SAN JUAN MENTAL HEALTH\SUBSTANCE ABUSE

SPECIAL SERVICE DISTRICT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

SAN JUAN MENTAL HEALTH/SUBSTANCE ABUSE
SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF SAN JUAN COUNTY)
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
San Juan Mental Health/Substance
Abuse Special Service District
Blanding, Utah 84511

Opinions

We have audited the accompanying financial statements of the business-type activities of San Juan Mental Health/Substance Abuse Special Service District (a component unit of San Juan County) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of San Juan Mental Health/Substance Abuse Special Service District as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.
R. KIRT RICH, C.P.A.
TRACY LUDINGTON, C.P.A.

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about San Juan Mental Health/Substance Abuse Special Service District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards we:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of San Juan Mental Health/Substance Abuse Special Service District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about San Juan Mental Health/Substance Abuse Special Service District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2023, on our consideration of San Juan Mental Health/Substance Abuse Special Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Juan Mental Health/Substance Abuse Special Service District's internal control over financial reporting and compliance.

SMUIN RICH & MARSING

Smuin, Rich & Marsing

Price, Utah

June 15, 2023

SAN JUAN MENTAL HEALTH\SUBSTANCE ABUSE
SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF SAN JUAN COUNTY)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Our discussion and analysis of San Juan Mental Health\Substance Abuse Special Service District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2022. All of the financial activity results from "business-type" activities.

FINANCIAL HIGHLIGHTS

- Total Revenues from business activities decreased to $3,732,365 in 2023 from $3,815,363 in 2022. A decrease of 2.18% in revenue for 2023 compared to an increase of 4.46% in 2022. (The decrease in revenue is related to a decrease in Medicaid revenue and loss of program funding.)

- Total business expenses increased to $3,524,151 in 2023 from $3,239,319 in 2022. An increase of 8.80% during 202,32 compared to an increase of 1.90% in 2022. (The increase in expenditures is related to sever factors, but mainly increases in salaries and wages. In 2023 the district hired additional therapists to become fully staffed.)

- Non-operating revenues and expenses for the District are comprised of Interest earnings and expenses. Interest earnings for 2023 totaled $69,675 as compared to $19,515 for 2022. The increase in earnings is mainly due to increases in rates of interest. Interest expense for 2023 totaled $14,940 as compared to $16,138 for 2022. Interest expense is calculated per schedule.

- Net position during 2023 increased by $208,214 as compared to a $576,044 increase for 2022. The large difference is due to the District's decrease in revenues (2.18%) and an increase in expenses (8.80%) in 2023.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The financial reports: Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows, comprise pages 11-16. Governmental accounting practices that are standard and acceptable have been used and followed in the preparation of these reports. The purpose of the financial reports is to identify revenues and expenses resulting from business activities. The net income or (loss) from operations, adjusted for depreciation, identifies the need for further analysis of contracts and programs with their related expenses. Certain key financial ratios taken from the Statement of Net Position help identify financial strength and liquidity. Since the District is operated as an enterprise fund, there are no fund statements presented because all operations of the District are reported using the accrual method of accounting.

REPORTING THE DISTRICT BUSINESS OPERATIONS

Our analysis of the District as a whole begins on page 11. The key financial reports, prepared from our information by our independent auditors, provide the accounting from which schedules in this report have been created. The Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position summarize the District's business operations for the year and provide a basis for assessing financial strengths and weaknesses. From these reports, trends are monitored, and budgets are prepared for future periods. These reports are prepared using the accrual accounting method, which is similar to the accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received, or payment made.

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position, the District shows all the activities in one fund.

- Business-type activities – The District charges Medicaid, contracts, insurances and patients for their individual care and treatments that are provided. Charges for these services are based on cost study reports and reimbursement rates that have been established by our contracts. We realize that a portion of our services are unrecoverable and written off, but we constantly monitor the services we provide and the subsequent collection for these services and evaluate what areas need to be improved. Although San Juan County funds are received, these funds are used to pay the required match for our Medicaid mental health and substance abuse contracts.

REPORTING THE DISTRICT'S SIGNIFICANT FUND

The District has only one fund, which accounts for the activity of the District. The entity-wide financial statements, which begin on page 11, provide detailed information about the operations of the District as a whole. The District's only fund is operated as an enterprise fund. Enterprise funds are reported using an accrual accounting method, which records expenses when they are incurred and records revenues when they are earned. The District does not have any governmental type funds.

THE DISTRICT AS A TRUSTEE

The District is a trustee. The District is responsible for other assets that because of a trust arrangement can be used only for the trust beneficiaries. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 17 and 18. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

THE DISTRICT'S KEY FINANCIAL REPORTS

NET POSITION REPORT

		BUSINESS-TYPE ACTIVITIES 2023		BUSINESS-TYPE ACTIVITIES 2022
ASSETS				
Current and other assets	$	2,232,224	$	1,999,706
Noncurrent assets		2,571,815		3,023,108
Total assets	$	4,804,039	$	5,022,814
Deferred outflows of resources	$	324,445	$	268,160
Total assets and deferred outflows of resources	$	5,128,484	$	5,290,974
LIABILITIES				
Current and other liabilities	$	282,581	$	233,202
Long-term liabilities		970,727		842,885
Total liabilities	$	1,253,308	$	1,076,087
Deferred inflows of resources	$	8,843	$	556,768
Total liabilities and deferred inflows of resources	$	1,262,151	$	1,632,855
NET POSITION				
Net investment in capital assets	$	1,793,954	$	1,822,322
Restricted		911,347		830,900
Unrestricted		1,161,032		1,004,897
Total net position	$	3,866,333	$	3,658,119

The net position total of the District for 2023 is $3,866,333. *Unrestricted* net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – is $1,161,032. The net position is used to finance the continuing operations of providing services to the mental health and substance abuse facility.

The District's Board adopted a resolution restricting retained earnings for ninety days of operational budget, funds for compensated absences and capital outlay, as well as the bond reserve requirements. The balance has changed from 2022 to 2023. An increase in the current year expenses, and capital outlay set aside have caused a different calculation needed for the reserved retained earnings.

A key financial ratio - the Current Ratio - is calculated by dividing current assets by current liabilities. This ratio is an indicator of liquidity and ability to pay current operational bills. The ratio for the year ending December 31, 2023, is 7.89 compared to 8.57 for 2022. The District's ratio indicates a high liquidity position even with the decrease during the current year.

	BUSINESS-TYPE ACTIVITIES 2023	BUSINESS-TYPE ACTIVITIES 2022
REVENUES		
Program Revenues:		
Charges for services	$ 1,873,851	$ 2,018,534
Grants and contributions	1,777,498	1,752,392
General Revenues:		
Interest income - not restricted	69,675	19,515
Other revenues	11,341	24,922
Total revenues	$ 3,732,365	$ 3,815,363
EXPENSES		
Program Expense:		
Salaries and fringe	$ 1,969,076	$ 1,680,834
Consulting\contract services	338,178	450,072
Materials and supplies	104,372	105,046
Utilities	41,902	39,442
Insurance	64,037	46,040
Depreciation	138,819	128,752
Repairs and maintenance	12,226	7,158
Medicaid match	436,370	439,850
Other	419,171	342,125
Total expenses	$ 3,524,151	$ 3,239,319
Change in net position	$ 208,214	$ 576,044
Net position - beginning	$ 3,658,119	$ 3,082,075
Net position - ending	3,866,333	3,658,119
Change in net position	$ 208,214	$ 576,044

The District's increase in net position is due to many factors, the main factors are as follows: The District had $82,998 less in total revenues compared to the previous year. Despite this, the ability to continue to operate efficiently and provide the necessary services for the County continues to be the main goal and focus of the District. The District also experienced an increase in total expenses of $284,832, which contributed to the overall change in net position. The District realizes that fluctuations will occur from year to year, and all need to work together to achieve our goals.

CASH SOURCES AND USES

	2023	2022
Beginning cash balance as of January 1,	$ 1,709,962	$ 1,160,180
Change in operating net position:	$ 153,479	$ 572,667
Depreciation (source of cash)	138,819	128,752
Accounts receivable increase (use of cash)	(7,570)	1,144
Due from other governments increase (use of cash)	(191,960)	136,649
Prepaid expenses increase (use of cash)	(48,972)	(2,026)
Net pension asset decrease (source of cash)	397,585	(397,585)
Deferred outflows of resources increase (use of cash)	(56,285)	(38,509)
Accounts payable decrease (use of cash)	(50,447)	21,972
Wages and payroll liabilities increase (source of cash)	7,119	10,793
Deferred revenue increase (source of cash)	92,551	
Net pension liability increase (source of cash)	128,386	(38,123)
Deferred inflows of resources decrease (use of cash)	(547,925)	269,833
Compensated absences increase (source of cash)	25,176	(36,873)
Interest income (source of cash)	69,675	19,515
Capital asset costs and debt payments (use of cash)	(125,615)	(98,427)
Total change in net assets	$ (15,984)	$ 549,782
Ending cash balance as of December 31,	$ 1,693,978	$ 1,709,962

Use of funds is controlled and authorized by the District's board of directors. The board of directors relies heavily on key personnel that are responsible for overseeing the day-to-day operations. The executive director and business manager are crucial to the supervising and monitoring of the mental health facility. The board reviews the monthly financial information, compares year to date expenses to budget and makes necessary suggestions and/or corrections. All major, capital expenditures are approved by the board of directors. The board of directors approves an annual operational budget and forwards it to the County Commission and also submits copies of the budget to the State Auditor as required by Utah State law.

BUSINESS ACTIVITIES AND PURPOSES

Revenues for the District are generated by providing services to clientele who meet the mental health, substance abuse, or other abuse criteria. Since the District has several grants and contracts, they are able to provide services for a broader spectrum of individuals. The District receives payments from several different sources. Funds come from Medicaid mental health and substance abuse, insurance companies, private individuals, federal and state grants and County match contributions. The District provides services to low-income individuals and the amount that they are required to pay depends on their income. A certain amount of these services is generally considered charity work or free care.

The objective and purpose of the District is to provide mental health and substance abuse facilities with responsible, well-trained professionals who can render assistance to individuals in San Juan County. As the need for these services continues to fluctuate, the District is striving to have in place sufficient personnel and facilities.

DEBT MANAGEMENT

As of December 31, 2023, the District had $777,861 in capital leases payable. More detailed information about the District's long-term liabilities is presented in note 11 on page 38 of this report.

CAPITAL ASSETS

As of December 31, 2023, the District had net capital assets of $2,571,815. The following table shows the balance of assets.

Capital Assets at Year-end
(Net of Depreciation)
2023 and 2022

	Business-Type Activities	
	2023	**2022**
Land	$ 126,000	$ 126,000
Work in process		
Buildings	2,279,068	2,361,145
Improvements	81,239	28,484
Equipment	85,508	109,894
Net capital assets	$ 2,571,815	$ 2,625,523

This year's major additions included: Improvement to Mexican Hat Building, Improvement to UNDC house in Montezuma Creek, and a new Dell server.

BUDGETARY HIGHLIGHTS

The 2023 budget was adopted for the current year on December 13, 2022. Since the District operates as an enterprise fund, it is only required to comply with the budget on an entity wide basis. The original budget submitted to the Utah State Auditor's Office was $3,707,951 and there was no amended budget. After the auditor's adjustments, the actual expenditures amounted to $3,524,151.

ECONOMIC FORECAST AND FUTURE BUDGET

San Juan Counseling continues to provide a return on the mental health investment that includes both cost avoidance and revenue generation. It is assumed that by improving the mental health of the residents of San Juan County, the costs associated with criminal and juvenile justice and law enforcement programs will be reduced, as well as state child welfare expenses, state, county and private homelessness allocations and general health care expenditures. Communities benefit as clients become healthy and productive citizens.

Through Medicaid capitation and recent Medicaid expansion, San Juan Counseling has been able to grow our services to clients. It has increased revenue and improved ability to provide services to residents of San Juan County. San Juan Counseling is fortunate to receive strong support from San Juan County. The County is committed to providing mental health and substance use disorder treatment and prevention services to their residents.

San Juan Counseling continues to work to increase services throughout the County. In 2023 San Juan Counseling increased services provided in local schools. San Juan Counseling also opened an additional part time site in Monticello. San Juan Counseling will continue to monitor opportunities for expansion throughout the whole County. In 2021, San Juan Counseling received funding to start a Mobile Crisis Response Team (MCOT). Additional services brought through the MCOT team have helped to increase services throughout the County. The MCOT funding is expected to continue.

San Juan Counseling will continue to provide the required services mandated by the local authority and operate within the projected budgets prepared for the local authority.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of San Juan Mental Health\Substance Abuse Special Service District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Administrator or Executive Director of San Juan Counseling at 735 S. 200 W. Suite 1, Blanding, Utah, 84511.

SAN JUAN MENTAL HEALTH/SUBSTANCE ABUSE
SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF SAN JUAN COUNTY)
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	BUSINESS-TYPE ACTIVITY ENTERPRISE FUND
	MENTAL HEALTH FACILITY
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current Assets:	
Cash and cash equivalents	$ 1,655,730
Cash and cash equivalents - restricted	38,248
Investment, at cost	1,575
Accounts receivable (net, after allowance)	16,668
Due from other governments	438,050
Prepaid expenses	81,953
Total current assets	$ 2,232,224
Capital Assets: (net)	
Land	$ 126,000
Buildings	2,279,068
Improvements	81,239
Equipment	85,508
Total noncurrent assets	$ 2,571,815
Deferred outflows of resources - related to pensions	$ 324,445
Total deferred outflows of resources	$ 324,445
Total assets and deferred outflows of resources	$ 5,128,484

"The accompanying notes are an integral part of this statement."

SAN JUAN MENTAL HEALTH/SUBSTANCE ABUSE
SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF SAN JUAN COUNTY)
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	BUSINESS-TYPE ACTIVITY ENTERPRISE FUND
	MENTAL HEALTH FACILITY
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
Current liabilities:	
Accounts payable	$ 8,691
Accrued wages payable	95,317
Payroll taxes payable	53,721
Accrued interest payable	6,581
Deferred revenue	92,551
Capital leases payable - Due within one year	25,720
Total current liabilities	$ 282,581
Noncurrent liabilities:	
Net pension liability	$ 128,386
Compensated absences	90,200
Capital leases payable - Due in more than one year	752,141
Total noncurrent liabilities	$ 970,727
Deferred inflows of resources - related to pensions	$ 8,843
Total deferred inflows of resources	$ 8,843
Total liabilities and deferred inflows of resources	$ 1,262,151
NET POSITION	
Net Investment in capital assets	$ 1,793,954
Restricted for debt and capital outlay	911,347
Unrestricted	1,161,032
Total net position	$ 3,866,333
Total liabilities, deferred inflows of resources and net position	$ 5,128,484

"The accompanying notes are an integral part of this statement."

SAN JUAN MENTAL HEALTH\SUBSTANCE ABUSE
SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF SAN JUAN COUNTY)
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	BUSINESS-TYPE ACTIVITY ENTERPRISE FUND
	MENTAL HEALTH FACILITY
Operating Revenues:	
Charge for services - Medicaid/Private pay/Other	$ 1,873,851
Intergovernmental	1,777,498
Miscellaneous	11,341
Total operating revenue	$ 3,662,690
Operating Expenses:	
Salaries and benefits	$ 1,969,076
Subscriptions and memberships	2,008
Professional services	338,178
Travel	41,695
Office expense	12,755
Utilities	41,902
Operating supplies	104,372
Depreciation	138,819
Maintenance and operation	12,226
Training	22,044
Insurance	64,037
Board expenses	2,004
Food	26,329
Clinical material	294
Clinical medication	481
Communications	14,553
Vehicle expense	22,170
Hospitalization	124,390
Medicaid match	436,370
Bank charges	7,500
Mortgage/rent expense	24,365
Bad debt expense	15,649
Miscellaneous	87,994
Total operating expenses	$ 3,509,211
Operating income (loss)	$ 153,479

"The accompanying notes are an integral part of this statement."

SAN JUAN MENTAL HEALTH\SUBSTANCE ABUSE
SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF SAN JUAN COUNTY)
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	BUSINESS-TYPE ACTIVITY ENTERPRISE FUND
	MENTAL HEALTH FACILITY
Non-operating Revenues (Expenses)	
Interest income	$ 69,675
Debt interest/fees	(14,940)
Total non-operating revenues (expenses)	$ 54,735
Change in net position	$ 208,214
Total net position, January 1, 2023	3,658,119
Total net position, December 31, 2023	$ 3,866,333

"The accompanying notes are an integral part of this statement."

SAN JUAN MENTAL HEALTH\SUBSTANCE ABUSE
SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF SAN JUAN COUNTY)
STATEMENT OF CASH FLOWS PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash flows from operating activities:		
Cash received for services	$ 1,866,281	
Cash payments to suppliers for goods and services	(1,500,735)	
Cash payments to employees for services	(2,015,020)	
Intergovernmental	1,678,089	
Other operating revenues	11,341	
Net cash provided (used) by operating activities		$ 39,956
Cash flows from capital and related financing activities:		
Acquisition of capital assets	$ (85,112)	
Net cash provided (used) by noncapital financing activities		(85,112)
Cash flows from investing and related financing activities:		
Principal paid on revenue bonds	$ (25,340)	
Interest/fees paid on revenue bonds	(15,163)	
Net cash provided by capital and related financing activities		(40,503)
Cash flow from investing activities:		
Interest on investments received	$ 69,675	
Net cash provided by investing activities		69,675
Net increase/(decrease) in cash and cash equivalents		$ (15,984)
Cash and cash equivalents at January 1, 2023		1,709,962
Cash and cash equivalents at December 31, 2023		$ 1,693,978

"The accompanying notes are an integral part of this statement."

SAN JUAN MENTAL HEALTH\SUBSTANCE ABUSE
SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF SAN JUAN COUNTY)
STATEMENT OF CASH FLOWS PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income (loss)		$ 153,479
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	$ 138,819	
Change in assets and liabilities:		
(Increase)\Decrease in accounts receivable	(7,570)	
(Increase)\Decrease in due from other governments	(191,960)	
(Increase)\Decrease in prepaid expense	(48,972)	
(Increase)\Decrease in net pension asset	397,585	
(Increase)\Decrease in deferred outflows of resources	(56,285)	
Increase\(Decrease) in accounts payable	(50,447)	
Increase\(Decrease) in wages payable	4,588	
Increase\(Decrease) in accrued liabilities	2,531	
Increase\(Decrease) in deferred revenue	92,551	
Increase\(Decrease) in net pension liabilities	128,386	
Increase\(Decrease) in deferred inflows of resources	(547,925)	
Increase\(Decrease) in compensated absences	25,176	
Total adjustments		(113,523)
Net cash used by operating activities		$ 39,956

"The accompanying notes are an integral part of this statement."

SAN JUAN MENTAL HEALTH/SUBSTANCE ABUSE
SPECIAL SERVICE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

		PRIVATE PURPOSE TRUST
ASSETS		
Cash and cash equivalents	$	14,886
Total assets	$	14,886
LIABILITIES AND NET POSITION		
Liabilities		
Total liabilities	$	…
Net position		
Held in trust	$	14,886
Total net position	$	14,886
Total liabilities and net position	$	14,886

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

SAN JUAN MENTAL HEALTH/SUBSTANCE ABUSE SPECIAL SERVICE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	PRIVATE PURPOSE TRUST
ADDITIONS/CONTRIBUTIONS:	
Social security administration	$ 134,563
Total additions	$ 134,563
DEDUCTIONS:	
Client expenses	$ 132,344
Total deductions	$ 132,344
Change in net position	$ 2,219
NET POSITION - Beginning of the year	$ 12,667
NET POSITION - End of the year	$ 14,886

"The accompanying notes are an integral part of this statement."

SAN JUAN MENTAL HEALTH\SUBSTANCE ABUSE
SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF SAN JUAN COUNTY)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

San Juan Mental Health\Substance Abuse Special Service District was created as a special service district by the San Juan County Commissioners on April 1, 1997. The District is controlled by an Administrative Control Board, appointed by the County Commissioners under the authority of the provision of the Utah Special Service District Act, Chapter 17a, Title 2, Part 13, Utah Code Annotated, 1953, as amended, and Article XIV, Section 8 of the Constitution of Utah. The District is a component unit of San Juan County as defined by the Governmental Accounting Standards Board in their statement number 14 “The Financial Reporting Entity”. The Board's authority is derived from the County Commissioners, who has ultimate responsibility for the District.

The Board consists of five members, each of whom is a qualified elector of the District and who are appointed by the County Commissioners. The County Commissioners appoint county residents who are willing to serve as members. These appointed members are educated as to the needs of the Special Service District.

The primary purpose of the District is to oversee, administer and manage a County owned, mental health facility that is responsive to the needs of the residents, their families and the community at large, through a consistently high standard of care. The accounting policies of San Juan Mental Health\Substance Abuse Special Service District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments. Certain of the significant changes in the Statement include the following:

> A Management’s Discussion and Analysis (MD&A) providing an analysis of the District’s overall financial position and results of operations.

This and other changes are reflected in the accompanying financial statements (including notes to financial statements).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity

All financial activities over which the District has oversight responsibility are included in this report. The basis for inclusion or exclusion of other entities in the District's financial statements was based on the criteria set forth in the Governmental Accounting Standards Board (GASB) pronouncements. The basic criteria for including an entity, a board, or an agency in this report is the existence and exercise of oversight responsibility; consideration has been given to financial interdependency, ability to designate management, ability to significantly influence operations, and accountability for fiscal matters. According to the above criteria, no other entities have been included in the District's financial statements.

B. Government-Wide Financial Statements

The government-wide financial statements consist of the statement of net position, the statement of revenues, expenses and changes in fund net position and the statement of cash flows. The District is considered a special-purpose government engaged only in business- type activities. It is classified as a proprietary fund type and operates as an enterprise fund. Enterprise funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that its costs to providing goods and services to the general public on a continuing basis, be financed or recovered primarily through user charges. The function of the District is to oversee, administer and manage a County owned, mental health facility that is responsive to the needs of the County. The financial statements of the District consist of an enterprise fund and a fiduciary fund, but no component units that are fiduciary in nature are included. The District reports the following fund types - Enterprise Fund and Private Purpose Trust (a fiduciary fund), which accounts for the protective payee funds (assets) that are held by the District as an agent for these protective payees and administers financial resources to them as they are needed and obligated.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Therefore, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont.)

Amounts reported as charges for services include all charges for all types of services charged to Medicaid, third party and private pay. Amounts reported as grants and County contributions for contract matching are accounted for as intergovernmental revenue. Miscellaneous items are considered uncategorized as to specific type.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to patients for mental health services. Operating expenses for the District include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Capital Assets

Capital assets, which include, land, buildings, improvements and equipment are reported in the government-wide financial statements. Capital assets are defined by the District, as an asset with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The District adopted a capitalization threshold in the amount of $5,000.

Buildings, improvements and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	30
Improvements	10 – 15
Equipment	5 – 12

E. Budget and Budgetary Accounting

The District follows the budgetary practices and procedures required by State law. These requirements are summarized as follows:

1. A formal budget is adopted by the District.

2. The budget is a complete financial plan that identifies all estimated revenues and all appropriations for expenditures for the year. In accordance with State law, all appropriations lapse at the end of the budget year; accordingly, no encumbrances are recorded. As its option, the District may permit its expenditure accounts to remain open for a period of 30 days after the close of its fiscal year for the payment of approved invoices for goods received or services rendered prior to the close of the fiscal year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budget and Budgetary Accounting (Continued)

3. The District's Manager prepares a tentative budget and submits it for review with the Administrative Control Board.

4. The tentative budget is a public record and is available for public inspection for at least ten days prior to public hearings held to consider adoption of the budget.

5. Notice of the scheduled public hearings is published at least ten days prior to the meetings.

6. The District presents the tentatively adopted budget to the public in a public hearing. Members of the public may comment on the budget and recommend changes to the Administrative Control Board.

7. The Administrative Control Board considers the comments made by the public and makes final adjustments to the budget.

8. By December 15th, the Administrative Control Board adopts the budget by resolution. A copy of the budget is certified by the Administrative Control Board Secretary and is filed with the State Auditor within 30 days of adoption. A certified copy of the budget is available for public inspection.

9. The budget may be amended to reflect changes in circumstances that occur during the year. Budgets may be increased by resolution of the Board at any time during the year.

10. Under Utah Code, the District's budget establishes maximum legal authorization for expenditures during the fiscal year. The District's Manager shall certify as appropriate that a claim has been pre-audited, documented, and approved by the Board, and does not over expend the appropriate budget established by the Board. Expenditures are not to exceed the budget amounts, including revisions, except as allowed by the Code for certain events.

F. Deposits and Investments

Public funds held by San Juan Mental Health\Substance Abuse Special Service District may be deposited or invested only in instruments listed below and meet objectives outlined by State statutes, including: (a) safety of principal, (b) need for liquidity and (c) yield on investment.

Qualified investments:

1) Negotiable or non-negotiable deposits of qualified depositories.

2) Repurchase agreements with qualified depositories or primary reporting dealers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Deposits and Investments(Continued)

Qualified investments (continued):

3) Commercial paper rated P-1 by Moody's Investment Services or A-1 by Standard & Poor's, Inc., having a remaining term to maturity of 270 days or less.

4) Banker's acceptances eligible for discount at a Federal Reserve bank, with a remaining term to maturity of 270 days or fewer.

5) Other negotiable deposits of $100,000 or more.

6) Obligations of the U.S. Treasury, including Treasury bills, notes, and bonds with a remaining term to final maturity of five years or less.

7) Obligations issued or guaranteed by certain agencies or instrumentalities of the United States, such as the Federal Farm Credit Banks, Federal Home Loan Banks, and others, with a remaining term to final maturity of five years or less.

8) Tax anticipation and general obligation bonds of state and local governmental units with a remaining term to final maturity of five years or less.

9) Various other loans in accordance with Section 51-7-17 of the Utah Code Annotated 1953.

G. Cash and Cash Equivalents

For purposes of the statement of cash flows, San Juan Mental Health\Substance Abuse Special Service District considers all highly liquid investments (including restricted assets) with a maturity of six months or less when purchased to be cash equivalents. All amounts reported on the balance sheet as cash and investments would be considered cash equivalents.

H. Accounting Method

The full accrual method of accounting is being used. Under the accrual method of accounting, revenues are recognized when they are earned, and expenses are recorded when they are incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Accumulated Unpaid Vacation and Sick Leave (Compensated Absences)

The District has vacation and sick leave policies, which determine an employee's vacation and sick leave based on the length of time of employment. The district will pay sick leave based on the following two options: election by the employee to use the cash value of the accumulated sick leave to provide premium payments for health insurance or election by the employee to cash out accumulated sick leave at a 33 1/3 percent of the accumulated sick leave. Both options are at the prevailing hourly rate at the time of retirement. One hundred percent of the vacation hours will be paid at the prevailing hourly rate at the time of retirement. The amount carried in the financial statements consists of vacation and sick leave hours accrued at year-end, at the prevailing rate of pay.

J. Deferred Outflows/Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for *deferred outflows or inflow of resources*. This separate financial statement element, *deferred outflows of resources* , represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources* , represents an acquisition of net position that applies to a future period(s) and will *not* be recognized as an inflow of resources (revenue) until that time.

K. Pensions

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

2. ACCOUNTS RECEIVABLE

Accounts receivable include the accrued amounts for private pay, third party insurance and other miscellaneous accounts. For the year ended December 31, 2023, an allowance for doubtful accounts of $14,504 has been recorded against the accounts receivable balance of $31,172.

3. BUDGET VARIANCE

During the year ended December 31, 2023, the District did not overspend their budget in the Enterprise Fund.

4. DEPOSITS AND INVESTMENTS

The District's policy is to follow the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) (the Act) in handling its depository and investment transactions. The Act creates the Utah Money Management Council (the "Council"), a five-member body, appointed by the Governor of the State, which exercises oversight of public deposits and investments.

The District maintains a cash pool that is used by the Enterprise fund. All cash and PTIF investments are displayed on the Balance Sheet cash and cash equivalents.

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's deposits are insured up to $250,000, per account by the Federal Deposit Insurance Corporation. Uninsured deposits are not collateralized nor are they required to be by State statute. At December 31, 2023, the bank balance of the District's deposits was $355,301 of which Federal Deposit Insurance Corporation covers $250,000. The deposits in the bank in excess of the insured amount are uninsured and uncollateralized by $105,301.

Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment public funds.

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

The Money Management Act defines the types of securities authorized as appropriate investments for the District's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares of certificates in a money market mutual fund as defined in the money Management Act; and the Utah State Public Treasurers' Investment Fund.

4. DEPOSITS AND INVESTMENTS (Continued)

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (Utah Code, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

Custodial Credit Risk-Deposits (continued)

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Fair Value of Investments

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

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

At December 31, 2023, the District had the following recurring fair value measurements.

		Fair Value Measurements Using		
	12/31/2023	Less Level 1	Level 2	Level 3
Investments by fair value level				
Debt Securities				
Stock in Health Risk Group	$ 1,575			$ 1,575
Utah Public Treasurers' Investment Fund	1,376,928		$ 1,376,928	
Total investments	$ 1,378,503	$ …	$ 1,376,928	$ 1,575

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

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;

4. **DEPOSITS AND INVESTMENTS (Continued)**

- Repurchase
  Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' investment Fund: application of the December 31, 2023 fair value factor, as calculated by the Utah State Treasurer, to the District's average daily balance in the Fund; and
- Donated Real Estate: recent appraisals of the real estate's value.

Interest Rate Risk

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

As of December 31, 2023, the District's investments had the following maturities:

		Investment Maturities (in years)			
	12/31/2023 Fair Value	Less Than 1	1-5	6-10	More Than 10
Investment Type					
Debt Securities					
Stock in Health Risk Group	$ 1,575	$ 1,575			
Utah Public Treas. Invest. Fund	1,376,928	1,376,928			
Total investments	$ 1,378,503	$ 1,378,503	$ …	$ …	$ …

4. DEPOSITS AND INVESTMENTS (Continued)

Credit Risk

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

At December 31, 2023, the District's investments had the following quality ratings:

		12/31/2023 Fair Value	Quality Rating
Investment Type			
Debt Securities			
Stock in Health Risk Group	$	1,575	Unrated
Utah Public Treas. Invest. Fund		1,376,928	Unrated
Total investments	$	1,378,503	

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The District complies with the custody requirements of the Utah Money Management Act and Rules of the Money Management Council. All investment securities are required to be held by the public treasurer, in safekeeping by a bank or trust company, or in a book-entry-only record maintained by a securities depository, in the Federal Book Entry system or in the book-entry records of the issuer of the security in the name of the public entity. All investment securities are held in a qualified depository certified by the Commissioner of Financial Institutions as adhering to the rules of the Utah Money Management Council or in the book entry records of the issuer of the security.

The District's investments at December 31, 2023 were held by the District or in the District's name by the District's custodial banks with qualified depositories totaling $1,376,928 where the underlying securities were uninsured and held by the investment's counterparty the Utah Public Treasurer's Investment Fund.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance 12-31-22	Additions	Contributions & Adjustments	Balance 12-31-23
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 126,000			$ 126,000
Work in process				
Total capital assets not being depreciated	$ 126,000	$ …	$ …	$ 126,000
Capital assets being depreciated:				
Buildings	$ 2,902,303	$ 15,000		$ 2,917,303
Improvements	90,412	58,185		148,597
Equipment	456,344	11,926		468,270
Total capital assets being depreciated	$ 3,449,059	$ 85,111	$ …	$ 3,534,170
Business-type activities:				
Less accumulated depreciation for:				
Buildings	$ (541,158)	$ (97,077)		$ (638,235)
Improvements	(61,928)	(5,430)		(67,358)
Equipment	(346,450)	(36,312)		(382,762)
Total accumulated depreciation	$ (949,536)	$ (138,819)	$ …	$(1,088,355)
Total capital assets, being depreciated, net	$ 2,499,523	$ (53,708)	$ …	$ 2,445,815
Business-type activities capital assets, net	$ 2,625,523	$ (53,708)	$ …	$ 2,571,815

6. INTERGOVERNMENTAL REVENUE

The District receives federal and state grants and matching funds from San Juan County. The revenue received is shown as operating revenues on the Statement of Revenues, Expenses and Changes in Fund Net Position. These funds are instrumental in the overall operations of the District and are used to enhance the services provided.

7. PENSION PLAN

General Information about the Pension Plan

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

Defined Benefit Plans

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

- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer, cost sharing, public employees, retirement system.

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

Defined Benefit Plans (continued)

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

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

7. PENSION PLAN (continued)

Summary of Benefits by System

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

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

* Actuarial reductions are applied

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

Contributions Rate Summary:

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of December 31, 2023 are as follows:

7. PENSION PLAN (continued)

	Employee Paid	Paid by Employer	Employer 401(k)
Contributory System			
111 - Local Governmental Division Tier 2	N/A	16.01%	0.18%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	17.97%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.19%	10.00%

***Tier 2 rates includea statutory required contribution to finance the unfunded actuarial laibility of the Tier 1 plans

For the fiscal year ended December 31, 2023, the employer and employee contributions to the System were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	$ 62,131	N/A
Tier 2 Public Employees System	98,915	
Tier 2 DC Only System	10,781	N/A
Total Contributions	$ 171,827	$ …

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

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

At December 31, 2023, we reported a net pension asset of $0 and a net pension liability of $128,386.

	(Measurement Date): December 31, 2022				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share Dec. 31, 2021	Change (Decrease)
Noncontributory System		$ 101,612	0.0593270%	0.0675245%	-0.0081975%
Tier 2 Public Employees System		26,774	0.0245882%	0.0256710%	-0.0010828%
Total Net Pension Asset/Liability	$ …	$ 128,386			

7. PENSION PLAN (continued)

The net pension asset and liability were measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2023, we recognized pension expense of $93,257.

At December 31, 2023, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	$ 43,508	$ 1,062
Changes in assumptions	25,345	474
Net difference between projected and actual earnings on pension plan investments	77,818	
Changes in proportion and differences between contributions and proportionate share of contributions	5,946	7,307
Contributions subsequent to the measurement date	171,827	
Total	$ 324,445	$ 8,843

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (continued)

$171,827 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

Year Ended December 31,	(Inflows) of Resources
2023	$ (17,208)
2024	4,090
2025	32,132
2026	112,748
2027	2,409
Thereafter	9,603

7. **PENSION PLAN (continued)**

Noncontributory System pension Expense, and Deferred Outflows and Inflows of Resources.

For the year ended December 31, 2023, we recognized pension expense of $41,861.

At December 31,2023, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	$ 34,465	
Changes in assumptions	16,653	$ 406
Net difference between projected and actual earnings on pension plan investments	67,024	
Changes in proportion and differences between contributions and proportionate share of contributions		5,914
Contributions subsequent to the measurement date	62,131	
Total	$ 180,273	$ 6,320

$62,131 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year, but subsequent to the measurement date of December 31, 2022.

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (continued)

Noncontributory System pension Expense, and Deferred Outflows and Inflows of Resources. (continued)

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

Year Ended December 31,	(Inflows) of Resources
2023	$ (18,812)
2024	785
2025	2,621
2026	102,928
2027	-
Thereafter	-

7. PENSION PLAN (continued)

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2023, we recognized pension expense of $51,396

At December 31, 2023, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following

	Deferred Outflows Of Resources		Deferred Inflows Of Resources	
Differences between expected and actual experience	$	9,043	$	1,062
Changes in assumptions		8,692		68
Net difference between projected and actual earnings on pension plan investments		10,794		
Changes in proportion and differences between contributions and proportionate share of contributions		5,946		1,393
Contributions subsequent to the measurement date		109,697		
Total	$	144,172	$	2,523

$109,697 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (continued)

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources (continued)

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

Year Ended December 31,	(Inflows) of Resources	
2023	$	1,604
2024		3,305
2025		5,211
2026		9,820
2027		2,409
Thereafter		9,603

7. PENSION PLAN (continued)

Actuarial Assumptions

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

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

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2022 , valuation were based an experience study of the demographic assumptions as of January 2020, and a review of economic assumptions as of January 1, 2021.

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best- estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Expected Return Arithmetic Base		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term expected portfolio real rate of return
Equity securities	35.00%	6.58%	2.30%
Debt securities	20.00%	1.08%	0.22%
Real assets	18.00%	5.72%	1.03%
Private equity	12.00%	9.80%	1.18%
Absolute return	15.00%	2.91%	0.44%
Cash and cash equivalents	0.00%	-(0.11)%	0.00%
Totals	100%		5.17%
Inflation			2.50%
Expected arithmetic nominal return			7.67%

7. PENSION PLAN (continued)

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

Discount rate: The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95% to 6.85% from the prior measurement date.

Actuarial Assumptions (continued)

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

System		1% Decrease (5.85%)		Discount Rate (6.85%)		1% Increase (7.85%)
Noncontributory System	$	640,394	$	101,612	$	(348,569)
Tier 2 Public Employees System		116,987		26,774		(42,724)
Total	$	757,381	$	128,386	$	(391,293)

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

Defined Contribution Savings Plans

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

San Juan Mental Health participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

*401(k) Plan
*Roth IRA Plan

7. PENSION PLAN (continued)

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended December 31, were are follows:

	2023	2022	2021
401 (k) Plan			
Employer contribution	$ 23,692	$ 19,504	$ 28,943
Employee contribution	12,370	5,905	14,712
Roth IRA Plan			
Employer contribution	N/A	N/A	N/A
Employee contribution	4,100	14,400	11,549

Pension Beginning and Ending Values

San Juan Mental Health
December 31, 2023

	Beginning Values			Ending Values		
GASB 68 schedule	NPL/(NPA)	Asset	Liability	NPL/(NPA)	Asset	Liability
Noncontributory	$ (386,720)		$ (386,720)	$ 101,612	$ 101,612	
Tier 2 Public Employees	(10,865)		(10,865)	26,774	26,744	
Total	$ (397,585)	$ …	$ (397,585)	$ 128,386	$ 128,356	$ …

	Net Pension Liability/(Asset) at 12/31/20			Net Pension Liability/(Asset) at 12/31/21		
Retirement System	**System Total NPL/(NPA)**	**Proportionate Share**	**Beginning Values**	**System Total NPL/(NPA)**	**Proportionate Share**	**Ending Values**
Noncontributory						
Local Government	$ (572,710,696)	0.0675245%	$ (386,720)	$ 171,274,888	0.059327%	$ 101,612
Tier 2 Public Employees	(42,423,712)	0.0256710%	(10,865)	108,889,373	0.024588%	26,774
Total	$ (615,134,408)		$ (397,585)	$ 280,164,261		$ 128,386

8. PREPAID EXPENSES

San Juan Mental Health\Substance Abuse Special Service District purchased several insurance policies that cover an entire year that does not follow the calendar year. The District has elected to allocate the payment monthly, which requires the amount to be recorded as an asset in prepaid expenses and record an expense on a monthly basis.

9. FUNDING SOURCES

San Juan Mental Health\Substance Abuse Special Service District operates on funds provided by Medicaid mental health contracts, Medicaid substance abuse contracts; several federal and state contracts and County match contributions. Part of the Medicaid contracts require a match that has to come from other sources of funds. The District's ability to continue operations using Medicaid mental health and substance abuse contracts is contingent upon the County's ability to provide the necessary funding match. Although funding is not guaranteed, the County has a vested interest in the financial match that is needed for the security of the facility.

10. USE OF ESTIMATES

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America 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 basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

11. LONG-TERM DEBT

Annual debt requirements to maturity for capital leases are as follows:

Year Ending December 31,	Interest	Principal	Total
2024	$ 14,693	$ 25,720	$ 40,413
2025	14,217	25,720	39,937
2026	13,741	26,100	39,841
2027	13,260	27,480	40,740
2028	12,747	27,480	40,227
2029-2033	55,882	144,960	200,842
2034-2038	41,724	160,180	201,904
2039-2043	26,108	174,780	200,888
2044-2048	8,837	165,441	174,278
	$ 201,209	$ 777,861	$ 979,070

11. LONG-TERM DEBT (Continued)

Capital Leases – Capital lease payable at December 31, 2023, with their outstanding balances, are comprised of the following individual issues:

Business-type Activities

Lease Revenue Bond Series 2017, due in annual installments from $23,547 to $23,913 beginning March 1, 2018 and maturing March 1, 2047. The bond has an annual interest rate of 1.50 percent. The purpose of the bond was to build a new Health Service Facility.	$	475,380
Lease Revenue Bond Series 2019, due in annual installments from $15,514 to $17,200 beginning December 1, 2019 and maturing December 1, 2048. The bond has an annual interest rate of 2.50 percent. The purpose of the bond was to buy a house for a Day treatment Facility Located at 633 South 200 W Blanding, UT 84511		302,481
Total	$	777,861

Business Activity Debt

During 2017, the District finalized an agreement with San Juan County Municipal Building Authority for the construction of a new Health Service Facility. The District is utilizing approximately 38% of the facility and will make payments to the San Juan County Municipal Building Authority for the District's portion of the debt which is $570,000. This facility and debt obligations are considered a capital lease obligation and debt for the District. The debt obligation is for 30 years with payments ranging from $23,546.70 to $23,913.40, with an interest rate of 1.5%. The repayment schedule is as follows:

Due Date March 1,	Interest	Principal	Total
2024	$ 7,131	$ 16,720	$ 23,851
2025	6,880	16,720	23,600
2026	6,629	17,100	23,729
2027	6,373	17,480	23,853
2028	6,110	17,480	23,590
2029-2033	26,522	91,960	118,482
2034-2038	19,414	99,180	118,594
2039-2043	11,748	106,780	118,528
2044-2048	3,477	91,960	95,437
	$ 94,284	$ 475,380	$ 569,664

11. LONG-TERM DEBT (Continued)

During 2019, The District Finalized an agreement with San Juan County Municipal Building Authority to purchase a home located at 633 S 200 W Blanding, UT 84511 for a day treatment facility. The District will make payments to the San Juan County Municipal Building Authority. The total amount of the debt is $350,000. The house and debt obligations are considered a capital lease obligation and debt for the District. The debt obligation is for 30 years with payments ranging from $15,465 to $17,200, with an interest rate of 2.50%. The repayment schedule is as follows:

Due Date - December 1,	Interest	Principal	Total
2024	$ 7,562	$ 9,000	$ 16,562
2025	7,337	9,000	16,337
2026	7,112	9,000	16,112
2027	6,887	10,000	16,887
2028	6,637	10,000	16,637
2029-2033	29,360	53,000	82,360
2034-2038	22,310	61,000	83,310
2039-2043	14,360	68,000	82,360
2044-2048	5,360	73,481	78,841
	$ 106,925	$ 302,481	$ 409,406

Listed below is the change in long-term debt during the year ended December 31, 2023.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Capital Lease	$ 803,201		$ 25,340	$ 777,861	$ 25,720
Business-type activity long-term liabilities	$ 803,201	$ …	$ 25,340	$ 777,861	$ 25,720

12. RESTRICTED NET POSITION

During the year 2002, the Board adopted a resolution restricting the net position. The amounts have changed for the current year, but the purposes have not changed.

Debt reserve requirement	$	38,248
Medicaid (90-day operational budget)		643,278
Liability for compensated absences		90,200
Reserve for depreciation		139,621
	$	911,347

SAN JUAN MENTAL HEALTH/SUBSTANCE ABUSE SPECIAL SERVICE DISTRICT

Required Supplementary Information

SAN JUAN MENTAL HEALTH/SUBSTANCE ABUSE
SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF SAN JUAN COUNTY)
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF DECEMBER 31, 2023

		Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered employee payroll	Proportionate share of the net pension liab (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a % of the total pension liability (asset)
Noncontributory System	2014	0.0684797%	$ 297,355	$ 621,036	47.90%	90.20%
	2015	0.0754911%	427,165	604,010	70.72%	87.80%
	2016	0.0838216%	538,237	688,653	78.16%	87.30%
	2017	0.0808519%	354,236	643,729	55.03%	91.90%
	2018	0.0714143%	525,875	523,509	100.45%	87.00%
	2019	0.0688425%	259,458	487,129	53.26%	93.70%
	2020	0.0686538%	35,215	512,772	6.87%	99.20%
	2021	0.0675245%	(386,720)	452,501	-85.46%	108.70%
	2022	0.0593270%	101,612	413,847	24.55%	97.50%
Tier 2 Public Employees System	2014	0.0255971%	$ (776)	$ 125,537	-0.60%	103.50%
	2015	0.0176592%	(39)	114,081	-0.03%	100.20%
	2016	0.0165370%	1,845	135,616	1.36%	95.10%
	2017	0.0127450%	1,124	124,519	0.90%	97.40%
	2018	0.0205713%	8,810	240,325	3.67%	90.80%
	2019	0.0238169%	5,357	330,701	1.62%	96.50%
	2020	0.0202172%	2,908	323,347	0.90%	98.30%
	2021	0.0256710%	(10,865)	476,333	-2.28%	103.80%
	2022	0.0245882%	26,774	537,002	4.99%	92.30%

* In accordance with paragraph 81.a GASB 68, employers will need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI. This schedule will need to be built prospectively. Prior year numbers are available from prior year note disclosure.

SAN JUAN MENTAL HEALTH/SUBSTANCE ABUSE
SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF SAN JUAN COUNTY)
SCHEDULE OF CONTRIBUTIONS
AS OF DECEMBER 31, 2023

	As of fiscal year ended December 31,	Actuarial Determined Contributions	Contributions in relation to the contractually required Contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	$ 99,518	$ 99,518	$ -	$ 621,036	16.02%
	2015	111,561	111,561	-	604,010	18.47%
	2016	127,194	127,194	-	688,653	18.47%
	2017	118,869	118,869	-	643,579	18.47%
	2018	96,692	96,692	-	523,509	18.47%
	2019	89,973	89,973	-	487,129	18.47%
	2020	94,709	94,709	-	512,772	18.47%
	2021	83,577	83,577	-	452,501	18.47%
	2022	75,490	75,490	-	413,847	18.24%
	2023	62,131	62,131	-	345,745	17.97%
Tier 2 Public Employees System*	2014	$ 18,177	$ 18,177	$ -	$ 125,537	14.48%
	2015	17,026	17,026	-	114,081	14.92%
	2016	20,861	20,861	-	139,914	14.91%
	2017	18,717	18,717	-	124,519	15.03%
	2018	36,844	36,844	-	240,325	15.33%
	2019	52,099	52,099	-	333,730	15.61%
	2020	50,858	50,858	-	323,347	15.73%
	2021	75,952	75,952	-	476,333	15.95%
	2022	86,526	86,526	-	539,445	16.04%
	2023	98,915	98,915	-	617,835	16.01%
Tier 2 Public Employees DC Only System*	2014	$ 505	$ 505	$ -	$ 7,515	6.72%
	2015	5,171	5,171	-	77,098	6.71%
	2016	6,732	6,732	-	100,624	6.69%
	2017	11,644	11,644	-	174,046	6.69%
	2018	12,571	12,571	-	187,908	6.69%
	2019	12,147	12,147	-	181,558	6.69%
	2020	10,099	10,099	-	150,961	6.69%
	2021	12,130	12,130	-	181,308	6.69%
	2022	7,251	7,251	-	111,872	6.48%
	2023	10,781	10,781	-	174,174	6.19%

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

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

SAN JUAN MENTAL HEALTH/SUBSTANCE ABUSE
SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF SAN JUAN COUNTY)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

CHANGES IN ASSUMPTIONS**:**

No changes were made in actuarial assumptions from the prior year's valuation.

SAN JUAN MENTAL HEALTH/SUBSTANCE ABUSE SPECIAL SERVICE DISTRICT

Supplementary Information

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Board of Directors
San Juan Mental Health/Substance
Abuse Special Service District
Blanding, Utah 84511

RE: Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the business-type activities of San Juan Mental Health/Substance Abuse Special Service District (a component unit of San Juan County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise San Juan Mental Health/Substance Abuse Special Service District’s basic financial statements, and have issued our report thereon dated June 15, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Juan Mental Health/Substance Abuse Special Service District 's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Juan Mental Health/Substance Abuse Special Service District 's internal control. Accordingly, we do not express an opinion on the effectiveness of San Juan Mental Health/Substance Abuse Special Service District’s internal control.

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

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

GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.
R. KIRT RICH, C.P.A.
TRACY LUDINGTON, C.P.A.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

SMUIN, RICH & MARSING

Smuin, Rich & Marsing

Price, Utah

June 15, 2024

SMUIN, RICH & MARSING
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Board of Directors
San Juan Mental Health/Substance
Abuse Special Service District
Blanding, Utah 84511

RE: Independent Auditor's Report on Compliance And Report on Internal Control Over Compliance As Required By the State Compliance Audit Guide

To the Board of Directors:

Report on Compliance

We have audited San Juan Mental Health/Substance Abuse Special Service District's (a component unit of San Juan County)'s compliance with the following applicable state requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended December 31, 2023.

State compliance requirements were tested for the year ended December 31, 2023, in the following areas:

Cash Management	Budgetary Compliance
Fund Balance	Fraud Risk Assessment
Open & Public Meeting Act	Special and Local Service District Board Training

Opinion on Compliance

In our opinion San Juan Mental Health/Substance Abuse Special Service District complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the State Compliance Audit Guide (Guide). Our responsibilities under those standards and the State Compliance Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.
R. KIRT RICH, C.P.A.
TRACY LUDINGTON, C.P.A.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance.

Report on Internal Control Over Compliance

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

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

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

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

SMUIN, RICH & MARSING

Smuin, Rich & Marsing

Price, Utah

June 15, 2024