>\$ 655,000</u>	<u>\$ 1,410,000</u>

The following is a summary of long term debt service and interest charges to maturity for which San Juan County Transportation Special Service District is obligated as of December 31, 2001

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 70,000	\$ 6,560	\$ 76,560
2003	71,000	5,860	76,860
2004	71,000	5,150	76,150
2005	72,000	4,440	76,440
2006	73,000	3,720	76,720
2007	74,000	2,990	76,990
2008	74,000	2,250	76,250
2009	75,000	1,510	76,510
2010	<u>75,000</u>	<u>760</u>	<u>75,760</u>
Total	<u>\$ 655,000</u>	<u>\$ 33,240</u>	<u>\$ 688,240</u>

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE G - LONG TERM DEBT - CONTINUED

Bluff Service Area:

Water Revenue Bonds:

Dated March 10, 1975, 0% interest	\$ 55,535
Series 1996B dated March 18, 1996, 3% interest	29,746
Rural Development Loan dated March 18, 1996, 4 1/2% interest	38,895
Department of Natural Resources Loan, 0% interest	5,900
Total	<u>\$ 130,076</u>

The following is a summary of long term debt service and interest charges to maturity for which Bluff Service Area is obligated as of December 31, 2001

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 14,551	\$ 2,661	\$ 17,212
2003	15,401	2,586	17,987
2004	15,482	2,145	17,627
2005	15,567	2,420	17,987
2006	13,413	2,334	15,747
Thereafter	<u>55,662</u>	<u>30,850</u>	<u>86,512</u>
Total	<u>\$ 130,076</u>	<u>\$ 42,996</u>	<u>\$ 173,072</u>

NOTE H - COMPENSATED ABSENCES

Compensated absences of San Juan County represent accrued vacation and sick pay at December 31, 2001 in the amount of \$543,285.

Compensated absences represent accrued vacation and sick pay which is vested and would be paid upon termination or retirement of County employees. Since this accrued liability is not expected to be liquidated with expendable available financial resources, the liability is reported in the general long-term debt account group and no expenditure is reported.

NOTE I - RESERVED FUND BALANCE - NURSING HOME SALE PROCEEDS

During 1986 the County nursing home was sold. The proceeds, plus interest earned, are reserved on the balance sheet in the amount of \$931,589. These funds can only be used for future expenditures relating to health care costs. During the year \$501,836 was used for this restricted purpose.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE J – CLASS “B” ROADS

The following is a schedule of changes in Class “B” Roads reserved fund balance:

Balance – December 31, 2000 (as adjusted)		\$ 15,853,895
Revenues:		
State Allotment		2,292,851
Federal Grants		450,261
Charges for services		221,091
Interest Earnings		641,145
	Total Revenues	<u>3,605,348</u>
Expenditures:		
Equipment Operation		572,018
Road Maintenance		2,470,296
Employee Benefits		323,450
Snow Renewal		<u>55,978</u>
	Total Expenditures	<u>3,421,742</u>
Balance – December 31, 2001		<u>\$ 16,037,501</u>

NOTE K – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors on omissions; injuries to employees; and natural disasters. The County participates in the Utah Association of Counties Insurance Mutual, a self-funded risk financing pool administered by the Utah Association of Counties. Through the Mutual, the County maintains general liability, errors and omissions, newly acquired property, builders risk, unscheduled locations, and crime. The Mutual is reinsured through commercial companies for the following coverages:

Property Coverage:	250,150,000	Per Occurrence
General Liability	2,250,000	Per Occurrence
	3,250,000	Annual Aggregate
Public Officials Errors and Omissions Liability	2,250,000	Per Occurrence
	2,250,000	Annual Aggregate
Employee Benefits	2,250,000	Per Occurrence
	3,250,000	Annual Aggregate
Auto Liability	2,250,000	Per Occurrence

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE K – RISK MANAGEMENT – CONTINUED

The Mutual does not provide coverage for all risks and hazards, however, the County has obtained coverage for employee accidental death and dismemberment, workers compensation, airport liability and surety bond coverage through other commercial carriers.

In 1999 the County provided medical, health, dental and vision coverage through an agreement with Blue Cross Blue Shield of Utah, using a partially self-funded plan with a loss of \$25,000 per individual and a total maximum aggregate claims liability of \$552,615 which is 90% of the expected annual aggregate liability.

Claims have not exceeded coverage in any of the last three calendar years.

NOTE M – ECONOMIC DEPENDENCY

The County receives over 50% of its property tax revenue from State assessed property tax from oil and gas properties.

NOTE N – STATE OF UTAH RETIREMENT PLANS

Local Governmental – Cost Sharing

Plan Description:

San Juan County contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System and Public Safety Other Division A Contributory Retirement System for employee with Social Security coverage all of which are cost-sharing multiple-employee defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that included financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective systems to which they belong: 6.00% to the Contributory and 12.290% to the Public Safety Contributory Retirement Systems respectively. San Juan county is required to contribute a percent of covered salary to the respective systems: 4.19% to the Contributory, 8.20% to the Noncontributory and 2.41% to the Public Safety Contributory Systems. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

San Juan County contributions to the various systems for the years ending December 31, 2001, 2000 and 1999 respectively were, for the Contributory System, \$5,365, \$6,607, and \$8,151; for the Noncontributory System, \$204,445, \$205,232, and \$188,099; and for the Public Safety Contributory, \$105,425, \$117,465, and \$115,862 respectively. The Contributions were equal to the required contributions for each year.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

NOTE O – PRIOR PERIOD ADJUSTMENT

Receivables related to the Navajo Bus Route Grant received through the U.S. Department of Transportation (passed-through from the Utah Department of Transportation) in the amount of \$917,215 had not been recorded at December 31, 2000. Fund balance for the Class B Roads special revenue fund have been restated to reflect this error.

San Juan County

COMBINING STATEMENT CHANGES IN ASSETS AND LIABILITIES
ALL TRUST AND AGENCY FUNDS
For the year ended December 31, 2001

	Balance December 31 2000	Additions	Deletions	Balance December 31 2001
PROPERTY TAX FUND				
ASSETS				
Cash	\$ 259,829	\$ 7,957,336	\$ 8,034,871	\$ 182,294
Taxes Receivable	113,021	70,297	113,021	70,297
TOTAL ASSETS	\$ 372,850	\$ 8,027,633	\$ 8,147,892	\$ 252,591
LIABILITIES				
Due to Taxing Units	\$ 350,827	\$ 7,947,185	\$ 8,047,477	\$ 250,535
Collections Payable	22,023	72,187	92,154	2,056
TOTAL LIABILITIES	\$ 372,850	\$ 8,019,372	\$ 8,139,631	\$ 252,591
GENERAL TAX STABILITY AND TRUST FUNDS				
ASSETS				
Cash	\$ 7,500,000	\$ 368,433	\$ 368,433	\$ 7,500,000
FUND BALANCE				
Fund Balance	\$ 7,500,000	\$ —	\$ —	\$ 7,500,000
TOTALS – ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 7,759,829	\$ 8,325,769	\$ 8,403,304	\$ 7,682,294
Taxes Receivable	113,021	70,297	113,021	70,297
TOTAL ASSETS	\$ 7,872,850	\$ 8,396,066	\$ 8,516,325	\$ 7,752,591
LIABILITIES				
Due to Taxing Units	\$ 350,827	\$ 7,947,185	\$ 8,047,477	\$ 250,535
Collections Payable	22,023	72,187	92,154	2,056
TOTAL LIABILITIES	372,850	8,019,372	8,139,631	252,591
FUND BALANCE				
Fund Balance	7,500,000	—	—	7,500,000
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,872,850	\$ 8,019,372	\$ 8,139,631	\$ 7,752,591

San Juan County

COMBINING STATEMENT CHANGES IN ASSETS AND LIABILITIES
GENERAL FUND

For the year ended December 31, 2001

	<u>General</u>	<u>Historical Preservation</u>	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 3,673,343	\$ 390	\$ 3,673,733
Accounts Receivable	264,057	105	264,162
Note Receivable	526,925	-	526,925
Interest Receivable	58,751	-	58,751
San Juan School Dist. Long-Term Receivables	<u>900,000</u>	<u>-</u>	<u>900,000</u>
TOTAL ASSETS	<u>\$ 5,423,076</u>	<u>\$ 495</u>	<u>\$ 5,423,571</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts Payable	\$ 255,549	\$ 495	\$ 256,044
Accrued Liabilities	<u>41,309</u>	<u>-</u>	<u>41,309</u>
Total Liabilities	296,858	495	297,353
Fund Equity:			
Fund Balance:			
Reserved for Recreation fund	900,000	-	900,000
Reserved for Nursing Home	1,433,425	-	1,433,425
Unreserved	<u>2,792,793</u>	<u>-</u>	<u>2,792,793</u>
Total Fund Equity	<u>5,126,218</u>	<u>-</u>	<u>5,126,218</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 5,423,076</u>	<u>\$ 495</u>	<u>\$ 5,423,571</u>

San Juan County

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND

For the year ended December 31, 2001

	General	Historical Preservation	Totals
Revenues:			
Taxes	\$ 3,261,768	\$ -	\$ 3,261,769
Licenses and Permits	41,972	-	41,972
Intergovernmental Revenue	1,802,357	-	1,802,357
Charges for Services	1,399,881	-	1,399,881
Fine and Forfeitures	333,483	-	333,483
Interest	207,218	-	207,218
Sale of Material and Supplies	11,036	-	11,036
Contributions	46,018	-	46,018
Miscellaneous	103,913	655	104,568
Total Revenues	7,207,646	655	7,208,301
Expenditures			
Current:			
General Government	2,416,155	29,895	2,446,050
Public Safety	2,055,081	-	2,055,081
Public Health	540,140	-	540,140
Highways and Public Improvements	52,868	-	52,868
Parks and Recreation	174,974	-	174,974
Conservation and Economic Development	431,040	-	431,040
Total Expenditures	5,670,258	29,895	5,700,153
Excess Revenues Over (Under) Expenditures	1,537,388	(29,240)	1,508,148
Other Financing Sources (Uses):			
Contributions to Scholarship Fund	(179,900)	-	(179,900)
Contributions to Health Care Services	(1,048,677)	-	(1,048,677)
Contribution to Non-related government	(142,000)	-	(142,000)
Operating Transfers In	368,433	20,626	389,059
Operating Transfers Out	(1,615,121)	-	(1,615,121)
Total Other Financing	(2,617,265)	20,626	(2,596,639)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,079,877)	(8,614)	(1,088,491)
Fund Balances – Beginning of the Year	6,206,095	8,614	6,214,709
Fund Balances – End of Year	\$ 5,126,218	\$ -	\$ 5,126,218

San Juan County

COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS

For the year ended December 31, 2001

	<u>Class B Roads</u>	<u>EMS</u>	<u>Library</u>	<u>Health</u>	<u>Landfill</u>	<u>Tort Liability</u>	<u>Total</u>
ASSETS							
Cash and Investments	\$ 16,397,047	\$ 12,009	\$ 366,860	\$788,121	\$ 846,441	\$ 32,435	\$ 18,442,913
Accounts Receivable	32,848	97,198	11,211	5,381	-	2,395	149,033
Gravel Inventory	367,995	-	-	-	-	-	367,995
Total Assets	\$ 16,797,890	\$109,207	\$ 378,071	\$793,502	\$ 846,441	\$ 34,830	\$ 18,959,941
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts Payable	\$ 166,519	\$ 6,333	\$ 1,511	\$ -	\$ 4,110	\$ -	\$ 178,473
Accrued Liabilities	21,561	2,698	1,350	-	1,348	-	26,957
Deferred revenue	572,309	-	-	-	-	-	572,309
Accrued Landfill Costs	-	-	-	-	56,490	-	56,490
Total Liabilities	760,389	9,031	2,861	-	61,948	-	834,229
Fund Equity:							
Fund Balances	<u>16,037,501</u>	<u>100,176</u>	<u>375,210</u>	<u>793,502</u>	<u>784,493</u>	<u>34,830</u>	<u>18,125,712</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ 16,797,890	\$109,207	\$ 378,071	\$793,502	\$ 846,441	\$ 34,830	\$ 18,959,941

San Juan County

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – SPECIAL REVENUE FUNDS
For the year ended December 31, 2001

	Class B Roads	EMS	Library	Health	Landfill	Tort Liability	Total
Revenues:							
Taxes	\$ -	\$ -	\$ 235,194	\$109,906	\$ -	\$ 53,166	\$ 398,266
Intergovernmental	2,803,866	16,328	52,202	-	-	-	2,872,396
Collection Fees	160,336	295,221	3,131	-	234,071	-	692,759
Other	19	25,054	2,006	17,000	-	10,493	54,572
Interest	641,127	-	12,798	32,430	13,954	3,488	703,797
Total Revenues	3,605,348	336,603	305,331	159,336	248,025	67,147	4,721,790
Expenditures							
Current:							
General Government	-	-	-	-	-	164,500	164,500
Public Health	-	430,248	-	96,039	206,258	-	732,545
Highways & Public Improvements	3,421,742	-	-	-	-	-	3,421,742
Parks, Recreation & Public Property	-	-	258,260	-	-	-	258,260
Debt Service	-	-	-	-	-	-	-
Principal Retirements	-	-	-	-	18,000	-	18,000
Interest Charges	-	-	-	-	15,675	-	15,675
Total Expenditure	3,421,742	430,248	258,260	96,039	239,933	164,500	4,610,722
Excess of Revenues Over (Under) Expenditures	183,606	(93,645)	47,071	63,297	8,092	(97,353)	111,068
Other Financing Sources (Uses):							
Capital Lease Proceeds	-	188,400	-	-	-	-	188,400
Transfer In (Out)	-	-	-	-	500,000	97,353	597,353
Total Other Financing	-	188,400	-	-	500,000	97,353	785,753
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	183,606	94,755	47,071	63,297	508,092	-	896,821
Fund Balances –							
Beginning of Year	14,936,680	5,421	328,139	730,205	276,401	34,830	16,311,676
Prior period adjustment	917,215	-	-	-	-	-	917,215
Restated beginning fund balance	15,853,895	5,421	328,139	730,205	276,401	34,830	17,228,891
Fund Balances – End of Year	\$ 16,037,501	\$100,176	\$ 375,210	\$793,502	\$ 784,493	\$ 34,830	\$ 18,125,712

San Juan County

COMBINING BALANCE SHEET - CAPITAL IMPROVEMENT FUNDS

For the year ended December 31, 2001

	Buildings Grounds Equipment	Roads	Total
ASSETS			
Cash	\$ 6,630	\$ 522	\$ 7,152
Investments	7,388,922	6,618,624	14,007,546
Accounts Receivable	<u> -</u>	<u>100,200</u>	<u>100,200</u>
TOTAL ASSETS	<u>\$ 7,395,552</u>	<u>\$ 6,719,346</u>	<u>\$ 14,114,898</u>
LIABILITIES AND FUND BALANCES			
Liabilities	\$ 24,581	\$ 6,116	\$ 30,697
Fund Balances	<u>7,370,971</u>	<u>6,713,230</u>	<u>14,084,201</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,395,552</u>	<u>\$ 6,719,346</u>	<u>\$ 14,114,898</u>

San Juan County

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
 CAPITAL IMPROVEMENT FUNDS
 For the year ended December 31, 2001

	Buildings Grounds Equipment	Roads	Total
Revenues	\$ 299,622	\$ 391,869	\$ 691,485
Expenditures:			
Capital Outlay	997,143	152,278	1,149,421
Excess of Revenues Over (Under) Expenditures	(697,521)	239,585	(457,936)
Other Financing Sources (Uses):			
Capital Lease Proceeds	-	420,000	420,000
Operating Transfers In	997,143	-	997,143
Total Other Financing Sources	997,143	420,000	1,417,143
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	299,622	639,585	939,207
Fund Balance – Beginning of Year	7,071,349	6,073,645	13,144,994
Fund Balance – End of Year	\$ 7,370,971	\$ 6,713,230	\$ 14,084,201

San Juan County

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2001

	<u>Budget</u>	<u>Total Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE			
Taxes:			
General Property Taxes	\$ 1,482,279	\$ 1,467,603	\$ (14,676)
Fee in Lieu of Taxes	136,356	135,006	(1,350)
Delinquent Prior Years Taxes	29,466	29,175	(291)
General Sales and Use Taxes	1,158,337	1,146,869	(11,468)
Transient Room Tax	237,219	234,871	(2,348)
Tax Refunds	-	-	-
Assessing and Collecting – Local	131,300	130,000	(1,300)
Assessing and Collecting – State	<u>119,426</u>	<u>118,244</u>	<u>(1,182)</u>
Total Taxes	3,294,383	3,261,768	(32,615)
Licenses and Permits:			
Alcohol and Beverage license	6,451	6,388	(63)
Building Permits	35,071	34,724	(347)
Marriage License	<u>868</u>	<u>860</u>	<u>(8)</u>
Total Licenses and Permits	42,390	41,972	(418)
Intergovernmental Revenue:			
Federal Payments in Lieu of Taxes	644,167	637,790	(6,377)
Federal Grants and Contracts	805,382	805,956	574
Emergency Services	6,252	6,191	(61)
State Grants	85,618	84,771	(847)
State Mineral Lease – Pilt	181,699	179,900	(1,799)
State Liquor Fund Allotment	16,090	15,931	(159)
Transportation District	-	-	-
Motor Vehicle	20,524	20,321	(203)
BIA Maintenance	22,725	22,500	(225)
Utah Navajo Trust Fund	-	-	-
State Fire Control	<u>29,286</u>	<u>28,997</u>	<u>(289)</u>
Total Intergovernmental Revenue	1,811,743	1,802,357	(9386)

San Juan County

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2001

	<u>Budget</u>	<u>Total Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues – Continued			
Charges for Services:			
Recorder's Fees	44,412	43,973	(439)
Clerk's Fees	7,297	7,225	(72)
Public Safety Fees	38,972	38,587	(385)
Jail Fees	1,051,232	1,116,844	65,612
Commissary	35,587	35,235	(352)
Aging Contributions	17,248	17,078	(170)
Copier	11,849	11,732	(117)
Other	130,497	129,207	(1290)
Total Charges for Services	1,337,094	1,399,881	62,787
Fines and Forfeitures:			
District and Precinct Court Fines	336,971	333,483	(3,488)
Miscellaneous Revenue:			
Rents and Concessions	31,113	30,805	(308)
Sale of Materials and Supplies	1,916	1,898	(18)
Sundry Revenues	27,561	27,289	(272)
Insurance Proceeds	3,126	3,096	(30)
Interest	209,290	207,218	(2,072)
Fair Board Promotion	13,368	13,236	(132)
E-911 Surcharge	27,732	27,458	(274)
Other	11,939	11,822	(117)
Total Miscellaneous Revenue	326,045	322,822	(3,223)
Contributions and Transfers:			
Local and Private Contributions	46,477	46,018	(459)
TOTAL REVENUES	7,195,103	7,208,301	13,198

San Juan County

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2001

Expenditures	Budget	Total Actual	Variance Favorable (Unfavorable)
General Government:			
Commissioners	149,207	147,737	1,470
Planning – Personnel	134,628	141,841	(7,213)
J. P. Court	88,954	88,079	875
Sanity Hearings	1,357	1,344	13
Public Defender	65,099	64,455	644
Clerk–Auditor	124,650	123,425	1,225
Attorney	169,952	168,276	1,676
Recorder	130,292	129,009	1,283
Treasurer	72,420	71,709	711
Assessor	181,330	179,543	1,787
Data Processing	83,498	82,677	821
Surveyor	87,314	86,457	857
Historical Preservation	30,190	29,895	295
Legal Defense	38,203	37,826	377
Public Safety Building	131,729	130,436	1,293
Courthouse and Grounds	66,880	66,225	655
Elections	29,914	29,625	289
Non-Departmental	73,661	72,937	724
Employee Benefits	769,446	761,830	7,616
Other	33,047	32,724	323
Total General Government	2,461,771	2,446,050	15,721
Public Safety:			
Sheriff	535,925	530,630	5,295
Sheriff Airplane	15,582	15,428	154
County Jail	738,976	731,666	7,310
Jail Kitchen	136,337	134,989	1,348
Inmate Commissary	32,086	31,769	317
State Inmate Expense	63,985	63,352	633
Fire Rescue	74,334	73,604	730
Fire Control	292,154	289,273	2,881
Building Inspection	7,041	6,974	67
Search and Rescue	1,874	1,857	17
Liquor Control	40,351	39,953	398
Drug Expenditures	3,533	3,499	34
Weed and Rodent Control	51,655	51,149	506
Emergency Services	81,739	80,938	801
Total Public Safety	2,075,572	2,055,081	20,491

San Juan County

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2001

	Budget	Total Actual	Variance Favorable (Unfavorable)
EXPENDITURES – CONTINUED			
Public Health:			
Public Welfare	545,504	540,140	5,364
Highway and Public Improvements			
County Roads	44,057	43,624	433
Snow Removal	9,335	9,244	91
Total Highway and Public Improvements	<u>53,392</u>	<u>52,868</u>	<u>524</u>
Parks and Recreation:			
Interagency Recreation	57,070	56,509	561
Television/Communication	80,358	79,574	784
Airports	39,275	38,891	384
Total Parks and Recreation	<u>176,703</u>	<u>174,974</u>	<u>1,729</u>
Conservation and Economic Development:			
Agriculture and Extension Service	54,813	54,277	536
Exhibits and Fairgrounds	60,106	59,518	588
Southern San Juan County Fair	40,400	40,000	400
Economic Development	44,334	43,901	433
Visitor Services	207,650	205,600	2,050
Special Projects	28,026	27,744	292
Total Conservation and Economic Development	<u>435,329</u>	<u>431,050</u>	<u>4,299</u>
TOTAL EXPENDITURES	<u>5,748,271</u>	<u>5,700,153</u>	<u>48,128</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,446,832	1,508,148	61,326
OTHER FINANCING SOURCES (USES):			
Contributions to Scholarship Fund	(181,699)	(179,900)	1,799
Contribution to Health Care Service	(1,059,163)	(1,048,677)	10,486
Contributions to Non-related Government	(143,420)	(142,000)	1,420
Transfers In	392,949	389,059	(3,890)
Transfers Out	(1,631,271)	(1,615,121)	16,150
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,622,604)</u>	<u>(2,596,639)</u>	<u>25,965</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (1,175,772)</u>	<u>(1,088,491)</u>	<u>\$ 87,291</u>
FUND BALANCE – BEGINNING OF YEAR		<u>6,215,709</u>	
FUND BALANCE – END OF YEAR		<u>\$ 5,126,218</u>	

San Juan County

TREASURER'S TAX COLLECTION TRUST FUND -- BALANCE SHEET

For the year ended December 31, 2001

ASSETS:

Cash in Bank	\$	182,294
Property Taxes Receivable		<u>70,297</u>

TOTAL ASSETS	\$	<u>252,591</u>
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LIABILITIES:

Collections Payable	\$	2,056
Due to Taxing Units		<u>250,535</u>

TOTAL LIABILITIES	\$	<u>252,591</u>
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County

AND DISBURSED – CURRENT AND PRIOR YEARS

December 31, 2001

Current Years Taxes				Accounts Group			
Treasurer's Relief						Delinquencies	
Other	Total	Taxes Collected	Rate	Fee in Lieu	Miscellaneous Collections	Tax	Interest/ Penalty
\$ (24,197)	\$ 30,735	\$1,444,037	97.92	\$ 116,435	\$ 23,609	\$ 41,774	\$ 1,731
(3,600)	4,574	214,883	97.92	17,323	1,698	4,186	247
(813)	1,032	48,507	97.92	3,964	382	964	58
(1,682)	2,137	100,408	97.92	8,099	795	1,957	116
(2,210)	2,809	131,937	97.92	10,465	1,044	2,513	143
(1,569)	1,937	92,501	98.28	8,106	856	2,001	122
(34,071)	43,224	2,032,273	97.93	164,392	28,384	53,395	2,417
(67,303)	84,003	3,987,224	98.15	336,098	17,528	81,222	4,743
(4,242)	5,409	253,553	97.86	19,941	1,968	4,799	276
(8,126)	10,325	485,064	97.92	38,599	3,852	9,300	536
(8,079)	22,973	165,567	87.64	39,142	2,967	7,790	433
(1,919)	9,061	119,548	93.00	24,825	2,201	5,644	303
(9,998)	32,034	285,115	89.81	63,967	5,168	13,434	736
(534)	1,714	16,601	90.54	2,692	272	753	44
(475)	912	20,809	95.86	3,139	105	749	42
(4)	59	968	94.81	12	13	13	1
(3)	22	461	95.45	0	12	5	0
(109)	808	5,719	87.29	287	98	371	35
(907)	3,515	44,558	92.64	6,130	500	1,891	122
\$ (124,647)	\$ 178,510	\$7,087,787	97.66	\$ 629,127	\$ 57,400	\$ 164,041	\$ 8,830

County

CASH RECEIPTS AND DISBURSEMENTS

December 31, 2001

<u>Fee in Lieu Apportioned</u>	<u>Delinquent Taxes Apportioned</u>	<u>Interest and Miscellaneous Collections Apportioned</u>	<u>Total</u>	<u>Disbursements</u>	<u>Treasurer's Balance December 31 2001</u>
-	-	-	-	-	-
(629,127)	-	-	-	-	-
-	-	-	-	-	-
-	(164,041)	-	-	-	-
-	(8,830)	-	-	-	-
-	-	-	24,039	23,987	52
-	-	(30,465)	-	-	-
-	-	-	70,171	68,167	2,004
-	-	(26,935)	-	-	-
<u>(629,127)</u>	<u>(172,871)</u>	<u>(57,400)</u>	<u>94,210</u>	<u>92,154</u>	<u>2,056</u>
116,435	43,505	23,609	1,627,586	1,627,586	-
17,323	4,433	1,698	238,337	238,337	-
3,964	1,022	382	53,875	53,875	-
8,099	2,073	795	111,375	111,375	-
8,106	2,144	856	103,607	103,607	-
10,465	2,635	1,044	146,081	146,081	-
336,098	85,965	17,528	4,686,118	4,507,841	178,277
19,941	5,075	1,968	297,807	285,780	12,027
38,599	9,836	3,852	569,676	546,124	23,552
39,142	8,223	2,967	236,963	217,212	19,751
24,825	5,947	2,201	167,201	154,697	12,504
2,692	797	272	22,784	20,963	1,821
3,139	791	105	27,357	25,294	2,063
12	14	13	1,146	1,124	22
0	5	12	553	535	18
287	406	98	7,546	7,046	500
<u>629,127</u>	<u>172,871</u>	<u>57,400</u>	<u>8,298,012</u>	<u>8,047,477</u>	<u>250,535</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,392,222</u>	<u>\$ 8,139,631</u>	<u>\$ 252,591</u>



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

June 1, 2002

The Honorable Board of County Commissioners
San Juan County
Monticello, Utah 84535

We have audited the financial statements of San Juan County as and for the ended December 31, 2001, and have issued our report thereon dated June 1, 2002. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether San Juan County's financial statement are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of San Juan County in a separate letter dated June 1, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered San Juan County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would reporting would not necessarily disclose and matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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The Honorable Board of County Commissioners
San Juan County
Page two

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of San Juan County in a separate letter dated June 1, 2002.

This report is intended for the information of management and federal and state agencies. However, This report is a matter of public record and its distribution is not limited.

Chadwick, Steinkirchner, Davis & Co., P.C.



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

June 1, 2002

The Honorable Board of County Commissioners
San Juan County
Monticello, Utah 84535

Compliance

We have audited the compliance of San Juan County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2001. San Juan County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of San Juan County's management. Our responsibility is to express an opinion on San Juan County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 San Juan County'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. Our audit does not provide a legal determination on San Juan County's compliance with those requirements.

In our opinion, San Juan County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 1-01.

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The Honorable Board of County Commissioners
San Juan County
Page two

Internal Control Over Compliance

The management of San Juan County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered San Juan County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Chadwick, Steinkirchner, Davis & Co., P.C.

San Juan County

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2001

Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of San Juan County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Auditor's report on Internal Control and Compliance with Laws and Regulations.
3. No instances of noncompliance material to the financial statements of San Juan County 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 OMB Circular A-133.
5. The auditors report on compliance for the major federal awards programs for San Juan County expresses an unqualified opinion.
6. There was one finding relative to the major federal awards programs for San Juan County.
7. The program tested as major programs include Highway Planning and Construction CFDA 20.205.
8. The threshold for distinguishing Type A and B programs is \$300,000 of federal awards expended.
9. San Juan County was a low-risk auditee.

Findings - Financial Statements Audit.

None.

San Juan County

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2001

Findings and Questioned Costs - Major Federal Award Programs Audit.

1-01

U.S. Department of Transportation - Highway Planning and Construction - CFDA No. 20.205

Questioned Costs

Condition: During 2001, the county received \$1,677,200 of TEA-21, Section 1214(d) funds for improving and maintaining public roads within, adjacent to, or used to provide access to the Indian reservation that are used by school buses to transport children to or from a school or Headstart program. \$1,104,892 of related expenditures had been incurred at December 31, 2001.

Criteria: Cash management policies require that funds requested not exceed cash requirements.

Effect: A \$572,308 advance exists at December 31, 2001.

\$

-

Cause: An error in the payment request calculation resulted in requesting more funds than required.

Recommendation: The County should adhere to cash management requirements.

Corrective Action Plan: The County will expand the award in 2002 and will follow current policies regarding cash management in the future.

San Juan County

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2001

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Actual</u>	<u>Amount of Expenditures</u>
Direct Assistance:			
Other Federal Assistance:			
U.S. Department of Transportation:			
Airport Improvement Program	20.106	-	\$ 149,586
Highway Planning & Construction	20.205	-	<u>187,891</u>
Total U.S. Department of Transportation			337,477
Indirect Assistance			
U.S. Department of Agriculture:			
Passed Through State Department of Finance: Schools and Roads – Grants to States	10.665	-	53,993
Passed Through State Department of Human Services: Elderly Feeding Program – Cash in Lieu	10.550	00-0370	3,724
Elderly Feeding Program – Cash in Lieu	10.550	01-0546	<u>4,451</u>
Total U.S. Department of Agriculture			62,168
Federal Emergency Management Agency:			
Passed Through State Department of Public Safety: FEMA	83.505	-	6,191
U.S. Department of Health and Human Services			
Passed Through State Department of Human Services: Ombudsman Service for Older Individuals	93.042	01-0546	4,113
Ombudsman Service for Older Individuals	93.042	00-0370	1,699
Preventive Health Program-Title 3-F	93.043	01-0546	883
Special Program for Aging-Title 3-B	93.044	01-0546	42,303
Special Program for Aging-Title 3-B	93.044	00-0370	46,914
Elderly Feeding Program-Title 3-C	93.045	01-0546	33,387
Elderly Feeding Program-Title 3-C	93.045	00-0370	44,123
Health Insurance Counseling-HIIP	93.779	01-0546	2,569
Health Insurance Counseling-HIIP	93.779	00-0370	<u>2,498</u>

San Juan County

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2001

Indirect Assistance – Continued:

U.S. Department of Health and Human Services

Passed Through State Department of
Social Services:

Division of Mental Health CMHS	93.230	02-1563	13,847
Social Services Block Grant	93.667	—	17,672
Division of Mental Health CMHS-General	93.958	02-0153	7,799
Division of Mental Health CMHS-General	93.598	01-0591	6,595
Substance Abuse SAPT Block Grant	93.959	02-0092	28,953
Substance Abuse SAPT Block Grant	93.959	01-0562	62,083

Passed Through Southern Utah Association
of Local Government:

Community Services Block Grant	93.569	—	<u>30,398</u>
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Total U.S. Dept. of Health and Human Services

345,836

U.S. Department of Education:

Passed Through State Dept. of Human Services:

Drug Free Schools	84-186A	01-5062	2,452
Drug Free Schools	84-186A	02-0092	<u>2,365</u>

Total U.S. Department of Education

4,817

Total Indirect Assistance

419,012

Total Federal Assistance

\$ 756,489

San Juan County

NOTES TO THE SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended December 31, 2001

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of San Juan County. The reporting entity, San Juan County, is defined in Note 1 San Juan County's general financial statements. Federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included on the schedule of Expenditures of Federal Awards.

Basis of accounting

The accompanying Schedule of Federal Awards is presented using the modified accrual basis of accounting for assistance received by governmental fund types, which is described in Note 1 to San Juan County's general purpose financial statements.

San Juan County

SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended December 31, 2001

There were no findings or questioned costs in the prior year.

AUDITORS REPORT ON STATE LEGAL COMPLIANCE



June 1, 2002

The Honorable Board of County Commissioners
San Juan County
Monticello, Utah 84535

We have audited the general purpose financial statements of San Juan County, For the year ended December 31, 2001, and have issued our report thereon dated June 1, 2002. As part of our audit, we have audited San Juan County's compliance with the requirements governing types of service allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2001. The County received the following major State assistance programs from the State of Utah.

- B road Funds (Department of Transportation)
- Mental Health and Substance Abuse Programs (Department of Human Services)
- State Alternatives (Department of Human Services)
- State PILT (Department of Natural Resources)

The county also received the following nonmajor grants which are not required to be audited for specific compliance requirements; (however, these programs were subject to test-work as a part of the audit of San Juan County's Financial Statements.)

- Motor Vehicle Transactions (State Tax Commission)
- Liquor Law Enforcement (State Tax Commission)
- State Bookmobile Grant (Department of Community and Economic Development)
- Trail Grant (Division of Parks and Recreation)
- Victims Advocate Grant (Department of Human Services)
- Aging - Respite (Department of Human Services)
- LEDI (Department of Community and Economic Development)
- Wildland Fire (Department of Natural Resources)
- Search and Rescue Grant (Department of Public Safety)
- GIS Grant (Department of Planning and budget)

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The Honorable Board of County Commissioners
San Juan County
Page 2

Our audit also included testwork on the County's compliance with those general compliance Requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Property Tax
- Justice Courts Compliance
- Department of Commerce
- Transient Room Tax
- Impact Fees and Other Development
- Other Compliance Requirements

The management of San Juan County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in a separate management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following in the following paragraph.

In our opinion, San Juan County, County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the year ended December 31, 2001.

Chadwick, Steinkirchner, Davis & Co., P.C.



SAN JUAN COUNTY
MANAGEMENT LETTER

December 31, 2002

June 1, 2002



The Honorable Board of County Commissioners
San Juan County
Monticello, Utah 84535

During our audit of the funds of San Juan County for the year ended December 31, 2001, we noted a few areas needing corrective action in order for the County to be in compliance with state laws and regulations. We also found a few circumstances that if improved, would strengthen the County's accounting system and control over its assets. These items are discussed below for your consideration.

COMPLIANCE:

Budgetary Compliance – Reporting

Finding:

We noted that amounts reported in the budgeted revenue column on form TC-693 did not correspond to the amounts reported on the county's adopted budget.

Recommendation:

We recommend that the County use care in ensuring that amounts reported on form TC-693 agree with the adopted budget.

Response:

The finding above was discussed with San Juan County officials and they concur with the recommendation.

Budgetary Compliance – Landfill Closure Costs

Finding:

Our audit of budgetary compliance revealed that the Class B Roads Fund, a special revenue fund, expended more than was budgeted. The County had capital expenditures acquired through capital leases but failed to increase the budgeted amount for the costs.

The Landfill Fund, a special revenue fund, also expended more than was budgeted. The County did not budget for the increase in accrued expenses related to closure and postclosure costs.

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The Honorable Board of County Commissioners
San Juan County
Page 2

Recommendation:

We recommend that the County increase budgeted amounts by resolution or public hearing before expending additional funds.

Response:

The finding above was discussed with San Juan County officials and they concur with the recommendation.

INTERNAL CONTROL

Unrecorded Fixed Asset Acquisitions

Finding:

We noted equipment acquired through incurring two separate capital leases. These fixed assets were not properly reflected in the accounting records.

Recommendation:

We recommend all fixed asset purchases be routed through the accounting function to ensure that all acquisitions are properly recorded.

Response:

The finding above was discussed with San Juan County officials and they concur with the recommendation.

Expenditures

Finding:

During our test of expenditures we noted one expenditure lacked supporting evidential matter to support the expenditure.

Recommendation:

We recommend that invoices or other supporting evidential matter be attached to the expenditures to support the amount expended.

Response:

The finding above was discussed with San Juan County officials and they concur with the recommendation.



The Honorable Board of County Commissioners
San Juan County
Page 3

Gravel Inventory

Finding:

During our testing we noted that the County had not performed an inventory of its gravel stockpiles at year end. This resulted in an adjustment during fieldwork in excess of \$100,000.

Recommendation:

We recommend that County personnel perform an inventory of gravel stockpiles at year end.

Response:

The finding above was discussed with San Juan County officials and they concur with the recommendation.

EMS Receivables

Finding:

During our testing we noted that EMS receivables are not being reconciled on a monthly basis with supporting accounts receivable detail. Reports received from the County's EMS contractor have not provided the necessary detail to properly reconcile the receivables.

Recommendation:

We recommend that the County continue working with its EMS contractor to obtain reports that better facilitate a monthly reconciliation of EMS receivables and related revenues.

Response:

The finding above was discussed with San Juan County officials and they concur with the recommendation.

We would like to take this opportunity to thank San Juan County's personnel for the cooperation and assistance given to us during the course of our examination.



The Honorable Board of County Commissioners
San Juan County
Page 4

Budgetary Accounting

Finding:

We noted that the County utilized its accounting software to calculate a supplemental budget appropriation at year end. This resulted in the budgeted amounts for each line item being 1% greater than actual expenditures at year end (except for certain unanticipated expenditures). This minimizes the effectiveness of budget-to-actual comparisons for control purposes by commissioners, management, and external auditors.

Recommendation:

We recommend that the County investigate alternatives that balance budgetary compliance with maintenance of budgetary control and oversight.

Response:

The finding above was discussed with San Juan County officials and they concur with the recommendation.

We would like to take this opportunity to thank San Juan County's personnel for the cooperation and assistance given to us during the course of our examination.

Chadwick, Steinkirchner, Davis & Co., P.C.