

APPROVED

**CACHE COUNTY
COUNCIL MEETING
MINUTES
DECEMBER 01, 2015**

**COUNTY COUNCIL MEETING
December 01, 2015**

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**CACHE COUNTY COUNCIL MEETING
December 01, 2015**

The Cache County Council convened in a regular session on December 01, 2015 at 5:00 p.m. in the Cache County Council Chamber at 199 North Main, Logan, Utah.

ATTENDANCE:

Chairman: Kathy Robison
Vice Chairman: G. Gregory Merrill
Council Members: David Erickson, Val Potter, Jon White, Cory Yeates, & Gordon Zilles.
County Executive: Craig "W" Buttars
County Clerk/Auditor: Sharon L. Hoth (**Jill N. Zollinger absent.**)
County Attorney: Lee Edwards

The following individuals were also in attendance: Janeen Allen, Paul Berntson, Craig Curtis, Reed Ernstrom, Chief Rod Hammer, Alton Hebdon, Director Cameron Jensen, Sheriff Chad Jensen, Director Bartt Nelson, Dave Nielsen, Director Josh Runhaar **Media:** Clayton Gefre (Herald Journal), Jennie Christensen (KVNU).

OPENING REMARKS AND PLEDGE OF ALLEGIANCE

Council member Erickson gave the opening remarks and led those present in the Pledge of Allegiance.

REVIEW AND APPROVAL OF AGENDA

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

REVIEW AND APPROVAL OF MINUTES

ACTION: Motion by Council member Potter to approve the minutes of the November 24, 2015 Council Meeting. Yeates seconded the motion. The vote was unanimous, 7-0.

REPORT OF THE COUNTY EXECUTIVE: CRAIG "W" BUTTARS

APPOINTMENTS: There were no appointments.

WARRANTS: Warrants for the periods 10-31-2015 to 11-06-2015, 11-09-2015 to 11-13-2015, 11-14-2015 to 11-20-2015 and 11-21-2015 to 11-25-2015 were given to the clerk for filing.

OTHER ITEMS:

- Report of County Executive** – Executive Buttars reported on the following:
- * New department heads and attorneys since his taking office
 - * Appointments to boards
 - * Water Conservancy District – Executive Buttars' number one priority for 2016
 - * Eminent domain/North Valley Landfill

- * Proposed fairgrounds building
- * Public defender budget issues
- * Representative Draxler's proposed amendments to local option tax
- * Justice reinvestment initiative
- * Resource management plans
- * Road/right-of-way/access on county roads

Chairman Robison and Vice Chair Merrill asked for clarification on the public defender issue. Attorney Lee Edwards explained that the problem is mainly in Juvenile Court. Cache County has a public defender that is split between both regular court and juvenile court. Because new legislation requires that every juvenile meet with an attorney before waiving his/her rights to an attorney, the current shared responsibility makes it impossible for the public defender to be in two places at once. Another public defender is needed to cover the juvenile court. Edwards also noted there has been a study done that will have an impact on public defense in Utah.

Robison inquired about the possibility of a regional office for public defense among 2-3 counties. Buttars and Edwards said that option is being pursued, but will take some months to work through.

ITEMS OF SPECIAL INTEREST

- **Bear River Mental Health Annual Financial Audit Report** – Reed Ernstrom presented the audit and highlighted the following:
 - Introduction and organizational chart
 - Financial section
 - Supplemental section
 - Auditor's statement
 - Balance Sheet
 - Unexpended county funds
 - Income statement
 - Internal controls
 - Appreciation for county funding which allows leveraging of Medicaid dollars

(Attachment 1)

ACTION: Motion by Council member Yeates to accept the Bear River Mental Health Annual Financial Audit Report. White seconded the motion. The vote was unanimous, 7-0.

INITIAL PROPOSAL FOR CONSIDERATION OF ACTION

- **Ordinance No. 2015-15 – Adoption of 2016 Salaries for Cache County Council**

(Attachment 2)

ACTION: Motion by Council member Potter to waive the rules and approve Ordinance No. 2015-15-Adoption of 2016 Salaries for Cache County Council. Erickson seconded the motion. The vote was unanimous, 7-0.

Ordinance No. 2015-15: The motion passed 7-0.

	<u>ERICKSON</u>	<u>MERRILL</u>	<u>POTTER</u>	<u>ROBISON</u>	<u>WHITE</u>	<u>YEATES</u>	<u>ZILLES</u>	<u>VOTES CAST</u>
AYE	X	X	X	X	X	X	X	7
NAY								0
ABSTAINED								0
ABSENT								0

- **Approval of Hiring Building Inspector** – Council member Yeates spoke against hiring a new building inspector citing budget concerns and lack of sufficient building permits to substantiate the hire. Council member White said he believes an additional inspector is needed. Executive Buttars interposed that current inspectors are too busy to attend trainings to keep them up to date. Chairman Robison asked Runhaar if he has revenue to support the new position.

Runhaar responded that state code says the fees charged should pay for the cost of the inspection and not be used for other departments' budgets. This year he has a surplus and even if flat for several years, there is sufficient revenue.

Potter said the position could be subcontracted. Runhaar agreed, but observed that when the 2008 slump occurred, the market shifted and trying to find inspectors now is difficult.

Council member Zilles spoke in favor of hiring an additional inspector.

Runhaar stated any surplus is usually put into the fund reserve to balance out a possible negative fund balance. Projecting through 2018 revenues should be sufficient to fund the new position. Robison remarked that by then there will probably be someone retiring which will free up dollars to continue to fund the position.

ACTION: Motion by Council member White to approve hiring another building inspector. Zilles seconded the motion. The motion passed, 4 aye – Erickson, Robison, White & Zilles and 3 nay – Merrill, Potter & Yeates.

- **Ordinance No. 2015-14 – Adoption of 2016 Salaries for Cache County Elected Officials** – Executive Buttars stated he will not accept a salary increase if the Council votes to approve an increase and explained he has presented two budget proposals – one with a salary increase and one without a salary increase for elected officials. Buttars asked Director Cory Wood to give the Council the information comparing elected officials' and department heads' salaries. Wood explained that basing his information on the lowest paid elected official, three department heads make more than elected officials, two are just under and five are well below elected officials' salaries.

Vice Chair Merrill said the Council needs to separate the position from the person unless there is an efficiency issue. Looking at the positions the salaries are probably in the upper percentile of Cache County salaries. Potter stated some department head positions may require high skill levels in management, administration, technical, computers, etc. which justify the salary.

Council members reiterated their intention to only review elected officials' salaries for possible increases prior to their election year. However, county offices currently on a six-year term, to implement the staggered election years, will initially be reviewed with the four-year term positions.

It was noted that the salary figures for the Assessor and Clerk/Auditor were incorrect and must be corrected.

(Attachment 3)

ACTION: Motion by Council member Potter to waive the rules and approve Ordinance No. 2015-14 – Adoption of 2016 Salaries for Elected Officials with the corrected figures for the Assessor and Clerk/Auditor positions. Yeates seconded the motion. The vote was unanimous, 7-0.

Ordinance No. 2015-14: The motion passed 7-0.

	<u>ERICKSON</u>	<u>MERRILL</u>	<u>POTTER</u>	<u>ROBISON</u>	<u>WHITE</u>	<u>YEATES</u>	<u>ZILLES</u>	<u>VOTES CAST</u>
AYE	X	X	X	X	X	X	X	7
NAY								0
ABSTAINED								0
ABSENT								0

- **Resolution No. 2015-27 – Adoption of 2016 Cache County Budget (NO ACTION TAKEN)** – In the course of the budget discussion, several Council members expressed nonsupport for the proposed municipal services tax on the unincorporated areas of the county.

ACTION: Motion by Council member Zilles to eliminate the proposed municipal services tax from the proposed budget. Erickson seconded the motion. The vote was unanimous, 7-0.

Potter was strong in his criticism of the budget process and again expressed the opinion that the Council has not had sufficient time and/or information to make an informed decision on the proposed budget. Potter asked if the present proposal pulls funds out of the reserve fund. Buttars replied yes, there is approximately \$600,000.00 put into the budget from the voting machine replacement dollars, which is a one-time influx. With those one-time additional funds \$63,000.00 will still have to be pulled from the reserve fund to balance the budget.

Council members indicated the increased cost of health insurance is a big problem and the Council should have budget information before insurance choices are made. Director Wood commented that the cost of health insurance was known by the Employee Compensation Committee.

Vice Chair Merrill feels this discussion should have been a couple of months ago and voiced frustration with the feeling he has received conflicting information but is expected to make a decision. The Council has a fiduciary responsibility to the county's citizens and the county cannot continue to operate on the basis that every year or two here's another 2% or 5%, etc. tax increase. New growth money should be what is looked at for the budget, not taxes. Budgeting needs to be looked at on a 3 to 5 year basis, not one year at a time.

Alton Hebdon, a private citizen, asked why renters don't have to pay property tax. Their children attend the schools and benefit from property owners bearing the burden.

Council member Erickson stated he is confused because hearing new numbers and percentages is hard to visualize without seeing it.

Chairman Robison repeatedly tried to get the Council to concur on what has to remain in the budget and what is discretionary. Council members wrestled with several possible changes in the budget, but nothing conclusive was arrived at.

Each Council member will offer his/her possible budget adjustments in writing to Executive Buttars by Thursday, December 3, 2015. Buttars will review them and bring a budget proposal(s) to the December 8, 2015 Council meeting for further consideration.

OTHER BUSINESS

- ✓ **Cache County Employees Christmas Dinner** – Wednesday, December 9, 2015 at 6:30p.m. – Riverwoods Conference Center.

COUNCIL MEMBER REPORTS

Greg Merrill – Internal Auditor Craig Curtis will report to the Audit Committee on December 15, 2015.

ADJOURNMENT

The Council meeting adjourned at 7:40 p.m.

ATTEST: Jill N. Zollinger
County Clerk

APPROVAL: Kathy Robison
Chair

BEAR RIVER MENTAL HEALTH SERVICES, INC.
ANNUAL FINANCIAL REPORT
JUNE 30, 2015 AND 2014

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INTRODUCTORY SECTION



BEAR RIVER

October 20, 2015

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, 2015 and 2014, 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, 2015 and 2014, 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 20, 2015
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.

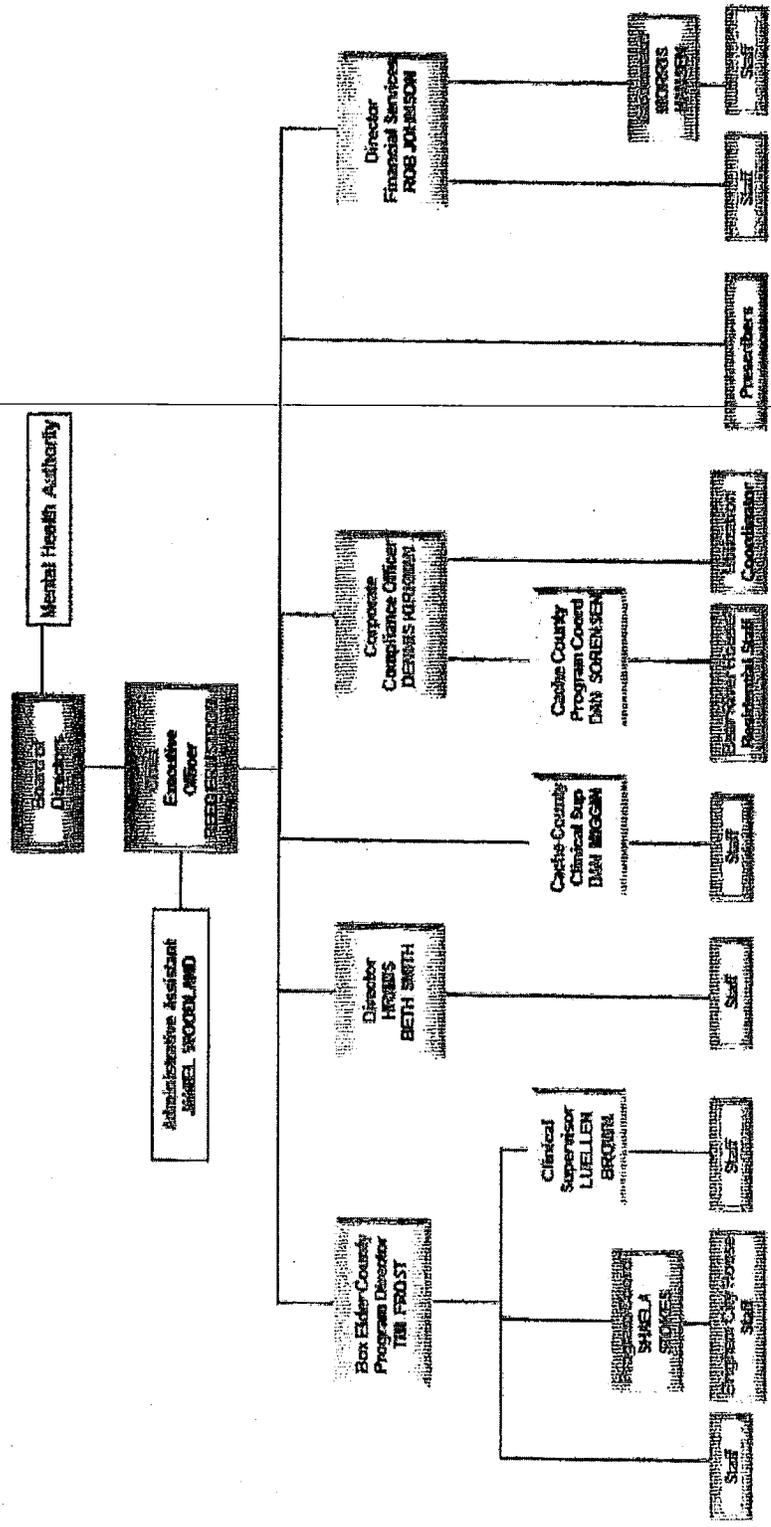
~~The preparation of the financial statements and supplemental~~ information was made possible by the dedicated services of the Bear River staff, who assisted with the audit process. Additionally, the excellent work accomplished by the staff from the firm of Davis & Bott made this an extremely useful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

C. Reed Ernstrom
President/CEO

Bear River Mental Health - Organizational Chart
 as of 6/30/2015



BEAR RIVER MENTAL HEALTH SERVICES, INC.
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2015

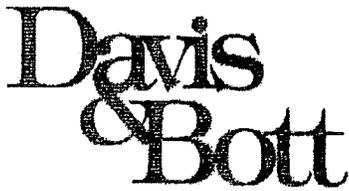
Executive Committee:

President/CEO	C. Reed Ernstrom
Director of HR/MIS	Beth A. Smith
Director of Financial Services	Robert B. Johnson
Box Elder County Program Director	Tim Frost
Corporate Compliance Officer	Dennis Kirkman

Board of Directors:

Chair	Steve L. Stowers
Vice Chair	Gail Godfrey
Member	Steve Vincent
Member	William Cox
Member	Jeff Scott
Member	Craig Buttars
Member	Kirk Allen
Member	Wendy Simmons
Member	Brad Mortensen
Member	Jared Taylor
Member	Jeff Simmons

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, 2015 and 2014, 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. 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 procedures that are

INDEPENDENT AUDITORS' REPORT
(Continued)

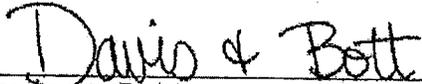
appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting 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, 2015 and 2014, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2015, 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.

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.



Davis & Bott
Certified Public Accountants, L.C.

Brigham City, Utah
October 20, 2015

BEAR RIVER MENTAL HEALTH SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 6,066,391	\$ 5,673,039
Accounts receivable	922,499	868,472
Prepaid expenses	97,457	3,683
Total current assets	7,086,347	6,545,194
Property and equipment (net)	3,065,160	3,110,789
Investments	365,163	306,683
Total assets	\$ 10,516,670	\$ 9,962,666
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 362,124	\$ 418,182
Accrued liabilities	861,765	839,485
Unexpended county funds	59,300	108,912
Deferred revenue	564,780	6,587
Medicaid match payable	-	132,619
Other current liabilities	7,600	2,450
Total current liabilities	1,855,569	1,508,235
Mortgage payable	309,935	309,935
Total liabilities	2,165,504	1,818,170
<u>NET ASSETS</u>		
Unrestricted net assets		
Operating appropriation	\$ 2,886,084	\$ 2,762,495
Net investment in fixed assets	3,065,160	3,110,789
Fixed asset appropriation	2,399,922	2,271,212
Total unrestricted net assets	8,351,166	8,144,496
Total net assets	8,351,166	8,144,496
Total liabilities and net assets	\$ 10,516,670	\$ 9,962,666

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, 2015 AND 2014

<u>UNRESTRICTED NET ASSETS</u>	<u>2015</u>	<u>2014</u>
Support and revenues:		
Government support:		
Federal	\$ 142,117	\$ 219,579
State	2,191,655	1,925,410
County	425,460	339,566
Total support	<u>2,759,232</u>	<u>2,484,555</u>
Revenues:		
Medicaid (net)	5,705,429	5,812,775
Service fees	398,644	430,265
Investment income	33,015	36,657
Client living fees	68,166	65,956
Miscellaneous income	7,688	7,993
Total revenue	<u>6,212,942</u>	<u>6,353,646</u>
Total unrestricted support and revenues	<u>8,972,174</u>	<u>8,838,201</u>
Expenses:		
Administration	1,250,251	1,215,992
Outpatient	5,148,923	4,940,146
Adult intensive	2,379,330	2,246,452
Total expenses	<u>8,778,504</u>	<u>8,402,590</u>
Increase (decrease) in unrestricted net assets before non-operating revenue	<u>193,670</u>	<u>435,611</u>
Non-operating revenue		
Gain (loss) on sale of assets	<u>13,000</u>	<u>3,500</u>
Increase (decrease) in unrestricted net assets	<u>206,670</u>	<u>439,111</u>
Net assets at beginning of year	<u>8,144,496</u>	<u>7,705,385</u>
Net assets at end of year	<u>\$ 8,351,166</u>	<u>\$ 8,144,496</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, 2015 AND 2014

Functional expenses for the fiscal year ended June 30, 2015, were as follows:

	<u>Admin.</u>	<u>Outpatient</u>	<u>Adult Intensive</u>	<u>June 30, 2015</u>
Personnel	1,132,316	\$4,430,302	\$ 862,398	\$6,425,016
Travel/auto	18,103	79,133	30,972	128,208
Office maintenance	4,693	23,388	8,005	36,086
Occupancy	19,611	163,145	122,263	305,019
Professional	15,125	136,109	1,130,818	1,282,052
Staff support	33,355	82,506	16,576	132,437
Data processing	6,714	77,171	9,276	93,161
Program activities	-	17,962	92,588	110,550
Depreciation	9,086	136,327	105,572	250,985
Other	11,248	2,880	862	14,990
Total expenses	<u>\$1,250,251</u>	<u>\$5,148,923</u>	<u>\$2,379,330</u>	<u>\$8,778,504</u>

Functional expenses for the fiscal year ended June 30, 2014, were as follows:

	<u>Admin.</u>	<u>Outpatient</u>	<u>Adult Intensive</u>	<u>June 30, 2014</u>
Personnel	1,117,036	\$4,308,543	\$ 831,786	\$6,257,365
Travel/auto	9,948	73,920	33,125	116,993
Office maintenance	3,319	20,111	9,382	32,812
Occupancy	18,518	165,726	179,821	364,065
Professional	15,119	115,784	997,790	1,128,693
Staff support	32,582	58,509	14,195	105,286
Data processing	5,433	40,444	13,884	59,761
Program activities	-	17,324	80,736	98,060
Depreciation	8,902	133,479	85,514	227,895
Other	5,135	6,306	219	11,660
Total expenses	<u>\$1,215,992</u>	<u>\$4,940,146</u>	<u>\$2,246,452</u>	<u>\$8,402,590</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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flow from operating activities:		
Excess of revenues and support over expenses	\$ 206,670	\$ 439,111
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation/amortization	250,984	227,895
(Gain)/loss on sale of assets	(13,000)	(3,500)
(Gain)/loss on investment in LLC	(58,480)	285
(Increase) decrease in operating assets:		
Accounts receivable	(54,027)	(106,190)
Prepaid assets	(93,774)	219,880
Increase (decrease) in operating liabilities:		
Accounts payable	(56,058)	160,395
Accrued liabilities	(22,183)	(8,497)
Deferred revenue	558,193	(1,786)
Medicaid match payable	<u>(132,619)</u>	<u>132,619</u>
Net cash provided by (used in) operating activities	<u>585,707</u>	<u>1,060,211</u>
Cash flows from investing activities:		
Sale of building	-	3,500
Purchase of buildings/equipment	<u>(192,354)</u>	<u>(641,245)</u>
Net cash provided by (used in) investing activities	<u>(192,354)</u>	<u>(637,745)</u>
Net increase (decrease) in cash and cash equivalents	393,352	422,466
Cash and cash equivalents at beginning of year	<u>5,673,039</u>	<u>5,250,573</u>
Cash and cash equivalents at end of year	<u>\$ 6,066,391</u>	<u>\$ 5,673,039</u>

The accompanying notes are an integral part of these statements.

BEAR RIVER MENTAL HEALTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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, 2015 AND 2014

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, 2015.

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, 2015 AND 2014

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, 2015.

Subsequent Events

Subsequent events have been evaluated through October 20, 2015, 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. The balance in the Center's bank accounts exceeded the FDIC limit of \$250,000 by \$397,674 and \$0 as of June 30, 2015 and 2014, respectively, which is covered by pledged securities from Cache Valley Bank.

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, 2015 AND 2014

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 \$5,372,396 and \$5,545,707 as of June 30, 2015 and 2014, 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, 2015 and 2014, as follows:

	<u>2015</u>	<u>2014</u>
Grants:		
Federal	\$ 43,552	\$ 45,921
State	<u>677,331</u>	<u>660,817</u>
Counties:		
Cache	73,157	56,479
Rich	1,250	3,750
Box Elder	<u>31,773</u>	<u>31,435</u>
Total grants	<u>827,063</u>	<u>798,402</u>
Other:		
Title XIX	41,976	65,719
Sales tax	1,254	1,834
Miscellaneous	<u>52,206</u>	<u>2,517</u>
Total other	<u>95,436</u>	<u>70,070</u>
Total accounts receivable	<u>\$ 922,499</u>	<u>\$ 868,472</u>

See Independent Auditors' Report

BEAR RIVER MENTAL HEALTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015 AND 2014

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. As of June 30, 2014, the Center owed an additional \$132,618 in Medicaid match, which is recorded as Medicaid match payable on the balance sheet. On June 30, 2105, the balance in the prepaid Medicaid match account was \$93,722.

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. The current carrying amount of this investment is \$286,452.

During the year ended June 30, 2015, Bear River Mental Health agreed to pay for its portion of prior losses for the LLC. The payment will be recorded as a loan to the LLC. The expectation is that this loan will never be repaid because the LLC will never make any profit. The Center intends to not exercise its option to purchase the entire interest in this project because they feel managing apartments isn't in line with their stated purpose. If the Center chooses not to exercise the option, the entire carrying amount of the investment, plus the amount loaned to the LLC would be written off. The Center is currently working to find an organization to take on the management of this LLC.

See Independent Auditors' Report

BEAR RIVER MENTAL HEALTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015 AND 2014

NOTE 5. INVESTMENTS (Continued)

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.

NOTE 6. FIXED ASSETS

Fixed asset activity is as follows at June 30:

	June 30, 2014	Additions	Deletions	June 30, 2015
Land	\$ 457,429	\$ -	\$ -	\$ 457,429
Buildings	5,623,600	-	-	5,623,600
Equipment and furnishings	367,480	59,766	(34,850)	392,396
Software (not in service)	-	145,590	-	145,590
	<u>6,448,509</u>	205,356	(34,850)	6,619,015
Total				
Accumulated depreciation	<u>(3,337,721)</u>	<u>(250,984)</u>	<u>34,850</u>	<u>(3,553,855)</u>
Net property and equipment	<u>\$ 3,110,788</u>	<u>\$ (45,628)</u>	<u>\$ -</u>	<u>\$ 3,065,160</u>

During the fiscal year ended June 30, 2015, the Center entered into a sales contract to sell a six-plex and adjacent vacant lot. This sale will close in February of 2016.

See Independent Auditors' Report

BEAR RIVER MENTAL HEALTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015 AND 2014

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>2015</u>	<u>2014</u>
Accounts payable	\$ 362,124	\$ 418,182
<hr/>		
Accrued liabilities:		
Accrued payroll and taxes payable	443,129	429,870
Accrued leave payable	361,378	338,365
Other accrued liabilities	<u>57,258</u>	<u>71,250</u>
Total accrued liabilities	<u>861,765</u>	<u>839,485</u>
 Total accounts payable/accrued liabilities	 <u>\$ 1,223,889</u>	 <u>\$ 1,257,667</u>

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, 2015, 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 2014/2015 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.

See Independent Auditors' Report

BEAR RIVER MENTAL HEALTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015 AND 2014

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.~~

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 16.72 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, 2015, 2014 and 2013 were \$553,989, \$598,973, and \$574,348, respectively. The Center's contributions to the Tier 2 Contributory Hybrid Retirement System for June 30, 2015, 2014 and 2013 were \$115,167, \$36,016 and \$19,315, 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

See Independent Auditors' Report

BEAR RIVER MENTAL HEALTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015 AND 2014

NOTE 10. RETIREMENT (Continued)

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 \$114,976, \$110,882 and \$102,464 for 2015, 2014 and 2013. Employees made \$75,021, \$72,035 and \$73,600 in optional contributions for the same periods.

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 \$12,753, \$7,509 and \$9,738 and the Roth IRA plan totaled \$16,806, \$7,931 and \$8,856 for the years ending June 30, 2015, 2014 and 2013. 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, 2014 and 2013 is a net pension asset of \$3,754 and \$0, respectively, for the Tier 2 Public Employees System, and a net pension liability of \$1,673,191 and \$2,080,182, 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

The Center rented back the residential treatment center that it sold in June of 2013 through January of 2014. Rent expense for this period was \$20,000. Rent expense for the fiscal years ending June 30, 2015 and 2014, was \$2,855 and \$23,292.

See Independent Auditors' Report

SUPPLEMENTAL SECTION

BEAR RIVER MENTAL HEALTH SERVICES, INC.
DETAILED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	Memorandum Only	
	<u>2015</u>	<u>2014</u>
Government Support and Revenues:		
Government support:		
Federal		
Federal block grant	\$ 131,976	\$ 133,229
TANF	10,141	-
Meaningful use	-	86,350
Total federal	<u>142,117</u>	<u>219,579</u>
State		
State operating grant	1,463,128	1,248,244
State children's grant	272,844	232,772
State Medicaid replacement	177,980	179,173
Early intervention	213,346	215,164
PASRR	38,585	38,710
Family resource facilitator	3,975	5,950
Community outplacement grant	21,797	5,397
Total state	<u>2,191,655</u>	<u>1,925,410</u>
County		
County match	425,460	339,566
Total county	<u>425,460</u>	<u>339,566</u>
Total government support	<u>2,759,232</u>	<u>2,484,555</u>
Revenues:		
Medicaid (net)		
Medicaid disability determination	8,196	12,434
Medicaid capitation	7,521,017	7,950,256
Medicaid FFS	120,785	97,785
Medicaid/Medicare crossovers	56,651	70,835
Medicaid match contra revenue	(1,919,202)	(2,227,884)
Medicaid Admin Fee	(82,018)	(90,651)
Total medicaid (net)	<u>5,705,429</u>	<u>5,812,775</u>

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, 2015 AND 2014

	Memorandum Only	
	<u>2015</u>	<u>2014</u>
Service fees		
Personal payment	\$ 8,580	\$ 11,230
Debt recovery	1,027	1,173
Insurance	54,582	81,511
Medicare	202,295	191,974
<hr/>		
Mental health court	20,798	-
Juvenile court	1,508	3,350
Head start	608	1,260
Schools	85,055	121,187
Consult fees	7,388	5,302
Logan Caps/Nucov grant	12,937	5,581
Rainbow Club/New Discovery	3,866	7,697
Total service fees	<u>398,644</u>	<u>430,265</u>
Investment income		
Interest income	<u>33,015</u>	<u>36,657</u>
Total investment income	<u>33,015</u>	<u>36,657</u>
Client living fees		
24-hour supervised living fees	16,974	6,927
Semi-independent living fees	<u>51,192</u>	<u>59,029</u>
Total client living fees	<u>68,166</u>	<u>65,956</u>
Miscellaneous income		
Miscellaneous	1,274	886
Day treatment lunch program	<u>6,414</u>	<u>7,107</u>
	<u>7,688</u>	<u>7,993</u>
Total revenues	<u>6,212,942</u>	<u>6,353,646</u>
Total government support and revenues	<u>8,972,174</u>	<u>8,838,201</u>

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, 2015 AND 2014

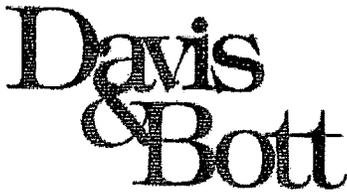
	Memorandum Only	
	<u>2015</u>	<u>2014</u>
Expenses:		
Salaries	\$ 4,163,859	\$ 4,160,358
Employee benefits	2,261,157	2,097,008
Total personnel	<u>6,425,016</u>	<u>6,257,366</u>
Travel - in state	76,349	69,881
Travel - out of state	7,179	2,890
Total travel	<u>83,528</u>	<u>72,771</u>
Office supplies	21,107	19,086
Postage	4,645	5,160
Printing and publications	9,595	8,198
Maintenance	739	368
Total office maintenance	<u>36,086</u>	<u>32,812</u>
Rent	2,855	23,292
Utilities	118,747	120,897
Telephone	44,941	45,488
Insurance	33,412	34,517
Janitorial	53,303	52,796
Maintenance	51,761	87,075
Total occupancy	<u>305,019</u>	<u>364,065</u>
Contract services	152,074	131,531
Inpatient	1,118,603	997,162
Residential beds	11,375	-
Total professional services	<u>1,282,052</u>	<u>1,128,693</u>
Books and journals	703	823
License and memberships	21,334	16,308
Education and training	64,276	44,611
Liability insurance	46,124	43,544
Total support staff	<u>132,437</u>	<u>105,286</u>
Data processing services	2,819	4,863
Data processing supplies/equipment	29,247	23,893
Data processing maintenance	61,095	31,005
Total data processing	<u>93,161</u>	<u>59,761</u>

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, 2015 AND 2014

	Memorandum Only	
	<u>2015</u>	<u>2014</u>
Gas and oil	\$ 18,200	\$ 19,864
Maintenance	15,311	13,295
Insurance	11,169	11,063
Total auto expense	44,680	44,222
Advertising	5,283	7,264
Miscellaneous	7,978	2,892
Board of directors	1,729	1,504
Total other expenses	14,990	11,660
Materials	6,601	4,938
Medical supplies	2,230	2,330
Total professional supplies	8,831	7,268
Patient activities	101,719	90,792
Total transitional	101,719	90,792
Equipment and furnishings	59,766	45,000
Software (not in service)	145,590	-
Total capital outlay	205,356	45,000
Total expenditures before adjustment	8,732,875	8,219,695
Total capital outlay	(205,356)	(45,000)
Depreciation	250,985	227,895
Total expenditures	8,778,504	8,402,590
Net income (loss) before non-operating revenue	193,670	435,611
Non-operating revenue	13,000	3,500
Net income	\$ 206,670	\$ 439,111

The accompanying notes are an integral part of these statements.



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

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, 2015 and 2014, 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

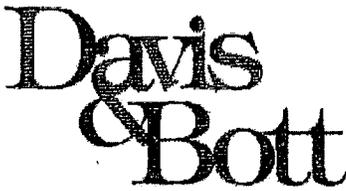
As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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 20, 2015



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, 2015 and 2014, and have issued our report thereon dated October 20, 2015. 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, 2015. 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 20, 2015.

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.

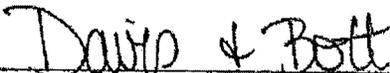
Other Audit Findings or Issues

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
Certified Public Accountants, L.C.

Brigham City, Utah
October 20, 2015

**CACHE COUNTY
ORDINANCE NO. 2015-15**

AN ORDINANCE PROVIDING FOR SALARIES FOR MEMBERS OF THE CACHE COUNTY COUNCIL FOR 2016 AND SUPERSEDING PRIOR RESOLUTIONS AND ORDINANCES.

The County Council of Cache County, Utah, in a regular meeting, lawful notice of which has been given, finds that a public hearing regarding the proposed county budget for 2016 including the establishment and change of salaries for members of the Cache County Council for 2016 was conducted on November 10, 2015, in accordance with Section 17-16-14, *Utah Code Annotated*, upon lawful notice; that the *Organic Act for the Government of Cache County, Utah, as approved on November 6, 1984*, authorizes the modification of the salaries of the members of the Cache County Council only by ordinance; and that the County Council deems it appropriate and reasonable to establish salaries for members of the Cache County Council for the period commencing January 1, 2016 and ending December 31, 2016.

Now therefore, the Cache County Council ORDAINS as follows:

SECTION 1: COUNTY COUNCIL SALARIES

The salaries earned for members of the Cache County Council for the period January 1, 2016 through December 31, 2016 shall be as follows:

COUNCIL MEMBER – Regular salary or equivalent benefit for each member	\$ 12,549
COUNCIL CHAIR (in addition to regular salary)	\$ 1,816

SECTION 2: REPEALER

The salary provisions of all prior ordinances or resolutions, or any parts thereof, in conflict with this ordinance, are hereby repealed and superseded by this ordinance to the extent of such conflict. Otherwise such resolutions and ordinances shall remain in full force and effect.

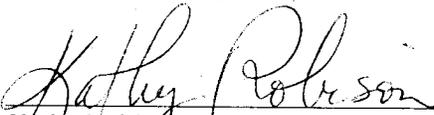
SECTION 3: EFFECTIVE DATE

This ordinance shall take effect immediately upon approval and publication in the manner by law.

This ordinance was adopted by the Cache County Council on the 1st day of December, 2015 upon the following vote:

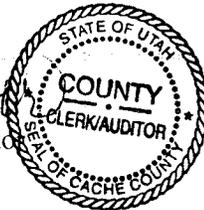
	IN FAVOR	AGAINST	ABSTAINED	ABSENT
KATHY ROBISON	X			
GREG MERRILL	X			
DAVID ERICKSON	X			
VAL POTTER	X			
JON WHITE	X			
CORY YEATES	X			
GORDON ZILLES	X			
TOTAL	7			

CACHE COUNTY COUNCIL

By: 
Kathy Robison, Chair

ATTESTED:

By: 
Jill N. Zollinger, Cache County Clerk / Auditor



Publication date: December 16, 2015

**CACHE COUNTY
ORDINANCE NO. 2015-14**

AN ORDINANCE PROVIDING FOR CHANGES OF SALARIES FOR CACHE COUNTY OFFICERS FOR 2016 AND SUPERSEDING PRIOR RESOLUTIONS AND ORDINANCES.

The County Council of Cache County, Utah, in a regular meeting, lawful notice of which has been given, finds that a public hearing regarding the proposed county budget for 2016 including the change of salaries for the Cache County Officers for 2016 was conducted on November 10, 2015, in accordance with Section 17-16-14, *Utah Code Annotated*, upon lawful notice; that the *Organic Act for the Government of Cache County, Utah, as approved on November 6, 1984*, authorizes the modification of the salaries for all elected county officers by ordinance; that the budget for Cache County officers has been adopted by the Cache County Council in accordance with the applicable law; and that an ordinance providing for a salary change for the elected county officers is appropriate for carrying into effect the approved salary changes.

Now therefore, the Cache County Council ORDAINS as follows:

SECTION 1: OFFICER'S SALARIES

The salaries for county officers for the period January 1, 2016 through December 31, 2016 shall be as follows:

County Executive/Surveyor	\$ 98,157
County Assessor	\$ 81,753
County Attorney	\$ 111,395
County Clerk/Auditor	\$ 79,753
County Recorder	\$ 75,753
County Sheriff	\$ 86,109
County Treasurer	\$ 75,753

SECTION 2: REPEALER

The salary provisions of all prior ordinances or resolutions, or any parts thereof, in conflict with this ordinance, are hereby repealed and superseded by this ordinance to the extent of such conflict. Otherwise such resolutions and ordinances shall remain in full force and effect.

SECTION 3: EFFECTIVE DATE

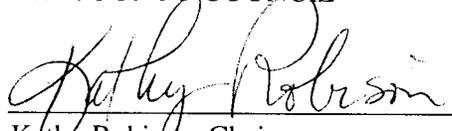
This ordinance shall take effect immediately upon approval and publication in the manner by law.

This ordinance was adopted by the Cache County Council on the 1st day of December, 2015 upon the following vote:

	IN FAVOR	AGAINST	ABSTAINED	ABSENT
KATHY ROBISON	X			
GREG MERRILL	X			
DAVID ERICKSON	X			
VAL POTTER	X			
JON WHITE	X			
CORY YEATES	X			
GORDON ZILLES	X			
TOTAL	7			

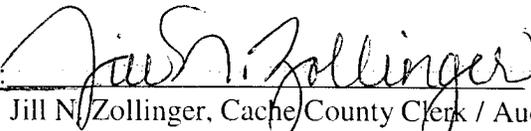
CACHE COUNTY COUNCIL

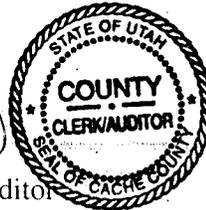
By:


Kathy Robison, Chair

ATTESTED:

By:


Jill N. Zollinger, Cache County Clerk / Auditor



Publication date: December 10, 2015