

The Regular Meeting of the  
Brian Head Town Council  
[www.zoom.us](http://www.zoom.us) (click here)  
Via Zoom Meeting ID# 827 0213 1791  
**TUESDAY, JANUARY 12, 2021 @ 1:00 PM**

# AGENDA

- A. CALL TO ORDER**
- B. PLEDGE ALLEGIANCE**
- C. DISCLOSURES**
- D. APPROVAL OF THE MINUTES: December 08, 2020, Town Council Meeting**
  
- E. REPORTS / PUBLIC INPUT ON NON-AGENDA ITEMS. Public input is limited to three (3) minutes.**
  
- F. AGENDA ITEMS**
  - 1. LOCAL CONSENT FOR BRIAN HEAD GENERAL STORE FOR OFF-PREMISE BEER LICENSE.** Nancy Leigh, Town Clerk. The Council will give local consent for an off-premise beer license for the Brian Head General Store due to change in ownership.
  - 2. FISCAL YEAR 2020 ANNUAL AUDIT.** Wayne Everett, Town Auditor, will present the annual audit ending June 30, 2020.
  - 3. PLANNING COMMISSION APPOINTMENT.** Bret Howser, Town Manager. The Council will give their advice and consent for re-appointment of Cecile Wallis to the Planning Commission.
  - 4. SCENARIO A BUDGET DISCUSSION AND DIRECTION.** Bret Howser, Town Manager. The Council will give administrative direction to revert back to the Town's scenario "A" Budget.
  - 5. ORDINANCE AMENDING TITLE 9, CHAPTER 10 OF THE LAND MANAGEMENT CODE.** Bret Howser, Town Manager. The Council will consider an ordinance amending Chapter 10, Other Required Permits, of the Land Management Code.
  - 6. FY 2022 STRATEGIC PLANNING RETREAT PREPARATION DISCUSSION.** Mayor Calloway will hold a discussion on the upcoming Strategic Planning Retreat.
  - 7. FUTURE AGENDA ITEMS.** The Council will discuss potential items for future agendas.
  
- G. ADJOURNMENT**

**Date: January 8, 2021**

Available to Board Members as per Ordinance No. 11-003 authorizes public bodies, including the Town, to establish written procedures governing the calling and holding of electronic meetings at which one or more members of the public board may participate by means of electronic communications. In compliance with the Americans with Disabilities Act, persons needing auxiliary communications aids and services for this meeting should call Brian Head Town Hall @ (435) 677-2029 at least three days in advance of the meeting.

## CERTIFICATE OF POSTING

I hereby certify that I have posted copies of this agenda in three conspicuous locations; The Mall, Post Office, and the Brian Head Town Hall and have posted copies on the Utah Meeting Notice Website and the Brian Head Town website and have caused a copy of this notice to be delivered to the Daily Spectrum, a newspaper of general circulation.  
Nancy Leigh, Town Clerk





## DEPARTMENT UPDATE

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### ADMINISTRATION DEPARTMENT

January 5, 2021

Brian Head Town Administration Department consists of the Town Manager, Clerk, Treasurer, Planner, and Guest Services staff. The Department primarily handles public information and records, finances and accounting, human resources, land use planning, economic development, business licensing, strategic planning, and related issues. The following highlights a few of the items the Administration Department has handled in the past month which would be of most interest to the Town Council and the public.

#### ***COVID-19 Update***

Iron County remains in the “High” level of transmission. Masks are mandated throughout the State in indoor public settings. Social gatherings are recommended to be limited to 10 or fewer. Brian Head Resort is operating with some limitations, particularly by limiting food service to grab-and-go. We have been operating our shuttle service with masks required due to the inability to socially distance on the shuttle. If transmission rates increase, we may consider using CARES Act funds to bring in more shuttles to accommodate social distancing on the shuttles.

We currently have two reader boards in town, one rented and one we own, to remind people to wear masks. We have also begun working with a couple of sign companies to retrofit our sign at Town Hall to be a permanent electronic sign. We have design work back from one company (see attachment) with an estimate of \$44k to \$51k to complete. The design was sent to the wayfinding committee for review, but staff has not received any feedback from that committee yet.

#### ***Public Information & Communication***

- There are two Community Input Forums scheduled for Jan 9 and 12 which are intended to collect general public input prior to our strategic planning retreat.

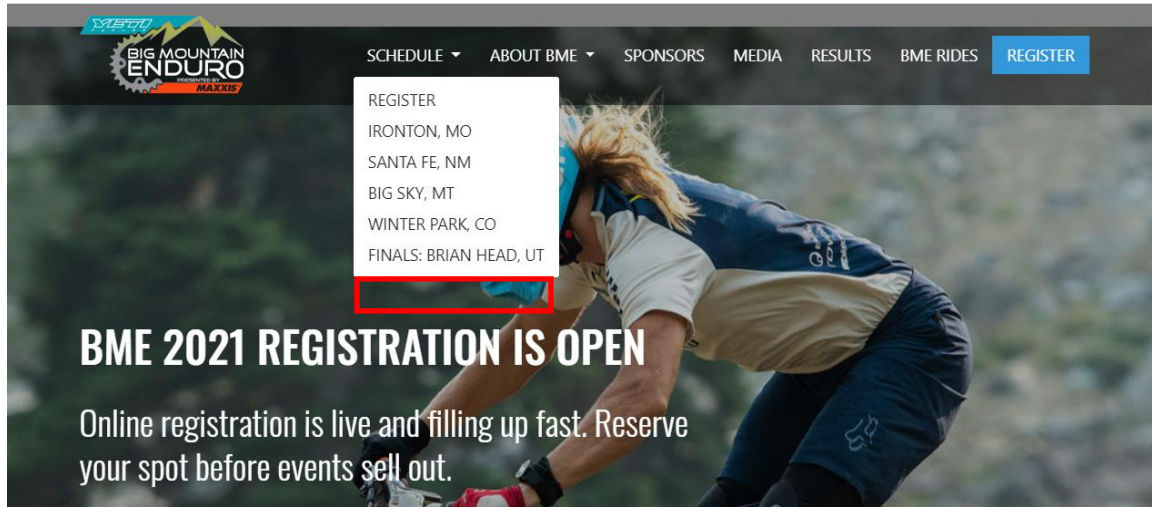
#### ***Community & Economic Development***

- The Planning Commission met on Jan 5 and heard a preliminary presentation from 5 County Association of Governments regarding the upcoming Workforce Housing Plan. Initial steps for beginning the plan were agreed to, including a public survey which will be drafted and reviewed by the Commission in their next meeting.
- Business licensing continues to be busy with new nightly rental applications. Many of the new applications are those who purchased cabins/condos from previously licensed nightly rental owners with the intent to continue renting out the cabin/condo. Staff continues with code enforcement for those operating without a license and have been able to bring several people into compliance, a lot of this is due to working with some of the HOA's by providing them a list of licensed nightly rentals they, in turn, provide us with a list of those who are renting out their condos.
- The shuttle has been running smoothly. Staff has not received any significant complaints. There were some guests concerned about some riders not wearing masks, so shuttle drivers were asked to display mask signs more prominently and to verbally

## ADMINISTRATION DEPARTMENT UPDATE (CONT.)

request that guests using the shuttle wear a mask. We have not heard further reports on this. Also, additional shuttles were added for five days between Christmas and New Years' to handle additional volume.

- Big Mountain Enduro is scheduled for their finals in Brian Head for the first time in September 2021. Details are currently being sorted out with the Forest Service, but it is expected that there will be legs of the race on Dark Hollow and Lowder Ponds in addition to the lift-served trails at Brian Head Resort. This has the potential to bring 350 professional riders and tons of exposure to Brian Head.



- A group that filmed in Brian Head several years ago is looking to come back to Town for a set of 3 films in January and February. They have worked out a deal to house most of their staff at Best Western Premier in a “bubble” type situation. The films were originally slated to be made in Canada, but due to COVID required a change in venue. We’re hopeful that in addition to a local economic boost due to having a couple hundred or so film industry folks on the mountain, the Town may also receive some exposure when the films are released.

### *Administrative Services*

- Staff has begun working with Zions Bank Public Finance on a plan to refund (aka: refinance) the Town’s 2009 Series USDA Bonds. We see the potential for a net present value savings of over 10% with terms available in the current market. Those savings may be taken as a reduced annual payment or as fewer total payments depending on how the Council wishes to structure it. More details will follow, but this would put the Town’s Water Fund in a much-improved debt situation.
- Upcoming State Legislation:
  - Staff has been participating in the ULCT Legislative Policy Committee meetings and monitoring potential legislation that may impact the Town. Some highlights:
    - Rumored bills which would prevent cities from regulating “Aesthetics” in the Land Mgt Code
      - The League will oppose any such bills for obvious reasons
    - Several bills that would impact police training, still waiting to see actual proposed language

## ADMINISTRATION DEPARTMENT UPDATE (CONT.)

- A push to standardize the calculation of fees
  - Again, this would be opposed by the League
- An increase in the rainy-day savings cap for towns from 75% to 100%
  - I think we should support this simply because it gives us more flexibility, although I think our goal would be not to get too far past 50% for our own savings. Any more than that and we're not really putting our funds toward the most beneficial use.
- A bill to create Tourism Business Assessment Areas (like an RDA but specifically for tourism-related initiatives)
  - I think we should support this, it just gives us another potential funding tool
- Required annual training for Planning Commissions, waiting to see proposed language to develop a position on this.





## Brian Head Town Council Update

January 1, 2021

### ***BRIAN HEAD MARSHALS OFFICE:***

Busy, busy, busy, that seems to have been the theme for 2020. December was no different. Deputies handled a large variety of calls with the majority of them being what I would classify as service oriented calls. These types of calls keep us busy but don't have a criminal element to them. They are calls such as slide offs, lockouts, 911 hang ups, and general citizen assist types. I think in some ways we were fortunate to not have large storms with the large crowds as we would have been overwhelmed very quickly. So in that way the lack of moisture is nice. Now if we could just get some big storms before our next big holiday weekend that would be great with us. This Christmas Eve, was the first in the past 6 that we didn't have a significant storm and we were able to get holiday travelers in and out of the town safely.

New Year's Eve was a busy night or actually probably the busiest weekend we have ever had to deal with. We are happy to report that no arrests were required however a bunch of citations were issued. The crowd was very big, but still maintained that family friendly element for the most part. Deputies were running in all directions and burning the candle at both ends. But with such great potential for disaster things worked out very well. I really appreciate the knowledge our Deputies have and their abilities to stabilize scenes and situations quickly and peacefully.

A drug call that I'm sure many of you heard about through some of our local media was handled perfectly by Ski Patrol and the Marshal's Office. A subject overdosed on medication and collapsed at the chair lift for Giant Steps. Ski Patrol responded first and was able to administer NARCAN<sup>®</sup> Nasal Spray. The Nasal spray did its job of blocking the effects of narcotics and the person was able to be stabilized and was transported by private care to the hospital.

### ***BRIAN HEAD FIRE DEPARTMENT:***

Even with all of the hustle and bustle of the holidays. The fire department was still able to get a bunch of slash piles burned and fire inspections are almost a daily event.

The Volunteer Firefighters Association held their final meeting of the year and elected Fred Kline to represent them in their non-profit organization. Scott Kraft worked with an associate of his and we had a \$100,000 donation given. This donation

is intended for to be used to purchase a new Type 6 wildland fire engine. The donation was given by Richard Berk and a company name of Century Management. We are working together (Brian Head Town, Volunteer Association) to get bids on the purchase of this truck. We will be placing a plaque on it with stating that the funding was donated by Mr. Berk and his company.



December 21, 2020

Brian Head Volunteer Fire Department Association  
C/O Jeff Morgan, Treasurer  
56 North Hwy 143  
Brian Head, UT 84719

Mr. Morgan-

Enclosed is a check in the amount of \$100,000.00 from Richard Berk representing a charitable gift for the 2020 tax year from his IRA, thus it is considered a Qualified Charitable Distribution (QCD).

If you could please send a response that you received this gift to the donor at address below I would appreciate it.

Richard Berk, Director  
The Berk Society  
24621 Palms Court  
Laguna Niguel, CA 92677-7449

Please do not hesitate to contact me if I can be of assistance.

Sincerely,

John B. Dixon, CFP®

cc: Richard Berk













Brian Head Town  
Public Works Department Update  
January 12, 2021

With the holidays behind us, Public Works looks forward to the New Year and hopefully more snow for the mountain. Operators continue to work with the Resort to supply them with enough water to keep making snow and supply enough water for all the visitors to the Town. A second service line break has also been repaired on Rue Jolly. Public works continues to work on the tasks assigned to us and the following are updates on the projects that we have been working on.

### **STREETS**

Planning for the 2021 Streets project continues.  
Snow plowing operations have begun.  
Operators will start taking down the Town's Christmas lights next week.

### **CULINARY**

Repair of a 2<sup>nd</sup> water service leak on Rue Jolly.  
Snowflake booster pump station had a motor go out and due to shipping delays because of the holiday season, was repaired by a motor taken from million-gallon pump station and installed into snowflake booster by Public Works operators. This was done after the it was determined that the motor was unable to be repaired by Stewart Brothers in Cedar City. A new motor has been ordered and when it arrives, operators will install as soon as possible back in to million-gallon pump house.  
The Prv Valve for Steam Engine and Forest has arrived, and Staff will install it as time and weather permits.

### **SEWER**

Operators have finished locating sewer manholes down the canyon for the Capital facilities project. There are some manholes that are located under the asphalt of the highway and they will be located when the Town cleans this section of the system next year.  
Fiberglass sewer markers will continue to be installed as weather permits.

### **IN-HOUSE PROJECTS**

Public works will continue to work on in-house projects and maintaining buildings and equipment as needed. If you have any questions or concerns, please do not hesitate to call.





*Jason Wallis re-assembling the bowl stack of a pump after inspection at the Snowflake Booster*



*Chris wiring up the Motor taken from Million Gallon Pump Station and installed into Snowflake Booster*



*Operators performing maintenance on motors in the Mammoth Pump Station*



*Using the new service truck to install a motor at snowflake booster station*



*Operators benching snow with the grader wing up in Steam Engine Meadows*





## STAFF REPORT TO THE TOWN COUNCIL

**SUBJECT:** Local Consent for Off-Premise Beer License for Brian Head General Store  
**AUTHOR:** Nancy Leigh, Town Clerk  
**DEPARTMENT:** Administration  
**DATE:** January 12, 2021  
**TYPE OF ITEM:** Legislative Action

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### SUMMARY:

Kade Bryant, new owner of The Mall is requesting local consent for their off-premise beer license for the General Store.

### BACKGROUND:

Mr. Bryant recently purchased The Mall and with it the General Store. As part of the General Store's service, they plan to continue to provide off-premise beer sales which is now regulated by the Utah Department of Alcohol and Beverage Control (DABC). They plan to submit a transfer of ownership application which includes local consent.

### ANALYSIS:

As part of Brian Head's alcohol licensing process, Town Council approval is required for local consent for new applications. The applicant is required to have their application submitted to the DABC by the 10<sup>th</sup> of the month in order to be on the Liquor Commission meeting later in the month. Mr. Bryant reported they plan to submit their application to the DABC with a notation that the local consent will be emailed to them after the Council's January 12<sup>th</sup> meeting.



As part of holding an off-premise beer permit, the owners are required to comply with an E.A.S.Y. (Eliminate Alcohol Sales to Youth) training for each of its staff selling beer. This is a training the DABC identified and is required for all employees who sell alcohol and must be completed within 30 days of hire. Staff will be contacting the owners to ensure they are in compliance.

### FINANCIAL IMPLICATIONS:

N/A

### BOARD/COMMISSION RECOMMENDATION:

N/A

### STAFF RECOMMENDATION:

Staff recommends the Council grant local consent for the Brian Head General Store for an off-premise beer license.

**PROPOSED MOTION:**

I move to grant local consent to the Brian Head General Store for an off-premise beer license as presented.

**ATTACHMENTS:**

A – Local Consent form for Off-Premise Beer Sales for the Brian Head General Store





## STAFF REPORT TO THE TOWN COUNCIL

**SUBJECT:** Presentation of the Fiscal Year 2020 Audit  
**AUTHOR:** Nancy Leigh, Town Clerk  
**DEPARTMENT:** Administration Department  
**DATE:** January 12, 2021  
**TYPE OF ITEM:** Informational

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### **SUMMARY:**

Wayne Everett, Brian Head Town Auditor, will present his annual audit report for fiscal year ending June 30, 2020.

### **BACKGROUND:**

This is an annual event, and our Auditor will update the Town Council on the financial status of the Town.

### **ANALYSIS:**

Not applicable.

### **DEPARTMENT REVIEW:**

The staff has reviewed the audit and we look forward to the audit presentation.

### **FINANCIAL IMPLICATIONS:**

It is not anticipated that the Town will have any significant financial implications from the FY 2020 audit.

### **BOARD/COMMISSION RECOMMENDATION:**

Not applicable.

### **STAFF RECOMMENDATION:**

This is an informational item only and requires no action from the Council. Please feel free to ask Mr. Everett any questions you may have.

### **PROPOSED MOTION:**

Not applicable, since this is an informational item only.

### **Attachments:**

A – FY 2020 Annual Audit.

Brian Head Town

**ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2020

Brian Head Town  
**TABLE OF CONTENTS**  
 June 30, 2020

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Certified Public Accountants

hbeg.com

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St. George, UT 84770  
(435) 673-6167

## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Brian Head Town  
Brian Head, UT

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Brian Head Town (the Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

The Town's 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining

fund information of the Brian Head Town, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

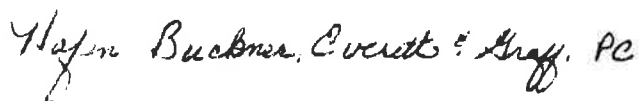
#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brian Head Town's basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2020, on our consideration of the Brian Head Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Brian Head Town's internal control over financial reporting and compliance.



Hafen, Buckner, Everett, & Graff, PC

December 8, 2020

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Brian Head Town  
**Management's Discussion and Analysis**  
June 30, 2020

As management of Brian Head Town (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of financial activities of the Town for the fiscal year ended June 30, 2020.

### **FINANCIAL HIGHLIGHTS**

- \*Total net position for the Town as a whole increased by \$1,852,059
- \*Total unrestricted net position for the Town as a whole increased by \$171,543
- \*Total net position for governmental activities increased by \$436,010
- \*Total net position for business-type activities increased by \$1,416,051

### **BASIC FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the Town. The basic financial statements comprise three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the Town available to cover any remaining costs of the functions or programs.

Brian Head Town  
**Management's Discussion and Analysis**  
June 30, 2020

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds.* These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains two major governmental funds, the general fund and the capital projects fund.

The Town adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund.

The basic governmental fund financial statements can be found later in this report; see Table of Contents.

*Proprietary funds.* The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses four enterprise funds to account for the operations of the water, sewer, solid waste, and snowmaking lease activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds are considered major funds of the Town.

The proprietary fund financial statements can be found later in this report; see Table of Contents.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town.

Brian Head Town  
**Management's Discussion and Analysis**  
 June 30, 2020

**FINANCIAL ANALYSIS**

**Brian Head Town's Net Position**

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 3,119,449	3,321,121	3,243,523	3,581,412	6,362,972	6,902,533
Net capital assets	29,022,384	28,746,815	20,719,360	19,788,652	49,741,744	48,535,467
Deferred outflows of resources	105,514	268,123	83,419	162,918	188,933	431,041
<b>Total assets and deferred outflows</b>	<b>32,247,347</b>	<b>32,336,059</b>	<b>24,046,302</b>	<b>23,532,982</b>	<b>56,293,649</b>	<b>55,869,041</b>
Long-term debt outstanding	2,842,552	3,161,139	6,422,583	6,938,513	9,265,135	10,099,652
Other liabilities	2,007,950	2,337,064	264,045	710,940	2,271,995	3,048,004
Deferred inflows of resources	878,579	755,598	78,180	18,086	956,759	773,684
<b>Total liabilities and deferred inflows</b>	<b>5,729,080</b>	<b>6,253,801</b>	<b>6,764,809</b>	<b>7,667,540</b>	<b>12,493,889</b>	<b>13,921,340</b>
Net position:						
Net investment in capital assets	26,179,832	25,585,676	14,296,777	12,850,139	40,476,609	38,435,815
Restricted	220,336	269,796	524,522	835,339	744,858	1,105,135
Unrestricted	118,098	226,785	2,460,195	2,179,965	2,578,293	2,406,750
<b>Total net position</b>	<b>\$ 26,518,267</b>	<b>26,082,257</b>	<b>17,281,494</b>	<b>15,865,443</b>	<b>43,799,760</b>	<b>41,947,701</b>

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflow of resources at the close of the year by \$43,799,760, an increase of \$1,852,059 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year is \$2,578,293 which represents an increase of \$171,543 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other liabilities due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

Brian Head Town  
**Management's Discussion and Analysis**  
June 30, 2020

**FINANCIAL ANALYSIS (continued)**

**Brian Head Town's Change in Net Position**

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
<b>Program revenues:</b>						
Charges for services	\$ 734,148	802,413	2,556,437	2,168,900	3,290,585	2,971,313
Operating grants and contributions	179,503	139,719	-	-	179,503	139,719
Capital grants and contributions	123,473	535,681	954,051	2,194	1,077,523	537,875
<b>General revenues:</b>						
Property taxes	1,243,527	1,194,521	-	-	1,243,527	1,194,521
Sales tax	175,475	180,953	-	-	175,475	180,953
Other taxes	728,257	739,208	-	-	728,257	739,208
Other revenues	208,963	273,407	37,581	49,860	246,544	323,267
<b>Total revenues</b>	<b>3,393,345</b>	<b>3,865,902</b>	<b>3,548,069</b>	<b>2,220,954</b>	<b>6,941,414</b>	<b>6,086,857</b>
<b>Expenses:</b>						
General government	782,935	822,755	-	-	782,935	822,755
Public safety	1,105,886	1,104,532	-	-	1,105,886	1,104,532
Highways and improvements	807,280	588,081	-	-	807,280	588,081
Parks and recreation	85,448	61,837	-	-	85,448	61,837
Interest on long-term debt	90,788	104,678	-	-	90,788	104,678
Operating expenses	-	-	2,217,018	2,063,640	2,217,018	2,063,640
<b>Total expenses</b>	<b>2,872,337</b>	<b>2,681,883</b>	<b>2,217,018</b>	<b>2,063,640</b>	<b>5,089,355</b>	<b>4,745,525</b>
<b>Excess before transfers</b>	<b>521,009</b>	<b>1,184,018</b>	<b>1,331,051</b>	<b>157,314</b>	<b>1,852,059</b>	<b>1,341,332</b>
Transfers in (out)	(85,000)	(141,393)	85,000	141,393	-	-
<b>Change in net position</b>	<b>\$ 436,009</b>	<b>1,042,625</b>	<b>1,416,051</b>	<b>298,707</b>	<b>1,852,059</b>	<b>1,341,332</b>

For the Town as a whole, total revenues increased by \$854,557 compared to the previous year, while total expenses increased by \$343,830. The total net change of \$1,852,059 is, in private sector terms, the net income for the year which is \$510,727 more than the previous year.

Governmental activities revenues of \$3,393,345 is a decrease of \$472,557 from the previous year. This decrease is primarily due to a decrease in capital grants and contributions. Governmental activities expenses of \$2,872,337 is an increase of \$190,454 from the previous year. While public safety, parks and recreation, and highways and improvements expenses increased, all other expenses decreased.

Business-type activities revenue of \$3,548,069 is an increase of \$1,327,115 from the previous year. Service revenues increased by \$387,537, capital contributions increased by \$951,857, and other revenues decreased by \$12,279. Business-type activities expenses of \$2,217,018 is an increase of \$153,378 from the previous year.

Brian Head Town  
**Management's Discussion and Analysis**  
June 30, 2020

**BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS**

Some of the more significant changes in fund balances and fund net position, and any restrictions on those amounts, is described below:

*General Fund*

The fund balance of \$1,447,282 reflects an increase of \$43,798 from the previous year. Total revenues decreased by \$78,459. Tax revenues had a net decrease of \$4,075. Charges for services decreased by \$25,315. Licenses and permits decreased by \$41,989. All other revenues had a net decrease of \$7,080.

Total expenditures, excluding transfers out, increased by \$57,005. General government expenditures increased by \$51,828, public safety expenditures decreased by \$51,801, highways and public improvements expenditures increased by \$19,205, and parks and recreation expenditures increased by \$37,773.

Fund balance restricted for debt service amounts to \$156,540. Fund balance committed for wildlands fire was \$184,253. The unassigned fund balance was \$1,106,489.

*Water Fund*

The change in net position (net income) was \$899,801. The amount restricted for debt service is \$271,089. The amount restricted for capital projects is \$240,732. Unrestricted net position amounts to \$1,390,997.

*Sewer Fund*

The change in net position (net income) was \$129,089. The amounts restricted for capital projects was \$12,700. Unrestricted net position amounts to \$777,297.

*Solid Waste Fund*

The change in net position (net income) was \$45,867. There were no restrictions on net position. Unrestricted net position amounts to \$291,901.

*Snowmaking Lease Fund*

The change in net position (net income) was \$341,294, resulting in a total net position of \$1,499,724.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenues for the current year, exclusive of transfers, were originally budgeted in the amount of \$2,630,064. This amount was amended in the final budget to \$2,630,536. Actual revenues, excluding transfers, amounted to \$2,563,638.

Expenditures for the current year, excluding transfers and budgeted increases in fund balance, were originally budgeted in the amount of \$2,231,244. This amount was amended in the final budget to \$2,260,036. Actual expenditures amounted to \$2,087,107.

Net transfers out for the year were originally budgeted in the amount of \$411,400. This was amended in the final budget to \$441,400, which was equal to the actual net transfers out.

Brian Head Town  
**Management's Discussion and Analysis**  
June 30, 2020

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Brian Head Town's Capital Assets (net of depreciation)**

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
<b>Net Capital Assets:</b>						
Land and rights	\$ 20,781,265	20,781,265	3,203,176	3,203,176	23,984,441	23,984,441
Buildings	4,829,745	4,829,745	293,896	293,896	5,123,641	5,123,641
Improvements	5,192,031	4,785,297	-	-	5,192,031	4,785,297
Machinery and equipment	2,045,904	2,122,573	956,376	956,376	3,002,281	3,078,949
Water system	-	-	16,967,150	16,967,150	16,967,150	16,967,150
Sewer system	-	-	2,364,692	2,364,692	2,364,692	2,364,692
Snowmaking lease	-	-	4,064,374	4,064,374	4,064,374	4,064,374
Construction in progress	2,477,585	2,368,384	1,959,875	497,072	4,437,461	2,865,456
<b>Total capital assets</b>	<b>35,326,531</b>	<b>34,887,263</b>	<b>29,809,539</b>	<b>28,346,736</b>	<b>65,136,071</b>	<b>63,233,999</b>
Less accumulated depreciation	(6,304,147)	(6,140,448)	(9,090,179)	(8,558,084)	(15,394,327)	(14,698,532)
<b>Net Capital Assets</b>	<b>\$ 29,022,384</b>	<b>28,746,815</b>	<b>20,719,360</b>	<b>19,788,652</b>	<b>49,741,744</b>	<b>48,535,467</b>

The total amount of capital assets, net of depreciation, of \$49,741,744 is an increase of \$1,206,276 from the previous year.

Governmental activities capital assets, net of depreciation, of \$29,022,384 is an increase of \$275,569 from the previous year.

Business-type activities capital assets, net of depreciation, of \$20,719,360 is an increase of \$930,708 from the previous year.

Additional information regarding capital assets may be found in the notes to financial statements.

Brian Head Town  
**Management's Discussion and Analysis**  
 June 30, 2020

**Brian Head Town's Outstanding Debt**

	Current Year	Previous Year
<b>Governmental activities:</b>		
2007 GO Interconnect Bridge	\$ 45,000	120,000
2005B GO Refunding	755,000	925,000
2018 UDAF Petroleum Storage Tank	43,745	48,332
2011 Lease Revenue Bond	1,998,807	2,067,807
<b>Total governmental</b>	<b>\$ 2,842,552</b>	<b>3,161,139</b>
<b>Business-type activities:</b>		
2016 GO Refunding	-	181,000
2005A GO Snowmaking	-	295,000
2013 G.O Reservoir Bond	1,555,000	1,647,000
2009 USDA Water Revenue	4,720,583	4,807,729
2019 Fire Protection Bond	147,000	-
<b>Total business-type</b>	<b>\$ 6,422,583</b>	<b>6,930,729</b>
<b>Total outstanding debt</b>	<b>\$ 9,265,135</b>	<b>10,091,867</b>

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

No significant economic changes that would affect the Town are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Brian Head Town's finances for all those with an interest in the Town's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Town Treasurer, Brian Head Town, P.O. Box 190068, 56 North Highway 143, Brian Head, UT 84719.



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**BASIC FINANCIAL STATEMENTS**

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Brian Head Town  
**STATEMENT OF NET POSITION**  
June 30, 2020

	Governmental Activities	Business-type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,796,700	1,335,329	3,132,029
Accounts receivable, net	1,113,898	197,254	1,311,153
Total current assets	<u>2,910,598</u>	<u>1,532,583</u>	<u>4,443,182</u>
Non-current assets:			
Restricted cash and cash equivalents	208,851	524,522	733,372
Capital assets:			
Not being depreciated	23,258,850	5,163,052	28,421,902
Net of accumulated depreciation	5,763,534	15,556,308	21,319,842
Prepaid long-term water lease	-	1,186,418	1,186,418
Total non-current assets	<u>29,231,234</u>	<u>22,430,300</u>	<u>51,661,534</u>
Total assets	32,141,833	23,962,883	56,104,716
Deferred outflows of resources - pensions	105,514	83,419	188,933
<b>Total assets and deferred outflows of resources</b>	<b><u>\$ 32,247,347</u></b>	<b><u>24,046,302</u></b>	<b><u>56,293,649</u></b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 70,376	5,700	76,076
Customer/contractor deposits	130,982	10,727	141,709
Accrued interest payable	22,221	28,616	50,837
Unearned revenue	1,442,788	-	1,442,788
Revenue bonds due within one year	301,004	191,307	492,311
Total current liabilities	<u>1,967,371</u>	<u>236,350</u>	<u>2,203,720</u>
Non-current liabilities:			
Compensated absences	60,772	-	60,772
Revenue bonds due after one year	2,541,548	6,231,276	8,772,824
Net pension liability	280,811	219,002	499,813
Total non-current liabilities	<u>2,883,130</u>	<u>6,450,279</u>	<u>9,333,409</u>
Total liabilities	4,850,501	6,686,628	11,537,130
Deferred inflows of resources - property taxes	741,888	-	741,888
Deferred inflows of resources - pensions	136,691	78,180	214,871
<b>Total liabilities and deferred inflows of resources</b>	<b><u>5,729,080</u></b>	<b><u>6,764,809</u></b>	<b><u>12,493,889</u></b>
<b>NET POSITION:</b>			
Net investment in capital assets	26,179,832	14,296,777	40,476,609
Restricted for:			
Debt service	218,988	271,089	490,077
Capital projects	1,348	253,432	254,781
Unrestricted	118,098	2,460,195	2,578,293
<b>Total net position</b>	<b><u>26,518,267</u></b>	<b><u>17,281,494</u></b>	<b><u>43,799,760</u></b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b><u>\$ 32,247,347</u></b>	<b><u>24,046,302</u></b>	<b><u>56,293,649</u></b>

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

Brian Head Town  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2020

<b><u>FUNCTIONS/PROGRAMS:</u></b>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue (To Next Page)</u>
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 782,935	520,513	61,660	-	(200,763)
Public safety	1,105,886	5,220	54,508	1,836	(1,044,322)
Highways and public improvements	807,280	208,415	63,335	121,637	(413,893)
Parks, recreation and public property	85,448	-	-	-	(85,448)
Interest on long-term debt	90,788	-	-	-	(90,788)
<b>Total governmental activities</b>	<b>2,872,337</b>	<b>734,148</b>	<b>179,503</b>	<b>123,473</b>	<b>(1,835,213)</b>
Business-type activities:					
Water	1,377,297	1,381,919	-	941,985	946,607
Sewer	524,502	626,081	-	12,066	113,646
Solid waste	210,952	250,796	-	-	39,845
Snowmaking Lease	104,268	297,640	-	-	193,372
<b>Total business-type activities</b>	<b>2,217,018</b>	<b>2,556,437</b>	<b>-</b>	<b>954,051</b>	<b>1,293,469</b>
<b>Total primary government</b>	<b>\$ 5,089,355</b>	<b>3,290,585</b>	<b>179,503</b>	<b>1,077,523</b>	<b>(541,744)</b>

(continued on next page)

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

Brian Head Town  
**STATEMENT OF ACTIVITIES (continued)**  
For the Year Ended June 30, 2020

	Governmental Activities	Business-type Activities	Total
<b>CHANGES IN NET POSITION:</b>			
<b>Net (expense) revenue (from previous page)</b>	<b>\$ (1,835,213)</b>	<b>1,293,469</b>	<b>(541,744)</b>
<b>General revenues:</b>			
Property taxes	1,243,527	-	1,243,527
Sales tax	175,475	-	175,475
Other taxes	728,257	-	728,257
Unrestricted investment earnings	42,424	37,581	80,005
Sales of fixed assets	124,684	-	124,684
Miscellaneous	41,855	-	41,855
<b>Total general revenues</b>	<b>2,356,222</b>	<b>37,581</b>	<b>2,393,803</b>
Transfers in (out)	(85,000)	85,000	-
<b>Change in net position</b>	<b>436,009</b>	<b>1,416,051</b>	<b>1,852,059</b>
Net position - beginning	26,082,258	15,865,443	41,947,701
<b>Net position - ending</b>	<b>\$ 26,518,267</b>	<b>17,281,494</b>	<b>43,799,760</b>

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

Brian Head Town  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2020

	General Fund	Special Service District	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,380,751	-	-	415,949	1,796,700
Accounts receivable, net	93,316	-	-	-	93,316
Due from other governments	752,727	-	267,855	-	1,020,582
Restricted cash and cash equivalents	156,540	-	50,962	1,348	208,851
<b>TOTAL ASSETS</b>	<b>\$ 2,383,334</b>	<b>-</b>	<b>318,818</b>	<b>417,298</b>	<b>3,119,449</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
Liabilities:					
Accounts payable	\$ 63,182	-	-	7,194	70,376
Customer/contractor deposits	130,982	-	-	-	130,982
Unearned revenues	-	1,186,418	256,370	-	1,442,788
Total liabilities	194,163	1,186,418	256,370	7,194	1,644,146
Deferred inflows of resources:					
Property tax	741,888	-	-	-	741,888
Total deferred inflows of resources	741,888	-	-	-	741,888
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>936,051</b>	<b>1,186,418</b>	<b>256,370</b>	<b>7,194</b>	<b>2,386,034</b>
<b>FUND BALANCES:</b>					
Restricted for:					
Debt service	156,540	-	62,448	-	218,988
Capital projects	-	-	-	1,348	1,348
Committed for:					
Wildlands fire	184,253	-	-	-	184,253
Redevelopment agency	-	-	-	141,616	141,616
Assigned for:					
Capital projects	-	-	-	267,138	267,138
Unassigned	1,106,489	(1,186,418)	-	-	(79,929)
<b>TOTAL FUND BALANCES</b>	<b>1,447,282</b>	<b>(1,186,418)</b>	<b>62,448</b>	<b>410,103</b>	<b>733,415</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 2,383,334</b>	<b>-</b>	<b>318,818</b>	<b>417,298</b>	<b>3,119,449</b>

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



Brian Head Town  
**STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
 For the Year Ended June 30, 2020

	General Fund	Special Service District	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Taxes:					
Property	\$ 827,097	-	320,868	95,561	1,243,527
Sales	175,475	-	-	-	175,475
Other taxes	728,257	-	-	-	728,257
License and permits	322,856	-	-	-	322,856
Intergovernmental revenues	179,503	-	-	121,637	301,140
Charges for services	290,099	-	-	120,695	410,794
Fines and forfeitures	498	-	-	-	498
Impact fees	1,836	-	-	-	1,836
Interest	32,633	-	2,858	6,933	42,424
Miscellaneous revenue	5,384	30,421	-	6,050	41,855
<b>Total revenues</b>	<b>2,563,638</b>	<b>30,421</b>	<b>323,726</b>	<b>350,877</b>	<b>3,268,662</b>
<b>EXPENDITURES:</b>					
General government	689,906	-	-	77,435	767,341
Public safety	878,860	-	-	181,667	1,060,528
Highways and public improvements	436,301	-	-	510,556	946,858
Parks, recreation and public property	82,040	-	-	210,944	292,985
Debt service:					
Principal	-	-	245,000	73,587	318,587
Interest	-	-	43,187	51,695	94,882
<b>Total expenditures</b>	<b>2,087,107</b>	<b>-</b>	<b>288,187</b>	<b>1,105,886</b>	<b>3,481,179</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>476,531</b>	<b>30,421</b>	<b>35,540</b>	<b>(755,009)</b>	<b>(212,518)</b>
<b>Other financing sources and (uses):</b>					
Sale of fixed assets	-	-	-	192,274	192,274
Transfers in	8,667	-	-	441,400	450,067
Transfers out	(441,400)	-	(85,000)	(8,667)	(535,067)
<b>Total other financing sources and (uses)</b>	<b>(432,733)</b>	<b>-</b>	<b>(85,000)</b>	<b>625,007</b>	<b>107,274</b>
<b>Net change in fund balances</b>	<b>43,798</b>	<b>30,421</b>	<b>(49,460)</b>	<b>(130,002)</b>	<b>(105,244)</b>
Fund balances - beginning of year	1,403,484	(1,216,839)	111,908	540,105	838,659
<b>Fund balance - end of year</b>	<b>\$ 1,447,282</b>	<b>(1,186,418)</b>	<b>62,448</b>	<b>410,103</b>	<b>733,415</b>

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

Brian Head Town  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION**  
 June 30, 2020

<b>Total Fund Balance for Governmental Funds</b>	<b><u>\$ 733,415</u></b>
<p>Total net position reported for governmental activities in the statement is different because:</p>	
<p>Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds:</p>	
Capital assets, at cost	35,326,531
Less accumulated depreciation	<u>(6,304,147)</u>
Net capital assets	<u>29,022,384</u>
Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	<u>105,514</u>
<p>Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements, but not in the fund statements.</p>	
General long-term debt	<u>(2,842,552)</u>
Interest accrued but not yet paid on long-term debt	<u>(22,221)</u>
Compensated absence liability	<u>(60,772)</u>
Net pension liability	<u>(280,811)</u>
<p>Certain revenue is deferred in governmental funds, but not in the statement of net position because it qualifies for recognition under the economic resources measurement focus.</p>	
Deferred inflows of resources - pensions	<u>(136,691)</u>
<b>Total Net Position of Governmental Activities</b>	<b><u><u>\$ 26,518,267</u></u></b>

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

Brian Head Town  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2020

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b><u>\$ (105,244)</u></b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost so allocated over their estimated useful lives and reported as depreciation expenses.</p>	
Capital outlays	749,143
Depreciation expense	<u>(405,984)</u>
Net	<u>343,159</u>
<p>The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.</p>	
	<u>(56,997)</u>
<p>Cost of retired assets sold is not reported in government fund statements, while it is reported in the statement of activities.</p>	
Book cost of assets retired	<u>(67,590)</u>
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
Long-term debt principal repayments	<u>318,587</u>
<p>Accrued interest and compensated absences are not reported as expenditures for the current period, while they are recorded in the statement of activities.</p>	
Change in accrued interest on long-term debt	<u>4,094</u>
Change in compensated absence liability	<u>-</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 436,009</u></u></b>

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

Brian Head Town  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
June 30, 2020

	Water Fund	Sewer Fund	Solid Waste Fund	Snow- making Lease	Total Proprietary Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>					
Assets:					
Current assets:					
Cash and cash equivalents	\$ 273,304	766,357	295,668	-	1,335,329
Accounts receivable, net	93,855	70,297	33,102	-	197,254
Total current assets	<u>367,159</u>	<u>836,654</u>	<u>328,770</u>	<u>-</u>	<u>1,532,583</u>
Non-current assets:					
Restricted cash and cash equivalents	511,822	12,700	-	-	524,522
Capital assets:					
Not being depreciated	4,499,766	438,286	-	225,000	5,163,052
Net of accumulated depreciation	13,041,968	1,239,617	-	1,274,724	15,556,308
Prepaid long-term water lease	1,186,418	-	-	-	1,186,418
Total non-current assets	<u>19,239,974</u>	<u>1,690,602</u>	<u>-</u>	<u>1,499,724</u>	<u>22,430,300</u>
Total assets	<u>19,607,133</u>	<u>2,527,257</u>	<u>328,770</u>	<u>1,499,724</u>	<u>23,962,883</u>
Deferred outflows of resources - pensions	46,871	22,759	13,789	-	83,419
<b>Total assets and deferred outflows of resources</b>	<b><u>\$ 19,654,004</u></b>	<b><u>2,550,016</u></b>	<b><u>342,559</u></b>	<b><u>1,499,724</u></b>	<b><u>24,046,302</u></b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 3,569	50	2,081	-	5,700
Accrued interest payable	28,616	-	-	-	28,616
Customer security deposits	10,727	-	-	-	10,727
Revenue bonds, current portion	191,307	-	-	-	191,307
Total current liabilities	<u>234,219</u>	<u>50</u>	<u>2,081</u>	<u>-</u>	<u>236,350</u>
Non-current liabilities:					
Revenue bonds, long-term	6,231,276	-	-	-	6,231,276
Net pension liability	122,940	60,365	35,698	-	219,002
Total non-current liabilities	<u>6,354,216</u>	<u>60,365</u>	<u>35,698</u>	<u>-</u>	<u>6,450,279</u>
Total liabilities	<u>6,588,435</u>	<u>60,415</u>	<u>37,778</u>	<u>-</u>	<u>6,686,628</u>
Deferred inflows of resources - pensions	43,599	21,702	12,880	-	78,180
<b>Total liabilities and deferred inflows of resources</b>	<b><u>6,632,034</u></b>	<b><u>82,117</u></b>	<b><u>50,658</u></b>	<b><u>-</u></b>	<b><u>6,764,809</u></b>
<b>NET POSITION:</b>					
Net investment in capital assets	11,119,151	1,677,902	-	1,499,724	14,296,777
Restricted for:					
Debt service	271,089	-	-	-	271,089
Capital projects	240,732	12,700	-	-	253,432
Unrestricted	1,390,997	777,297	291,901	-	2,460,195
<b>Total net position</b>	<b><u>13,021,969</u></b>	<b><u>2,467,899</u></b>	<b><u>291,901</u></b>	<b><u>1,499,724</u></b>	<b><u>17,281,494</u></b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b><u>\$ 19,654,004</u></b>	<b><u>2,550,016</u></b>	<b><u>342,559</u></b>	<b><u>1,499,724</u></b>	<b><u>24,046,302</u></b>

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

Brian Head Town  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN NET POSITION - PROPRIETARY FUND**

For the Year Ended June 30, 2020

	Water Fund	Sewer Fund	Solid Waste Fund	Snow- making Lease	Total Proprietary Funds
<b>Operating income:</b>					
Charges for sales and service	\$ 1,369,669	621,881	250,796	297,640	2,539,987
Connection fees	12,250	4,200	-	-	16,450
<b>Total operating income</b>	<b>1,381,919</b>	<b>626,081</b>	<b>250,796</b>	<b>297,640</b>	<b>2,556,437</b>
<b>Operating expenses:</b>					
Personnel services	383,193	197,554	117,746	-	698,493
Utilities	129,576	859	-	-	130,435
Repair and maintenance	229,291	43,371	32,908	-	305,571
Other supplies and expenses	21,215	31,463	28,318	-	80,996
Water leases	32,883	-	-	-	32,883
Payments to Parowan City	-	168,450	-	-	168,450
Administrative charges	39,707	26,579	10,178	-	76,464
Bad debt expense	(16)	109	1,019	-	1,112
Depreciation expense	353,587	56,116	20,784	101,609	532,096
<b>Total operating expense</b>	<b>1,189,437</b>	<b>524,502</b>	<b>210,952</b>	<b>101,609</b>	<b>2,026,500</b>
<b>Net operating income (loss)</b>	<b>192,483</b>	<b>101,579</b>	<b>39,845</b>	<b>196,031</b>	<b>529,937</b>
<b>Non-operating income (expense):</b>					
Impact fees	63,011	12,066	-	-	75,077
Interest income	15,578	15,443	6,022	538	37,581
Interest on long-term debt	(187,860)	-	-	(2,659)	(190,519)
<b>Total non-operating income (expense)</b>	<b>(109,271)</b>	<b>27,509</b>	<b>6,022</b>	<b>(2,121)</b>	<b>(77,861)</b>
<b>Income (loss) before transfers</b>	<b>83,212</b>	<b>129,089</b>	<b>45,867</b>	<b>193,910</b>	<b>452,077</b>
Capital grants	878,974	-	-	-	878,974
Transfers in	85,000	-	-	147,384	232,384
Transfers out	(147,384)	-	-	-	(147,384)
<b>Change in net position</b>	<b>899,801</b>	<b>129,089</b>	<b>45,867</b>	<b>341,294</b>	<b>1,416,051</b>
Net position - beginning	12,122,168	2,338,810	246,034	1,158,430	15,865,443
<b>Net position - ending</b>	<b>\$ 13,021,969</b>	<b>2,467,899</b>	<b>291,901</b>	<b>1,499,724</b>	<b>17,281,494</b>

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

Brian Head Town  
**STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2020

	Water Fund	Sewer Fund	Solid Waste Fund	Snow- making Lease	Total Proprietary Funds
<b>Cash flows from operating activities:</b>					
Cash received from customers - service	\$ 1,379,698	623,519	242,434	-	2,245,650
Cash paid to suppliers	(434,255)	(272,905)	(73,337)	(8,860)	(789,358)
Cash paid to employees	(367,765)	(189,692)	(113,171)	-	(670,628)
<b>Net cash provided (used) in operating activities</b>	<b>577,678</b>	<b>160,922</b>	<b>55,925</b>	<b>(8,860)</b>	<b>785,664</b>
<b>Cash flows from noncapital financing activities:</b>					
Customer deposit increase (decrease)	(1,825)	-	-	-	(1,825)
Net transfers in (out)	(62,384)	-	-	147,384	85,000
<b>Net cash provided (used) in noncapital financing activities</b>	<b>(64,210)</b>	<b>-</b>	<b>-</b>	<b>147,384</b>	<b>83,175</b>
<b>Cash flows from capital and related financing activities:</b>					
Cash from impact fees	63,011	12,066	-	-	75,077
Cash from capital grants	878,974	-	-	-	878,974
Cash from bond issues	147,000	-	-	-	147,000
Cash payments for capital assets	(1,442,326)	(20,477)	-	-	(1,462,804)
Cash payments for long-term debt principal	(367,930)	-	-	(295,000)	(662,930)
Cash payments for long-term debt interest	(193,566)	-	-	(7,674)	(201,240)
<b>Net cash provided (used) in capital and related financing activities</b>	<b>(914,838)</b>	<b>(8,411)</b>	<b>-</b>	<b>(302,674)</b>	<b>(1,225,923)</b>
<b>Cash flows from investing activities:</b>					
Cash received from interest earned	15,578	15,443	6,022	538	37,581
<b>Net cash provided (used) in investing activities</b>	<b>15,578</b>	<b>15,443</b>	<b>6,022</b>	<b>538</b>	<b>37,581</b>
<b>Net increase (decrease) in cash</b>	<b>(385,792)</b>	<b>167,954</b>	<b>61,947</b>	<b>(163,612)</b>	<b>(319,502)</b>
Cash balance, beginning	1,170,917	611,103	233,721	163,612	2,179,353
<b>Cash balance, ending</b>	<b>\$ 785,125</b>	<b>779,057</b>	<b>295,668</b>	<b>-</b>	<b>1,859,851</b>
<b>Cash reported on the statement of net position:</b>					
Cash and cash equivalents	\$ 273,304	766,357	295,668	-	1,335,329
Non-current restricted cash	511,822	12,700	-	-	524,522
<b>Total cash and cash equivalents</b>	<b>\$ 785,125</b>	<b>779,057</b>	<b>295,668</b>	<b>-</b>	<b>1,859,851</b>

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

Brian Head Town  
**STATEMENT OF CASH FLOWS (continued)**  
For the Year Ended June 30, 2020

**Reconciliation of Operating Income to Net Cash  
Provided (Used) in Operating Activities:**

	Water Fund	Sewer Fund	Solid Waste Fund	Snow- making Lease	Total Proprietary Funds
<b>Net operating income (expense)</b>	<b>\$ 192,483</b>	<b>101,579</b>	<b>39,845</b>	<b>196,031</b>	<b>529,937</b>
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:					
Depreciation and amortization	353,587	56,116	20,784	101,609	532,096
Changes in assets and liabilities:					
(Increase) decrease in receivables	(2,238)	(2,453)	(7,344)	-	(12,034)
(Increase) decrease in prepaid items	30,421	-	-	-	30,421
(Increase) decrease in deferred outflows	44,017	22,432	13,050	-	79,499
Increase (decrease) in payables	(12,004)	(2,183)	(1,934)	(8,860)	(24,981)
Increase (decrease) in accrued liabilities	-	-	-	-	-
Increase (decrease) in unearned revenue	-	-	-	(297,640)	(297,640)
Increase (decrease) in net pension liability	(61,861)	(31,526)	(18,340)	-	(111,728)
Increase (decrease) in deferred inflows	33,273	16,957	9,865	-	60,094
<b>Net cash provided (used) in operating activities</b>	<b>\$ 577,678</b>	<b>160,922</b>	<b>55,925</b>	<b>(8,860)</b>	<b>785,664</b>

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

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1-A. Reporting entity**

**Primary Government:** Brian Head Town (the Town), a municipal corporation located in Iron County, Utah, operates under a Council-Manager form of government and provides the following services: General and Administrative, Public Safety-Police and Fire, Highways and Streets, Sanitation, Culture and Recreation, Public Improvements, Planning and Zoning, Water and Sewer Services. The accompanying financial statements present the Town and its component units.

**Blended Component Units:** The financial activity for the following entities is blended in this report. These are entities for which the Town is considered to be financially accountable because of the significance of their operational or financial relationships with the Town and the governing body being the same as that of the Town. The Municipal Building Authority of Brian Head Town was formed to further the purposes of the Town by acquiring and improving properties and financing the cost of such activities. The Brian Head Special Service District was formed to acquire water rights. No separate financial report is issued by these entities.

**1-B. Government-wide and fund financial statements**

*Government-wide Financial Statements*

The government-wide financial statements, consisting of the statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

*Fund Financial Statements*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statement.



Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**1-C. Measurement focus, basis of accounting and financial statement presentation**

The financial statements of the Town are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Town departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

*Policy regarding use of restricted resources*

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities. *Restricted assets, non-current* reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**1-D. Fund types and major funds**

*Governmental funds*

**The Town reports the following major governmental funds:**

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

The *special service district fund* accounts for resources accumulated and payments made for the acquisition of water rights which have been leased to the Town.

The *debt service fund* accounts for resources accumulated and payments made for principal and interest on general obligation bonds.

*Proprietary funds*

**The Town reports the following major proprietary funds:**

The *water fund* is used to account for the activities of the culinary water distribution system.

The *sewer fund* accounts for the activities of the Town's sewer collection operations.

The *solid waste fund* accounts for the activities of the Town's sanitation and solid waste collection operations.

The *snowmaking lease fund* accounts for the activities of the Town's leasing of snowmaking equipment to the ski resort operations.

**1-E. Assets, Liabilities, and Net Position or Equity**

**1-E-1. Deposit and Investments**

Investments are reported at fair value. Deposits are reported at cost, which approximates fair value. Investments of the Town are accounts at the Utah Public Treasurers Investments Fund. Additional information is contained in Note 3.

**1-E-2. Cash and Cash Equivalents**

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

**1-E-3. Receivables and Payables**

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Special assessments receivable are reported at the remaining amount of the initial assessment. An uncollectible allowance is provided that is based upon an analysis of the aging of the accounts.

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**1-E-3. *Receivables and Payables (continued)***

During the course of operations, there may be transactions occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either *due to or due from other funds* .

Property taxes are assessed and collected for the Town by Iron County and remitted to the Town shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

**1-E-4. *Restricted Assets***

In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the balance sheet because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net assets.

Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash.

**1-E-5. *Inventories and Prepaid items***

Inventories in governmental funds are not reported. These consist of immaterial amounts of expendable supplies for consumption. Such supplies are acquired as needed. Proprietary fund inventories, where material, are stated at the lower of cost or market, using the first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

**1-E-6. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pensions as required by GASB 68.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. Property taxes to be collected in November were unavailable in the current fiscal year. Accordingly, these property taxes are deferred and will be recognized as an inflow of resources in the period that the amounts become available. Additionally, the Town reports deferred inflows of resources related to pensions as required by GASB 68.

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**1-E-7. Pensions**

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

**1-E-8. Capital Assets**

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual significant cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

Property, plant, and equipment of the primary government, as well as the component units (if any), is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Improvements, roads	15
Water distribution system	50
Sewer distribution system	50
Snowmaking system	40
Machinery and equipment	3-20

**1-E-9. Long-term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt, are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**1-E-10. *Compensated Absences***

The Town has a policy allowing compensated absence benefits to permanent employees for both sick and vacation leave. Provision is made in the financial statements for unused leave liability.

**1-E-11. *Fund Equity***

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, it is the Town's policy to use committed resources first, followed by assigned resources and then unassigned resources as they are needed.

Equity is classified in the government-wide financial statements as net position and is displayed in three components:

**Net investment in capital assets** - Represents capital assets, net of accumulated depreciation and reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position** - Net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Unrestricted net position** - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Equity is classified in governmental fund financial statements as fund balance and is further classified as follows:

**Nonspendable** - Cannot be spent because it is either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

**Restricted** - Fund balance with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Committed** - Can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Town Council. A resolution, ordinance or vote by the Town Council is required to establish, modify or rescind a fund balance commitment.

**Assigned** - Constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. The Town Manager is authorized to assign amounts to a specific purpose in accordance with the Town's budget policy.

**Unassigned** - Residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

Proprietary fund equity is classified the same as in the government-wide statements.

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**1-F. 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 and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**2-A. Budgetary data**

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and Town Council on or before June 22 for the following fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the Town Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the Town's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the Town from creating a deficit fund balance by making expenditures in excess of amounts budgeted. Any deficit so created must be made up in the following fiscal year. Deficits arising from emergencies, however, may be retired over five years. The maximum amount held in the general fund may not exceed 75% of the total estimated revenues of the fund for the succeeding year.

Once adopted, budget amendments which increase total expenditures must be approved by the Town Council following a public hearing. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

**2-B. Deficit fund balance**

The Brian Head Special Service District reported a deficit fund balance. The purpose of the District is to acquire water rights. The rights acquired have been leased to the Town for a fifty year period. The deficit occurs because the Town prepaid the lease to enable purchase of the rights and the District reports no fixed assets as it is a governmental fund. The prepaid lease will be amortized to income over the period of the lease which will eliminate the deficit over the fifty years.

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2020

**NOTE 3 - DETAILED NOTES**

**3-A. Deposits and investments**

Cash and investments as of June 30, 2020 consist of the following:

	Fair Value
Deposits:	
Cash on hand	\$ 450
Demand deposits - checking	47,594
Investments:	
Deposits - PTIF	3,817,357
<b>Total deposits and investments</b>	<b>\$ 3,865,401</b>

Cash and investments listed above are classified in the accompanying government-wide statement of net position as follows:

Cash and cash equivalents (current)	\$ 3,132,029
Restricted cash and cash equivalents (non-current)	733,372
<b>Total cash and cash equivalents</b>	<b>\$ 3,865,401</b>

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

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

**Deposits**

*Custodial Credit Risk*

For deposits, this is the risk that in the event of bank failure, the Town's deposits may not be returned to the Town. The Town's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the Town to be in a qualified depository, as defined in the paragraph above. As of June 30, 2020, none of the Town's demand deposits were exposed to custodial risk.

**Investments**

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

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2020

**3-A. Deposits and investments (continued)**

**Investments (continued)**

Statutes authorize the Town to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investor Services or Standard & Poor’s, bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer’s Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurer’s Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gain or losses on investments. Financial statements for the PTIF funds can be obtained by contacting the Utah State Treasurer’s office.

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 participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

*Fair value of investments*

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2--Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At June 30, 2020, the Town had \$3,817,357 invested in the PTIF, which uses a Level 2 fair value measurement.

As of June 30, 2019 the government had the following investment and maturities:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
State of Utah Public Treasurer's Investment Fund	\$ 3,817,357	3,817,357	-	-	-
Total Fair Value	\$ 3,817,357	3,817,357	-	-	-



Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**Interest rate risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy-for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

**Credit risk**

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

At June 30, 2020 the Town had the following investments and quality ratings:

	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
State of Utah Public Treasurer's Investment Fund	\$3,817,357	-	-	-	3,817,357
<b>Total Fair Value</b>	<b>\$3,817,357</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,817,357</b>

**Concentration of credit risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

**3-B. Receivables**

The allowance policy is described in Note 1-E-3. Receivables as of year-end for the Town's funds are shown below:

	Governmental Activities	Business-type Activities	Total
Shuttle fees, licenses	\$ 98,741	-	98,741
Water	-	108,163	108,163
Sewer	-	81,013	81,013
Solid waste	-	38,149	38,149
Taxes and other	1,020,582	-	1,020,582
Total accounts receivable	1,119,323	227,325	1,346,648
Less allowance for uncollectibles	(5,425)	(30,071)	(35,495)
<b>Net accounts receivable</b>	<b>\$ 1,113,898</b>	<b>197,254</b>	<b>1,311,153</b>

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
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**3-C. Capital Assets**

Capital asset activity for the governmental activities was as follows:

<b>Governmental activities</b>	Beginning Balance	Additions	Retirements	Ending Balance
<b>Capital assets, not being depreciated:</b>				
Land and rights	\$ 19,260,216	-	-	19,260,216
Water rights	1,521,049	-	-	1,521,049
Construction in progress	2,368,384	222,469	113,268	2,477,585
<b>Total capital assets, not being depreciated</b>	<b>23,149,649</b>	<b>222,469</b>	<b>113,268</b>	<b>23,258,850</b>
<b>Capital assets, being depreciated:</b>				
Buildings	4,829,745	-	-	4,829,745
Improvements other than buildings	4,785,297	406,735	-	5,192,031
Machinery and equipment	2,122,573	233,207	309,875	2,045,904
<b>Total capital assets, being depreciated</b>	<b>11,737,615</b>	<b>639,942</b>	<b>309,875</b>	<b>12,067,681</b>
<b>Less accumulated depreciation for:</b>				
Buildings	1,426,821	120,744	-	1,547,565
Improvements other than buildings	3,447,508	156,423	-	3,603,932
Machinery and equipment	1,266,119	128,817	242,285	1,152,651
<b>Total accumulated depreciation</b>	<b>6,140,448</b>	<b>405,984</b>	<b>242,285</b>	<b>6,304,147</b>
<b>Total capital assets being depreciated, net</b>	<b>5,597,166</b>	<b>233,958</b>	<b>67,590</b>	<b>5,763,534</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 28,746,815</b>	<b>456,427</b>	<b>180,858</b>	<b>29,022,384</b>

Depreciation expense was charged to functions/programs of the primary government governmental activities as follows:

<b>Governmental activities:</b>	
General government	\$ 87,674
Public safety	157,525
Highways and public improvements	149,731
Parks, recreation and public property	11,055
<b>Total</b>	<b>\$ 405,984</b>

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**3-C. Capital Assets (continued)**

Capital asset activity for the business-type activities was as follows:

<b>Business-type activities</b>	Beginning Balance	Additions	Retirements	Ending Balance
<b>Capital assets, not being depreciated:</b>				
Land and rights	\$ 3,203,176	-	-	3,203,176
Construction in progress	497,072	1,462,804	-	1,959,875
<b>Total capital assets, not being depreciated</b>	<b>3,700,248</b>	<b>1,462,804</b>	<b>-</b>	<b>5,163,052</b>
<b>Capital assets, being depreciated:</b>				
Water system	16,967,150	-	-	16,967,150
Sewer system	2,364,692	-	-	2,364,692
Snowmaking system	4,064,374	-	-	4,064,374
Buildings	293,896	-	-	293,896
Machinery and equipment	956,376	-	-	956,376
<b>Total capital assets, being depreciated</b>	<b>24,646,488</b>	<b>-</b>	<b>-</b>	<b>24,646,488</b>
<b>Less accumulated depreciation for:</b>				
Water system	3,675,787	339,343	-	4,015,130
Sewer system	1,156,649	47,294	-	1,203,942
Snowmaking system	2,688,041	101,609	-	2,789,650
Buildings	142,539	5,878	-	148,416
Machinery and equipment	895,068	37,971	-	933,040
<b>Total accumulated depreciation</b>	<b>8,558,084</b>	<b>532,096</b>	<b>-</b>	<b>9,090,179</b>
<b>Total capital assets being depreciated, net</b>	<b>16,088,404</b>	<b>(532,096)</b>	<b>-</b>	<b>15,556,308</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 19,788,652</b>	<b>930,708</b>	<b>-</b>	<b>20,719,360</b>

Depreciation expense was charged to functions/programs of the primary government business-type activities was follows:

<b>Business-type activities:</b>	
Water system	\$ 353,587
Sewer system	56,116
Solid waste	20,784
Snowmaking lease	101,609
<b>Total</b>	<b>\$ 532,096</b>

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
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**3-D. Long-term debt**

Long-term debt activity for the governmental activities was as follows:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2007 GO Interconnect Bridge							
Matures 9/1/2022	\$1,291,000	6.29	\$ 120,000	-	75,000	45,000	45,000
2005B GO Refunding							
Matures 3/15/2024	2,280,000	3.95	925,000	-	170,000	755,000	180,000
2018 UDAF Petroleum Storage Tank							
Matures 8/1/2028	50,000	-	48,332	-	4,587	43,745	5,004
2011 Lease Revenue Bond							
Matures 4/1/2042	2,553,000	2.50	2,067,807	-	69,000	1,998,807	71,000
<b>Total governmental activity long-term liabilities</b>			<b>\$ 3,161,139</b>	<b>-</b>	<b>318,587</b>	<b>2,842,552</b>	<b>301,004</b>

The Town leases facilities from the Municipal Building Authority (MBA). The annual lease payment is approximately the amount of the debt service requirements. See Note 4-B for additional information regarding the MBA leases.

Bond debt service requirements to maturity for governmental activities are as follows:

	Principal	Interest	Total
2021	\$ 301,004	81,338	382,342
2022	263,004	70,908	333,912
2023	269,004	61,775	330,779
2024	281,004	52,420	333,424
2025	83,004	42,620	125,624
2026-2030	438,725	182,851	621,576
2031-2035	477,000	127,576	604,576
2036-2040	539,000	64,901	603,901
2041-2042	190,807	6,640	197,447
<b>Total</b>	<b>\$ 2,842,552</b>	<b>691,029</b>	<b>3,533,581</b>

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**3-D. Long-term debt**

Long-term debt activity for the business-type activities was as follows:

	Original Principal	%	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2016 GO Refunding							
Matures 8/1/2019	706,000	1.874	\$ 181,000	-	181,000	-	-
2005A GO Snowmaking							
Matures 9/1/2019	3,230,000	4.50	295,000	-	295,000	-	-
2013 G.O Reservior Bond							
Matures 9/1/2034	2,000,000	1.50	1,647,000	-	92,000	1,555,000	93,000
2009 USDA Water Revenue							
Matures 10/10/2049	5,569,000	3.50	4,807,729	-	87,146	4,720,583	98,307
2019 Fire Protection Bond							
Matures Unknown	147,000	-	-	147,000	-	147,000	-
<b>Total governmental activity long-term liabilities</b>			<b>\$ 6,930,729</b>	<b>147,000</b>	<b>655,146</b>	<b>6,422,583</b>	<b>191,307</b>

The general obligation bonds are backed by the full faith and credit of the Town, including its taxing capability.

Revenue bonds are issued where the Town pledges income derived from the acquired or constructed assets to pay the debt service.

Bond debt service requirements to maturity for business-type activities are as follows:

	Principal	Interest	Total
2021	\$ 191,307	186,978	378,285
2022	196,803	182,087	378,890
2023	201,424	177,041	378,465
2024	206,174	171,851	378,025
2025	212,057	166,513	378,570
2026-2030	1,145,536	746,634	1,892,170
2031-2035	1,306,551	586,644	1,893,195
2036-2040	891,481	418,319	1,309,800
2041-2045	1,061,703	248,097	1,309,800
2046-2049	1,009,547	55,221	1,064,768
<b>Total</b>	<b>\$ 6,422,583</b>	<b>2,939,385</b>	<b>9,361,968</b>

**Other long-term liabilities:**

	Beginning	Increase (Decrease)	Ending
<b>Compensated absences:</b>			
Governmental	\$ 60,772	-	60,772
<b>Total</b>	<b>\$ 60,772</b>	<b>-</b>	<b>60,772</b>
<b>Net pension liability:</b>			
Governmental	\$ 509,341	(228,530)	280,811
Business-type	330,730	(111,728)	219,002
<b>Total</b>	<b>\$ 840,071</b>	<b>(340,258)</b>	<b>499,813</b>

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2020

**3-E. Operating Leases**

The Town entered into three agreements with Wheeler Machinery Co. to lease certain items of equipment. Equipment operating leases have been negotiated for an additional period on a backhoe, two loaders, and a grader. For the year 2020, the total minimum lease payment is \$128,296. In addition to the regular lease payments, the Town is responsible for maintenance costs of the equipment.

**3-F. Interfund transfers**

From time to time, transfers are made between funds where required by statute or budget. The following is a reconciliation of the operating transfers made between funds:

	Transfers In	Transfers Out
General Fund	\$ 8,667	441,400
Debt Service Fund	-	85,000
Redevelopment Agency Fund	-	8,667
Capital Projects Fund	291,400	-
Asset Replacement Fund	150,000	-
Water Fund	85,000	147,384
Snowmaking Lease Fund	147,384	-
<b>Total</b>	<b>\$ 682,451</b>	<b>682,451</b>

**NOTE 4 - OTHER INFORMATION**

**4-A. Risk management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The Town is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

**4-B. Municipal Building Authority Leases**

**Town Hall Lease Arrangement**

On October 1, 1997, the Municipal Building Authority of The Town of Brian Head, Utah (the Authority) entered into a lease arrangement with Brian Head Town for the acquisition and remodel of a new town hall. In order to acquire and construct a new town hall, the Authority issued a lease revenue bond issue in the amount of \$560,000. The remaining liability on this bond is disclosed in Note 3-E Long-term debt.

**Public Safety Building Lease Arrangement**

On June 30, 2011, the Municipal Building Authority of The Town of Brian Head, Utah (the Authority) entered into a lease arrangement with Brian Head Town for a public safety building. Pursuant to the lease arrangement, the Authority constructed the facility. In order to construct the facility, the Authority issued a lease revenue bond in the amount of \$2,553,000. The remaining liability on this bond is disclosed in Note 3-D Long-term debt.

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**4-B. Municipal Building Authority Leases (continued)**

**General Terms of Leases**

The initial term of the leases commence as of the date of delivery of the Lease Revenue Bonds and terminates on the bond anniversary date thereafter. The lease term may be continued, solely at the option of Brian Head Town, beyond the termination of the original term for an additional year, and for 12 consecutive additional renewal terms thereafter each of one year in duration except that the final renewal term will coincide with the final payment on the bonds. The Town makes an election to continue the lease for the next renewal term by budgeting sufficient Town funds to pay the base and reasonably estimated additional rentals due during the next renewal term.

The Town and the Authority acknowledge and agree that the obligation of the Town to pay base rentals and additional rentals constitutes a current expense of the Town payable exclusively from Town funds and shall not in any way be construed to be an obligation or indebtedness of the Town. The lease is to be deemed a net lease. The terms of the lease require Brian Head Town to pay certain base rentals which approximate the principal and interest due on the lease revenue bonds issued by the Authority. Those amounts are included in the disclosure relating to long-term debt in Note 3-D.

**4-C. Special Service District Lease**

In 2009, the Town prepaid a lease for the use of water rights to the Brian Head Special Service District in the amount of \$523,428 that will be amortized over the next fifty years which is the term of the lease. In 2010, additional water rights were leased on the same basis in the amount of \$997,561. As of June 30, 2020, the balance of these leases is \$1,186,418.

**4-D. Litigation**

The Town is involved in various litigation as of June 30, 2020, none of which, in the opinion of the Town's legal counsel, is material to the financial statements. Therefore, no amounts have been recorded in the Town's financial statements.

**4-E. Rounding convention**

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum of displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

**4-F. Subsequent events**

Subsequent events have been evaluated through December 8, 2020. There have been no subsequent events that provide additional evidence about conditions that existed at the balance sheet date.

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
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**4-G. Pension Plans**

**General Information about the Pension Plan**

**Plan description:**

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following Pension Trust funds:

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

Public Safety Retirement System (Public Safety System) is a mixed agent and cost sharing, multiple employer public employee retirement system;

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

Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employee retirement system.

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

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

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



Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2020

**4-G. Pension Plans (continued)**

**Benefits provided:**

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

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

\* with actuarial reductions

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

**Contributions:**

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

<u>Utah Retirement Systems</u>	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k) Plan</u>
Contributory System			
11 - Local Government Div - Tier 1	6.00	14.46	N/A
111 - Local Government Div - Tier 2	N/A	15.66	1.03
Noncontributory System			
15 - Local Government Div - Tier 1	N/A	18.47	N/A
Public Safety System			
Contributory			
122 - Tier 2 DB Hybrid Public Safety	N/A	23.13	0.70
Noncontributory			
43 - Other Div A with 2.5% COLA	N/A	34.04	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69	10.00
222 - Public Safety	N/A	11.83	12.00

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**4-G. Pension Plans (continued)**

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For the fiscal year ended June 30, 2020, the employer and employee contributions to the Systems were as follows:

<u>System</u>	Employer Contributions	Employee Contributions
Noncontributory System	\$ 88,671	N/A
Public Safety System	97,821	-
Tier 2 Public Employees System	17,718	-
Tier 2 Public Safety and Firefighter	10,031	-
<b>Total Contributions</b>	<b>\$ 214,241</b>	<b>-</b>

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

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

At June 30, 2020, we reported a net pension asset of \$0 and a net pension liability of \$499,813.

	(Measurement Date): December 31, 2019			Proportionate Share 12/31/2018	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 199,356	0.0528954%	0.0499581%	0.0029373%
Public Safety System	-	296,526	0.1846803%	0.1822286%	0.0024517%
Tier 2 Public Employees System	-	1,515	0.0067343%	0.0061638%	0.0005705%
Tier 2 Public Safety and Firefighter	-	2,416	0.0256797%	0.0300984%	-0.0044187%
<b>Total</b>	<b>\$ -</b>	<b>\$ 499,813</b>			

The net pension asset and liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2020, we recognize pension expense of \$299,099.

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2020

**4-G. Pension Plans (continued)**

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 24,437	\$ 9,717
Changes in assumptions	32,453	66
Net difference between projected and actual earnings on pension plan investments	-	203,828
Changes in proportion and differences between contributions and proportionate share of contributions	25,870	1,261
Contributions subsequent to the measurement date	106,173	-
<b>Total</b>	<b>\$ 188,933</b>	<b>\$ 214,872</b>

\$106,173 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

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

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2020	\$ (19,472)
2021	(42,748)
2022	5,345
2023	(77,267)
2024	236
Thereafter	1,795

**Actuarial assumptions:**

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2019, valuation were based on the results of an actuarial experience study for the five year period ending December, 31, 2016.

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2020

**4-G. Pension Plans (continued)**

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Assets class</b>	<b>Expected Return Arithmetic Basis</b>		
	<b>Target Asset Allocation</b>	<b>Real Return Arithmetic Basis</b>	<b>Long Term expected portfolio real rate of return</b>
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
<b>Totals</b>	<b>100.00%</b>		<b>4.75%</b>
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

**Discount rate:**

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

Brian Head Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2020

**4-G. Pension Plans (continued)**

**Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:**

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

<b>System</b>	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 622,658	\$ 199,356	\$ (153,673)
Public Safety System	768,117	296,526	(86,733)
Tier 2 Public Employees System	13,061	1,515	(7,409)
Tier 2 Public Safety and Firefighter	8,533	2,416	(2,126)
<b>Total</b>	<b>\$ 1,412,369</b>	<b>\$ 499,813</b>	<b>\$ (249,941)</b>

**Pension plan fiduciary net position:**

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

**Defined Contribution Savings Plan:**

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

The Town participates in the following Defined Contribution Savings Plans with the Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan

Employee and employer contributions to the Utah Retirement Contribution Savings Plans for fiscal year ended June 30, were as follows:

	2020	2019	2018
401(k) Plan			
Employer Contributions	\$ 15,392	\$ 11,443	\$ 10,307
Employee Contributions	25,198	21,810	16,731
457(b) Plan			
Employer Contributions	-	-	-
Employee Contributions	15,874	20,211	12,826
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	10,164	9,061	6,400

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Unaudited)**

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Brian Head Town  
**Notes to Required Supplementary Information**  
June 30, 2020

**Budgetary Comparison Schedules**

The Budgetary Comparison Schedule presented in this section of the report is for the Town's General Fund.

**Budgeting and Budgetary Control**

The budget for the General Fund is legally required and is prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the Town Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

**Current Year Excess of Expenditures over Appropriations**

For the year ended June 30, 2020, all departmental expenditures were within budgeted amounts.

**Changes in Assumptions Related to Pensions**

As a result of the passage of SB 129, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement pattern in the Tier 1 Public Safety and Firefighter Systems, except for a 10% load at first eligibility for unreduced retirement prior to age 65.

Brian Head Town  
**SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
 For the Year Ended June 30, 2020

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 1,696,600	\$ 1,696,600	\$ 1,730,829	\$ 34,229
Licenses and permits	349,000	349,000	322,856	(26,144)
Intergovernmental revenues	190,100	190,100	179,503	(10,597)
Charges for services	363,964	363,964	290,099	(73,865)
Fines and forfeitures	700	700	498	(202)
Impact fees	-	-	1,836	1,836
Interest	12,800	12,800	32,633	19,833
Miscellaneous revenue	16,900	17,372	5,384	(11,988)
<b>Total revenues</b>	<b>2,630,064</b>	<b>2,630,536</b>	<b>2,563,638</b>	<b>(66,898)</b>
<b>Expenditures</b>				
General government	691,380	706,380	689,906	16,474
Public safety	989,803	993,595	878,860	114,735
Highways and public improvements	468,894	468,894	436,301	32,593
Parks, recreation and public property	81,167	86,167	82,040	4,127
<b>Total expenditures</b>	<b>2,231,244</b>	<b>2,255,036</b>	<b>2,087,107</b>	<b>167,929</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>398,820</b>	<b>375,500</b>	<b>476,531</b>	<b>101,031</b>
<b>Other financing sources and (uses)</b>				
Transfers in	8,667	8,667	8,667	-
Transfer out	(411,400)	(441,400)	(441,400)	-
<b>Total other financing sources and (uses)</b>	<b>(402,733)</b>	<b>(432,733)</b>	<b>(432,733)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(3,913)</b>	<b>(57,233)</b>	<b>43,798</b>	<b>101,031</b>
Fund balances - beginning of year	1,403,484	1,403,484	1,403,484	-
<b>Fund balances - end of year</b>	<b>\$ 1,399,571</b>	<b>\$ 1,346,251</b>	<b>\$ 1,447,282</b>	<b>\$ 101,031</b>

Brian Head Town  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
 June 30, 2020  
 Last 10 Fiscal Years\*

	As of December 31,					
	2019	2018	2017	2016	2015	2014
<b>Noncontributory Retirement System</b>						
Proportion of the net pension liability (asset)	0.0528954%	0.0499581%	0.0497653%	0.0501275%	0.0266886%	0.0000000%
Proportionate share of the net pension liability (asset)	\$ 199,356	\$ 367,878	\$ 218,037	\$ 321,880	\$ 151,017	\$ -
Covered employee payroll	\$ 482,527	\$ 447,658	\$ 439,484	\$ 447,715	\$ 233,236	\$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.32%	82.18%	49.61%	71.89%	64.75%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	93.70%	87.00%	91.90%	87.30%	87.80%	0.00%
<b>Contributory System</b>						
Proportion of the net pension liability (asset)	0.0000000%	0.0000000%	0.0000000%	0.1755339%	0.5884290%	1.0097066%
Proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ 356,207	\$ 413,580	\$ 291,243
Covered employee payroll	\$ 5,400	\$ 3,544	\$ -	\$ 263,523	\$ 237,836	\$ 520,929
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	135.17%	173.89%	55.90%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	86.50%	85.70%	94.00%
<b>Public Safety System</b>						
Proportion of the net pension liability (asset)	0.1846803%	0.1822860%	0.1767580%	0.0053147%	0.1608895%	0.1579360%
Proportionate share of the net pension liability (asset)	\$ 296,526	\$ 468,799	\$ 277,273	\$ 593	\$ 288,194	\$ 198,187
Covered employee payroll	\$ 282,743	\$ 272,022	\$ 262,815	\$ 43,585	\$ 243,214	\$ 234,447
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	104.87%	172.34%	105.50%	1.36%	118.49%	84.50%
Plan fiduciary net position as a percentage of the total pension liability	90.90%	84.70%	80.20%	95.10%	87.10%	90.50%
<b>Tier 2 Public Employees Retirement System</b>						
Proportion of the net pension liability (asset)	0.0067343%	0.0061638%	0.0064074%	0.0202390%	0.0053886%	0.0068300%
Proportionate share of the net pension liability (asset)	\$ 1,515	\$ 2,640	\$ 586	\$ (176)	\$ (12)	\$ (207)
Covered employee payroll	\$ 93,476	\$ 72,021	\$ 62,687	\$ 16,722	\$ 3,480	\$ 35,534
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	1.62%	3.67%	0.90%	-1.05%	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	96.50%	90.80%	97.40%	103.60%	100.20%	103.50%
<b>Tier 2 Public Safety and Firefighters Retirement System</b>						
Proportion of the net pension liability (asset)	0.0256797%	0.0300984%	0.3635170%	0.0000000%	0.0000000%	0.0000000%
Proportionate share of the net pension liability (asset)	\$ 2,416	\$ 754	\$ (421)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 42,328	\$ 40,300	\$ 3,876	\$ -	\$ -	\$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.71%	1.87%	-1.10%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	89.60%	95.60%	103.00%	0.00%	0.00%	0.00%

\* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively.

Brian Head Town  
**SCHEDULE OF CONTRIBUTIONS**

June 30, 2020  
 Last 10 Fiscal Years\*

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
<b>Noncontributory Retirement System</b>	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	84,374	84,374	-	456,818	18.47%
	2017	84,080	84,080	-	455,226	18.47%
	2018	80,787	80,787	-	437,394	18.47%
	2019	86,896	86,896	-	470,469	18.47%
	2020	88,671	88,671	-	480,079	18.47%
<b>Contributory System</b>	2014	68,356	68,356	-	515,347	13.26%
	2015	72,612	72,612	-	502,156	14.46%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	-	-	-	-	0.00%
	2020	-	-	-	-	0.00%
<b>Public Safety System</b>	2014	73,837	73,837	-	229,736	32.14%
	2015	81,410	81,410	-	239,158	34.04%
	2016	84,210	84,210	-	247,385	34.04%
	2017	91,647	91,647	-	269,233	34.04%
	2018	90,762	90,762	-	266,632	34.04%
	2019	94,459	94,459	-	277,493	34.04%
	2020	97,821	97,821	-	287,371	34.04%
<b>Tier 2 Public Employees Retirement System**</b>	2014	5,024	5,024	-	31,898	15.75%
	2015	5,760	5,760	-	34,493	16.70%
	2016	5,492	5,492	-	36,104	15.21%
	2017	7,950	7,950	-	53,318	14.91%
	2018	10,518	10,518	-	69,611	15.11%
	2019	11,287	11,287	-	72,683	15.53%
	2020	17,718	17,718	-	113,141	15.66%
<b>Tier 2 Public Safety and Firefighter System**</b>	2014	-	-	-	-	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	7,650	7,650	-	35,442	21.59%
	2018	8,873	8,873	-	39,312	22.57%
	2019	9,525	9,525	-	41,288	23.07%
	2020	10,031	10,031	-	43,368	23.13%

\* Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. The 10-year schedule will need to be built prospectively.

\*\* Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

**COMBINING STATEMENTS**

Brian Head Town  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2020

	Redevelopment Agency Fund	Municipal Building Authority	Capital Projects Fund	Asset Replacement Fund	Total Non-Major Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 144,299	-	104,775	166,875	415,949
Restricted cash and cash equivalents	-	1,348	-	-	1,348
<b>TOTAL ASSETS</b>	<b>\$ 144,299</b>	<b>1,348</b>	<b>104,775</b>	<b>166,875</b>	<b>417,298</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,683	-	1,865	2,647	7,194
<b>TOTAL LIABILITIES</b>	<b>2,683</b>	<b>-</b>	<b>1,865</b>	<b>2,647</b>	<b>7,194</b>
<b>FUND BALANCES:</b>					
Restricted for:					
Capital projects	-	1,348	-	-	1,348
Committed for:					
Redevelopment agency	141,616	-	-	-	141,616
Assigned for:					
Capital projects	-	-	102,910	164,228	267,138
<b>TOTAL FUND BALANCES</b>	<b>141,616</b>	<b>1,348</b>	<b>102,910</b>	<b>164,228</b>	<b>410,103</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 144,299</b>	<b>1,348</b>	<b>104,775</b>	<b>166,875</b>	<b>417,298</b>

Brian Head Town  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 For the Year Ended June 30, 2020

	Redevelopment Agency Fund	Municipal Building Authority	Capital Projects Fund	Asset Replacement Fund	Total Non-Major Governmental Funds
<b>REVENUES:</b>					
Property taxes	\$ 95,561	-	-	-	95,561
Intergovernmental revenues	-	-	96,803	24,834	121,637
Charges for services	-	120,695	-	-	120,695
Interest	2,963	-	3,970	-	6,933
Miscellaneous	-	-	-	6,050	6,050
<b>Total revenues</b>	<b>98,524</b>	<b>120,695</b>	<b>100,773</b>	<b>30,885</b>	<b>350,877</b>
<b>EXPENDITURES:</b>					
General government	50,445	-	3,878	27,700	82,022
Public safety	-	-	19,586	162,081	181,667
Highways and public improvements	-	-	306,136	204,421	510,556
Parks, recreation and public property	-	-	210,944	-	210,944
Debt service:					
Principal	-	69,000	-	-	69,000
Interest	-	51,695	-	-	51,695
<b>Total expenditures</b>	<b>50,445</b>	<b>120,695</b>	<b>540,544</b>	<b>394,201</b>	<b>1,105,886</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>48,079</b>	<b>-</b>	<b>(439,772)</b>	<b>(363,317)</b>	<b>(755,009)</b>
<b>Other financing sources and (uses):</b>					
Sale of capital assets	-	-	-	192,274	192,274
Transfers in	-	-	291,400	150,000	441,400
Transfers out	(8,667)	-	-	-	(8,667)
<b>Total other financing sources and (uses)</b>	<b>(8,667)</b>	<b>-</b>	<b>291,400</b>	<b>342,274</b>	<b>625,007</b>
<b>Net change in fund balances</b>	<b>39,412</b>	<b>-</b>	<b>(148,372)</b>	<b>(21,043)</b>	<b>(130,002)</b>
Fund balances - beginning of year	102,204	1,348	251,282	185,271	540,105
<b>Fund balance - end of year</b>	<b>\$ 141,616</b>	<b>1,348</b>	<b>102,910</b>	<b>164,228</b>	<b>410,103</b>

# HAFEN | BUCKNER

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Town Council  
Brian Head Town

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Brian Head Town (Town) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Brian Head Town's basic financial statements, and have issued our report thereon dated December 8, 2020.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town's internal control. Accordingly, we do not express an opinion on the effectiveness of Town'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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### Compliance and Other Matters

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

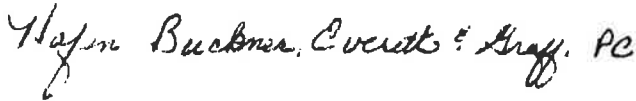


effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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



Hafen, Buckner, Everett, and Graff PC

December 8, 2020

Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
AS REQUIRED BY THE STATE COMPLIANCE GUIDE**

To the Town Council  
Brian Head Town  
St. George, Utah

***Report On Compliance with General State Compliance Requirements***

We have audited the Brian Head Town's (the Town) compliance with the applicable general compliance requirements described in the *State of Utah Legal Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the Town for the year ended June 30, 2020.

General state compliance requirements were tested for the year ended June 30, 2020 in the following areas:

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Fraud Risk Assessment
- Cash Management

***Management's Responsibility***

Management is responsible for compliance with the state requirements referred to above.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the Town's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. Our audit does not provide a legal determination of the Town's compliance with those requirements.

***Opinion on General State Compliance Requirements***

In our opinion, the Brian Head Town, complied, in all material respects, with the state compliance requirements

referred to above for the year ended June 30, 2020.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings and recommendations as item 2019-1. Our opinion on compliance is not modified with respect to these matters.

The Town's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and recommendations. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***REPORT ON INTERNAL CONTROL OVER COMPLIANCE***

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

We noted a matter involving internal control over compliance which we are submitting for your consideration. This matter is described in the accompanying schedule of findings and recommendations as items 2020-1.

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

*Hafen Buckner, Everett & Graff, PC*

Hafen, Buckner, Everett & Graff, P.C.  
December 8, 2020

Town of Brian Head  
Schedule of Findings for State Compliance  
June 30, 2020

Current year

State Compliance Findings

Finding: 2020-1 Fraud Risk Assessment

Town did not complete and submit Fraud Risk Assessment.

Recommendation: Town establish peocedures to ensure fraud risk assessment is completed and submitted.

Response: Town was not aware of requirement to complete and submit risk assessment.

Internal Control Findings

Internal control findings relate to the controls over compliance as noted above as 2020-1.

Prior year

State Compliance Findings

Finding: 2019-1 Open and Public Meetings Act

One of two meeting notices, meeting agendas, and meeting minutes selected for testing was not posted timely to the Utah Public Notice Website.

Resolution: No instances of non-compliance noted in current year.



## STAFF REPORT TO THE TOWN COUNCIL

**SUBJECT:** Planning Commission Appointment  
**AUTHOR:** Bret Howser  
**DEPARTMENT:** Administration  
**DATE:** January 12, 2021  
**TYPE OF ITEM:** Administrative Direction

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### SUMMARY:

The Town Manager recommends appointment of Cecile Wallis as a full member of the Planning Commission for a five-year term. Council should advise and consent.

### BACKGROUND:

On October 13, 2020, the Council appointed Cecile Wallis to fill the remaining term of Mac Hatch (who submitted his resignation from the Planning Commission in October 2020). Cecile was able to fill the term which expired on December 31, 2020 and is up for re-appointment for a five-year term.

The Town Manager is tasked with appointing a new Commissioner with the advice and consent of the Council.

### ANALYSIS:

I recommend appointment of Cecile Wallis to the Planning Commission for a term of five-years. Ms. Wallis has resided with her family in Brian Head since 2016 and has been involved in various aspects of the community, including having run for the Town Council in 2019. She exhibits a penchant for public service and a love for her community.

Every year a Planning Commissioner's term expires, listed below are the Commissioner's terms:

Commissioner	# of Terms	Term Expires
• Doug Deutschlander (Chair)	4 <sup>th</sup> Term	Dec 2021
• Georg Hartlemaier	2 <sup>nd</sup> Term	Dec 2022
• Carrie Dever	2 <sup>nd</sup> Term	Dec 2023
• Jeff Morgan	1 <sup>st</sup> Term	Dec 2024
• Arnold Needham (Alternate)	1 <sup>st</sup> Term	Dec 2025

### FINANCIAL IMPLICATIONS:

N/A

### BOARD/COMMISSION RECOMMENDATION:

N/A

**STAFF RECOMMENDATION:**

The Town Manager recommends appointment of Cecile Wallis as a full member of the Planning Commission for a five-year term ending December 2026.

**PROPOSED MOTION:**

I move to consent to the appointment of Cecile Walls as a Planning Commission Member for a five-year term.

**ATTACHMENTS:**

N/A



## STAFF REPORT TO THE TOWN COUNCIL

**SUBJECT:** Reverting to Scenario A Budget  
**AUTHOR:** Bret Howser  
**DEPARTMENT:** Administration  
**DATE:** January 12, 2021  
**TYPE OF ITEM:** Administrative Direction

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### SUMMARY:

The Town Council will hold a discussion and give staff direction regarding the potential for reverting back to the “Scenario A” budget (the adopted budget) for remainder of FY 2021.

### BACKGROUND:

Given the economic uncertainty related to COVID-19 and its potential impact on the economy, the Town Council considered two scenarios of the FY 2021 budget in the spring of 2020. Scenario A was the primary plan based on the long-term projection curves for revenues, and Scenario B was an alternative plan based on a 15% cut (or about \$135,000) from the long-range projections for sales-based revenues. After reviewing both scenarios, the Council adopted Scenario A as the official FY 2021 budget but directed staff (consistent with staff’s recommendation) to operate under the Scenario B budget until the local economic picture clarified. The plan was to revisit this direction in January 2021 after the sales-based revenues from the summer were received and we could at least have anecdotal evidence from our first month of the ski season.

An excerpt from the FY 2021 Budget Document which describes the Scenario B budget is included as an attachment to this report. Highlights of the cuts included in Scenario B are as follows (parenthetical statements indicate whether the cut took place):

- Operating Budget Cuts – Total \$45,000
  - Celebrations & Local Events
    - Fishing Derby (cut)
    - Photo Contest (not cut)
    - Fall Community Hike (event took place at reduced budget)
    - Staff Christmas Party (cut)
    - Snowmobile Poker Run (yet to take place)
    - Recreation Passes (not cut)
    - Fuels Mitigation Event (took place with minimal budget)
    - Town Cleanup (Spring 2021)
  - New Appropriations
    - Mag Chloride for ATV Trail (Completed with FY 2020 budget)
    - Char 1 Restroom Mats (Cut)
    - Staff Safety Program (Not cut)
    - AED Trainers (Delayed)
    - Thanksgiving Shuttle Service (Not cut)
    - Additional Winter Shuttle Service (Not cut, actually enhanced with CARES funding)
    - Planner Certification (delayed)
  - Non-essential Travel & Training

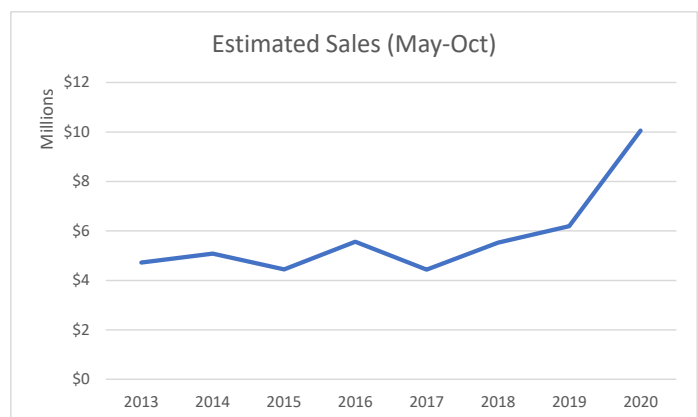
- International Chiefs Conference (Cut)
- Fire School (Cut)
- Utah League of Cities & Towns Conference (Fall Conf Cut)
- Council Miscellaneous Trainings (Budget hasn't been used yet)
- Treasurers Institute (Cut)
- Clerks Academy/Conference (Cut)
- Business License Conference (Cut)
- SW Regional Clerks Association Trainings (Cut)
- UCMA Conferences (Cut)
- Land Use Planning Changes (Delayed)
- Southern Utah Tourism Summit (Cut)
- Utah Tourism Conference (Cut)
- Outdoor Recreation Conference (Cut)
- Summer Events/Marketing
  - No cuts
- Personnel
  - Management Wage Increases (Delayed)
  - Staff wage increases (Partially delayed)
- Capital Cuts
  - Asset Replacement appropriation cut by \$45k (Transfer awaiting final cut decision)
- General Fund Reserves
  - Draw \$45k from Reserves (Transfer awaiting final cut decision)

As can be seen, some cuts have already been effectuated and the point is now moot. Others were delayed spending and are awaiting a final decision in January. In particular, staff pay raises (typically done in July) were either partially delayed. Non-management staff were given a COLA in July and any merit portion of their raises were delayed until January with the understanding that the first 6 months of their merit increase might be back-paid depending on the financial outlook of the Town.

Staff is requesting direction now whether to unfreeze these Scenario B cuts and revert to Scenario A budget (the adopted FY 2021 Budget) or to make the cuts permanent for the remainder of FY 2021.

### ANALYSIS:

Data for sales-based revenues in FY 2021 to date as well as anecdotal evidence suggests that the concerns of a local economic downturn due to COVID that caused us to decide to operate the Scenario B budget back in June 2020 did not materialize as feared. In fact, at least over the summer/fall of 2020, the opposite seems to have occurred with sales-based revenues exceeding Scenario B projections by 109%, Scenario A projections by 77%, and summer 2019 receipts (previously our biggest summer on record)





by 62%. Additionally, while we don't have sales tax data for November and December yet, Brian Head Resort reports that skier days are currently up 5.7% season-to-date.

**Sales-Based Revenues (Jul-Dec Receipts representing May-Oct sales)**

	2019	2020	2021	2021	2021
	Actual	Actual	Scenario A	Scenario B	Actual
Local Option Sales Tax	\$34,551	\$37,586	\$30,000	\$29,000	\$59,134
Resort Community Tax	88,490	99,086	91,000	77,000	160,962
Parks & Recreation Tax	5,661	6,235	6,000	5,000	10,342
Highway Tax	16,981	18,703	17,000	14,000	31,022
Transient Room Tax	24,229	27,379	22,000	19,000	56,454
Enhanced Svc Bus Lic Fee*	37,088	37,206	33,000	28,000	80,657
<b>Total</b>	<b>\$207,000</b>	<b>\$226,195</b>	<b>\$199,000</b>	<b>\$172,000</b>	<b>\$398,571</b>

*\* Includes 3rd Qtr sales and backpayments from 1st-2nd Qtr*

In short, we received nearly \$200k more in sales-based revenues during the first half of FY 2021 than we were budgeted to receive. This fact alone seems to be sufficient for staff to recommend reverting to Scenario A or the Adopted FY 21 Budget.

**FINANCIAL IMPLICATIONS:**

This decision would result in increased spending, but within the adopted budget. Specifically, the back pay of delayed wage increases would cost about \$20,500 spread through the four operating funds.

**BOARD/COMMISSION RECOMMENDATION:**

N/A

**STAFF RECOMMENDATION:**

Staff recommends reverting to Scenario A budget and back-paying the delayed wage increases as previously planned.

**PROPOSED MOTION:**

I move that we direct staff to revert to operating under the "Scenario A" budget or the Adopted FY 2021 Budget and to backpay delayed merit wage increases for July through December.

**ATTACHMENTS:**

A – FY 2021 Budget Document Excerpt

## SCENARIO BUDGETS

### SCENARIO BUDGETS

In March 2020 the COVID-19 pandemic gripped the world and country in unprecedented fashion. Due to the highly communicable properties of the virus and the accompanying mortality rates, the Center for Disease Control and local public health departments have implored people to limit contact with one another. This has resulted in a variety of federal, state, and local directives and orders for people to stay home, shelter-in-place, businesses to curtail operations, etc. National and state parks were closed, some travel limitations were put in place, and restaurants have been directed to serve take-out and delivery only.

The immediate impact on the economy was abrupt and severe. The stock market dropped nearly 36% in about a month, and the Bureau of Labor Statistics reported an unemployment rate of 4.4% in early April 2020, nearly a full percentage point increase from March. Some economists are projecting double-digit unemployment figures before all is said-and-done. Others maintain that the fundamentals of the economy are still strong and that once the economy reopens it will bounce back.

The federal government has been quickly throwing together economic stimulus packages and unemployment benefit reforms to try to head off a deep recession, but it remains to be seen how effective these measures will be.

Brian Head Town staff do not claim to be any more proficient in projecting the depth and severity of the upcoming post-COVID19 recession than economic experts. According the *The Economist*, “The severity of the pandemic and the uncertainty around the duration of lockdowns are such that economists’ models, trained on business cycles in the post-war era, are of little use.” In other words, we have no idea what to expect.

Operating under that level of uncertainty, staff is proposing the model of: **Plan for normal; Be prepared for pretty bad.**

Scenario A is based on normal conditions and is what staff has included in the Proposed Budget – not the high point economic activity that we’ve seen in recent years, but also not a recession.

Scenario B is an alternative budget that the Town can revert to as the economic picture begins to clarify. Scenario B is based on “pretty bad” (which will be defined in the “Scenario B Revenues” section below) and will involve targeted and timed cuts (which will be detailed in the “Scenario B Expenditures” section below).

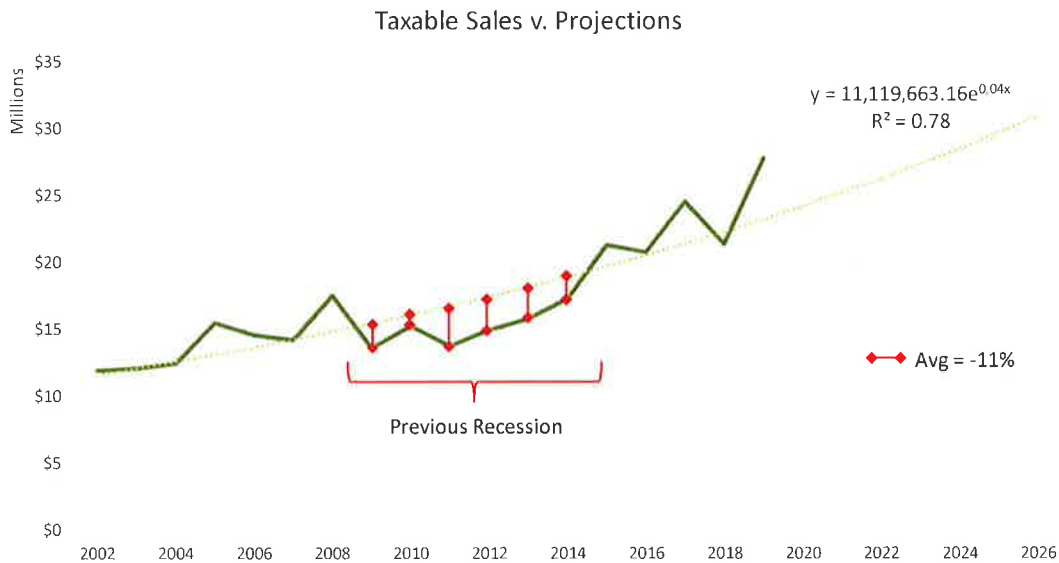


# SCENARIO BUDGETS

## SCENARIO B REVENUES

During a recession, the Town may expect a negative impact to most of the general revenues, but the revenues most likely to see a significant impact would be the sales-based revenues. These include any of the Town's sales taxes levied on general goods and services (Local Option Sales Tax, Resort Community Sales Tax, Highway Tax, and Parks & Recreation Tax), sales taxes levied on specific goods and services (Municipal Transient Room Tax), and in the case of Brian Head the Enhanced Service Business License Fee (which is calculated as a gross receipts tax for all businesses).

In order to wager an estimate of how much these revenues may decline in a recession, staff looked at total estimated sales in the years following the 2008 recession compared to what the projected sales would have been under the current projection methodology. The chart below illustrates this data:



In fiscal years 2009-2014, total estimated sales ranged between 4%-17% below the projection curve, with an average of 11%. It is not a given that the upcoming recession would replicate either the depth or duration of these figures, but it gives an idea that work with. Also, the projection curve itself is calculated using these recessionary figures, meaning the projection curve has been “pulled down” slightly by the 2009-2014 data resulting in the projections being marginally closer to the actuals and percentages below the projection curve a little smaller than they may have otherwise been.

Because of the imperfections in the data and the methodology, and the fact that logic would indicate that the earlier years of a recession would likely be more severe, staff has decided to err on the high side of the data. We are recommending that Scenario B should be based on a 15%



## SCENARIO BUDGETS

reduction in taxable sales, or about \$135,000 less revenue. This amount would actually be 24% lower than the peak sales in 2019, similar to the 23% decrease between FY 2008 and FY 2009.

### Sales-Based Revenues

	2019 Actual	2020 Budget	2021 Scenario A	2021 Scenario B
Local Option Sales Tax	\$153,024	\$135,800	\$132,000	\$127,500
Resort Community Tax	444,538	406,100	396,000	336,500
Parks & Recreation Tax	27,929	25,400	25,000	21,000
Highway Tax	83,757	76,000	74,000	63,000
Transient Room Tax	80,231	74,000	72,000	61,000
Enhanced Svc Bus Lic Fee	339,567	309,000	301,000	256,000
<b>Total</b>	<b>\$1,129,046</b>	<b>\$1,026,300</b>	<b>\$1,000,000</b>	<b>\$865,000</b>

The other primary revenue streams in the General Fund are the property taxes and franchise taxes. These revenues have proven in the past to be much more robust during a recession. There may be some increased non-payment of property taxes in the short-term (as was seen between 2008-09) but it should be recovered in subsequent years as delinquent taxes are caught up over time. Franchise taxes (taxes on power, cable, phone, etc) are extremely steady, even during a recession.

Property & Franchise Taxes During Recession



Other General Fund revenues are not expected to be significantly impacted. Building permit estimates are already set conservatively.

Business license revenue is based on the number of businesses, not the sales of the businesses. Class C Road revenue is based on gallons of gas sold, which may temporarily lag but should stabilize. Retail fuel sales may decline during a recession, but our corresponding expenses would decline as well in that case. Most other General Fund revenues are set by contract or policy or are not large enough to be of particular concern.

Utility fees in the Water Fund, Sewer Fund, and Solid Waste Fund should continue mostly unaffected during the recession as the Town has to option to discontinue service to enforce collection. Staff will need to keep a sharp eye on these revenue streams and perform account dunning activities as necessary.



## SCENARIO BUDGETS

### *SCENARIO B EXPENDITURES*

Staff recommends a balanced approach to making up the \$135,000 shortfall in Scenario B. This balance would include operating budget cuts, capital budget cuts, and drawing from reserves. While there could be some debate about the proper amount of the burden to put on each of those three areas, staff recommends an initial goal of an even 3-way split: \$45,000 apiece.

### *OPERATING BUDGET CUTS*

Staff has created a list of potential operating budget cuts presented herein in five loosely categorized areas of operations. The objectives that staff adhered to in compiling this list include the following:

- Minimal short-term impact on core services
- Avoids compounding the economic problem
- The decision to cut can be made later in the FY when the economic picture is clearer

Celebrations & Local Events – A small portion of the operating budget each year is used for community or staff events. These are important over the long-term to build camaraderie, promote inclusion, and sense of community. Indeed, the Council in recent annual strategic plans have specifically asked for additional action steps to help build a stronger sense of community. However, staff believes these may be expendable in the short-term with only a minor impact. Since community events are not geared toward attracting more visitors, cutting these should have a minor impact on the economy, and the first of these events won't happen until the fall when the economic picture may start to become a little more clear. Also, so of these events may be able to go forward without expending the accompanying budget through creative means, such as holding a pot-luck instead of purchasing food for everybody.

- Recommended Cuts
  - Fishing Derby - \$650
  - Photo Contest - \$200
  - Fall Community Hike - \$250
  - Staff Christmas Party - \$2,000
  - Snowmobile Poker Run - \$1,850
  - Recreation Passes - \$750
  - Fuels Mitigation Event - \$250
  - Town Cleanup - \$1,000
- Other Potential Cuts
  - Summer Events Shuttle/Toilets - \$2,700
  - 4<sup>th</sup> of July Celebration - \$12,200
  - New Years Fireworks - \$5,600



## SCENARIO BUDGETS

New Appropriations – These items were included for the first time in the FY 2021 Proposed Budget (Scenario A). They represent a slightly higher level of service than has been offered in the past. In the long-term, staff believes these will be part of the level of service that the Town offers, but withholding them for now will have less of an impact because people don't yet expect them.

- Recommended Cuts
  - Mag Chloride for ATV Trail - \$2,500
  - Chair 1 Restroom Mats - \$350
  - Staff Safety Program - \$2,300
  - AED Trainers - \$400
  - Thanksgiving Shuttle Service - \$1,200
  - Additional Winter Shuttle Service - \$2,000
  - Planner Certification - \$1,700

Non-essential Travel & Training – Town staff and elected officials participate in many trainings each year, most of which require travel. The majority of these trainings are required for maintaining certifications and are essential. Some are good trainings that can bring a lot of return on investment to Brian Head but are not absolutely necessary for core operations. Most of these trainings happen in the fall or spring, giving us time to survey the economic landscape before committing to the cuts.

- Recommended Cuts
  - International Chiefs of Police Conference - \$2,000
  - Fire School - \$900
  - Utah League of Cities & Towns Conferences - \$2,900
  - Council Miscellaneous Trainings - \$250
  - Treasurers Institute - \$1,000
  - Clerks Academy/Conference - \$775
  - Business License Conference - \$475
  - SW Regional Clerks Association Trainings - \$50
  - Utah City Managers Association Conferences - \$300
  - Land Use Planning Changes - \$500
  - Southern Utah Tourism Summit - \$75
  - Utah Tourism Conference - \$650
  - Outdoor Recreation Conference - \$525

Summer Events/Marketing – The Town has for some years now participated in various levels of marketing jointly with Brian Head Resort and the Cedar City Brian Head Tourism Bureau. The winter marketing co-op has been an unquestionable success as our skier visits have nearly doubled since this program was instituted. The Town has sought similar success in the summer through various partnerships.





## SCENARIO BUDGETS

1) The Town provides \$24,000 per year to Brian Head Resort to promote summer activities and events. The Resort's summer events draw visitors to the community and have a broad local economic impact. By policy the Town Council directs that some of the sales tax dollars collected and remitted by local businesses should be used to support and promote those events.

2) The Town and the Tourism Bureau were approached by Brian Head Resort to provide start-up funds for a summer concert featuring a big-name band three years ago. Each entity provided \$12,500 with the understanding that it would go toward a big-name band to test the profitability of a large summer concert in Brian Head. The funds were spent instead on two smaller concerts with less well-known bands. The following year staff did not recommend re-appropriating the funds. The Resort again petitioned for the funds, this time with the idea that they would go toward a new event combining a classic rock concert and mountain biking. In an effort to support the renewed summertime push for mountain biking, the Town agreed to provide the funds. The Tourism Bureau also agreed but scaled back their funding. The following year the Town again provided the funding and the Tourism Bureau provided a scaled back amount. This year, the Tourism Bureau is no longer providing funding as the event is in its third year and should be profitable without public funding by now. Staff has recommended in the Proposed Budget to withdraw Town funding as well.

3) The Tourism Bureau approached the Town two years ago to submit an application to the State Office of Tourism for a summer marketing program to mirror our winter marketing program. The Town did so and received funding for summer 2019. The program was carried out and seems to have went well, but there are few metrics that can be used to judge the success of a summer marketing campaign in Brian Head. Nonetheless, the Town again applied for summer 2020, this time for increased funding, and was awarded. The program is included in the Proposed Budget.

Cutting either of the two remaining summer marketing programs is a sketchy proposition. It is difficult to say whether it would have a direct impact on the local economy because it is difficult to determine how effective either marketing campaigns are. However, there could be a significant indirect impact if the Resort decides to cut their summer activities and events in response to the reduced funding. Also, the timing of the cuts is difficult because a decision would need to be made immediately before the economic picture comes into focus.

Staff has discussed the matter with the Resort. They are aware of the recommendation to cut the Rock 'n Ride funding, and they have advised staff that of the remaining two summer marketing appropriations, the co-op is the more important of the two. Obviously, they would rather not see any of them cut.

- Potential Cuts
  - Joint Summer Event Marketing with Brian Head Resort - \$24,000
  - Summer General Area Marketing Co-op - \$13,500



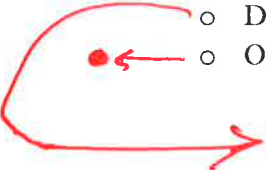
# SCENARIO BUDGETS

Personnel – The FY 2021 Proposed Budget includes salary/wage increases for most positions based on the most recent market survey and our compensation policies. These policies have contributed to the Town’s success in carrying out its strategy to “Attract and Retain Personnel Capable of Providing Resort Town Quality Service”. Compensating high-performing personnel at the 75<sup>th</sup> percentile of the market is a long-term approach that we would do well to maintain. However, in a recession most people recognize that having employment is superior to having a pay increase and it may be prudent for the Town to cautiously approach any pay increases in order to avoid the need for layoffs if the recession is worse than anticipated.

The FY 2020 Budget included a new full-time Public Works Tech II position. The position was approved with the understanding that it could be removed if the sales tax projections did not hold. Since adding the new position, there has been a noticeable increase in the level of service provided by the Public Works Dept. This is certainly due to several factors, but increased manpower is one of them. Removing the position at this point would likely have a noticeable impact on services and a probable impact on department morale.

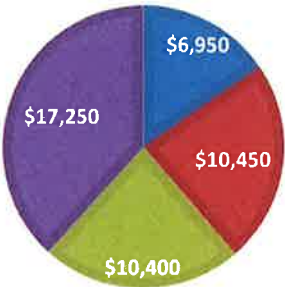
The FY 2021 budget also includes new appropriations for a part-time Public Safety Administrative Assistant. Staff was aiming to fill the position early (this spring), but the onset of the COVID-19 lockdowns has put that plan on hold. The position is very much needed and part of our long-term plan, but may be delayed without a level of service impact noticeable to the public.

- Recommended Cuts
  - Delay management wage increases (re-evaluate in January) - \$6,800
    - Allow potential for back-payment of wage increase if economy is strong
  - Delay half of wage increases for staff (re-evaluate in January with potential for back payment) - \$10,450
  - Delay filling Public Safety Administrative Assistant position (\$19,000)
  - Other Potential Cuts
    - Return Public Works Tech II FTR position (added in FY 2020 budget) to part-time status - \$17,000



### RECOMMENDED OPERATING CUTS

■ Celebrations/Events   
 ■ New Appropriations   
 ■ Travel/Training   
 ■ Personnel





## SCENARIO BUDGETS

### *CAPITAL BUDGET CUTS*

There are two options for capital spending cuts that would leave money in the General Fund: 1) the Streets Preservation Plan Implementation funding and 2) the Asset Replacement Fund appropriation. The remaining capital spending is coming from grant funding or the RDA Fund. The summer 2020 streets project will be drawing on FY 2021 appropriations and has already been engineered and bid. Staff recommends proceeding with that project, or at least the bulk of it. That leaves Asset Replacement which is only scheduled to expend about \$100,000 of its \$150,000 appropriation in FY 2021. Ideally, those funds not spent would fall into fund balance to be saved for larger equipment replacements down the line, but staff recommends that in Scenario B we cut the appropriation to Asset Replacement by \$45,000.

### *GENERAL FUND RESERVES*

The Town saves money in the General Fund for just such an occasion as a recession. General Fund Reserves are estimated at \$1,165,000 to begin FY 2021. Some portion of that should be kept for cash liquidity purposes and to keep the Town afloat each fiscal year until the bulk of property tax revenues are received in January (\$500,000 should be sufficient for these purposes). The rest is available to be drawn on for rainy day operations.

That said, without knowing how deep and how long a recession will be, it is prudent to ration the Town's use of reserves. For this reason, staff recommends handling any projected shortfall with operating and capital cuts in addition to drawing on reserves. Then, in the event that the shortfall is worse than projected, we will have additional reserves to draw on.

### *OTHER SCENARIOS*

The economic downturn could certainly be a lot worse than Scenario B contemplates. For example, if the COVID-19 virus returns with renewed strength next fall/winter without a vaccine/treatment and people are back to sheltering in place, Brian Head's local economy would be in absolute dire straits and our budget would need significant re-working. There would be layoffs and across the board cuts, etc.

Staff does not believe it is necessary or particularly useful at this point to prepare for such a scenario. If and when that time comes, we can deal with what's in front of us. There will likely be state and federal assistance programs and a variety of other inputs that we're not yet aware of that will need to be considered in our planning. We believe it doesn't make sense to put that plan on paper yet.





## STAFF REPORT TO THE TOWN COUNCIL

**SUBJECT:** Ordinance Amending Chapter 10, Other Required Permits, of the Land Management Code.  
**AUTHOR:** Wendy Dowland  
**DEPARTMENT:** Administration  
**DATE:** Jan 12, 2021  
**TYPE OF ITEM:** Legislation

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### SUMMARY:

The Town Council will consider an ordinance amending Chapter 10 of the Land Management Code and receive the recommendations from the Planning Commission regarding potential changes to Chapter 10, Other Required Permits.

### BACKGROUND / ANALYSIS:

During the December 8, 2020, Town Council meeting, the Council held a public hearing on proposed amendments to the Land Management Code and voted to adopt the Planning Commission's recommendations for Chapter 7 (allowing one piece of heavy equipment in a General Commercial zone) and Chapter 12 (which updated a diagram to coincide with the Wildland Urban Interface Code). The Council opted to table changes to Chapter 10 until all members of the Council could be in attendance. The following is a recap of the Planning Commission's recommendation:

- **Chapter 10 – Other Permits:** The standards for review for a grading and excavating permit include a provision allowing grading work necessary for building (such as clearing a pad and driveway) to move forward without a building permit if a bond is submitted.

*Staff recommended eliminating the language allowing grading work to proceed with a performance bond in Chapter 10. This would mean a building permit must be obtained to start work for clearing a pad and/or driveway. The Planning Commission recommended the removal of the provision.*

- **Chapter 10 – Home Occupations:** Under the Home Occupations allowed by Conditional Use, there is language regarding agricultural uses. Council asked the Planning Commission to review whether this is a conditional use we intend to allow. Additionally, during a recent CUP request, there were different interpretations of principal use vs. full time/part-time residents.

*The Planning Commission recommended removing Agricultural Use from the list of conditional home occupations. They also discussed the issue of principal residential use, and whether that implies full-time residency, and voted 3-2 that conditional use home occupations should be made available to full or part-time residents. Staff has recommended language in the attachment to clarify this.*

*The Town Council discussed these items during the December 08, 2020 meeting (see attached meeting minutes).*

**STAFF RECOMMENDATION:**

Staff recommends that Council consider the changes recommended by the Planning Commission and adopt an ordinance with the changes.

**PROPOSED MOTION:**

I move to adopt ordinance No. 21-001, an ordinance amending Title 9 of the Brian Head Town Code, the Land Management Code, Chapter 10, Other Permits as presented. [or with changes as noted]

**ATTACHMENTS:**

A – Ordinance Amending Chapter 10 of the Land Management Code.

B – Town Code, Chapter 10 Other Permits



## ORDINANCE NO. \_\_\_\_\_

### **AN ORDINANCE AMENDING BRIAN HEAD TOWN CODE, TITLE 9, LAND MANAGEMENT CODE, CHAPTER 10 OTHER REQUIRED PERMITS: TRENCHING AND GRADING PERMITS: 9-10-2-H(6) AND HOME OCCUPATIONS: 10-5 (A), (B), (E) AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, Brian Head Town has identified a need to amend the Brian Head Land Management Code in order to regulate land use within the Town limits of Brian Head, Utah; and,

**WHEREAS**, the Brian Head Planning Commission held a public hearing on December 2, 2020, giving at least fourteen (14) days' notice prior to the public hearing to receive public comment. The Planning Commission hereby forward their recommendation of approval with modifications of the Brian Head Land Management Code, Chapter 10, Other Permits, to the Brian Head Town Council for their consideration and adoption; and

**WHEREAS**, the Brian Head Town Council held a public hearing on December 8, 2020, giving at least fourteen (14) days' notice to receive public comment on the proposed amendments Brian Head Land Management Code; and

**WHEREAS**, it is in the best interests of Brian Head Town and the health, safety, and general welfare of its citizens to adopt this Ordinance:

### **NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF BRIAN HEAD, UTAH, COUNTY OF IRON, STATE OF UTAH, AS FOLLOWS:**

**Section 1.** The Brian Head Land Management Code is hereby amended and incorporated herein by reference as Title 9, Chapter 10 Other Required Permits: Grading and Trenching Permits: 9-10-2-H (6), and Home Occupations: 9-10-5: Standards for Review; Chapter 10-5(A) (B) and (E) of the Brian Head Town Code regulating land use within the Town of Brian Head, Utah as follows:

#### **9-10-2: GRADING & TRENCHING PERMIT:**

H. Standards For Review: All grading, filling, and clearing operations which are performed under this chapter shall be consistent with section [912-11](#) of this title and shall be designed to:

6. If grading or clearing is being done in preparation for development, a building permit has been obtained and work has been approved to proceed ~~or a performance bond has been secured sufficient to ensure that any scars on the land may be remedied. This provision shall apply only to residential zones.~~

#### **9-10-5: HOME OCCUPATIONS:**

- A. Purpose: It is the purpose and intent of this section to allow persons residing (**either full-time or part-time**) in dwellings to use their mental or physical expertise and talent in providing a service, developing a product for sale to the public, operating certain kinds of small businesses or maintaining a professional or business office workspace in the dwelling, or in an attached or detached garage or accessory building, or yard space, while at the same time maintaining the peace, quiet and domestic tranquility within all residential areas of the town. It is further the purpose and intent of this chapter that home occupations shall be clearly accessory and subordinate to the principal use of the property for dwelling purposes.
- B. Permitted Standards For Home Occupations When Conducted Entirely Within Residence: The following standards shall be observed in the operation of all home occupations to be approved by town staff:
1. The home occupation shall be conducted primarily by residents (**either full-time or part-time**) of the premises. A home occupation may have employees; however, only one employee who does not live in the home may come to the home at any one time for purposes of employment. One additional off-street parking stall shall be provided for any employee coming to the home who is not a resident of the premises.
- E. Conditional Uses: Home occupations which shall be considered under subsection C of this section include the following uses, or uses which are similar in character, origin, or impact, as determined by the Building Official/Zoning Administrator:
- ~~Agricultural uses that involve the keeping of animals, unless in a zoning district where the keeping of such animals is allowed.~~
  - Agricultural uses (**not involving the keeping of animals**) that use more than twenty- five percent (25%) of the area of the lot when the lot is less than one acre in size.

**Section 2. Effective Date.** This Ordinance shall take effect upon its passage by a majority vote of the Brian Head Town Council and following notice and publication as required by law. Upon this Ordinance being adopted by the Brian Head Town Council of Iron County, Utah, all provisions of this Ordinance shall be incorporated into Title 9 of the Brian Head Town Code.

**Section 3. Conflict.** To the extent of any conflict between other Town, County, State, or Federal laws, ordinances or regulations and this Ordinance, the more restrictive is deemed to be controlling.

**Section 4. Severability Clause.** If any section, subsection, sentence, clause, phrase, or portion of this Ordinance is, for any reason, held invalid or unconstitutional by any court of competent jurisdiction, such portions shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remaining portions of this Ordinance.

**Section 5. Repealer.** All provisions of the Brian Head Town Code that are inconsistent with the expressed terms of this Ordinance shall be repealed.

**PASSED AND ADOPTED BY THE BRIAN HEAD TOWN COUNCIL OF IRON COUNTY,**

UTAH this \_\_\_\_ day of January 2021 with the following vote.

**Town Council Vote:**

Mayor Clayton Calloway	Aye____	Nay____
Council Member Lynn Mulder	Aye____	Nay____
Council Member Larry Freeberg	Aye____	Nay____
Council Member Kelly Marshall	Aye____	Nay____
Council Member Shaun Kelly	Aye____	Nay____

**BRIAN HEAD TOWN COUNCIL**  
BRIAN HEAD, UTAH

**ATTEST:**

By: \_\_\_\_\_  
Clayton Calloway, Mayor

\_\_\_\_\_  
Nancy Leigh, Town Clerk

(SEAL)

**CERTIFICATE OF PASSAGE AND POSTING**

I hereby certify that the above Ordinance is a true and accurate copy, including all attachments, of the Ordinance, passed by the Town Council on the \_\_\_\_ day of January 2021 and have posted a summary of the adopted ordinance in three conspicuous places within the Town of Brian Head, to-wit: Town Hall, Post Office, and the Mall and a complete copy of the adopted ordinance on the Brian Head Town Website and has been published in a newspaper of general circulation.

\_\_\_\_\_  
Nancy Leigh, Town Clerk

**9-10-2: GRADING & TRENCHING PERMIT:**

- A. Purpose: The purpose of a grading and trenching permit is to prevent unnecessary clearing of vegetation, to avoid detrimental alteration of drainage patterns, to eliminate unsafe slopes and soil instability, and to provide for safe and standardized utility location and installation practices. Grading permits will only be issued in conjunction with a building permit, when applicable, to reduce cases of lots being left unfinished.
- B. Notification and/or Permit Required: No person shall commence or perform any grading, filling (including spreading gravel), trenching, or clearing of land without first having notified the Building Department. Following notification, the Building Department may require a grading and trenching permit if it is determined that the proposed work will result in cleared vegetation (grubbing), alterations to natural or historical patterns of drainage, changes in slopes or soil stability, or changes to utility design or location. This section shall not restrict a soils test or utility location pit up to ten feet (10') in depth. Any person undertaking utility location shall comply with the applicable Blue Stakes regulations and standards. (2010 Code, amd. Ord. 15-005, 4-28-2015 amd Ord. 17-004, 7-11-2017)
- C. Review Process:
1. Application Form: Application forms are available from and shall be submitted to the Building Department with the appropriate fee as outlined in the consolidated fee schedule. A list of additional information that may be required may be obtained from the Building Department.
  2. Application Packet: The applicant shall submit a permit packet, which includes: (2010 Code, amd. Ord. 15-005, 4-28-2015)
    - a. Site plan, showing surface drainage flow patterns, a report of subsurface investigation if it appears that there is a history or appearance of potential landslide or erosion that may be caused or exacerbated by the proposed grading or filling, and location of existing and proposed utilities;
    - b. Agent authorization to use the land if it is not owned by the applicant.
    - c. Quantities to be removed from or brought to the site;
    - d. Written explanation as to how the applicant will comply with this section regarding noise, dust, smell, safety and other nuisances;
    - e. Insurance and bond information (if work is to be in the public right of way);
    - f. Storm drain and erosion control plan;
    - g. Site restoration and vegetation plan;
    - h. Other information that will show how the operation will be conducted and site restored after use;
    - i. In cases where earth material is to be stored on site for relocation to another site, the application shall identify the approximate quantity to be stored, the receiving site it will be permanently placed on, and a time frame by which it will be completed, not to exceed one year.
  3. As built drawings: Drawings showing the final location of utilities installed shall be

furnished to the building department for record purposes within thirty (30) days after the work is completed or forfeit any outstanding bonds. An extension period may be granted for a sufficient reason. (2010 Code, amd. Ord. 15-005, 4-28-2015)

- D. Town Review: The Building Department shall determine the adequacy of the application and may require the submission of further information where necessary. (2010 Code, amd. Ord.15-005, 4-28-2015)
- E. Inspections: All construction or work for which a permit is required shall be subject to inspection at all reasonable times by the Building Department. The Building Department may make any inspections of any construction work deemed necessary to ascertain compliance with the provisions of this chapter and other ordinances which are applicable. The permittee shall notify the Building Department at least twenty-four (24) hours in advance when grading reaches completion and prior to being covered or concealed by additional work. Whenever any work on which inspections are required is covered or concealed by additional work without first having been inspected, the Building Department may require, through written notice, that such work be exposed for examination. The work of exposing and recovering shall be an expense of the permittee requiring the inspection.
- F. Performance Bond: The town may require a performance bond in such form and amounts as may be deemed necessary to assure the work will be corrected to eliminate hazardous conditions. In lieu of a performance bond, the applicant may file a cash bond or instrument of credit with the town in an amount equal to that which would be required in the performance bond and in conformance with section [9-13-7](#) of this title.
- G. Security For Completion: Security in a form consistent with section [9-13-7](#) of this title and the accompanying agreement shall be completed prior to permit approval to ensure the cleanup and restoration of the permit area.
- H. Standards For Review: All grading, filling and clearing operations which are performed under this chapter shall be consistent with section [912-11](#) of this title, and shall be designed to:
  1. Minimize cuts and fills on steep or hazardous terrain. Ensure that all excavation work, including spoil piles, do not create an attractive nuisance or hazard to the general public.
  2. Eliminate scars from cuts and fills, and preserve the natural scenic beauty of the area, such as by rounding off sharp angles at the top, toe and sides of cut and fill slopes to preserve, match or blend with the natural contours and undulation of the land, and by retaining trees and other native vegetation.
  3. Limit clearing of vegetation or disturbances of the soil to areas of proven stability, taking into consideration geologic hazards and soil conditions, and ensure re-vegetation and restoration within one year of completing the grading work or after construction, where applicable. (2010 Code, amd. Ord. 15-005, 4-28-2015)
  4. Assure that the natural runoff capacity of hillsides, slopes; graded areas, cleared areas, filled areas or streams shall not be exceeded causing flooding, erosion or silting. (2010 Code, amd. Ord. 15-005, 4-28-2015)
  5. Utility construction and trench backfilling are in compliance with Standards & Specifications for Public Works Construction. (2010 Code, amd. Ord. 15-005, 4-28-2015)
  6. If grading or clearing is being done in preparation for development, a building permit has been obtained and work has been approved to proceed ~~or a performance bond has been secured sufficient to ensure that any scars on the land may be remedied. This~~



~~provision shall apply only to residential zones.~~ (2010 Code, amd. Ord. 15-005, 4-28-2015, amd. Ord. 19-001, 2-26-2019)

- I. Discharge Prohibitions:
  - 1. No solid or liquid materials shall be discharged into any creeks or streams, onto lands below the high-water level of the same, or onto adjoining property.
  - 2. In order to prevent such discharges from occurring, approved erosion and silt control devices may be required for all grading and filling. Control devices and measures which may be required include, but are not limited to, the following:
    - a. Energy absorbing devices to reduce the velocity of runoff water.
    - b. Sedimentation controls such as desilting basins and catch basins. (Any trapped sediment shall be removed to a disposal site approved by the building department.)  
Dissipation or discharge of water runoff from developed areas into drainage fields to dissipate the runoff into the subsoil.
    - c. Multiple discharge points to reduce the volume of runoff over localized discharge area.
    - d. Physical erosion control devices (e.g., culverts, rock banks, etc.).
    - e. Approved temporary erosion and sedimentation control devices, facilities and measures shall be required during construction.
- J. Waste Materials, Including Soil, Silt, Clay, Sand and Other Organic or Earthen Dust Control: Whenever the native ground cover is removed or disturbed, or whenever fill material is placed on the site, the exposed surface shall be treated to eliminate dust arising from the exposed material. The Building Department must approve dust control methods.
- K. Disposal Of Cleared Vegetation: Vegetation removed during grading or clearing operations shall be disposed of in a manner approved by the Building Department. See section [9-10-1](#) of this chapter.
- L. Water Flow Diverters: The Town Engineer may require diverters, as necessary, at the top of all cut and filled slopes where there is a surface runoff potential.
- M. Protection Of Non-constructed Areas:
  - 1. There shall be no excavation on the site before the Building Department has approved the location (stakeout) of the drives, parking sites, building sites and other areas to be graded or filled.
  - 2. Construction equipment shall be limited to the actual area to be graded according to the approved plans. No vehicle of any kind shall pass over areas to be left in their natural state according to the approved plans.
  - 3. Appropriate barriers shall be placed around all native vegetation proposed for retention, trails, public rights of way, etc., as may be required to be erected during construction to prevent a hazard or damage to property or persons.
  - 4. The permittee shall be fully responsible for any damage caused to existing trees or other vegetation. The permittee shall carry the responsibility both for their employees and for any and all subcontractors from the first day of construction until the notice of completion is filed.
- N. Protection Of Any Existing Underground Public Utilities: The contractor shall ascertain and verify the location of any public underground utilities that may be on the property by contacting Blue Stakes, or other applicable agency, before doing any grading excavation. Once such are located, the permittee shall take reasonable care to protect and avoid

damage to any such underground utilities by contacting Blue Stakes, or other applicable agency, for such utilities to be located. Any and all damage caused to public utilities by any act or negligence of the contractor's employees shall be repaired at the contractor's expense to the satisfaction of the utility company and the town.

- O. No Grading Near Historic Or Prehistoric Ruins:
1. No grading, filling, clearing of vegetation, operation of equipment or disturbance of the soil shall take place in areas where any historic, prehistoric ruins, monuments or objects of antiquity are present.
  2. The grading plan shall indicate all such historic or prehistoric areas on the site and shall indicate the measures that will be taken to protect such areas. Should excavation uncover or discover any historic or prehistoric ruins or monuments or object of antiquity which were not known at the time of the submittal of the grading plan, all work in the immediate area shall cease until the Town Manager, or designee, shall determine what precautions should be taken to preserve the historic artifacts. (Ord. 08-016, 8-12-2008)

#### **9-10-5: HOME OCCUPATIONS:**

- A. Purpose: It is the purpose and intent of this section to allow persons residing (**either full-time or part-time**) in dwellings to use their mental or physical expertise and talent in providing a service, developing a product for sale to the public, operating certain kinds of small businesses or maintaining a professional or business office work space in the dwelling, or in an attached or detached garage or accessory building, or yard space, while at the same time maintaining the peace, quiet and domestic tranquility within all residential areas of the town. It is further the purpose and intent of this chapter that home occupations shall be clearly accessory and subordinate to the principal use of the property for dwelling purposes.
- B. Permitted Standards For Home Occupations When Conducted Entirely Within Residence: The following standards shall be observed in the operation of all home occupations to be approved by town staff:
1. The home occupation shall be conducted primarily by residents (**either full-time or part-time**) of the premises. A home occupation may have employees; however, only one employee who does not live in the home may come to the home at any one time for purposes of employment. One additional off-street parking stall shall be provided for any employee coming to the home who is not a resident of the premises.
  2. The home occupation shall not physically change the dwelling or yard space to the extent that it would alter the residential or aesthetic character of the dwelling, yard or neighborhood.
  3. The home occupation shall be allowed one nameplate sign, which shall be consistent with [chapter14](#) of this title. Temporary signs shall not be permitted for home occupations.
  4. The home occupation shall not generate pedestrian or vehicular traffic in excess of that customarily associated with the zone in which the use is located, as determined by the zoning administrator and appropriate regulatory authorities. "Occupancy load", as defined by the currently adopted building code, shall not be exceeded.
  5. The home occupation shall not cause a demand for municipal or utility services or community facilities in excess of those usually and customarily provided for residential use, as determined by the Zoning Administrator and appropriate regulatory

authorities.

6. Sale of commodities produced on the premises shall be permitted. The sale of all commodities shall be by prior individual invitation only.
7. Home occupations shall conform to business license requirements of title 3 of this code.
8. There shall be complete conformity with all applicable Town, County, State and Federal laws and ordinances.

C. Conditional Use Standards For Home Occupations Using Attached Or Detached Garages, Accessory Structures Or Yard Space: The following standards shall be observed in the operation of all home occupations using garages, other accessory structures or yard space, which shall be approved by conditional use, in addition to the standards specified in subsection B of this section:

1. An occupation may be considered as a conditional use only under the following conditions:
  - a. The Planning Commission finds that the proposed home occupation will be clearly accessory and subordinate to the principal use of the property for dwelling purposes; and
  - b. The Planning Commission finds that the proposed home occupation will not adversely affect the residential nature and aesthetic quality of the neighborhood; and
  - c. Any off-street parking displaced by the home occupation is relocated elsewhere on the lot or parcel; and
  - d. The Planning Commission may impose any conditions it deems necessary to mitigate impacts of the home occupation on the neighborhood.
2. In determining whether to grant a conditional use approval for the use of an attached or detached garage, accessory structure or yard space for a home occupation, the Planning Commission shall consider the effect of such use on the residential character of the property upon which the home occupation is proposed to be located. In making a determination, the Planning Commission may consider factors including, but not limited to:
  - a. Displacement of normally residential functions of yard space and building or structure usage.
  - b. The potential for generation of noise, dust, vapors, fumes, odors and light.
  - c. The potential for generation of excess traffic.
  - d. The potential impact of the proposed home occupation on the aesthetic quality of the neighborhood and the property upon which the home occupation is proposed to be located.
3. Due to the special nature of home occupations, their potential to create adverse impacts to the neighborhood, and the potential for significant unforeseen impacts to occur, the Planning Commission reserves the right to review any home occupation granted conditional use approval pursuant to this subsection. The conditional use permit for the home occupation may be reviewed and modified or revoked by the Planning Commission due to failure of the owner or operator of the home occupation to observe all conditions specified in issuing the permit; failure to observe the purpose and intent of this section or other requirements of this title in regard to the maintenance of improvements and conduct of the home occupation as approved; or significant

unforeseen impacts resulting from the operation of the home occupation in conflict with the purpose and intent of this section and as explained in the application.

- D. Permitted Uses: Home occupations which may be considered under subsection B of this section may include the following uses, or uses which are similar in character, origin or impact, as determined by the Building Official/Zoning Administrator:
- Animal grooming services conducted entirely within the home.
  - Architectural service.
  - Artist, author.
  - Barber shop, beauty service.
  - Childcare services in compliance with state and federal standards.
  - Consulting service.
  - Craft sale.
  - Dance studio; aerobic exercise, music lessons, tutoring and general educational instruction.
  - Data processing, computer programming.
  - Direct sales distribution.
  - Food preparation in compliance with state and federal standards.
  - Garden plants and produce.
  - Home crafts.
  - Insurance sales or broker.
  - Interior design.
  - Janitorial service.
  - Mail order (not including retail sales from site).
  - Real estate sales or broker.
  - Sales representative.
- E. Conditional Uses: Home occupations which shall be considered under subsection C of this section include the following uses, or uses which are similar in character, origin or impact, as determined by the Building Official/Zoning Administrator: (2010 Code, amd. Ord. 15-018, 12-8-2015)
- ~~Agricultural uses that involve the keeping of animals, unless in a zoning district where the keeping of such animals is allowed.~~
  - Agricultural uses (not involving the keeping of animals) that use more than twenty five percent (25%) of the area of the lot when the lot is less than one acre in size.
  - Kennel, animal hospital.
  - Machine shop.
  - Light Manufacturing.
  - Secondhand shops and pawnshops.
  - Storage and warehousing.
  - Uses which involve the storage, display or repair of motor vehicles, or body and fender work on such vehicles. (Ord. 08-016, 8-12-2008)
  - Snow Removal Services (Ord. 15-018, 12-8-2015)
  - Water Transport Services (Ord. 15-018, 12-8-2015)  
(amd. Ord. 17-004, 7-11-2017)