

APPROVED

**CACHE COUNTY
COUNCIL MEETING
MINUTES
JANUARY 08, 2019**

**COUNTY COUNCIL MEETING
January 08, 2019**

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WORKSHOP WITH COUNCIL – Planning Commission Joint-RU2 & RU5-February 12, 2019-3:00 p.m....2

**CACHE COUNTY COUNCIL MEETING
JANUARY 08, 2019**

The Cache County Council convened in a regular session on January 08, 2019 at 5:00 p.m. in the Cache County Council Chamber at 199 North Main, Logan, Utah.

ATTENDANCE:

Chairman: Karl B. Ward
Vice Chairman: Gina H. Worthen
Council Members: Paul R. Borup, David L. Erickson, Barbara Tidwell, Jon White, & Gordon A. Zilles
County Executive: Craig "W" Buttars
County Clerk: Jill N. Zollinger
County Attorney: James Swink

The following individuals were also in attendance: Director Amy Adams, Janeen Allen, Bracken Atkinson, Ron Bjorkman, Chief Rod Hammer, Sharon L. Hoth, Kristen Johnson, Mary Johnson, Rob Johnson, Director Joan Liquin, Director Bartt Nelson, Director Josh Runhaar, Media: Irma Mora (Herald Journal).

OPENING REMARKS AND PLEDGE OF ALLEGIANCE

Gordon Zilles gave the opening remarks and led those present in the Pledge of Allegiance.

REVIEW AND APPROVAL OF AGENDA

ACTION: Motion by Council member Zilles to approve the agenda as written. Tidwell seconded the motion. The vote was unanimous, 7-0.

REVIEW AND APPROVAL OF MINUTES

ACTION: Motion by Vice Chairman Worthen to approve the minutes of the December 11, 2018 Council meeting as written. White seconded the motion. The vote was unanimous, 7-0.

MINUTES FOLLOW-UP: None.

REPORT OF THE COUNTY EXECUTIVE: CRAIG "W" BUTTARS

APPOINTMENTS: Ron Bjorkman Fairgrounds Advisory Board

ACTION: Motion by Council member Zilles to approve the recommended appointment. Erickson seconded the motion. The vote was unanimous, 7-0.

As Ron Bjorkman is the new Event Center Marketing Director, Executive Buttars asked him to introduce himself.

Bjorkman said he has been involved with the Fair in the past through his work for Michael's Arts and Crafts. He is excited about working for the county and stated the new Event Center is one of the best in the state or possibly the western United States. Bjorkman hopes to develop procedures where it will pay for itself while emphasizing community heritage.

EXPENSE REPORTS: Expense reports (*formerly called warrants*) for December 2018 were submitted to the Council Chair and Clerk. The financial reports for December 2018 will be available at the next meeting.

OTHER ITEMS:

- ❑ **Bear River Health Department South Building Open House** – Executive Buttars encouraged Council members to attend – January 9, 2019 from 2:00 to 6:00 p.m., 635 South 100 East, Logan.
- ❑ **Planning Commission Joint Workshop with the Council** was scheduled for February 12, 2019 at 3:00 p.m. to discuss the RU2 and RU5 zones.
- ❑ **The Dicio Group Study** – Executive Buttars stated The Dicio Group has been asked by Utah Association of Counties (UAC) to do a study/analysis of UAC's organization and effectiveness. In conjunction with the study The Dicio Group is holding a meeting in the Council Chambers/Conference Room on Wednesday, January 23, 2019 from 9:00 to 11:00 a.m. for the Council and other elected officials to share their experiences with and perceptions of UAC.
- ❑ **2019 Goals** – Executive Buttars shared the following goals for 2019:
 - ◇ Continue the donor campaign for the Event Center and install the soffit at the Center
 - ◇ Work with Utah National Guard for relocation of the Armory
 - ◇ Install wayfinding signs on county complex
 - ◇ Organizational changes for county government
 - ◇ Revise county parking ordinance
 - ◇ Work with Compensation Committee to develop a market analysis and pay plan for employees
 - ◇ Budget Committee – Director Jensen has information for the make-up of the Committee
 - ◇ Explore the possibility of hiring a grant writer or contracting for grant writing services
 - ◇ Revising policies and procedures for fairgrounds and Event Center
 - ◇ Initiate a safety incentive plan

ITEMS OF SPECIAL INTEREST

- **Bear River Mental Health Annual Financial Audit Report – Rob Johnson** reviewed the report and noted there were no problems with the audit. BRMH appreciates the county's support.

(Attachment 1)

PUBLIC HEARINGS, APPEALS AND BOARD OF EQUALIZATION MATTERS

PUBLIC HEARING SET: January 22, 2019 at 5:30 p.m. – Ordinance No. 2019-01-DD Auto and Salvage Rezone – Request to rezone 1.1 acres from the Commercial (C) Zone to the Industrial (I) Zone, located at 1976 West 200 North , Logan

PUBLIC HEARING SET: January 22, 2019 at 5:40 p.m.-Applewood Hollow RU5 Rezone - Request to rezone 12.50 acres from the Agricultural (A10) Zone to the Rural 5 (RU5) Zone, located at 4642 Hollow Road, near Nibley.

ACTION: Motion by Council member White to set the following Public Hearings:

-January 22, 2019 at 5:30 p.m. – Ordinance No. 2019-01-DD Auto and Salvage Rezone – Request to rezone 1.1 acres from the Commercial (C) Zone to the Industrial (I) Zone, located at 1976 West 200 North , Logan. Erickson seconded the motion. The vote was unanimous, 7-0.

AND

-January 22, 2019 at 5:40 p.m. – Applewood Hollow RU5 Rezone. Request to rezone 12.50 acres from the Agricultural (A10) Zone to the Rural 5 (RU5) Zone, located at 4642 Hollow Road, near Nibley. Erickson seconded the motion. The vote was unanimous, 7-0.

INITIAL PROPOSAL FOR CONSIDERATION OF ACTION

- **Resolution No. 2019-01 – Consenting to the South Main River Community Reinvestment Project Area Budget.** – Bracken Atkinson, Wasatch Development Group, indicated the Council has the budget document on their iPads. Council member Tidwell asked what the proposed starting date is. Atkinson replied asbestos clean-up has already started, demolition is scheduled for February 1st and April 14th is projected for groundbreaking. It is a 14-month buildout and they project opening in late spring of 2020.

Council member White remarked he still struggles with the fact that the county gives up tax revenue and Logan City gives up nothing and gains much.

(Attachment 2)

ACTION: Motion by Council member White to waive the rules and approve Resolution No. 2019-01-Consenting to the South Main River Community Reinvestment Project Area Budget. Zilles seconded the motion. The motion passed, 6 aye – Borup, Erickson, Tidwell, Ward, Worthen & Zilles and 1 nay – White.

OTHER BUSINESS

- ✓ **Bear River Health Department South Building Open House – Wednesday, January 9, 2019 – 2:00 – 6:00 p.m.**
- ✓ **Council Members' 2019 Department Assignments**

(Attachment 3)

- ✓ **Council Members' 2019 Board and Committee Assignments**

(Attachment 4)

✓ **Council Members' Goals for 2019:**

- Chairman Ward:
Budget Committee; county staffing structure
- Council member Zilles:
Davenport road; Budget Committee with 5-year goal
- Council member Borup:
Keep existing congeniality; learn; build on outreaches to cities; legislative delegation catch-up
- Council member Erickson:
Develop scope and sequence of responsibilities of each department; see flow chart of responsibilities; national guard property; solving RU2 and RU5 dilemma; refine the budgeting; do more sheriff's ride alongs; tour jail facility
- Vice Chair Worthen:
Budget Committee, foothill fire prevention open house; suicide prevention, QPR training; law enforcement ride along; Cache Valley Economic Development Alliance plan – coordinate with county general plan; policy assessment
- Council member White:
County manager; where to save money; 5-year plan and stick to it; armory land; hopes Event Center remembers local event needs; zoning master plan; get Sheriff's inmate housing money from state
- Council member Tidwell:
Budget Committee and 5-year goal; city outreach, master plan, event center for county first; more information on fire department; more involvement with legislature

Attorney Swink agreed state inmate revenues are a big issue and counties need to join forces in pushing the state to pay up. UAC should jump on this issue.

Executive Buttars said there will be a UAC call-in meeting on January 16, 2019 at 11:00 a.m. It will be set up in the Council Conference Room.

COUNCIL MEMBER REPORTS

Gina Worthen stated the Children's Justice Center will have its annual training February 27th at Bridgerland Technical College from 8:30 a.m. – 5:00 p.m. and the Council is invited. Director Joan Liquin said this training occurs each year with about 80 in attendance.

Liquin said the Center usually does about 400 child abuse exams; however; this past year was 470 so the numbers are increasing.

Attorney Swink commented the county has an opportunity to work with some local businesses for a new justice center. If this works, there will be a new Children's Justice Center AND a Family Justice Center.

Barbara Tidwell said there will be a Better Days 2020 celebration honoring Utah women in politics possibly at the Event Center. She, Vice Chair Worthen and Mayor Daines will be forming a committee to plan and schedule the event.

Tidwell has been invited by UAC to visit with the Sheriff's from the various counties this Thursday.

Dave Erickson reminded the Council February 13th is the "Day On the Hill" with UAC.

EXECUTIVE SESSION

ACTION: Motion by Council member Zilles to adjourn to an Executive Session to discuss the sale of real property. Tidwell seconded the motion. The vote was unanimous, 7-0.

The Council adjourned to an Executive Session at 6:38 p.m.

ACTION: Motion by Vice Chair Worthen to adjourn from the Executive Session at 6:57 p.m. Erickson seconded the motion. The vote was unanimous, 7-0.

ADJOURNMENT

The Council meeting adjourned at 6:57 p.m.

ATTEST: Jill N. Zollinger
County Clerk

APPROVAL: Karl B. Ward
Chairman

BEAR RIVER MENTAL HEALTH SERVICES, INC.
ANNUAL FINANCIAL REPORT
JUNE 30, 2018 AND 2017

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INTRODUCTORY SECTION

October 23, 2018

Office of the State Auditor
Utah State Capitol Complex
Senate Office Building, Suite E310
P.O. Box 142310
Salt Lake City, UT 84114

Gentlemen:

The financial statement report of Bear River Mental Health Services, Inc. (Center), a not-for-profit organization, for the fiscal years ended June 30, 2018 and 2017, is submitted herewith. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Center. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Center. All disclosures necessary to enable the reader to gain an understanding of the Center's financial activities have been included.

The financial report is presented in three sections: introductory, financial and supplemental. The introductory section includes this transmittal letter, organizational chart and a list of principal officials. The financial section includes the auditor's report and the June 30, 2018 and 2017, financial statements. The supplemental section consists of a comparative detail statement of activities, the auditor's reports in accordance with government auditing standards and communication with those charged with governance.

The Center contracts with the state of Utah, which dictates that programs be considered for compliance with the requirements governing types of services. Management of the Center is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Center are protected from loss, theft or misuse; and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Office of the State Auditor
October 23, 2018
Page Two

As a recipient of federal, state and county financial assistance, the Center also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to a periodic evaluation by management. As demonstrated by the statements and schedules included in the financial section of this report, the Center continues to meet its responsibility for sound financial management.

The preparation of the financial statements and supplemental information was made possible by the dedicated services of the Bear River staff, who assisted with the audit process. Additionally, the excellent work accomplished by the staff from the firm of Davis & Bott made this an extremely useful review and summary for management purposes.

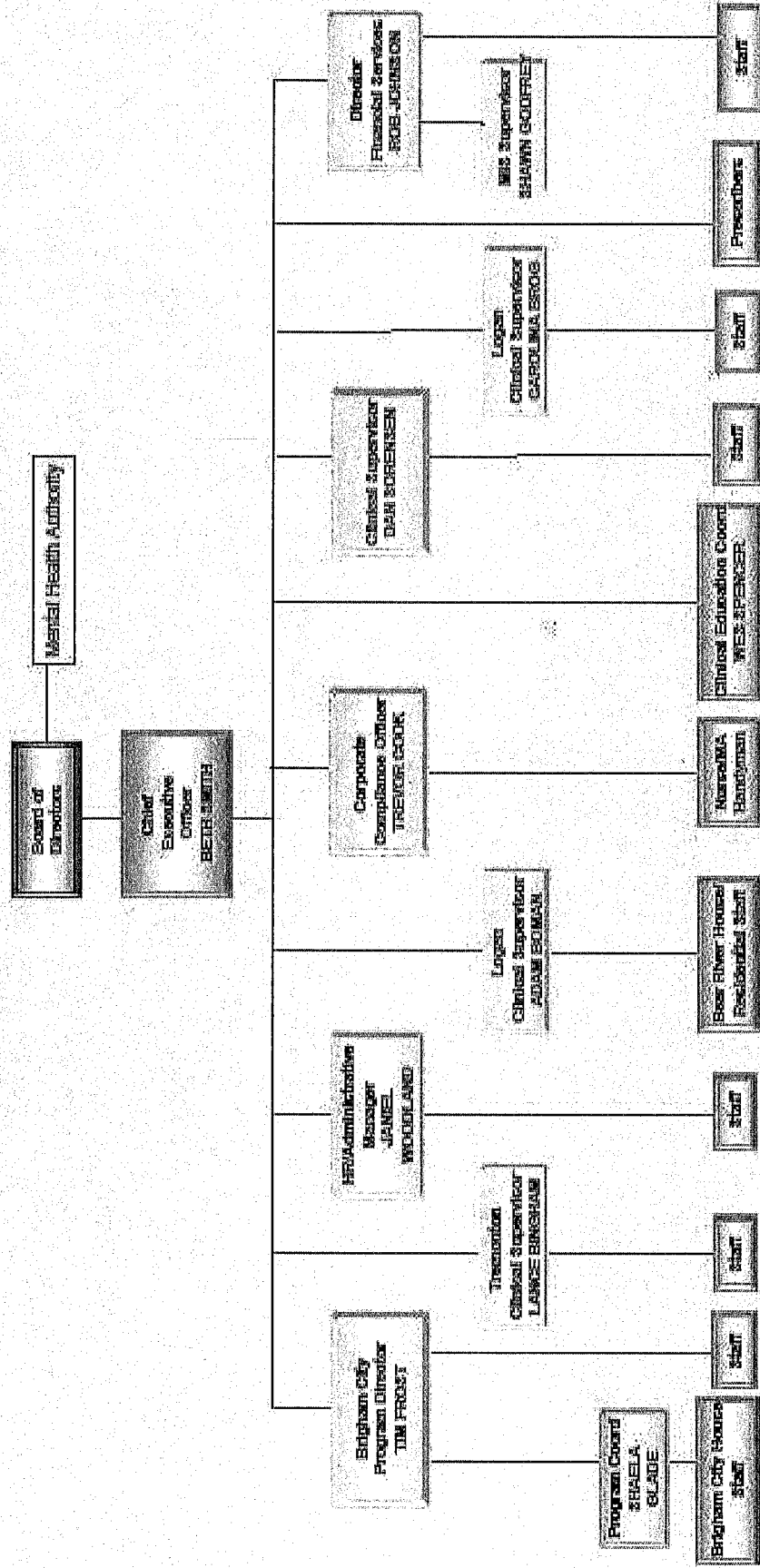
Due credit also should be given to the governing board of the Center for their interest and support in planning and conducting the operations in a responsible and progressive manner.

Respectfully submitted,

Beth A. Smith
President/CEO

Bear River Mental Health - Organizational Chart

as of 06/30/2018



BEAR RIVER MENTAL HEALTH SERVICES, INC.
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2018

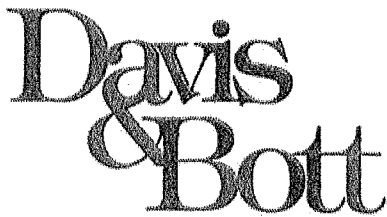
Executive Committee:

| | |
|---|-------------------|
| President/CEO | Beth A. Smith |
| Director of Financial Services | Robert B. Johnson |
| Box Elder County Program Director | Timothy Frost |
| Corporate Compliance Officer | Trevor L. Cook |
| HR/Administrative Manager | Janiel Woodland |
| Clinical Supervisor | Daniel Sorensen |

Board of Directors:

| | |
|------------------|-------------------|
| Chair | Steven L. Stowers |
| Vice Chair | Gail Godfrey |
| Member | Steve Vincent |
| Member | William Cox |
| Member | Craig Buttars |
| Member | Kirk Allen |
| Member | Kris Monson |
| Member | Brad Mortensen |
| Member | Jared Taylor |
| Member | Jeff Scott |
| Member | Louise Speth |

FINANCIAL SECTION



Certified Public Accountants, L.C.
50 West Forest, Suite 101
P.O. Box 369
Brigham City, Utah 84302
435-723-5224

INDEPENDENT AUDITORS' REPORT

Governing Board
Bear River Mental Health Services, Inc.
Logan, Utah 84321

We have audited the accompanying financial statements of Bear River Mental Health Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit

INDEPENDENT AUDITORS' REPORT
(Continued)

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bear River Mental Health Services, Inc. as of June 30, 2018 and 2017, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying detail statement of activities listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2018, on our consideration of Bear River Mental Health Services, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Davis & Bott

Davis & Bott
Certified Public Accountants, L.C.

Brigham City, Utah
October 23, 2018

BEAR RIVER MENTAL HEALTH SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|----------------------------------|---------------------|---------------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 4,222,702 | \$ 4,353,855 |
| Accounts receivable | 1,744,757 | 1,756,718 |
| Prepaid expenses | 593,203 | 345,217 |
| Total current assets | <u>6,560,662</u> | <u>6,455,790</u> |
| Property and equipment (net) | 2,532,617 | 2,748,957 |
| Investments | <u>20,000</u> | <u>20,000</u> |
| Total assets | <u>\$ 9,113,279</u> | <u>\$ 9,224,747</u> |
| <u>LIABILITIES</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 503,236 | \$ 337,768 |
| Accrued liabilities | 911,416 | 863,736 |
| Unexpended county funds | 52,631 | 66,429 |
| Other current liabilities | <u>2,550</u> | <u>2,300</u> |
| Total current liabilities | 1,469,833 | 1,270,233 |
| Mortgage payable | <u>309,935</u> | <u>309,935</u> |
| Total liabilities | <u>1,779,768</u> | <u>1,580,168</u> |
| <u>NET ASSETS</u> | | |
| Unrestricted net assets | | |
| Operating appropriation | \$ 3,402,607 | \$ 3,369,772 |
| Net investment in fixed assets | 2,532,617 | 2,748,957 |
| Fixed asset appropriation | <u>1,398,287</u> | <u>1,525,850</u> |
| Total unrestricted net assets | 7,333,511 | 7,644,579 |
| Total net assets | <u>7,333,511</u> | <u>7,644,579</u> |
| Total liabilities and net assets | <u>\$ 9,113,279</u> | <u>\$ 9,224,747</u> |

The accompanying notes are an integral part of these statements.

BEAR RIVER MENTAL HEALTH SERVICES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

| <u>UNRESTRICTED NET ASSETS</u> | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| Support and revenues: | | |
| Government support: | | |
| Federal | \$ 131,198 | \$ 131,247 |
| State | 2,420,798 | 2,148,557 |
| County | 464,898 | 417,747 |
| Total support | <u>3,016,894</u> | <u>2,697,551</u> |
| Revenues: | | |
| Medicaid (net) | 6,624,697 | 6,004,222 |
| Service fees | 231,790 | 350,779 |
| Investment income | 82,418 | 79,101 |
| Client living fees | 71,757 | 62,829 |
| Miscellaneous income | 8,510 | 18,928 |
| Total revenue | <u>7,019,172</u> | <u>6,515,859</u> |
| Total unrestricted support and revenues | <u>10,036,066</u> | <u>9,213,410</u> |
| Expenses: | | |
| Administration | 1,268,505 | 1,187,838 |
| Outpatient | 5,822,294 | 5,642,780 |
| Intensive services | 3,258,797 | 3,419,104 |
| Total expenses | <u>10,349,596</u> | <u>10,249,722</u> |
| Increase (decrease) in unrestricted net assets before non-operating revenue | <u>(313,530)</u> | <u>(1,036,312)</u> |
| Non-operating revenue | | |
| Gain (loss) on sale of assets | <u>2,462</u> | <u>6,000</u> |
| Increase (decrease) in unrestricted net assets | <u>(311,068)</u> | <u>(1,030,312)</u> |
| Net assets at beginning of year | <u>7,644,579</u> | <u>8,674,891</u> |
| Net assets at end of year | <u>\$ 7,333,511</u> | <u>\$ 7,644,579</u> |

The accompanying notes are an integral part of these statements.

BEAR RIVER MENTAL HEALTH SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Functional expenses for the fiscal year ended June 30, 2018, were as follows:

| | <u>Admin.</u> | <u>Outpatient</u> | <u>Intensive Services</u> | <u>June 30, 2018</u> |
|--------------------|---------------------|--------------------|-------------------------------|--------------------------|
| Personnel | \$ 1,133,540 | \$5,099,165 | \$1,098,589 | \$ 7,331,294 |
| Travel/auto | 11,652 | 76,814 | 29,710 | 118,176 |
| Office maintenance | 6,068 | 18,252 | 7,000 | 31,320 |
| Occupancy | 21,806 | 186,273 | 137,628 | 345,707 |
| Professional | 15,882 | 113,989 | 1,734,443 | 1,864,314 |
| Staff support | 34,698 | 74,572 | 16,172 | 125,442 |
| Data processing | 15,717 | 105,106 | 28,817 | 149,640 |
| Program activities | - | 17,814 | 99,396 | 117,210 |
| Depreciation | 12,423 | 128,594 | 106,462 | 247,479 |
| Other | 16,719 | 1,715 | 580 | 19,014 |
| | <u>\$ 1,268,505</u> | <u>\$5,822,294</u> | <u>\$3,258,797</u> | <u>\$10,349,596</u> |

Functional expenses for the fiscal year ended June 30, 2017, were as follows:

| | <u>Admin.</u> | <u>Outpatient</u> | <u>Intensive Services</u> | <u>June 30, 2017</u> |
|--------------------|---------------------|--------------------|-------------------------------|--------------------------|
| Personnel | \$ 1,060,551 | \$4,947,018 | \$1,079,558 | \$ 7,087,127 |
| Travel/auto | 9,286 | 72,823 | 30,289 | 112,398 |
| Office maintenance | 3,276 | 20,363 | 10,099 | 33,738 |
| Occupancy | 18,902 | 161,802 | 144,493 | 325,197 |
| Professional | 25,711 | 136,266 | 1,536,240 | 1,698,217 |
| Staff support | 37,238 | 65,564 | 15,107 | 117,909 |
| Data processing | 8,886 | 98,910 | 26,761 | 134,557 |
| Program activities | - | 11,406 | 95,877 | 107,283 |
| Depreciation | 12,529 | 127,799 | 102,117 | 242,445 |
| Other | 11,459 | 829 | 378,563 | 390,851 |
| | <u>\$ 1,187,838</u> | <u>\$5,642,780</u> | <u>\$3,419,104</u> | <u>\$10,249,722</u> |

The accompanying notes are an integral part of these statements.

BEAR RIVER MENTAL HEALTH SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| Cash flow from operating activities: | | |
| Excess of revenues and support over expenses | \$ (311,068) | \$ (1,030,312) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation/amortization | 247,479 | 242,445 |
| (Gain)/loss on sale of assets | (2,462) | (6,000) |
| (Gain)/loss on investment in LLC | - | 350,563 |
| (Increase) decrease in operating assets: | | |
| Accounts receivable | 11,961 | 59,049 |
| Prepaid assets | (247,986) | 123,859 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | 165,468 | 29,177 |
| Accrued liabilities | <u>34,132</u> | <u>(13,499)</u> |
| Net cash provided by (used in) operating activities | <u>(102,476)</u> | <u>(244,718)</u> |
| Cash flows from investing activities: | | |
| Proceeds from sale of fixed assets | 2,462 | 6,000 |
| Purchase of buildings/equipment | <u>(31,139)</u> | <u>(46,769)</u> |
| Net cash provided by (used in) investing activities | <u>(28,677)</u> | <u>(40,769)</u> |
| Net increase (decrease) in cash and cash equivalents | (131,153) | (285,487) |
| Cash and cash equivalents at beginning of year | <u>4,353,855</u> | <u>4,639,342</u> |
| Cash and cash equivalents at end of year | <u>\$ 4,222,702</u> | <u>\$ 4,353,855</u> |

The accompanying notes are an integral part of these statements.

BEAR RIVER MENTAL HEALTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Bear River Mental Health Services, Inc. (Center) is a not-for-profit organization whose purpose is to provide mental health services to residents of Cache, Rich and Box Elder Counties in the state of Utah. The Center was incorporated as a not-for-profit organization on January 1, 1984. Prior to incorporation, mental health services were performed through a tri-county governmental association. The Center receives funding for its programs from various federal, state and local sources. In addition, the Center receives Medicaid reimbursement for eligible patients on a capitation basis. The Center has facilities in Logan, Brigham City and Tremonton, Utah, with satellite offices in Garden City and Randolph, Utah.

The Center provides comprehensive mental health services to clients including: psychosocial rehabilitation, residential services, inpatient services, individual therapy, group therapy, psychological testing, medication management, etc. These services are provided for individuals who are eligible for Utah State Medicaid, the portion of the population that meets the state of Utah's definition for seriously and persistently mentally ill adults or seriously emotionally disturbed children and adolescents, or those individuals in psychiatric crisis or in need of inpatient hospitalization.

The accounting policies of the Center conform to generally accepted accounting principles as applicable to not-for-profit institutions. The following is a summary of the more significant policies:

Service Fee Revenue

Revenues earned from services provided under third-party reimbursement and private pay arrangements are recognized on a cash basis due to the uncertainty of the timing and amount of collection. As this treatment has an immaterial effect on the financial statements, and due to the uncertainty of collection which is not susceptible to reasonable estimation by management, the Center's treatment is deemed to conform with generally accepted accounting principles.

See Independent Auditors' Report

BEAR RIVER MENTAL HEALTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018 AND 2017

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Estimates

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

Property and Equipment

Fixed assets are stated at historical cost. All capital items greater than \$5,000 are classified as capitalized assets. Donated fixed assets are valued at their estimated fair market value on the date donated. A physical inventory of fixed assets is taken periodically and adjustments made to the books to reflect the results. Estimated costs are used when actual costs are not available. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, as follows:

| | |
|------------------------------|------------|
| Buildings | 25 years |
| Furniture and fixtures | 5-10 years |
| Equipment | 3-10 years |
| Automobiles | 5 years |

Deposits

The Center collects refundable deposits for certain monthly living accommodations provided to eligible patients. This liability represents amounts received and held as of June 30, 2018.

Accrued Leave Payable

Unused personal leave that is expected to be liquidated with expendable available resources and paid upon termination has been accrued.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

See Independent Auditors' Report

BEAR RIVER MENTAL HEALTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018 AND 2017

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Income Taxes

The Center is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Center has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for fiscal year ended June 30, 2018.

Subsequent Events

Subsequent events have been evaluated through October 23, 2018, which is the date the financial statements were available to be issued.

NOTE 2. CASH

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Center's deposits may not be recovered. The Center follows the Utah Money Management Act. The Act requires all deposits of an entity to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2018 and 2017 none of the Center's bank accounts exceeded the FDIC limit of \$250,000.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The Center's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The Center is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and council requirements. The PTIF is not registered with the SEC as an investment company and deposits in the PTIF are not insured or otherwise guaranteed by the state of Utah.

See Independent Auditors' Report

BEAR RIVER MENTAL HEALTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018 AND 2017

NOTE 2. CASH (Continued)

The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

The Center had investments with the PTIF of \$4,089,454 and \$4,110,773 as of June 30, 2018 and 2017, respectively. The entire balance had a maturity of less than one year. The PTIF pool has not been rated.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Center manages its exposure to declines in fair value by investment mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable represent grants and contracted support from federal, state and local governments due to the Center at June 30, 2018 and 2017, as follows:

| | <u>2018</u> | <u>2017</u> |
|---------------------------|--------------------|--------------------|
| Grants: | | |
| Federal | \$ 32,800 | \$ 65,624 |
| State | <u>601,424</u> | <u>422,832</u> |
| Counties: | | |
| Cache | 80,129 | 293,862 |
| Rich | 1,750 | 5,000 |
| Box Elder | <u>34,562</u> | <u>127,676</u> |
| Total grants | <u>750,665</u> | <u>914,994</u> |
| Other: | | |
| Title XVIII | 18,874 | 12,930 |
| Title XIX | 955,333 | 809,022 |
| Sales tax | 2,171 | 2,063 |
| Miscellaneous | <u>17,714</u> | <u>17,709</u> |
| Total other | <u>994,092</u> | <u>841,724</u> |
| Total accounts receivable | <u>\$1,744,757</u> | <u>\$1,756,718</u> |

See Independent Auditors' Report

BEAR RIVER MENTAL HEALTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018 AND 2017

NOTE 4. PREPAID EXPENSES

Medicaid requires that the state's portion of the Medicaid match be prepaid before Medicaid funds may be received by the Center. The match is estimated on a quarterly basis. Occasionally, the estimated match isn't sufficient to cover the actual match amount. The balances in the prepaid Medicaid match account as of June 30, 2018 and 2017 were \$593,203 and 345,019, respectively.

NOTE 5. INVESTMENTS

Investment in Bear River Valley Mental Health, LLC

On December 28, 2000, the Center entered into an agreement with Utah Non-Profit Housing Corporation (UNP) and First Security Bank (subsequently purchased by Wells Fargo Bank) to own .50 percent of Bear River Valley Mental Health, LLC. The Center donated land with a historical cost of \$96,351 and proceeds of a Community Development Block Grant of \$200,000 to the LLC for the ownership interest. Per agreement with UNP, after 15 years the entire interest in the project will be transferred to the Center for a fee not to exceed \$10. This investment is accounted for on the books of the Center according to the equity method, meaning that on a yearly basis the investment is increased for net income and decreased for net loss or dividends received.

As of March 1, 2017, the Center donated its interest in Bear River Valley Mental Health, LLC to Bear River Association of Governments (BRAG). The Center wrote off its interest in the LLC of \$304,343 by showing a donations expense in miscellaneous expenses of \$304,343. In addition, over the past few years Bear River Mental Health agreed to pay for its portion of prior losses for the LLC. The payments were recorded as a loan to the LLC. The entire loan amount, \$74,220 (including \$9,822 of expenses for the June 30, 2017 fiscal year) was written off as bad debt expense.

Mental Health Risk Retention Group

In 1984, the Center joined an association to provide liability insurance coverage. The association required that stock be purchased in a corporation by all mental health centers participating in the insurance plan. On January 12, 1988, 40 shares of class "C" common stock were issued to the Center in consideration of \$20,000 paid as a deposit in 1984. The market value of this investment is not available due to the nature of the corporation.

See Independent Auditors' Report

BEAR RIVER MENTAL HEALTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018 AND 2017

NOTE 6. FIXED ASSETS

Fixed asset activity is as follows at June 30:

| | June 30, <u>2017</u> | <u>Additions</u> | <u>Deletions</u> | June 30, <u>2018</u> |
|-------------------------------|-------------------------|---------------------|------------------|-------------------------|
| Land | \$ 457,429 | \$ - | \$ - | \$ 457,429 |
| Buildings | 5,623,600 | - | - | 5,623,600 |
| Equipment and furnishings | <u>632,113</u> | <u>31,139</u> | <u>(13,300)</u> | <u>649,952</u> |
| Total | 6,713,142 | 31,139 | (13,300) | 6,730,981 |
| Accumulated depreciation | <u>(3,964,185)</u> | <u>(247,479)</u> | <u>13,300</u> | <u>(4,198,364)</u> |
| Net property and equipment | <u>\$ 2,748,957</u> | <u>\$ (216,340)</u> | <u>\$ -</u> | <u>\$ 2,532,617</u> |

NOTE 7. ACCOUNTS PAYABLE / ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of amounts incurred and due, which have not yet been paid, are as follows at June 30:

| | <u>2018</u> | <u>2017</u> |
|---|--------------------|--------------------|
| Accounts payable | \$ 503,236 | \$ 337,768 |
| Accrued liabilities: | | |
| Accrued payroll and taxes payable | 477,794 | 468,929 |
| Accrued leave payable | 378,636 | 347,755 |
| Other accrued liabilities | <u>54,986</u> | <u>47,052</u> |
| Total accrued liabilities | <u>911,416</u> | <u>863,736</u> |
| Total accounts payable/accrued liabilities | <u>\$1,414,652</u> | <u>\$1,201,504</u> |

See Independent Auditors' Report

BEAR RIVER MENTAL HEALTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018 AND 2017

NOTE 8. MORTGAGE PAYABLE

The Center purchased a building in Brigham City, Utah, to use in their mental health services. This purchase was made with loan proceeds available from the Department of Housing and Urban Development (HUD) through the State of Utah Housing Trust Fund at 0 percent interest. Repayment of the loan is to be made when the project is sold, transferred to another entity or changes use. The amount due at June 30, 2018, was \$309,935, which was for the purchase and renovation of the building.

NOTE 9. UNRESTRICTED NET ASSETS

The Board of Directors has appropriated an amount to be set aside for normal operations of the Center. The operating appropriation has been calculated at 120 days of expenditures, based on 2017/2018 fiscal year expenses. Net investment in fixed assets represents the amount of assets held at year end. The fixed asset appropriation has been appropriated for the future acquisition of fixed assets.

NOTE 10. RETIREMENT

By means of its substantial contract with Cache, Box Elder and Rich Counties, eligible employees of the Center can participate in the Local Governmental Noncontributory Retirement System (Noncontributory System), a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems).

The Systems are comprised of two pension trust funds and several retirement savings plans. The legacy pension fund is referred to as "Tier 1". The second pension fund entitled "Tier 2 Public Employees System Contributory Retirement System" (Tier 2) became effective July 1, 2011. All participating employees beginning on or after July 1, 2011 who had no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

BEAR RIVER MENTAL HEALTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018 AND 2017

NOTE 10. RETIREMENT (CONTINUED)

The 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.

The Center was required to contribute a percentage of covered salaries to the respective systems: 18.47 percent to the Tier 1 Noncontributory Retirement System, and 16.69 percent to the Tier 2 Contributory Hybrid Retirement System. The contribution rates are actuarially-determined rates and are approved by the Board as authorized by Utah Code Title 49.

The Center's contributions to the Tier 1 Noncontributory Retirement System for June 30, 2018, 2017 and 2016 were \$481,337, \$497,531, and \$513,642, respectively. The Center's contributions to the Tier 2 Contributory Hybrid Retirement System for June 30, 2018, 2017 and 2016 were \$197,931, \$175,280, and \$151,854, respectively. The contributions were equal to the required contributions for each year.

The Center provides supplemental pension benefits for all of its full-time employees through a defined contribution plan, Section 401(k). Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate in the plan from the date of employment. Employee contributions are optional within prescribed limits. The Board of Directors authorizes the Center to contribute 2 percent of the Tier 1 and Tier 2 employees' retirement salary. The Center's 2 percent contribution is fully vested upon deposit into the plan. The Center made contributions totaling \$156,327, \$145,895, and \$128,266 for 2018, 2017 and 2016. Employees made \$62,043, \$82,925, and \$76,599 in optional contributions for the same periods.

See Independent Auditors' Report

BEAR RIVER MENTAL HEALTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018 AND 2017

NOTE 10. RETIREMENT (Continued)

The Center also offers its employees deferred compensation plans created in accordance with Internal Revenue Service Code. The plans, available to all employees eligible for benefits, permit them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon that date. Employee contributions to the Section 457 plan totaled \$23,117, \$30,239, and \$20,804 and the Roth IRA plan totaled \$17,033, \$24,046, and \$18,526 for the years ending June 30, 2018, 2017 and 2016. The Center did not make any contribution to either plan.

Pension Assets and Liabilities

The actuarially determined share of the URS unfunded pension liability and pre-funded assets ascribed to the Center at December 31, 2018 and 2017 is a net pension liability of \$9,704 and \$14,167, respectively, for the Tier 2 Public Employees System, and a net pension liability of \$1,489,402 and \$2,223,168, respectively, for the Noncontributory System.

NOTE 11. CAFETERIA PLAN

The Center has set up a cafeteria plan to enable employees to have amounts excluded from their income under Section 125(a) and other applicable sections of the Internal Revenue Service Code of 1986, as amended. The plan is to provide contributions from the employees to cover benefits paid. The plan is administered by an independent agency with assets maintained in separate bank accounts.

NOTE 12. LEASES

Rent expense for the fiscal years ending June 30, 2018 and 2017, was \$2,400 and \$2,400.

SUPPLEMENTAL SECTION

BEAR RIVER MENTAL HEALTH SERVICES, INC.
DETAILED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

| | Memorandum Only <u>2018</u> | Memorandum Only <u>2017</u> | <u>%</u> <u>Change</u> |
|-----------------------------------|--------------------------------|--------------------------------|---------------------------|
| Government Support and Revenues: | | | |
| Government support: | | | |
| Federal | | | |
| Federal block grant | \$ 131,198 | \$ 131,247 | -0.04% |
| State | | | |
| State operating grant | 1,735,247 | 1,417,228 | 22.44% |
| State children's grant | 215,889 | 264,285 | -18.31% |
| State Medicaid replacement | 148,454 | 148,812 | -0.24% |
| SMR | 48,907 | - | 0.00% |
| Early intervention | 191,009 | 209,369 | -8.77% |
| PASRR | 36,069 | 46,920 | -23.13% |
| Family resource facilitator | 9,754 | 6,664 | 46.37% |
| Justice Reinvestment Initiative | 33,885 | 49,043 | -30.91% |
| Community outplacement grant | <u>1,584</u> | <u>6,236</u> | -74.60% |
| Total state | <u>2,420,798</u> | <u>2,148,557</u> | 12.67% |
| County | | | |
| County match | <u>464,898</u> | <u>417,747</u> | 11.29% |
| Total county | <u>464,898</u> | <u>417,747</u> | 11.29% |
| Total government support | <u>3,016,894</u> | <u>2,697,551</u> | 11.84% |
| Revenues: | | | |
| Medicaid (net) | | | |
| Medicaid disability determination | 3,941 | 8,195 | -51.91% |
| Medicaid capitation | 8,931,156 | 8,046,192 | 11.00% |
| Medicaid FFS | 147,698 | 119,921 | 23.16% |
| Medicaid/Medicare crossovers | 27,547 | 32,100 | -14.18% |
| Medicaid match contra revenue | (2,389,149) | (2,115,985) | 12.91% |
| Medicaid Admin Fee | <u>(96,496)</u> | <u>(86,201)</u> | 11.94% |
| Total medicaid (net) | <u>6,624,697</u> | <u>6,004,222</u> | 10.33% |

The accompanying notes are an integral part of these statements.

BEAR RIVER MENTAL HEALTH SERVICES, INC.
DETAILED STATEMENTS OF ACTIVITIES (Continued)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

| | Memorandum Only <u>2018</u> | Memorandum Only <u>2017</u> | <u>%</u> <u>Change</u> |
|---------------------------------------|--------------------------------|--------------------------------|---------------------------|
| Service fees | | | |
| Personal payment | \$ 6,268 | \$ 2,941 | 113.12% |
| Debt recovery | 10 | 1,019 | -99.02% |
| Insurance | 53,312 | 51,545 | 3.43% |
| Medicare | 101,254 | 121,324 | -16.54% |
| Mental health court | 37,500 | 35,514 | 5.59% |
| Juvenile court | 268 | 704 | -61.93% |
| Head start | - | 525 | -100.00% |
| Schools | 26,585 | 128,489 | -79.31% |
| Consult fees | 4,169 | 5,106 | -18.35% |
| Rainbow Club/New Discovery | 2,424 | 3,612 | -32.89% |
| Total service fees | <u>231,790</u> | <u>350,779</u> | -33.92% |
| Investment income | | | |
| Investment income | <u>82,418</u> | <u>79,101</u> | 4.19% |
| Total investment income | <u>82,418</u> | <u>79,101</u> | 0.86% |
| Client living fees | | | |
| 24-hour supervised living fees | 15,906 | 18,422 | -13.66% |
| Semi-independent living fees | <u>55,851</u> | <u>44,407</u> | 25.77% |
| Total client living fees | <u>71,757</u> | <u>62,829</u> | 14.21% |
| Miscellaneous income | | | |
| Miscellaneous | 2,374 | 11,302 | -78.99% |
| Day treatment lunch program | <u>6,136</u> | <u>7,626</u> | -19.54% |
| | <u>8,510</u> | <u>18,928</u> | -55.04% |
| Total revenues | <u>7,019,172</u> | <u>6,515,859</u> | 7.72% |
| Total government support and revenues | <u>10,036,066</u> | <u>9,213,410</u> | 8.93% |

The accompanying notes are an integral part of these statements.

BEAR RIVER MENTAL HEALTH SERVICES, INC.
DETAILED STATEMENTS OF ACTIVITIES (Continued)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

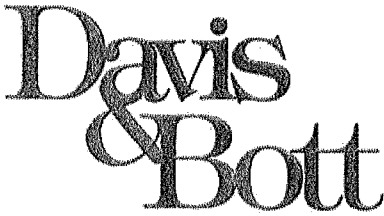
| | Memorandum Only <u>2018</u> | Memorandum Only <u>2017</u> | <u>%</u> <u>Change</u> |
|------------------------------------|--------------------------------|--------------------------------|---------------------------|
| Expenses: | | | |
| Salaries | \$ 4,491,573 | \$ 4,421,824 | 1.58% |
| Employee benefits | <u>2,839,721</u> | <u>2,665,303</u> | 6.54% |
| Total personnel | <u>7,331,294</u> | <u>7,087,127</u> | 3.45% |
| Travel - in state | 64,906 | 68,656 | -5.46% |
| Travel - out of state | 929 | <u>2,804</u> | -66.87% |
| Total travel | <u>65,835</u> | <u>71,460</u> | -7.87% |
| Office supplies | 17,532 | 21,680 | -19.13% |
| Postage | 3,392 | 3,726 | -8.96% |
| Printing and publications | 9,939 | 7,028 | 41.42% |
| Maintenance | <u>457</u> | <u>1,304</u> | -64.95% |
| Total office maintenance | <u>31,320</u> | <u>33,738</u> | -7.17% |
| Rent | 2,400 | 2,400 | 0.00% |
| Utilities | 130,038 | 130,435 | -0.30% |
| Telephone | 57,841 | 54,887 | 5.38% |
| Insurance | 33,705 | 33,790 | -0.25% |
| Janitorial | 53,192 | 51,878 | 2.53% |
| Maintenance | <u>68,531</u> | <u>51,807</u> | 32.28% |
| Total occupancy | <u>345,707</u> | <u>325,197</u> | 6.31% |
| Contract services | 132,495 | 164,063 | -19.24% |
| Inpatient | 1,731,819 | 1,528,401 | 13.31% |
| Residential beds | <u>-</u> | <u>5,753</u> | -100.00% |
| Total professional services | <u>1,864,314</u> | <u>1,698,217</u> | 9.78% |
| Books and journals | 297 | 487 | -39.01% |
| License and memberships | 13,140 | 12,981 | 1.22% |
| Education and training | 57,087 | 51,865 | 10.07% |
| Liability insurance | <u>54,918</u> | <u>52,576</u> | 4.45% |
| Total support staff | <u>125,442</u> | <u>117,909</u> | 6.39% |
| Data processing services | 2,173 | 1,119 | 94.19% |
| Data processing supplies/equipment | 50,510 | 1,718 | 2840.05% |
| Data processing maintenance | <u>96,957</u> | <u>131,720</u> | -26.39% |
| Total data processing | <u>149,640</u> | <u>134,557</u> | 11.21% |

The accompanying notes are an integral part of these statements.

BEAR RIVER MENTAL HEALTH SERVICES, INC.
DETAILED STATEMENTS OF ACTIVITIES (Continued)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

| | Memorandum Only <u>2018</u> | Memorandum Only <u>2017</u> | <u>%</u> <u>Change</u> |
|---|--------------------------------|--------------------------------|---------------------------|
| Gas and oil | \$ 16,093 | \$ 14,664 | 9.74% |
| Maintenance | 15,291 | 10,848 | 40.96% |
| Insurance | <u>20,957</u> | <u>15,426</u> | 35.86% |
| Total auto expense | <u>52,341</u> | <u>40,938</u> | 27.85% |
| Advertising | 7,609 | 2,231 | 241.06% |
| Miscellaneous | 8,201 | 386,705 | -97.88% |
| Board of directors | <u>3,204</u> | <u>1,915</u> | 67.31% |
| Total other expenses | <u>19,014</u> | <u>390,851</u> | -95.14% |
| Materials | 7,220 | 1,965 | 267.43% |
| Medical supplies | <u>2,112</u> | <u>1,037</u> | 103.66% |
| Total professional supplies | <u>9,332</u> | <u>3,002</u> | 210.86% |
| Patient activities | <u>107,878</u> | <u>104,281</u> | 3.45% |
| Total transitional | <u>107,878</u> | <u>104,281</u> | 3.45% |
| Equipment and furnishings | <u>31,139</u> | <u>46,769</u> | -33.42% |
| Total capital outlay | <u>31,139</u> | <u>46,769</u> | -33.42% |
| Total expenditures before adjustment | 10,133,256 | 10,054,046 | 0.79% |
| Total capital outlay | (31,139) | (46,769) | -33.42% |
| Depreciation | <u>247,479</u> | <u>242,445</u> | 2.08% |
| Total expenditures | <u>10,349,596</u> | <u>10,249,722</u> | 0.97% |
| Net income (loss) before non-operating revenue | <u>(313,530)</u> | <u>(1,036,312)</u> | -69.75% |
| Non-operating revenue | <u>2,462</u> | <u>6,000</u> | -58.97% |
| Net income | <u>\$ (311,068)</u> | <u>\$ (1,030,312)</u> | -69.81% |

The accompanying notes are an integral part of these statements.



Certified Public Accountants, L.C.

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**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**

Governing Board
Bear River Mental Health Services, Inc.

In planning and performing our audit of the financial statements of Bear River Mental Health Services, Inc. (Center) as of and for the years ended June 30, 2018 and 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Center'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

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

Our consideration of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

(Continued)

Compliance and Other Matters

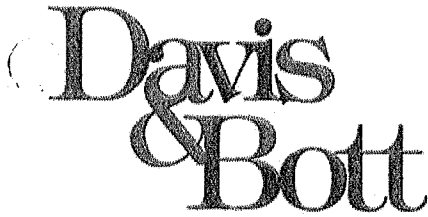
As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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*.

This communication is intended solely for the information and use of management and others within the organization and the various state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Davis & Bott

Davis & Bott
Certified Public Accountants, L.C.

Brigham City, Utah
October 23, 2018



Certified Public Accountants, L.C.
50 West Forest, Suite 101
P.O. Box 369
Brigham City, Utah 84302
435-723-5224

**COMMUNICATION WITH THOSE
CHARGED WITH GOVERNANCE**

Governing Board
Bear River Mental Health Services, Inc.
Logan, Utah 84321

We have audited the financial statements of Bear River Mental Health Services, Inc. (Center), a not-for-profit organization, for the years ended June 30, 2018 and 2017, and have issued our report thereon dated October 23, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 20, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Center are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2018. We noted no transactions entered into by the Center during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.

COMMUNICATION WITH THOSE
CHARGED WITH GOVERNANCE
(Continued)

Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Depreciation

The financial statements are prepared in accordance with "generally accepted accounting principles" (GAAP). As such, assets are depreciated using the straight line method of depreciation.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 23, 2018.

COMMUNICATION WITH THOSE
CHARGED WITH GOVERNANCE
(Continued)

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

This information is intended solely for the information and use of management, the Governing Board and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Davis & Bott

Davis & Bott
Certified Public Accountants, L.C.

Brigham City, Utah
October 23, 2018

**CACHE COUNTY
RESOLUTION 2019 - 01**

**A RESOLUTION CONSENTING TO THE SOUTH MAIN RIVER COMMUNITY
REINVESTMENT PROJECT AREA BUDGET**

WHEREAS, the City of Logan (hereinafter "Logan City") and the Redevelopment Agency of the City of Logan (hereinafter "Agency") have complied with the process and requirements for creating the South Main River Community Reinvestment Project Area (Project Area) pursuant to U.C.A. § 17C-5-101 et seq.; and

WHEREAS, pursuant to U.C.A. § 17C-5-204, the Agency and Cache County (hereinafter "County") have entered into a interlocal agreement for the sharing of tax increment generated in the Project Area; and

WHEREAS, the County is required to consent to the Project Area Budget before Project Area funds can be collected by the Agency.


NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE COUNTY OF CACHE, STATE OF UTAH, AS FOLLOWS:

Pursuant to Utah Code Ann. §17C-5-304, the Cache County Council hereby approves the South Main River Community Reinvestment Project Area Budget as set forth in the attached Exhibit A.

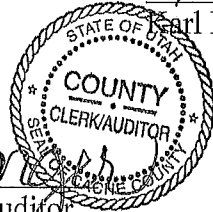
ADOPTED BY THE CACHE COUNTY COUNCIL THIS 8TH DAY OF January, 2019.

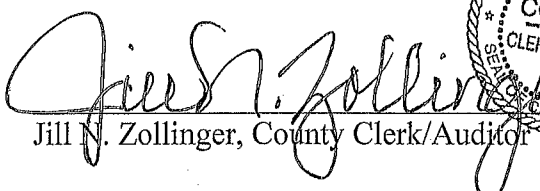
CACHE COUNTY

ATTEST:



Carl B. Ward, Chair





Jill N. Zollinger, County Clerk/Auditor

**2019 CACHE COUNTY COUNCIL AND EXECUTIVE
DEPARTMENT ASSIGNMENTS**

| EXECUTIVE / COUNCIL | POSITION | DEPARTMENT |
|----------------------------|---------------------------|------------------------------------|
| Craig W Buttars | County Executive | Development Services |
| Karl Ward | Council Chair | Assessor |
| Gina Worthen | Council Vice Chair | Treasurer / Visitors Bureau |
| Paul Borup | Council Member | Finance / Human Resources |
| David Erickson | Council Member | Clerk / Auditor |
| Barbara Tidwell | Council Member | Sheriff |
| Jon White | Council Member | Recorder / IT |
| Gordon A. Zilles | Council Member | Attorney |

**2019 CACHE COUNTY COUNCIL
BOARDS AND COMMITTEES ASSIGNMENTS**

| Craig W Buttars | County Executive | Position |
|---|-------------------------|-----------------------|
| Bear River Association of Governments (BRAG) Governing Board | | Board Member |
| Bear River Board of Health | | Chair |
| Bear River Mental Health Board | | Board Member |
| Budget Efficiency Committee | | Board Member |
| Cache Chamber of Commerce | | Board Member |
| Cache County Audit Committee | | Committee Member |
| Cache County Community Foundation Board | | President |
| Cache County Council of Governments (CCCOG) | | Member |
| Cache County Emergency Medical Services (CCEMS) Governing Board | | Board Member |
| Cache County Fairgrounds Advisory Board | | Chair |
| Cache County Fire District Board | | Board Member |
| Cache County Weed Board | | County Representative |
| Cache Metropolitan Planning Organization (CMPO) | | Board Member |
| Employee Compensation Committee | | Committee Member |
| Information Technologies (IT) Advisory Board | | Chair |
| Logan-Cache Airport Authority Board | | Board Member |
| Mountain Roads Advisory Board | | Board Member |
| North Park Interlocal Cooperative (NPIC) Governing Board | | Board Member |
| Ordinance and Policy Review Committee | | Committee Member |
| Public Relations Committee | | Committee Member |
| RAPZ / Restaurant Tax Committee | | Committee Member |
| Solid Waste Advisory Board | | Board Member |
| Utah Association of Counties (UAC) Governing Board | | Board Member |
| Utah Joint Highway Committee | | Committee Member |
| Paul R. Borup | Council Member | Position |
| Bear River Association of Governments (BRAG) Governing Board | | Board Member |
| Cache County Audit Committee | | Board Member |
| Cache County Emergency Medical Services (CCEMS) Governing Board | | Board Member |
| Cache County Fairgrounds Advisory Board | | Board Member |
| Cache County Municipal Building Authority | | Vice President |
| Law Enforcement Advisory Board | | Board Member |
| Public Relations Committee | | Committee Member |
| David L. Erickson | Council Member | Position |
| Cache County Fairgrounds Advisory Board | | Board Member |
| Cache County Fire District Board | | Board Member |
| Cache County Weed Board | | Board Member |
| Ordinance and Policy Review Committee | | Committee Member |
| RAPZ / Restaurant Tax Committee | | Committee Member |
| Solid Waste Advisory Board | | Ag Advisor |
| Cache Water District Board of Trustees | | At-Large Member |

**2019 CACHE COUNTY COUNCIL
BOARDS AND COMMITTEES ASSIGNMENTS**

| Gina Worthen | Council Vice Chair | Position |
|---|---------------------------|------------------------|
| Budget Efficiency Committee | | Committee Member |
| Cache County Fairgrounds Advisory Board | | Board Member |
| Cache County Library Advisory Board | | Council Representative |
| Information Technologies (IT) Advisory Board | | Board Member |
| Public Relations Committee | | Committee Member |
| Barbara Tidwell | Council Member | Position |
| Bear River Association of Governments (BRAG) Human Services Board | | Board Member |
| Budget Efficiency Committee | | Committee Member |
| Cache County Audit Committee | | Committee Member |
| Cache County Community Foundation Board | | Board Member |
| Employee Compensation Committee | | Committee Member |
| Homeless Task Force | | Member |
| Law Enforcement Advisory Board | | Board Member |
| Ordinance and Policy Review Committee | | Committee Member |
| Public Relations Committee | | Committee Member |
| Trails Committee | | Committee Member |
| Karl Ward | Council Chair | Position |
| Bear River Association of Governments (BRAG) Governing Board | | Board Member |
| Cache County Audit Committee | | Committee Member |
| Logan-Cache Airport Authority Board | | Board Member |
| RAPZ / Restaurant Tax Committee | | Committee Member |
| Utah Association of Counties (UAC) Governing Board | | Board Member |
| Jon White | Council Member | Position |
| Budget Efficiency Committee | | Committee Member |
| Cache County Emergency Medical Services (CCEMS) Governing Board | | Board Member |
| Cache County Municipal Building Authority | | Member |
| Cache County Planning & Zoning Commission | | Member |
| Solid Waste Advisory Board | | Council Liaison |
| Gordon A. Zilles | Council Member | Position |
| Cache County Fire District Board | | Board Member |
| Employee Compensation Committee | | Committee Member |
| Hardware Ranch Advisory Board | | Board Member |
| Mountain Roads Advisory Board | | Chair |
| North Park Interlocal Cooperative (NPIC) Governing Board | | Board Member |