



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

For the year ended December 31, 2002

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

May 22, 2003

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, 2002, 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 Jan County Transportation Special Service District, San Juan Health Care Services District, and San Juan Mental Health/Substance Abuse Special Service District, which represent 85 percent of the assets and 99 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, and San Juan Mental Health/Substance Abuse Special Service District, is based solely upon the reports of the other auditors.

Except as discussed in the following paragraph, 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.

We were unable to obtain the audited financial statements supporting the financial activities of the Bluff Service Area and the Central San Juan County Recreation Service District, nor were we engaged to satisfy ourselves as to those financial activities by other auditing procedures. Those financial statements were compiled by other accountants as required by Utah statutes. Those financial activities represent 15 percent of the assets and 1 percent of the revenues of the Component Units.



San Juan County

May 22, 2003

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In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain the audited financial statements of the Bluff Service Area and the Central San Juan County Recreation Service District, or had we been engaged to satisfy ourselves as to those financial activities by other auditing procedures, 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, 2002, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2003, 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, 2002

	Government Fund Types		
	General	Special Revenue	Capital Improvements
<b>ASSETS</b>			
Cash and Investments:			
Unrestricted	3,407,447	\$ 18,581,070	\$ 13,810,454
Restricted	-	547,733	-
Accounts Receivable	369,223	405,434	-
Less Allowance for Doubtful Accounts	-	(312,094)	-
Other Receivables	-	-	-
Due from Medicare	-	-	-
Other Governmental Unit Receivables	543,896	-	-
Taxes Receivable	-	-	-
Interest Receivable	69,772	-	-
San Juan School Dist. Long-term Receivable	900,000	-	-
Inventory - Class "B" Road	-	1,042,205	-
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	-	-	-
<b>Total Assets</b>	<b>\$ 5,290,338</b>	<b>\$ 20,264,348</b>	<b>\$ 13,810,454</b>
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities:			
Accounts Payable	181,836	74,653	63,920
Accrued Liabilities	89,848	56,246	-
Deferred Revenue	-	335,262	-
Accrued Landfill Costs	-	79,086	-
Due to Taxing Units	-	-	-
Collections Payable	-	-	-
Long-term Debt	-	-	-
Compensated Absences	-	-	-
<b>Total Liabilities</b>	<b>271,684</b>	<b>545,247</b>	<b>63,920</b>
<b>FUND EQUITY</b>			
Investment in General Fixed Assets	-	-	-
Contributed Capital	-	-	-
Retained Earnings	-	-	-
Reserved	-	-	-
Unreserved	-	-	-
Fund Balances:			
Reserved for Class "B" Inventory	-	1,042,205	-
Reserved for Class "B" Road	-	17,299,569	-
Reserved for Landfill Costs	-	547,733	-
Reserved for Debt Service	-	-	-
Reserved for Capital Outlay	-	-	13,746,534
Designated for Recreation	900,000	-	-
Designated for Nursing Home	849,266	-	-
Undesignated	3,269,388	829,594	-
<b>Total Fund Equity</b>	<b>5,018,654</b>	<b>19,719,101</b>	<b>13,746,534</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 5,290,338</b>	<b>\$ 20,264,348</b>	<b>\$ 13,810,454</b>

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, 2002

Fiduciary Fund Type Trust and Agency	Account Groups		Totals (Memorandum Only)		Component Units
	General Fixed Assets	General Long Term Debt	Primary Unit		
			December 31 2002	December 31 2001	
\$ 7,763,654	\$ -	\$ -	\$ 43,562,625	\$ 43,277,999	\$ 3,917,335
-	-	-	547,733	535,639	403,806
-	-	-	774,657	790,214	1,975,722
-	-	-	(312,094)	(276,819)	(608,609)
-	-	-	-	-	39,125
-	-	-	-	-	144,094
62,880	-	-	543,896	526,925	611,047
-	-	-	62,880	70,297	-
-	-	-	69,772	58,751	-
-	-	-	900,000	900,000	-
-	-	-	1,042,205	367,995	-
-	16,740,559	-	16,740,559	17,501,035	5,222,815
-	-	-	-	-	287,467
-	-	-	-	-	4,529
-	-	-	-	-	-
-	-	1,679,696	1,679,696	1,760,685	585,000
<u>\$ 7,826,534</u>	<u>\$ 16,740,559</u>	<u>\$ 1,679,696</u>	<u>\$ 65,611,929</u>	<u>\$ 65,512,721</u>	<u>\$ 12,582,331</u>
-	-	-	320,409	465,214	445,728
-	-	-	146,094	68,266	643,189
-	-	-	335,262	572,309	-
-	-	-	79,086	56,490	-
312,131	-	-	312,131	250,535	-
14,403	-	-	14,403	2,056	-
-	-	1,087,074	1,087,074	1,217,400	1,484,286
-	-	592,622	592,622	543,285	34,940
326,534	-	1,679,696	2,887,081	3,175,555	2,608,143
-	16,740,559	-	16,740,559	17,501,035	6,330
-	-	-	-	-	1,998,869
-	-	-	-	-	21,200
-	-	-	-	-	5,487,963
-	-	-	1,042,205	367,995	-
-	-	-	17,299,569	15,669,506	-
-	-	-	547,733	535,639	-
-	-	-	-	-	403,806
-	-	-	13,746,534	14,118,426	1,430,746
-	-	-	900,000	900,000	-
-	-	-	849,266	931,589	-
7,500,000	-	-	11,598,982	12,312,976	625,274
<u>7,500,000</u>	<u>16,740,559</u>	<u>-</u>	<u>62,724,848</u>	<u>62,337,166</u>	<u>9,974,188</u>
<u>\$ 7,826,534</u>	<u>\$ 16,740,559</u>	<u>\$ 1,679,696</u>	<u>\$ 65,611,929</u>	<u>\$ 65,512,721</u>	<u>\$ 12,582,331</u>

San Juan County

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

For the year ended December 31, 2002

	Governmental Fund Types		
	General	Special Revenue	Capital Improvements
<b>Revenues:</b>			
Taxes	3,180,315	362,223	-
Licenses and Permits	30,616	-	-
Intergovernmental Revenue	2,193,765	3,536,901	-
Charges for Services	1,180,394	832,777	-
Fines and Forfeitures	321,444	-	-
Interest	78,121	415,815	308,326
Miscellaneous	228,021	67,531	-
<b>Total Revenues</b>	<b>7,212,676</b>	<b>5,215,247</b>	<b>308,326</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General Government	2,629,894	164,312	-
Public Safety	1,949,845	-	-
Public Health	574,230	775,592	-
Highways and Public Improvement	56,370	3,175,179	-
Parks and Recreation	178,407	284,101	-
Conservation and Economic Development	410,870	-	-
Contributions	922,937	-	-
Capital Outlay	-	-	1,074,509
<b>Debt Service:</b>			
Principal Retirement	-	53,749	76,577
Interest and Fiscal Charges	-	24,053	20,385
<b>Total Expenditures</b>	<b>6,722,553</b>	<b>4,476,986</b>	<b>1,171,471</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>490,123</b>	<b>738,261</b>	<b>(863,145)</b>
<b>Other Financing Sources (Uses):</b>			
Lease Proceeds	-	-	-
Operating Transfers in	179,000	246,580	525,478
Operating Transfers out	(776,686)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(597,686)</b>	<b>246,580</b>	<b>525,478</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and other Uses</b>	<b>(107,563)</b>	<b>984,841</b>	<b>(337,667)</b>
<b>Fund Balances - Beginning of Year (as restated)</b>	<b>5,126,217</b>	<b>18,734,260</b>	<b>14,084,201</b>
<b>Fund Balances - End of Year</b>	<b>\$ 5,018,654</b>	<b>\$ 19,719,101</b>	<b>\$ 13,746,534</b>

The notes to 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, 2002

Totals (Memorandum Only)		
Primary Unit		
December 31 2002	December 31 2001	Component Units
\$ 3,542,538	\$ 3,660,034	\$ -
30,616	41,972	834,094
5,730,666	4,674,753	-
2,013,171	2,092,640	-
321,444	333,483	-
802,262	1,482,300	58,822
295,552	316,394	-
<u>12,736,249</u>	<u>12,601,576</u>	<u>892,916</u>
2,794,206	2,610,550	-
1,949,845	2,055,081	-
1,349,822	1,272,685	-
3,231,549	3,474,610	17,641
462,508	433,234	-
410,870	431,040	-
922,937	1,370,577	-
1,074,509	1,149,421	476,330
130,326	18,000	70,000
44,438	15,675	6,550
<u>12,371,010</u>	<u>12,830,873</u>	<u>570,521</u>
365,239	(229,297)	322,395
-	608,400	-
951,058	1,983,555	-
(776,686)	(1,615,121)	-
<u>174,372</u>	<u>976,834</u>	<u>-</u>
539,611	747,537	322,395
<u>37,944,678</u>	<u>36,588,594</u>	<u>2,137,431</u>
<u>\$ 38,484,289</u>	<u>\$ 37,336,131</u>	<u>\$ 2,459,826</u>

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

	For the year ended		
	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	3,096,420	3,180,315	\$ 83,895
Licenses and Permits	44,250	30,616	(13,634)
Intergovernmental Revenue	1,880,183	2,193,765	313,582
Charges for Services	1,191,003	1,180,394	(10,609)
Fines and Forfeitures	330,000	321,444	(8,556)
Interest	175,000	78,121	(96,879)
Miscellaneous Revenue	80,207	182,580	102,373
Contributions and Transfers	-	45,441	45,441
Total Revenues	<u>6,797,063</u>	<u>7,212,676</u>	<u>415,613</u>
<b>Expenditures:</b>			
Current:			
General Government	2,735,089	2,629,894	105,195
Public Safety	1,995,634	1,949,845	45,789
Public Health	618,026	574,230	43,796
Highways and Public Improvement	67,000	56,370	10,630
Parks and Recreation	241,061	178,407	62,654
Conservation and Economic Development	421,553	410,870	10,683
Contributions	936,000	922,937	13,063
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>7,014,363</u>	<u>6,722,553</u>	<u>291,810</u>
Excess of Revenues Over (Under) Expenditures	<u>(217,300)</u>	<u>490,123</u>	<u>(707,423)</u>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	713,600	179,000	(534,600)
Operating Transfers Out	(791,300)	(776,686)	14,614
Total Other Financing Sources	<u>(77,700)</u>	<u>(597,686)</u>	<u>(519,986)</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>			
	<u>\$ (295,000)</u>	<u>(107,563)</u>	<u>\$ (1,227,409)</u>
Fund Balances - Beginning of Year (as restated)		<u>5,126,217</u>	
Fund Balances - End of Year		<u>\$ 5,018,654</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, 2002

Special Revenue Funds			Capital Improvement Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
371,980	\$ 362,223	\$ (9,757)	\$ -	\$ -	\$ -
-	-	-	-	-	-
4,036,000	3,536,901	(499,099)	-	-	-
609,050	832,777	223,727	-	-	-
-	-	-	-	-	-
816,000	415,815	(400,185)	620,000	308,326	(311,674)
17,000	67,531	50,531	-	-	-
-	-	-	-	-	-
<u>5,850,030</u>	<u>5,215,247</u>	<u>(634,783)</u>	<u>620,000</u>	<u>308,326</u>	<u>(311,674)</u>
190,000	164,312	25,688	-	-	-
-	-	-	-	-	-
888,101	775,592	112,509	-	-	-
4,436,000	3,175,179	1,260,821	-	-	-
289,130	284,101	5,029	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,181,300	1,074,509	106,791
-	53,749	(53,749)	-	76,577	(76,577)
-	24,053	(24,053)	-	20,385	(20,385)
<u>5,803,231</u>	<u>4,476,986</u>	<u>1,326,245</u>	<u>1,181,300</u>	<u>1,171,471</u>	<u>9,829</u>
46,799	738,261	-	(561,300)	(863,145)	-
116,800	246,580	129,780	301,300	525,478	224,178
-	-	-	-	-	-
<u>116,800</u>	<u>246,580</u>	<u>129,780</u>	<u>301,300</u>	<u>525,478</u>	<u>224,178</u>
<u>\$ 163,599</u>	984,841	<u>\$ 129,780</u>	<u>\$ (260,000)</u>	(337,667)	<u>\$ 224,178</u>
	<u>18,734,260</u>			<u>14,084,201</u>	
	<u>\$ 19,719,101</u>			<u>\$ 13,746,534</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, 2002

	Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable Unfavorable
Revenues:			
Taxes	\$ 3,468,400	\$ 3,542,538	\$ 74,138
Licenses and Permits	44,250	30,616	(13,634)
Intergovernmental Revenue	5,916,183	5,730,666	(185,517)
Charges for Services	1,800,053	2,013,171	213,118
Fines and Forfeitures	330,000	321,444	(8,556)
Interest	1,611,000	802,262	(808,738)
Miscellaneous Revenue	97,207	250,111	152,904
Contributions and Transfers	-	45,441	45,441
Total Revenues	<u>13,267,093</u>	<u>12,736,249</u>	<u>(530,844)</u>
Expenditures:			
Current:			
General Government	2,925,089	2,794,206	130,883
Public Safety	1,995,634	1,949,845	45,789
Public Health	1,506,127	1,349,822	156,305
Highways and Public Improvement	4,503,000	3,231,549	1,271,451
Parks and Recreation	530,191	462,508	67,683
Conservation and Economic Development	421,553	410,870	10,683
Contributions	936,000	922,937	13,063
Capital Outlay	1,181,300	1,074,509	106,791
Debt Service:			
Principal Retirement	-	130,326	(130,326)
Interest and Fiscal Charges	-	44,438	(44,438)
Total Expenditures	<u>13,998,894</u>	<u>12,371,010</u>	<u>1,627,884</u>
Excess of Revenues Over (Under) Expenditures	(731,801)	365,239	1,097,040
Other Financing Sources (Uses):			
Operating Transfers In	1,131,700	951,058	(180,642)
Operating Transfers Out	(791,300)	(776,686)	14,614
Total Other Financing Sources	<u>340,400</u>	<u>174,372</u>	<u>(166,028)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (391,401)</u>	539,611	<u>\$ 931,012</u>
Fund Balances - Beginning of Year		<u>37,944,678</u>	
Fund Balances - End of Year		<u>\$ 38,484,289</u>	

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, 2002

	Governmental		Proprietary Fund Types			Totals Memorandum Only
	Fund Type					
	San Juan County Transportation Special Service District	San Juan Health Care Services District	Bluff Service Area	Central San Juan County Recreation Service District	San Juan Mental Health/ Substance Abuse Special Service Dist.	
<b>ASSETS</b>						
Cash and Investments						
Unrestricted	\$ 1,909,348	\$ 905,027	\$ 171,561	\$ 22,467	\$ 908,932	\$ 3,917,335
Restricted	403,806	-	-	-	-	403,806
Accounts Receivable	133,221	1,724,110	6,442	-	111,949	1,975,722
Less Allowance for Doubtful Accounts	-	(542,975)	-	-	(65,634)	(608,609)
Other Receivables	-	39,125	-	-	-	39,125
Due from Medicare	-	144,094	-	-	-	144,094
Due from Other Governments	-	27,737	-	-	-	27,737
Inventory - Supplies	-	186,495	5,000	-	583,310	611,047
Fixed Assets (Net)	6,330	2,982,028	1,628,026	7,143	599,288	5,222,815
Other Assets - Prepaid Supplies	13,451	63,884	4,170	-	14,467	95,972
Limited Use Assets	-	4,529	-	-	-	4,529
Amount to be Provided for Retirement of General Long-Term Debt	585,000	-	-	-	-	585,000
<b>TOTAL ASSETS</b>	<b>\$ 3,051,156</b>	<b>\$ 5,534,054</b>	<b>\$ 1,815,199</b>	<b>\$ 29,610</b>	<b>\$ 2,152,312</b>	<b>\$ 12,582,331</b>
<b>LIABILITIES, EQUITY AND FUND EQUITY</b>						
<b>Liabilities:</b>						
Accounts Payable	-	203,499	1,234	-	240,995	445,728
Accrued Liabilities	-	531,803	14,801	-	63,573	610,177
Long-term Debt	585,000	663,328	100,970	-	168,000	1,517,298
Compensated Absences	-	-	-	-	34,940	34,940
<b>Total Liabilities</b>	<b>585,000</b>	<b>1,398,630</b>	<b>117,005</b>	<b>-</b>	<b>507,508</b>	<b>2,608,143</b>
<b>Fund Equity:</b>						
Investment in General Fixed Assets	6,330	-	-	-	-	6,330
Contributed Capital	-	-	1,664,618	53,136	281,115	1,998,869
Retained Earnings						
Reserved		21,200	-	-	-	21,200
Unreserved		4,114,224	33,576	(23,526)	1,363,689	5,487,963
Fund Balances:						
Restricted:						
Reserved for Debt Service	403,806	-	-	-	-	403,806
Reserved for Capital Outlay	1,430,746	-	-	-	-	1,430,746
Unreserved:						
Undesignated	625,274	-	-	-	-	625,274
<b>Total Fund Equity</b>	<b>2,466,156</b>	<b>4,135,424</b>	<b>1,698,194</b>	<b>29,610</b>	<b>1,644,804</b>	<b>9,974,188</b>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$ 3,051,156</b>	<b>\$ 5,534,054</b>	<b>\$ 1,815,199</b>	<b>\$ 29,610</b>	<b>\$ 2,152,312</b>	<b>\$ 12,582,331</b>

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, 2002

	San Juan County Transportation Special Service District			Totals Memorandum Only
	General	Debt Service	Capital Projects	
Revenues:				
Mineral Lease Fees	\$ 834,094	\$ -	\$ -	\$ 834,094
Interest	12,334	21,123	25,365	58,822
Total Revenues	<u>846,428</u>	<u>21,123</u>	<u>25,365</u>	<u>892,916</u>
Expenditures				
Current:				
Highways and Public Improvement	17,641	-	-	17,641
Capital Outlay	476,330	-	-	476,330
Debt Service				
Principal Payments	-	70,000	-	70,000
Interest and Fiscal Charges	-	6,550	-	6,550
Total Expenditures	<u>493,971</u>	<u>76,550</u>	<u>-</u>	<u>570,521</u>
Excess Revenues Over (Under) Expenditures	<u>352,457</u>	<u>(55,427)</u>	<u>25,365</u>	<u>322,395</u>
Other Financing Sources (Uses):				
Transfers from (to) Other Funds	<u>(336,454)</u>	<u>76,550</u>	<u>259,904</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(336,454)</u>	<u>76,550</u>	<u>259,904</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and other Uses	16,003	21,123	285,269	322,395
Fund Balances Beginning of Year	<u>609,271</u>	<u>382,683</u>	<u>1,145,477</u>	<u>2,137,431</u>
Fund Balances - End of Year	<u>\$ 625,274</u>	<u>\$ 403,806</u>	<u>\$ 1,430,746</u>	<u>\$ 2,459,826</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, 2002

	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
<b>Operating revenues</b>					
Net Patient Services Revenue	\$5,587,980	\$ -	\$ -	\$ 1,041,127	\$ 6,629,107
Water and Sewer Service Fees	-	64,742	-	-	64,742
Intergovernmental Revenue	-	-	-	678,891	678,891
Other Revenue	123,242	27,138	32,685	13,376	196,441
<b>Total revenues</b>	<b>5,711,222</b>	<b>91,880</b>	<b>32,685</b>	<b>1,733,394</b>	<b>7,569,181</b>
<b>Operating expenses</b>					
Salaries and Benefits	3,360,912	7,257	13,233	917,987	4,299,389
Professional Fees and Purchases Services	970,331	2,653	-	8,413	981,397
Supplies	595,406	17,650	5,132	22,421	640,609
Utilities	138,398	4,772	2,426	23,044	168,640
Repairs and Maintenance	111,081	10,507	740	5,872	128,200
Depreciation	449,120	56,919	3,877	54,228	564,144
Insurance	201,977	5,724	877	17,604	226,182
Travel, Dues and Education	41,156	322	-	73,813	115,291
Provisions for Bad Debts	67,494	-	-	14,967	82,461
Hospital Costs	-	-	-	21,469	21,469
Medicaid Match	-	-	-	215,298	215,298
Other	70,250	12,470	4,294	92,684	179,698
<b>Total operating expenses</b>	<b>6,006,125</b>	<b>118,274</b>	<b>30,579</b>	<b>1,467,800</b>	<b>7,622,778</b>
<b>Net Income (Loss) from Operations</b>	<b>(294,903)</b>	<b>(26,394)</b>	<b>2,106</b>	<b>265,594</b>	<b>(53,597)</b>
<b>Nonoperating Revenues (Expense)</b>					
Subsidy from Other Government	1,121,578	-	-	-	1,121,578
Investment Income	3,829	2,346	93	17,051	23,319
Interest Expense	(13,425)	(2,657)	-	(4,412)	(20,494)
Net Gain on Disposal of Assets	6,916	-	-	-	6,916
Gifts, Bequests, and Grants	322,782	-	15,000	-	337,782
Other Revenue	-	-	-	-	-
<b>Total Non Operating Revenues (Expense)</b>	<b>1,441,680</b>	<b>(311)</b>	<b>15,093</b>	<b>12,639</b>	<b>1,469,101</b>
<b>Net Income (Loss)</b>	<b>1,146,777</b>	<b>(26,705)</b>	<b>17,199</b>	<b>278,233</b>	<b>1,415,504</b>
<b>Fund Balances/Retained Earnings</b>					
Beginning of Year	2,988,647	60,281	(40,725)	1,048,969	4,057,172
Prior Period Adjustment	-	-	-	36,487	-
<b>Fund Balances/Retained Earnings</b>					
End of Year	<u>\$4,135,424</u>	<u>\$33,576</u>	<u>\$ (23,526)</u>	<u>\$ 1,363,689</u>	<u>\$ 5,509,163</u>

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

San Juan County

COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY COMPONENT

For the year ended December 31, 2002

	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
<b>Cash Flows From Operating Activities</b>					
Net Income (Loss) from Operations	\$ (294,903)	\$ (26,394)	\$ 2,106	\$ 265,594	\$ (53,597)
Adjustments to Reconcile Net Income to Net Cash Provided by Operations:					
Depreciation	449,120	56,919	3,877	54,228	564,144
Interest income			93		93
Changes in Operating Assets and Liabilities					
(Increase) Decrease in Receivables	(700,856)	(1,351)	-	(172,429)	(874,636)
(Increase) Decrease in Supplies, Prepaid Expenses and Other Assets	(76,348)	(4,020)	-	(629)	(80,997)
(Increase) Decrease in Due from Other Governments	-	-	-	-	-
Increase (Decrease) in Accounts Payable and Accrued Expenses	1,855	684	(128)	(88,133)	(85,722)
Net Cash Provided by Operating Activities	(621,132)	25,838	5,948	58,631	(530,715)
<b>Cash Flows from Noncapital Financing Activities:</b>					
Subsidy from County	1,121,578	-	-	-	1,121,578
Grants	280,696		15,000		295,696
Net Cash Provided by Noncapital Financing	1,402,274	-	15,000	-	1,417,274
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Capital Expenditures	(347,875)	(62,542)	-	(3,450)	(413,867)
Proceeds from Sale of Property and Equipment	6,916	-	-	-	
Bond and Note Proceeds	200,000	-	-	-	200,000
Interest Paid on Long-term Debt	(2,404)	(2,657)	-	(4,600)	(9,661)
Principal Payments of Long-term Debt	(138,988)	(14,555)	-	(8,000)	(161,543)
Net Cash Used for Capital and Related Financing	(282,351)	(79,754)	-	(16,050)	(378,155)
<b>Cash flows from Investing Activities:</b>					
Investment Income	3,829	2,346	-	17,051	23,226
Net Cash Used in Investing Activities	3,829	2,346	-	17,051	23,226
Net Increase (Decrease) in Cash	502,620	(51,570)	20,948	59,632	531,630
Cash - Beginning of Year	406,936	223,131	1,519	849,300	1,480,886
Cash - End of Year	<u>\$ 909,556</u>	<u>\$ 171,561</u>	<u>\$ 22,467</u>	<u>\$ 908,932</u>	<u>\$ 2,012,516</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>					
Cash Paid for Interest Expense	<u>\$ 2,404</u>	<u>\$ 2,657</u>	<u>\$ -</u>	<u>\$ 4,600</u>	<u>\$ 9,661</u>

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, 2002

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**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, 2002.

**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 April 30, 2003, 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 and a birthing center in various San Juan County communities. The District was audited by other independent auditors, and their report, dated March 6, 2003, 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, 2002

**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 compiled by other accountants, and their report, dated June 30, 2003 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 compiled by other accountants, and their report, dated May 28, 2003, 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 Mental Health/Substance Abuse Special 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 was audited by other independent auditors, and their report, dated May 29, 2003, 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.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2002

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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.

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.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2002

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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 market as determined by quoted price or external investment pool reported values.

**Receivables:**

Allowances for uncollectible accounts and third party payor adjustments are provided to cover anticipated losses as estimated by management. Individual accounts receivable are charged to the allowances when collection appears doubtful.

**Inventories:**

Inventories are stated at the lower of cost or market, on the first-in, first-out basis.

**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.

Depreciation expense for proprietary fund component units is calculated using the straight-line method and useful lives ranging from 5 to 100 years.

**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. Contributed capital represents equity acquired through capital grants and capital contributions from developers, customers, or other funds.

**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.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2002

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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. |

**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 posted 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.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2002

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

The County follows the following procedures in establishing the budget:

- 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).

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 year-end the carrying amount of the County's deposits for the Primary Government was \$831,420 and the bank balance was \$1,118,572. Of the bank balances, \$303,496 was covered by federal depository insurance. At December 31, 2002, the carrying amount of the component units was \$1,226,058 and the bank balance was \$1,226,058. Of the bank balance, \$682,339 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. The petty cash for the component unit was \$548.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2002

**NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED**

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, 2002, are as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Category Fair Value</u>
Investments:				
Term Notes	\$ -	\$ -	\$ -	\$ -
Other Items:				
State Treasurer's Investment Pool				43,278,098
Total Investments				<u>\$ 43,278,098</u>

Component Units:

At December 31, 2002, investments for the component units consisted of the following:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Category Fair Value</u>
Investments:				
Government Securities	\$ -	\$ 139,444	\$ -	\$ 139,444
Other Items:				
Other				57,980
State Treasurer's Investment Pool				2,901,640
Total Investments				<u>\$ 3,099,064</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.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2002

**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 \$75,132 reported as landfill closure and postclosure care liability at December 31, 2002, 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 \$461,523 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2002. 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, 2002, investments of \$520,346 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.

**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 \$3,954 reported as landfill closure and postclosure care liability for the Class IV Landfill at December 31, 2002, 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 \$24,291 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2002. 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, 2002, investments of \$27,387 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.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2002

**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 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 2.5%. Monthly payments of \$2,551 scheduled through December 2027. The principal balance due at December 31, 2002 was \$500,000. The accrued interest at year end amounted to \$69,772.

**NOTE F – FIXED ASSETS**

Primary Government:

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

	Balance December 31 2001	Fixed Assets Not Previously Recorded	Additions	Deletions	Balance December 31 2002
Land	\$ 281,184	\$ -	\$ -	\$ 32,213	\$ 248,971
Buildings	5,285,217	-	-	34,984	5,250,233
Auto and Trucks	2,603,287	139,155	149,414	43,930	2,847,926
Heavy Equipment	6,633,459	122,295	727,762	264,535	7,218,981
Light Equipment	2,697,888	(261,450)	74,541	1,336,531	1,174,448
Grand Total	<u>\$ 17,501,035</u>	<u>\$ -</u>	<u>\$ 951,717</u>	<u>\$ 1,712,193</u>	<u>\$ 16,740,559</u>

Component Units:

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2002

**NOTE F – FIXED ASSETS – CONTINUED**

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

	Balance December 31 <u>2001</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31 <u>2002</u>
Computer Equipment	\$ 5,312	\$ 6,330	\$ 5,312	\$ 6,330
Grand Total	<u>\$ 5,312</u>	<u>\$ 6,330</u>	<u>\$ 5,312</u>	<u>\$ 6,330</u>

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

	Balance December 31 <u>2001</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31 <u>2002</u>
Land	\$ 107,445	\$ –	\$ –	\$ 107,445
Land Improvements	215,717	–	–	215,717
Buildings and Improvements	5,370,037	90,067	–	5,460,104
Water System	1,597,807	–	–	1,597,807
Machinery and Equipment	<u>4,203,195</u>	<u>416,683</u>	<u>–</u>	<u>4,619,878</u>
Total	<u>\$ 11,494,201</u>	<u>\$ 506,750</u>	<u>\$ –</u>	<u>\$ 12,000,951</u>
Less Accumulated Depreciation	<u>(6,269,067)</u>	<u>(515,399)</u>	<u>–</u>	<u>(6,784,466)</u>
Grand Total	<u>\$ 5,225,134</u>	<u>\$ (8,649)</u>	<u>\$ –</u>	<u>\$ 5,216,485</u>

**NOTE G – LONG TERM DEBT**

Primary Government:

Defeased 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.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2002

**NOTE G - LONG TERM DEBT - CONTINUED**

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. The County has removed the bonds and the respective trust assets from the books. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At December 31, 2002, \$1,800,000 of bonds outstanding are considered defeased.

The following is a schedule of changes in general long-term debt as of December 31, 2002:

Debt Description	Date of Issue	Total Issued	Outstanding December 31 2001	Current Year Changes		Outstanding December 31 2002
				Issued	Matured	
Revenue Bonds:						
Solid Waste Bonds	1995	\$ 711,750	\$ 609,000	\$ -	\$ 19,000	\$ 590,000
Capital Leases	2001	<u>608,400</u>	<u>608,400</u>	-	<u>111,326</u>	<u>497,074</u>
		<u>\$1,320,150</u>	<u>\$1,217,400</u>	<u>\$ -</u>	<u>\$ 130,326</u>	<u>\$1,087,074</u>

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 are principal payments on Revenue Bonds to maturity:

	Principal	Interest	Total
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>\$590,000</u>	<u>\$192,950</u>	<u>\$782,950</u>

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2002

**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, 2002, 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,	
2003	\$ 140,538
2004	140,538
2005	140,538
2006	<u>135,877</u>
	557,491
Less amount representing interest	<u>60,417</u>
Present value of minimum lease payments	<u>\$ 497,074</u>

Component Units:

**San Juan Health Care Services District:**

Notes Payable:

Promissory note from County at 2.5% interest, monthly payments of \$2,551 through December 2027.	\$ 569,772
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Capital Leases:

Obligations under capital leases.	<u>93,556</u>
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Total	<u>\$ 663,328</u>
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Obligations under capital leases at December 31, 2002, represent equipment leases payable in monthly installments including interest. The leases are secured by equipment with a stated cost of \$99,542 and accumulated amortization of \$0 at December 31, 2002. The following is a schedule, by years of future minimum payments for the next five years.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2002

**NOTE G –LONG TERM DEBT – CONTINUED**

Year Ending December 31,

	<u>Long-term Debt</u>	<u>Capital Lease Obligation</u>
2003	\$ 16,589	\$ 25,170
2004	17,010	25,170
2005	17,442	25,170
2006	17,885	25,170
2007	18,339	16,780
Thereafter	<u>482,506</u>	<u>—</u>
Total Minimum lease payments	<u>\$ 569,771</u>	<u>\$ 117,460</u>
Less Amount Representing Interest		<u>(23,904)</u>
	Total	<u>\$ 93,556</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 District's 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			
2003	\$ 8,000	\$ 4,400	\$ 12,400
2004	9,000	4,200	13,200
2005	9,000	3,975	12,975
2006	9,000	3,750	12,750
Thereafter	<u>141,000</u>	<u>25,775</u>	<u>166,775</u>
Total	<u>\$176,000</u>	<u>\$ 42,100</u>	<u>\$218,100</u>

**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.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2002

**NOTE G -LONG TERM DEBT - CONTINUED**

The following is a summary of bond transactions of the District for the year ended December 31, 2002

	<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, 2001	655,000	1,410,000
Current Issued	-	-
Current Retirements	<u>(70,000)</u>	<u>-</u>
Balance December 31, 2002	<u>\$ 585,000</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, 2002

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 585,000</u>	<u>\$ 26,680</u>	<u>\$ 611,680</u>

**Bluff Service Area:**

Water Revenue Bonds:

Dated March 10, 1975, 0% interest	\$ 44,135
Series 1996B dated March 18, 1996, 3% interest	27,899
Rural Development Loan dated March 18, 1996, 4 1/2% interest	38,362
Department of Natural Resources Loan, 0% interest	<u>5,125</u>
Total	<u>\$ 115,521</u>

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2002

**NOTE G – LONG TERM DEBT – CONTINUED**

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, 2002

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2007			
Thereafter	<u>55,658</u>	<u>30,850</u>	<u>86,508</u>
Total	<u>\$ 115,521</u>	<u>\$ 40,335</u>	<u>\$ 155,856</u>

**NOTE H – COMPENSATED ABSENCES**

Compensated absences of San Juan County represent accrued vacation and sick pay at December 31, 2002 in the amount of \$592,622.

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 – FUND BALANCE RESERVATIONS AND DESIGNATIONS**

During 1986 the County nursing home was sold. The proceeds, plus interest earned, are reserved on the balance sheet in the amount of \$849,266. These funds are designated for future expenditures relating to health care costs. During the year \$82,323 was used for this restricted purpose.

\$900,000 of general fund balance is related to the receivable from the San Juan School District and is designated for recreation services.

Class "B" special revenue fund balance is reserved for use on Class "B" roads.

Landfill special revenue fund balance in the amount of \$547,733 is reserved to provide financial assurances for estimated closure and postclosure costs.

San Juan County

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2002

**NOTE J – CLASS “B” ROADS**

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

Balance – December 31, 2001 (as adjusted)		\$ 16,496,134
Revenues:		
State Allotment		3,248,017
Federal Grants		237,047
Charges for services		123,179
Interest Earnings		<u>370,371</u>
	Total Revenues	3,978,614
Expenditures:		
Equipment Operation		541,561
Road Maintenance		2,288,238
Employee Benefits		325,985
Snow Renewal		<u>19,395</u>
	Total Expenditures	<u>3,175,179</u>
Balance – December 31, 2002		<u>\$ 17,299,569</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, 2002

**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 employees with Social Security coverage all of which are cost-sharing multiple-employer 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: 4.68% to the Contributory, 8.69% to the Noncontributory and 2.17% 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 ended December 31, 2002, 2001 and 2000 respectively were, for the Contributory System, \$5,255, \$5,365, and \$6,607; for the Noncontributory System, \$193,836, \$204,445 and \$205,232; and for the Public Safety Contributory, \$98,687, \$105,425 and \$117,465, 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, 2002

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**NOTE O – PRIOR PERIOD ADJUSTMENT**

During 2002 it was determined that Inventory balances previously reported at December 31, 2001 had been understated by \$458,632. The correction of this error increased fund balance of Class B Roads Special Revenue Fund by \$458,632.

Also, accounts payable previously reported at December 31, 2001 in the Tort Liability Special Revenue Fund had been overstated by \$149,915. Correction of this error results on increasing fund balance at December 31, 2001 by \$149,915

**NOTE P – BUDGET AMENDMENTS**

The following summarizes increases to the original budget appropriations through budget amendments for 2002:

Fund	Original Budget	Amended Budget
Tort Liability	\$ 170,000	\$ 190,000
Roads	500,000	550,000
Landfill	147,050	407,050

San Juan County

COMBINING STATEMENT CHANGES IN ASSETS & LIABILITIES  
ALL TRUST AND AGENCY FUNDS  
For the year ended December 31, 2002

	Balance December 31, 2001	Additions	Deletions	Balance December 31, 2002
<b>PROPERTY TAX FUND</b>				
<b>ASSETS</b>				
Cash	\$ 182,294	\$ 7,548,069	\$ 7,466,709	\$ 263,654
Taxes Receivable	70,297	62,880	70,297	62,880
<b>TOTAL ASSETS</b>	<b>\$ 252,591</b>	<b>\$ 7,610,949</b>	<b>\$ 7,537,006</b>	<b>\$ 326,534</b>
<b>LIABILITIES</b>				
Due to Taxing Units	\$ 250,535	\$ 7,513,841	\$ 7,452,245	\$ 312,131
Collections Payable	2,056	34,228	21,881	14,403
<b>TOTAL LIABILITIES</b>	<b>\$ 252,591</b>	<b>\$ 7,548,069</b>	<b>\$ 7,474,126</b>	<b>\$ 326,534</b>
<b>GENERAL TAX STABILITY AND TRUST FUNDS</b>				
<b>ASSETS</b>				
Cash	\$ 7,500,000	\$ 174,373	\$ 174,373	\$ 7,500,000
<b>FUND BALANCE</b>				
Fund Balance	\$ 7,500,000	\$ -	\$ -	\$ 7,500,000
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	\$ 7,682,294	\$ 7,722,442	\$ 7,641,082	\$ 7,763,654
Taxes Receivable	70,297	62,880	70,297	62,880
<b>TOTAL ASSETS</b>	<b>\$ 7,752,591</b>	<b>\$ 7,785,322</b>	<b>\$ 7,711,379</b>	<b>\$ 7,826,534</b>
<b>LIABILITIES</b>				
Due to Taxing Units	\$ 250,535	\$ 7,513,841	\$ 7,452,245	\$ 312,131
Collections Payable	2,056	34,228	21,881	14,403
<b>TOTAL LIABILITIES</b>	<b>252,591</b>	<b>7,548,069</b>	<b>7,474,126</b>	<b>326,534</b>
<b>FUND BALANCE</b>				
Fund Balance	7,500,000	-	-	7,500,000
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 7,752,591</b>	<b>\$ 7,548,069</b>	<b>\$ 7,474,126</b>	<b>\$ 7,826,534</b>

San Juan County

COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS

For the year ended December 31, 2002

	<u>Class B Roads</u>	<u>EMS</u>	<u>Library</u>	<u>Health</u>	<u>Landfill</u>	<u>Tort Liability</u>	<u>Total</u>
<b>ASSETS</b>							
Cash and Investments	\$16,684,616	\$160,567	\$395,330	\$798,653	759,852	329,785	\$19,128,803
Accounts Receivable	902	390,118	830	0	13,584	-	405,434
Less Allowance for Doubtful Accounts	-	(312,094)	-	-	-	-	(312,094)
Gravel Inventory	<u>1,042,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,042,205</u>
Total Assets	<u>\$17,727,723</u>	<u>\$238,591</u>	<u>\$396,160</u>	<u>\$798,653</u>	<u>\$ 773,436</u>	<u>\$329,785</u>	<u>\$20,264,348</u>
<b>LIABILITIES AND FUND EQUITY</b>							
<b>Liabilities:</b>							
Accounts Payable	48,553	\$ 12,998	8,470	\$ -	\$ 4,632	\$ -	\$ 74,653
Accrued Liabilities	44,339	5,289	3,287	-	3,331	-	56,246
Deferred revenue	335,262	-	-	-	-	-	335,262
Accrued Landfill Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,086</u>	<u>-</u>	<u>79,086</u>
Total Liabilities	428,154	18,287	11,757	-	87,049	-	545,247
Fund Equity:							
Fund Balances	<u>17,299,569</u>	<u>220,304</u>	<u>384,403</u>	<u>798,653</u>	<u>686,387</u>	<u>329,785</u>	<u>19,719,101</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$17,727,723</u>	<u>\$238,591</u>	<u>\$396,160</u>	<u>\$798,653</u>	<u>\$ 773,436</u>	<u>\$329,785</u>	<u>\$20,264,348</u>

San Juan County

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - SPECIAL REVENUE FUNDS

For the year ended December 31, 2002

	Class B Roads	EMS	Library	Health	Landfill	Tort Liability	Total
<b>Revenues:</b>							
Taxes	\$ -	\$ -	\$213,945	99,976	\$ -	48,302	\$ 362,223
Intergovernmental	3,485,064	-	51,837	-	-	-	3,536,901
Collection Fees	118,935	404,958	5,648	-	303,236	-	832,777
Other	4,244	18,519	14,524	17,000	-	13,244	67,531
Interest	370,371	2,728	7,340	15,486	18,664	1,226	415,815
<b>Total Revenues</b>	<b>3,978,614</b>	<b>426,205</b>	<b>293,294</b>	<b>132,462</b>	<b>321,900</b>	<b>62,772</b>	<b>5,215,247</b>
<b>Expenditures</b>							
<b>Current:</b>							
General Government	-	-	-	-	-	164,312	164,312
Public Health	-	262,500	-	127,311	385,781	-	775,592
Highways & Public Improvements	3,175,179	-	-	-	-	-	3,175,179
Parks, Recreation & Public Property	-	-	284,101	-	-	-	284,101
Debt Service	-	-	-	-	-	-	-
Principal Retirements	-	34,749	-	-	19,000	-	53,749
Interest Charges	-	8,828	-	-	15,225	-	24,053
<b>Total Expenditures</b>	<b>3,175,179</b>	<b>306,077</b>	<b>284,101</b>	<b>127,311</b>	<b>420,006</b>	<b>164,312</b>	<b>4,476,986</b>
Excess of Revenues Over (Under) Expenditures	803,435	120,128	9,193	5,151	(98,106)	(101,540)	738,261
<b>Other Financing Sources (Uses):</b>							
Capital Lease Proceeds	-	-	-	-	-	-	-
Transfer In (Out)	-	-	-	-	-	246,580	246,580
<b>Total Other Financing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>246,580</b>	<b>246,580</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	803,435	120,128	9,193	5,151	(98,106)	145,040	984,841
<b>Fund Balances -</b>							
Beginning of Year	16,037,502	100,176	375,210	793,502	784,493	34,830	18,125,713
Prior period adjustment	458,632	-	-	-	-	149,915	608,547
Restated beginning fund balance	16,496,134	100,176	375,210	793,502	784,493	184,745	18,734,260
<b>Fund Balances - End of Year</b>	<b>\$ 17,299,569</b>	<b>\$220,304</b>	<b>\$384,403</b>	<b>\$798,653</b>	<b>\$ 686,387</b>	<b>\$329,785</b>	<b>\$19,719,101</b>

San Juan County

COMBINING BALANCE SHEET - CAPITAL IMPROVEMENT FUNDS

For the year ended December 31, 2002

ASSETS	Buildings Grounds Equipment	Roads	Total
Cash	\$ 2,969	\$ 2,613	\$ 5,582
Investments	7,593,509	6,211,363	13,804,872
Accounts Receivable	-	-	-
TOTAL ASSETS	\$ 7,596,478	\$ 6,213,976	\$ 13,810,454
LIABILITIES AND FUND BALANCES			
Liabilities	\$ 63,920	-	\$ 63,920
Fund Balances	7,532,558	6,213,976	13,746,534
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,596,478	\$ 6,213,976	\$ 13,810,454

San Juan County

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES  
CAPITAL IMPROVEMENT FUNDS

For the year ended December 31, 2002

	Buildings Grounds Equipment	Roads	Total
Revenues			
Interest	\$ 161,587	\$ 146,739	\$ 308,326
Expenditures:			
Capital Outlay	525,478	549,031	1,074,509
Debt Service Principal	-	76,577	76,577
Debt Service Interest	-	20,385	20,385
Total Expenditures	<u>525,478</u>	<u>645,993</u>	<u>1,171,471</u>
Excess of Revenues Over (Under) Expenditures	(363,891)	(499,254)	(863,145)
Other Financing Sources (Uses):			
Operating Transfers In	<u>525,478</u>	-	<u>525,478</u>
Total Other Financing Sources	<u>525,478</u>	-	<u>525,478</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	161,587	(499,254)	(337,667)
Fund Balance - Beginning of Year	<u>7,370,971</u>	<u>6,713,230</u>	<u>14,084,201</u>
Fund Balance - End of Year	<u>\$ 7,532,558</u>	<u>\$ 6,213,976</u>	<u>\$ 13,746,534</u>

San Juan County

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

For the year ended December 31, 2002

	<u>Budget</u>	<u>Total Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>			
Taxes:			
General Property Taxes	\$ 1,372,000	\$ 1,278,907	\$ (93,093)
Fee in Lieu of Taxes	180,000	137,663	(42,337)
Delinquent Prior Years Taxes	-	103,624	103,624
General Sales and Use Taxes	1,100,000	1,233,439	133,439
Transient Room Tax	225,000	218,759	(6,241)
Tax Refunds	-	-	-
Assessing and Collecting - Local	125,120	116,860	(8,260)
Assessing and Collecting - State	94,300	91,063	(3,237)
Total Taxes	3,096,420	3,180,315	83,895
Licenses and Permits:			
Alcohol and Beverage license	5,250	3,237	(2,013)
Building Permits	38,000	26,819	(11,181)
Marriage License	1,000	560	(440)
Total Licenses and Permits	44,250	30,616	(13,634)
Intergovernmental Revenue:			
Federal Payments in Lieu of Taxes	640,000	666,505	26,505
Federal Grants and Contracts	598,173	570,705	(27,468)
Emergency Services	26,000	3,400	(22,600)
State Grants	106,010	259,708	153,698
State Mineral Lease - Pilt	180,000	183,813	3,813
State Liquor Fund Allotment	20,000	14,312	(5,688)
Transportation District	100,000	101,121	1,121
Motor Vehicle	20,000	19,642	(358)
BIA Maintenance	-	81,000	81,000
Utah Navajo Trust Fund	150,000	63,318	(86,682)
State Fire Control	40,000	230,241	190,241
Total Intergovernmental Revenue	1,880,183	2,193,765	313,582

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)
Revenues - Continued			
Charges for Services:			
Recorder's Fees	42,000	45,588	3,588
Clerk's Fees	2,500	5,781	3,281
Public Safety Fees	40,000	11,684	(28,316)
Jail Fees	999,803	966,096	(33,707)
Commissary	33,000	7,995	(25,005)
Aging Contributions	17,350	16,897	(453)
Copier	10,000	10,272	272
Other	46,350	116,081	69,731
Total Charges for Services	1,191,003	1,180,394	(10,609)
Fines and Forfeitures:			
District and Precinct Court Fines	330,000	321,444	(8,556)
Interest Income	175,000	78,121	(96,879)
Miscellaneous Revenue	80,207	182,580	102,373
Contributions and Transfers:			
Local and Private Contributions	-	45,441	45,441
<b>TOTAL REVENUES</b>	<b>6,797,063</b>	<b>7,212,676</b>	<b>415,613</b>

San Juan County

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

For the year ended December 31, 2002

	Budget	Total Actual	Variance Favorable (Unfavorable)
<b>Expenditures</b>			
<b>General Government:</b>			
Commissioners	148,000	147,027	973
Planning - Personnel	131,795	132,507	(712)
J. P. Court	90,727	90,352	375
Sanity Hearings	3,000	1,792	1,208
Public Defender	75,000	72,731	2,269
Clerk - Auditor	133,179	130,986	2,193
Attorney	201,436	199,900	1,536
Recorder	128,830	125,686	3,144
Treasurer	79,841	78,746	1,095
Assessor	184,489	183,215	1,274
Data Processing	87,829	86,869	960
Surveyor	92,013	91,693	320
Historical Preservation	58,690	24,353	34,337
Legal Defense	120,000	113,279	6,721
Public Safety Building	137,155	136,277	878
Courthouse and Grounds	72,730	71,044	1,686
Elections	71,509	65,077	6,432
Non-Departmental	77,000	67,995	9,005
Employee Benefits	789,400	760,637	28,763
Other	52,466	49,728	2,738
<b>Total General Government</b>	<b>2,735,089</b>	<b>2,629,894</b>	<b>105,195</b>
<b>Public Safety:</b>			
Sheriff	510,964	505,643	5,321
Sheriff Airplane	19,800	18,188	1,612
County Jail	801,821	797,908	3,913
Jail Kitchen	140,500	138,791	1,709
Inmate Commissary	18,000	12,263	5,737
State Inmate Expense	75,000	73,135	1,865
Fire Rescue	64,000	61,069	2,931
Fire Control	103,550	95,140	8,410
Building Inspection	12,741	9,863	2,878
Search and Rescue	12,000	6,389	5,611
Liquor Control	42,983	42,912	71
Drug Expenditures	18,000	17,886	114
Weed and Rodent Control	52,775	48,434	4,341
Emergency Services	123,500	122,224	1,276
<b>Total Public Safety</b>	<b>1,995,634</b>	<b>1,949,845</b>	<b>45,789</b>

San Juan County

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

For the year ended December 31, 2002

	Budget	Total Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES - CONTINUED</b>			
Public Health:			
Public Welfare	618,026	574,230	43,796
Highway and Public Improvements			
County Roads	60,000	53,858	6,142
Engineering	-	375	(375)
Snow Removal	7,000	2,137	4,863
Total Highway and Public Improvements	<u>67,000</u>	<u>56,370</u>	<u>10,630</u>
Parks and Recreation:			
Interagency Recreation	60,000	42,857	17,143
Television/Communication	87,061	79,149	7,912
Airports	94,000	56,401	37,599
Total Parks and Recreation	<u>241,061</u>	<u>178,407</u>	<u>62,654</u>
Conservation and Economic Development:			
Agriculture and Extension Service	70,800	70,055	745
Exhibits and Fairgrounds	76,537	74,493	2,044
Southern San Juan County Fair	40,000	40,000	-
Economic Development	20,716	15,301	5,415
Visitor Services	191,000	188,565	2,435
Special Projects	22,500	22,456	44
Total Conservation and Economic Development	<u>421,553</u>	<u>410,870</u>	<u>10,683</u>
<b>TOTAL EXPENDITURES</b>	<u><b>6,078,363</b></u>	<u><b>5,799,616</b></u>	<u><b>278,747</b></u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>718,700</b>	<b>1,413,060</b>	<b>694,360</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Contributions to Scholarship Fund	(185,000)	(183,813)	1,187
Contribution to Health Care Service	(680,000)	(670,511)	9,489
Contributions to Non-related Government	(71,000)	(68,613)	2,387
Transfers In	713,600	179,000	(534,600)
Transfers Out	(791,300)	(776,686)	14,614
<b>TOTAL OTHER FINANCING         SOURCES (USES)</b>	<u><b>(1,013,700)</b></u>	<u><b>(1,520,623)</b></u>	<u><b>(506,923)</b></u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u><b>\$ (295,000)</b></u>	<u><b>(107,563)</b></u>	<u><b>\$ 187,437</b></u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>		<u><b>5,126,217</b></u>	
<b>FUND BALANCE - END OF YEAR</b>		<u><b>\$ 5,018,654</b></u>	

San Juan County

TREASURER'S TAX COLLECTION TRUST FUND - BALANCE SHEET

For the year ended December 31, 2002

ASSETS:

Cash in Bank	\$ 263,654
Property Taxes Receivable	<u>62,880</u>

TOTAL ASSETS	<u>\$ 326,534</u>
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LIABILITIES:

Collections Payable	\$ 14,403
Due to Taxing Units	<u>312,131</u>

TOTAL LIABILITIES	<u>\$ 326,534</u>
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## STATEMENT OF TAXES CHARGED, COLLECTED,

For the year ended

TAXING UNITS	Current Years Taxes				
	Year-End Value	Tax Rate	Taxes Charged	Treasurer's Relief	
				Unpaid Taxes	Abatements
County General Fund					
General	\$ 443,976,270	0.002977	\$ 1,321,717	\$ 60,656	\$ 4,229
Library	443,976,270	0.000443	196,681	9,026	629
Tort Liability	443,976,270	0.000100	44,398	2,038	142
Public Health	443,976,270	0.000207	91,903	4,218	294
Assessing and Collecting-County	443,976,270	0.000272	120,762	5,542	386
Assessing and Collecting-State	443,976,270	0.000177	78,584	3,606	251
Total County Funds			1,854,045	85,086	5,931
San Juan School District	443,976,270	0.008876	3,940,733	180,848	12,609
Water Conservancy District	443,976,270	0.000558	247,739	11,369	793
Health Service	443,976,270	0.001000	443,976	20,375	1,421
Cities and Towns:					
Blanding	46,882,182	0.004120	193,155	24,786	2,163
Monticello	41,629,772	0.003083	128,345	9,310	1,436
Total Cities and Towns			321,499	34,096	3,599
Other Special Districts:					
Blanding Cemetery	74,067,363	0.000257	19,035	1,914	140
Monticello Cemetery	65,139,567	0.000333	21,691	1,145	174
Grand County SWSD	4,589,060	0.000285	1,308	29	10
Grand County WCD	3,326,108	0.000138	459	5	5
San Juan Service Area #1-Bluff	8,919,029	0.000829	7,394	368	91
Total Other Special Districts			49,888	3,461	420
GRAND TOTALS			\$ 6,857,880	\$ 335,235	\$ 24,773

County

AND DISBURSED - CURRENT AND PRIOR YEARS

December 31, 2002

Current Years Taxes				Accounts Group			
Treasurer's Relief		Taxes Collected	Rate	Fee in Lieu	Miscellaneous Collections	Delinquencies	
Other	Total					Tax	Interest/ Penalty
\$ (1,821)	\$ 63,064	\$1,258,653	95.23	\$ 119,169	\$ 25,843	\$ 36,077	\$ 65,217
(271)	9,384	187,297	95.23	17,733	3,457	5,350	1,132
(62)	2,118	42,280	95.23	4,003	800	1,218	257
(127)	4,385	87,518	95.23	8,286	1,609	2,501	529
(165)	5,763	114,999	95.23	10,888	2,068	3,253	689
(59)	3,798	75,046	95.50	7,606	1,532	2,385	473
(2,505)	88,512	1,765,793	95.24	167,685	35,309	50,784	68,297
(7,964)	185,493	3,741,700	94.95	328,245	55,768	100,553	22,354
(473)	11,689	235,349	95.00	20,936	3,925	6,245	1,390
(612)	21,184	422,792	95.23	40,030	7,503	11,986	2,540
301	27,250	165,905	85.89	39,316	2,730	11,274	757
144	10,890	117,351	91.43	21,983	2,150	7,227	476
445	38,140	283,256	88.10	61,299	4,880	18,501	1,233
21	2,075	16,938	88.98	2,828	297	908	60
(59)	1,260	20,391	94.00	2,978	408	953	65
(7)	32	1,235	94.43	81	22	48	3
(4)	6	453	98.69	2	22	22	1
324	783	6,675	90.28	452	88	525	33
275	4,156	45,692	91.59	6,341	837	2,456	162
<u>\$ (10,834)</u>	<u>\$ 349,174</u>	<u>\$6,494,582</u>	<u>94.70</u>	<u>\$ 624,536</u>	<u>\$ 108,222</u>	<u>\$ 190,525</u>	<u>\$ 95,976</u>

## TAX COLLECTION TRUST FUND -

For the year ended

	Treasurer's Balance December 31 2001	Tax Collection Receipts	Current Taxes Apportioned
<b>Tax Collection Accounts:</b>			
Current Year Taxes	-	6,494,582	(6,494,582)
Fee In Lieu	-	624,536	-
May Tax Sale	-	-	-
Redemption of Prior Years Taxes	-	190,525	-
Penalties and Costs	-	95,976	-
Prepayment on Property Taxes	52	15,164	-
Interest	-	9,180	-
Refunds	2,004	19,064	-
Other Collections	-	99,042	-
<b>Total Collections</b>	<b>2,056</b>	<b>7,548,069</b>	<b>(6,494,582)</b>
<b>Taxing Units</b>			
<b>County General Fund:</b>			
General	-	-	1,258,653
Library	-	-	187,297
Tort Liability	-	-	42,280
Public Health	-	-	87,518
Assessing and Collecting-State	-	-	75,046
Assessing and Collecting-County	-	-	114,999
San Juan School District	178,277	-	3,741,700
Water Conservancy District	12,027	-	235,349
Health Service	23,552	-	422,792
<b>Cities and Towns:</b>			
Blanding	19,751	-	165,905
Monticello	12,504	-	117,351
<b>Other Districts:</b>			
Blanding Cemetery	1,821	-	16,938
Monticello Cemetery	2,063	-	20,391
Grand County SWSD	22	-	1,235
Grand County Water Conservancy Dist.	18	-	453
San Juan Service Area #1-Bluff	500	-	6,675
<b>Total Due Taxing Units</b>	<b>250,535</b>	<b>-</b>	<b>6,494,582</b>
<b>Grand Totals</b>	<b>\$ 252,591</b>	<b>\$ 7,548,069</b>	<b>\$ -</b>

County

CASH RECEIPTS AND DISBURSEMENTS

December 31, 2002

Fee in Lieu Apportioned	Delinquent Taxes Apportioned	Interest and Miscellaneous Collections Apportioned	Total	Disbursements	Treasurer's Balance December 31 2002
-	-	-	-	-	-
(624,536)	-	-	-	-	-
-	-	-	-	-	-
-	(190,525)	-	-	-	-
-	(95,976)	-	-	-	-
-	-	-	15,216	2,477	12,739
-	-	(9,180)	-	-	-
-	-	-	21,068	19,404	1,664
-	-	(99,042)	-	-	-
<u>(624,536)</u>	<u>(286,501)</u>	<u>(108,222)</u>	<u>36,284</u>	<u>21,881</u>	<u>14,403</u>
119,169	101,295	25,843	1,504,960	1,504,960	-
17,733	6,482	3,457	214,969	214,969	-
4,003	1,475	800	48,558	48,558	-
8,286	3,030	1,609	100,443	100,443	-
7,606	2,858	1,532	87,042	87,042	-
10,888	3,942	2,068	131,897	131,897	-
328,245	122,907	55,768	4,426,897	4,194,026	232,871
20,936	7,634	3,925	279,871	264,801	15,070
40,030	14,526	7,503	508,403	480,666	27,737
39,316	12,031	2,730	239,733	218,507	21,226
21,983	7,703	2,150	161,691	151,702	9,989
2,828	968	297	22,852	21,165	1,687
2,978	1,018	408	26,858	25,345	1,513
81	51	22	1,411	1,280	131
2	23	22	518	444	74
452	558	88	8,273	6,440	1,833
<u>624,536</u>	<u>286,501</u>	<u>108,222</u>	<u>7,764,376</u>	<u>7,452,245</u>	<u>312,131</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,800,660</u>	<u>\$ 7,474,126</u>	<u>\$ 326,534</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**

May 22, 2003

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, 2002, and have issued our report thereon dated May 22, 2003. 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 May 22, 2003.

**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.



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 May 22, 2003.

This report is intended for the information of management and federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

*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

May 22, 2003

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, 2002. 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, 2002. 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.



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 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, 2002

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Summary of Audit Results

1. The auditor's report expresses a qualified 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, 2002

Findings and Questioned Costs – Major Federal Award Programs Audit.

1-02	U.S. Department of Transportation – Highway Planning and Construction – CFDA No. 20.205	Questioned Costs
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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. \$1,341,939 of related expenditures had been incurred through December 31, 2002.

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

Effect: A \$335,261 advance exists at December 31, 2002.

\$ -

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 2003 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, 2002

	Federal CFDA Number	Pass-Through Grantors Contract	Amount of Expenditures
<b>Direct Assistance:</b>			
U.S. Department of Transportation:			
Airport Improvement Program	20.106		\$ 24,254
Highway Planning & Construction	20.205		237,047
Total U.S. Department of Transportation			<u>261,301</u>
<b>Indirect Assistance:</b>			
U.S. Department of Agriculture:			
Passed Through State Department of Finance:			
Schools and Roads - Grants to States	10.665		54,629
Passed Through State Department of Human Services			
Elderly Feeding Program - Cash in Lieu	10.550	01-0546	5,095
Elderly Feeding Program - Cash in Lieu	10.550	02-0829	9,070
Total U.S. Department of Agriculture			<u>68,794</u>
Federal Emergency Management Agency:			
Passed Through State Department of Public Safety:			
FEMA	83.505		5,100
U.S. Department of Health and Human Services:			
Passed Through State Department of Human Services			
Ombudsman Service for Older Individuals	93.042	01-0546	2,215
Ombudsman Service for Older Individuals	93.042	02-0829	3,255
Preventive Health Program-Title 3-F	93.043	01-0546	1,676
Preventive Health Program-Title 3-F	93.043	02-0829	3,324
Special Program for Aging-Title 3-B	93.044	01-0546	52,819
Special Program for Aging-Title 3-B	93.044	02-0829	50,946
Elderly Feeding Program-Title 3-C	93.045	01-0546	49,744
Elderly Feeding Program-Title 3-C	93.045	02-0829	35,936
Health Insurance Counseling-HIIP	93.779	01-0546	3,502
Health Insurance Counseling-HIIP	93.779	02-0829	5,130
Passed Through State Department of Social Services			
Division of Mental Health CMHS	93.230	02-1563	33,820
Social Services Block Grant	93.667		60,093
Division of Mental Health CMHS-General	93.958	02-0153	7,800
Division of Mental Health CMHS-General	93.598	03-0069	9,900
Substance Abuse SAPT Block Grant	93.959	02-0092	16,619
Substance Abuse SAPT Block Grant	93.959	03-0068	144,943
Passed Through Southern Utah Association of Local Government:			
Community Services Block Grant	93.569		30,398
Total U.S. Department of Health and Human Services			<u>512,120</u>
U.S. Department of Education:			
Passed Through State Department of Human Services:			
Drug Free Schools	84-186A	02-0092	2,368
Drug Free Schools	84-186A	03-0068	4,601
Total U.S. Department of Education			<u>6,969</u>
Total Indirect Assistance			592,983
Total Federal Assistance			<u>\$ 854,284</u>

San Juan County

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2002

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**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 A to Juan County's general purpose 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, 2002

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Finding 1-01

The advance of \$572,308 at December 31, 2001 was partially spent in 2002. However, \$335,261 of the advance still exists at December 31, 2002. See current year finding 1-02.

## AUDITORS REPORT ON STATE LEGAL COMPLIANCE

May 22, 2003

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 May 22, 2003. 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, 2002. 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)



SAN JUAN COUNTY  
MANAGEMENT LETTER

December 31, 2002

May 22, 2003



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, 2002, 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**

**Finding:**

Our audit of budgetary compliance revealed that the Roads Fund, a capital improvements fund, expended more than was budgeted.

The Landfill Fund, a special revenue fund, also expended more than was budgeted.

The Honorable Board of County Commissioners  
San Juan County  
Page Two



**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.

**Justice Court Compliance – Timely Deposits**

**Finding:**

We noted that one deposit was not processed on a timely basis (deposited nine days after receipt). This was due to a computer software upgrade that delayed processing.

**Recommendation:**

No response necessary since the cause of noncompliance has been addressed.

**Response**

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

**Assessing and Collecting Compliance**

**Finding:**

The County is required to document that assessing and collection revenues in excess of costs are reserved for the assessing and collection revenues. The County does not presently track assessing and collecting expenses.

**Recommendations:**

We recommend that the County determine the related costs to document compliance with this requirement.

**Response:**

The finding above was discussed with San Juan County officials. The County did not believe that this requirement is applicable to the County. However, the County will implement measures to comply.

The Honorable Board of County Commissioners  
San Juan County  
Page Three



**INTERNAL CONTROL**

**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. Additionally, uncollectible accounts are not being written off against the allowance for doubtful accounts

**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. Also, uncollectible accounts should be written off.

**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.*