



STAFF REPORT TO THE TOWN COUNCIL

ITEM: PRESENTATION OF THE FISCAL YEAR 2025 AUDIT

AUTHOR: Shane Williamson
DEPARTMENT: Administration
DATE: March 10, 2026
TYPE OF ITEM: Informational

SUMMARY:

Kevin Jones, Brian Head Town Auditor, will present his annual audit report for the fiscal year ending June 30, 2025.

BACKGROUND:

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

ANALYSIS:

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 2025 audit.

BOARD/COMMISSION RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

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

PROPOSED MOTION:

N/A

ATTACHMENTS:

A - FY 2025 Audited Financial Report
B - Letter from the Auditor

Brian Head Town

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2025

Brian Head Town
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June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Brian Head Town
Brian Head, UT

Report on the Audit of the Financial Statements

Opinions

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 the Brian Head Town, Utah, (the Town), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2025, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and individual 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 Information

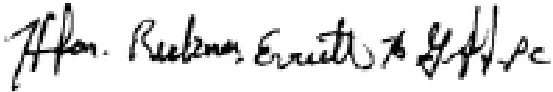
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other

information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2026, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Hafen, Buckner, Everett, & Graff, PC".

Hafen, Buckner, Everett, & Graff, PC
St. George, Utah
February 20, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Brian Head Town
Management's Discussion and Analysis
June 30, 2025

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, 2025.

FINANCIAL HIGHLIGHTS

- *Total net position for the Town as a whole increased by \$2,175,818
- *Total unrestricted net position for the Town as a whole decreased by \$287,230
- *Total net position for governmental activities increased by \$2,119,912
- *Total net position for business-type activities increased by \$55,906

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, 2025

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 three major governmental funds, the general fund, the special service district 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, 2025

FINANCIAL ANALYSIS

Brian Head Town's Net Position

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Current and other assets	\$ 9,694,043	6,860,799	3,902,856	3,540,758	13,596,899	10,401,557
Net capital assets	33,999,847	32,868,653	22,294,551	19,286,157	56,294,398	52,154,810
Deferred outflows of resources	358,481	342,844	205,032	196,089	563,513	538,933
Total assets and deferred outflows	44,052,371	40,072,295	26,402,439	23,023,004	70,454,810	63,095,299
Long-term debt outstanding	4,504,115	2,860,119	7,747,748	5,288,713	12,251,863	8,148,832
Other liabilities	2,351,090	2,357,978	1,135,794	271,254	3,486,884	2,629,232
Deferred inflows of resources	1,343,740	1,120,683	1,848	1,895	1,345,588	1,122,578
Total liabilities and deferred inflows	8,198,944	6,338,780	8,885,391	5,561,862	17,084,335	11,900,642
Net position:						
Net investment in capital assets	29,495,732	30,008,534	14,546,803	13,997,444	44,042,535	44,005,978
Restricted	3,819,845	1,923,927	1,006,013	475,441	4,825,858	2,399,368
Unrestricted	2,537,850	1,801,055	1,964,233	2,988,257	4,502,082	4,789,312
Total net position	\$ 35,853,427	33,733,515	17,517,048	17,461,142	53,370,475	51,194,657

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 \$53,370,475, an increase of \$2,175,818 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 \$4,502,082 which represents a decrease of \$287,230 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, 2025

FINANCIAL ANALYSIS (continued)

Brian Head Town's Change in Net Position

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Program revenues:						
Charges for services	\$ 1,790,530	1,581,243	2,646,187	2,564,056	4,436,717	4,145,299
Operating grants and contributions	732,949	450,295	-	-	732,949	450,295
Capital grants and contributions	744,687	482,311	155,274	84,193	899,962	566,504
General revenues:						
Property taxes	1,609,978	1,859,994	-	-	1,609,978	1,859,994
Sales tax	340,784	353,867	-	-	340,784	353,867
Other taxes	1,341,645	1,393,935	-	-	1,341,645	1,393,935
Other revenues	503,441	654,455	88,318	113,640	591,759	768,095
Total revenues	7,064,013	6,776,099	2,889,780	2,761,888	9,953,793	9,537,987
Expenses:						
General government	1,993,026	1,650,602	-	-	1,993,026	1,650,602
Public safety	1,727,354	1,552,037	-	-	1,727,354	1,552,037
Highways and improvements	1,186,660	1,301,492	-	-	1,186,660	1,301,492
Parks and recreation	257,054	163,712	-	-	257,054	163,712
Interest on long-term debt	93,489	100,565	-	-	93,489	100,565
Operating expenses	-	-	2,520,393	2,412,414	2,520,393	2,412,414
Total expenses	5,257,583	4,768,407	2,520,393	2,412,414	7,777,976	7,180,820
Excess before transfers	1,806,431	2,007,692	369,387	349,475	2,175,818	2,357,167
Transfers in (out)	313,481	-	(313,481)	-	-	-
Change in net position	\$ 2,119,912	2,007,692	55,906	349,475	2,175,818	2,357,167

For the Town as a whole, total revenues increased by \$415,806 compared to the previous year, while total expenses increased by \$597,156. The total net change of \$2,175,818 is, in private sector terms, the net income for the year which is \$181,349 less than the previous year.

Governmental activities revenues of \$7,064,013 is an increase of \$287,914 from the previous year. This increase is primarily due to increases in grants and contributions. Governmental activities expenses of \$5,257,583 is an increase of \$489,176 from the previous year. While expenses decreased in highways and improvements department from the previous year, expenses increased in the other departments.

Business-type activities revenue of \$2,889,780 is an increase of \$127,892 from the previous year. Service revenues increased by \$82,131, capital contributions increased by \$71,081, and other revenues decreased by \$25,322. Business-type activities expenses of \$2,520,393 is an increase of \$107,979 from the previous year.

Brian Head Town
Management's Discussion and Analysis
June 30, 2025

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 \$2,753,276 reflects an increase of \$360,850 from the previous year. Total revenues decreased by \$1,023,060. Tax revenues had a net decrease of \$11,170. Intergovernmental revenues increased by \$813,040. Licenses and permits decreased by \$64,639. Interest revenue increased by \$5,808. Bond proceeds increased by \$50,000. All other revenues had a net increase of \$230,021.

Total expenditures, excluding transfers out, increased by \$913,359. General government expenditures increased by \$83,941, public safety expenditures increased by \$223,784, highways and public improvements expenditures increased by \$604,671, and parks and recreation expenditures increased by \$1,154. Debt service expenditures decreased by \$190.

Fund balance restricted for debt service amounts to \$156,540. Fund balance committed for wildlands fire was \$192,668. The unassigned fund balance was \$2,404,069.

Water Fund

The change in net position (net loss) was \$137,647. The amount restricted for debt service is \$11,961. The amount restricted for capital projects is \$518,444. Unrestricted net position amounts to \$2,043,778.

Sewer Fund

The change in net position (net income) was \$189,686. The amounts restricted for debt service was \$475,608. Unrestricted net position amounts to a deficit of \$369,004.

Solid Waste Fund

The change in net position (net income) was \$3,867. There were no restrictions on net position. Unrestricted net position amounts to \$289,458.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers, were originally budgeted in the amount of \$4,981,828. This amount was amended in the final budget to \$5,033,828. Actual revenues, excluding transfers, amounted to \$5,981,082.

Expenditures for the current year, excluding transfers and budgeted increases in fund balance, were originally budgeted in the amount of \$4,899,183. This amount was amended in the final budget to \$7,008,137. Actual expenditures amounted to \$5,058,971.

Net transfers out for the year were originally budgeted in the amount of 651,258. This was amended in the final budget to \$620,258. Actual transfers amounted to \$611,261.

Brian Head Town
Management's Discussion and Analysis
June 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Net Capital Assets:						
Land and rights	\$ 21,781,047	21,738,742	2,978,176	2,978,176	24,759,224	24,716,919
Buildings	4,848,986	4,848,986	293,896	293,896	5,142,882	5,142,882
Improvements	7,814,476	7,516,223	-	-	7,814,476	7,516,223
Machinery and equipment	4,101,081	3,466,158	1,334,475	1,334,475	5,435,557	4,800,633
Water system	-	-	19,047,653	19,047,653	19,047,653	19,047,653
Sewer system	-	-	2,899,670	2,899,670	2,899,670	2,899,670
Construction in progress	4,731,499	3,812,740	4,335,862	840,242	9,067,361	4,652,982
 Total capital assets	 43,277,089	 41,382,848	 30,889,732	 27,394,112	 74,166,822	 68,776,960
Less accumulated depreciation	(9,277,243)	(8,514,195)	(8,595,181)	(8,107,956)	(17,872,424)	(16,622,151)
 Net Capital Assets	 \$ 33,999,847	 32,868,653	 22,294,551	 19,286,157	 56,294,398	 52,154,809

The total amount of capital assets, net of depreciation, of \$56,294,398 is an increase of \$4,139,589 from the previous year.

Governmental activities capital assets, net of depreciation, of \$33,999,847 is an increase of \$1,131,194 from the previous year.

Business-type activities capital assets, net of depreciation, of \$22,294,551 is an increase of \$3,008,395 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, 2025

Brian Head Town's Outstanding Debt

	Current Year	Previous Year
Governmental activities:		
2018 UDAF Petroleum Storage Tank	\$ 18,308	23,312
2022 Special Assessment Bonds	1,009,000	1,132,000
2024 Snowshoe & Toboggan SAA Bond	50,000	-
2025 GO Bonds	1,800,000	-
2011 Lease Revenue Bond	1,626,807	1,704,807
Total governmental	\$ 4,504,115	2,860,119
Business-type activities:		
2013 G.O Reservoir Bond	\$ 1,075,000	1,174,000
2024 Sewer Revenue Bonds	75,000	-
2024 Water Revenue Bonds	2,610,419	-
2021 Water Rev Refunding	3,635,417	3,747,500
Less deferred bond issue costs	(112,130)	(117,005)
Plus deferred issuance premium	351,913	367,213
Total business-type	\$ 7,635,619	5,171,708
Total outstanding debt	\$ 12,139,733	8,031,827

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.

BASIC FINANCIAL STATEMENTS

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Brian Head Town
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 7,455,268	1,565,252	9,020,519
Accounts receivable, net	1,770,621	185,148	1,955,769
Total current assets	9,225,888	1,750,400	10,976,289
Non-current assets:			
Restricted cash and cash equivalents	468,155	1,006,013	1,474,168
Capital assets:			
Not being depreciated	26,512,546	7,314,038	33,826,584
Net of accumulated depreciation	7,487,300	14,980,513	22,467,814
Bond issuance costs	-	112,130	112,130
Prepaid long-term water lease	-	1,034,313	1,034,313
Total non-current assets	34,468,002	24,447,007	58,915,008
Total assets	43,693,890	26,197,407	69,891,297
Deferred outflows of resources - pensions	358,481	205,032	563,513
Total assets and deferred outflows of resources	\$ 44,052,371	26,402,439	70,454,810
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 228,529	815,155	1,043,683
Customer/contractor deposits	534,647	20,507	555,153
Accrued interest payable	22,277	79,093	101,370
Unearned revenue	1,034,313	-	1,034,313
Revenue bonds due within one year	342,993	293,833	636,826
Total current liabilities	2,162,759	1,208,588	3,371,346
Non-current liabilities:			
Compensated absences	144,855	-	144,855
Net pension liability	386,469	221,040	607,509
Revenue bonds due after one year	4,161,122	7,453,915	11,615,037
Total non-current liabilities	4,692,446	7,674,955	12,367,401
Total liabilities	6,855,204	8,883,543	15,738,747
Deferred inflows of resources - property taxes	1,340,508	-	1,340,508
Deferred inflows of resources - pensions	3,232	1,848	5,080
Total liabilities and deferred inflows of resources	8,198,944	8,885,391	17,084,335
NET POSITION:			
Net investment in capital assets	29,495,732	14,546,803	44,042,535
Restricted for:			
Debt service	422,567	11,961	434,528
Capital projects	3,397,278	994,052	4,391,330
Unrestricted	2,537,850	1,964,233	4,502,082
Total net position	35,853,427	17,517,048	53,370,474
Total liabilities, deferred inflows of resources, and net position	\$ 44,052,371	26,402,439	70,454,810

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, 2025

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<u>FUNCTIONS/PROGRAMS:</u>					
Primary government:					
Governmental activities:					
General government	\$ 1,993,026	1,098,530	451,460	-	(443,035)
Public safety	1,727,354	6,695	173,711	3,519	(1,543,428)
Highways and public improvements	1,186,660	685,304	107,778	741,168	347,590
Parks, recreation and public property	257,054	-	-	-	(257,054)
Interest on long-term debt	93,489	-	-	-	(93,489)
Total governmental activities	5,257,583	1,790,530	732,949	744,687	(1,989,417)
Business-type activities:					
Water	1,620,083	1,625,396	-	126,527	131,840
Sewer	615,701	745,417	-	28,747	158,463
Solid waste	284,609	275,375	-	-	(9,234)
Total business-type activities	2,520,393	2,646,187	-	155,274	281,069
Total primary government	\$ 7,777,976	4,436,717	732,949	899,962	(1,708,348)

(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, 2025

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	\$ (1,989,417)	281,069	(1,708,348)
General revenues:			
Property taxes	1,609,978	-	1,609,978
Sales tax	340,784	-	340,784
Other taxes	1,341,645	-	1,341,645
Unrestricted investment earnings	257,859	88,318	346,178
Gain (loss) on disposition of capital assets	87,820	-	87,820
Miscellaneous	157,761	-	157,761
Total general revenues	3,795,847	88,318	3,884,166
Transfers in (out)	313,481	(313,481)	-
Change in net position	2,119,912	55,906	2,175,818
Net position - beginning	33,733,515	17,461,142	51,194,657
Net position - ending	\$ 35,853,427	17,517,048	53,370,475

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

Brian Head Town
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Special Service District	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,836,135	-	3,410,699	1,208,433	7,455,268
Accounts receivable, net	385,484	-	-	26,469	411,953
Due from other governments	1,358,668	-	-	-	1,358,668
Restricted cash and cash equivalents	156,540	45,588	-	266,027	468,155
TOTAL ASSETS	\$ 4,736,827	45,588	3,410,699	1,500,929	9,694,043
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Liabilities:					
Accounts payable	\$ 108,396	-	13,421	106,711	228,529
Customer/contractor deposits	534,647	-	-	-	534,647
Unearned revenues	-	1,034,313	-	-	1,034,313
Total liabilities	643,043	1,034,313	13,421	106,711	1,797,489
Deferred inflows of resources:					
Property tax	1,340,508	-	-	-	1,340,508
Total deferred inflows of resources	1,340,508	-	-	-	1,340,508
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,983,551	1,034,313	13,421	106,711	3,137,997
FUND BALANCES:					
Restricted for:					
Debt service	156,540	-	-	266,027	422,567
Capital projects	-	-	3,397,278	-	3,397,278
Committed for:					
Wildlands fire	192,668	-	-	-	192,668
Redevelopment agency	-	-	-	622,378	622,378
Assigned for:					
Capital projects	-	-	-	505,812	505,812
Unassigned	2,404,069	(988,725)	-	-	1,415,344
TOTAL FUND BALANCES	2,753,276	(988,725)	3,397,278	1,394,217	6,556,047
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,736,827	45,588	3,410,699	1,500,929	9,694,043

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, 2025

	General Fund	Special Service District	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes:					
Property	\$ 1,199,145	-	-	410,833	1,609,978
Sales	340,784	-	-	-	340,784
Other taxes	1,341,645	-	-	-	1,341,645
License and permits	893,867	-	-	-	893,867
Intergovernmental revenues	1,263,335	-	150,000	60,782	1,474,117
Charges for services	771,999	-	-	120,620	892,619
Fines and forfeitures	4,043	-	-	-	4,043
Impact fees	3,519	-	-	-	3,519
Interest	147,294	1,483	67,490	41,592	257,859
Miscellaneous revenue	15,450	44,721	94,000	3,590	157,761
Total revenues	5,981,082	46,204	311,490	637,418	6,976,193
EXPENDITURES:					
General government	1,406,469	-	269,449	245,564	1,921,481
Public safety	1,549,218	-	244,809	115,503	1,909,531
Highways and public improvements	1,819,924	-	186,422	99,469	2,105,815
Parks, recreation and public property	113,671	-	154,165	-	267,836
Debt service:					
Principal	123,000	-	-	83,004	206,004
Interest	46,689	-	-	42,620	89,309
Total expenditures	5,058,971	-	854,845	586,161	6,499,976
Excess (deficiency) of revenues over (under) expenditures	922,111	46,204	(543,355)	51,257	476,217
Other financing sources and (uses):					
Bond proceeds	50,000	-	1,800,000	-	1,850,000
Sale of fixed assets	-	-	-	87,820	87,820
Transfers in	844,501	-	1,120,762	335,000	2,300,263
Transfers out	(1,455,762)	-	(495,762)	(35,258)	(1,986,782)
Total other financing sources and (uses)	(561,261)	-	2,425,000	387,562	2,251,301
Net change in fund balances	360,850	46,204	1,881,645	438,819	2,727,518
Fund balances - beginning of year	2,392,427	(1,034,929)	1,515,633	955,399	3,828,529
Fund balance - end of year	\$ 2,753,276	(988,725)	3,397,278	1,394,217	6,556,047

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, 2025

Total Fund Balance for Governmental Funds	<u>\$ 6,556,047</u>
Total net position reported for governmental activities in the statement is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds:	
Capital assets, at cost	43,277,089
Less accumulated depreciation	<u>(9,277,243)</u>
Net capital assets	<u>33,999,847</u>
Net pension asset	<u>-</u>
Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	<u>358,481</u>
Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements, but not in the fund statements.	
General long-term debt	<u>(4,504,115)</u>
Interest accrued but not yet paid on long-term debt	<u>(22,277)</u>
Compensated absence liability	<u>(144,855)</u>
Net pension liability	<u>(386,469)</u>
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.	
Deferred inflows of resources - pensions	<u>(3,232)</u>
Total Net Position of Governmental Activities	<u><u>\$ 35,853,427</u></u>

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, 2025

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 2,727,518</u>
Amounts reported for governmental activities in the statement of activities are different because:	
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.	
Capital outlays	1,894,241
Depreciation expense	<u>(763,047)</u>
Net	<u>1,131,194</u>
The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.	<u>(67,296)</u>
Cost of retired assets sold is not reported in government fund statements, while it is reported in the statement of activities.	
Book cost of assets retired	<u>-</u>
Debt issued	<u>(1,850,000)</u>
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.	
Long-term debt principal repayments	<u>206,004</u>
Accrued interest and compensated absences are not reported as expenditures for the current period, while they are recorded in the statement of activities.	
Change in accrued interest on long-term debt	<u>(4,180)</u>
Change in compensated absence liability	<u>(23,329)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 2,119,911</u></u>

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

Brian Head Town
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2025

	Water Fund	Sewer Fund	Solid Waste Fund	Total Proprietary Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Assets:				
Current assets:				
Cash and cash equivalents	\$ 865,026	417,219	283,006	1,565,252
Accounts receivable, net	126,258	40,944	17,946	185,148
Total current assets	991,285	458,163	300,952	1,750,400
Non-current assets:				
Restricted cash and cash equivalents	530,404	475,608	-	1,006,013
Capital assets:				
Not being depreciated	5,861,459	1,452,580	-	7,314,038
Net of accumulated depreciation	13,248,834	1,489,199	242,481	14,980,513
Bond issuance costs	112,130	-	-	112,130
Prepaid long-term water lease	1,034,313	-	-	1,034,313
Total non-current assets	20,787,140	3,417,387	242,481	24,447,007
Total assets	21,778,424	3,875,550	543,433	26,197,407
Deferred outflows of resources - pensions	114,341	56,914	33,777	205,032
Total assets and deferred outflows of resources	\$ 21,892,765	3,932,464	577,210	26,402,439
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 50,046	756,555	8,553	815,155
Accrued interest payable	13,438	65,656	-	79,093
Customer security deposits	20,507	-	-	20,507
Revenue bonds, current portion	293,833	-	-	293,833
Total current liabilities	377,823	822,211	8,553	1,208,588
Non-current liabilities:				
Net pension liability	123,269	61,357	36,414	221,040
Revenue bonds, long-term	7,378,915	75,000	-	7,453,915
Total non-current liabilities	7,502,184	136,357	36,414	7,674,955
Total liabilities	7,880,007	958,568	44,967	8,883,543
Deferred inflows of resources - pensions	1,031	513	304	1,848
Total liabilities and deferred inflows of resources	7,881,038	959,081	45,271	8,885,391
NET POSITION:				
Net investment in capital assets	11,437,544	2,866,778	242,481	14,546,803
Restricted for:				
Debt service	11,961	-	-	11,961
Capital projects	518,444	475,608	-	994,052
Unrestricted	2,043,778	(369,004)	289,458	1,964,233
Total net position	14,011,727	2,973,383	531,939	17,517,048
Total liabilities, deferred inflows of resources and net position	\$ 21,892,765	3,932,464	577,210	26,402,439

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 FUNDS
For the Year Ended June 30, 2025

	Water Fund	Sewer Fund	Solid Waste Fund	Total Proprietary Funds
Operating income:				
Charges for sales and service	\$ 1,596,986	740,867	275,375	2,613,227
Connection fees	28,410	4,550	-	32,960
Total operating income	1,625,396	745,417	275,375	2,646,187
Operating expenses:				
Personnel services	583,278	207,230	162,280	952,787
Utilities	126,852	907	-	127,759
Repair and maintenance	176,747	87,972	59,285	324,005
Other supplies and expenses	61,925	28,269	35,110	125,303
Water leases	138,419	-	-	138,419
Payments to Parowan City	-	122,668	-	122,668
Administrative charges	45,300	23,600	11,100	80,000
Bad debt expense	(15,119)	(5,281)	(1,818)	(22,219)
Depreciation expense and amortization	373,467	84,681	18,652	476,800
Total operating expense	1,490,869	550,045	284,609	2,325,523
Net operating income (loss)	134,527	195,371	(9,234)	320,664
Non-operating income (expense):				
Impact fees	112,505	28,747	-	141,252
Interest income	43,993	31,224	13,101	88,318
Interest on long-term debt	(129,214)	(65,656)	-	(194,870)
Total non-operating income (expense)	27,285	(5,685)	13,101	34,701
Income (loss) before contributions and transfers	161,812	189,686	3,867	355,365
Capital grants returned	14,022	-	-	14,022
Transfers in	-	-	-	-
Transfers out	(313,481)	-	-	(313,481)
Change in net position	(137,647)	189,686	3,867	55,906
Net position - beginning	14,149,374	2,783,696	528,072	17,461,142
Net position - ending	\$ 14,011,727	2,973,383	531,938	17,517,048

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, 2025

	Water Fund	Sewer Fund	Solid Waste Fund	Total Proprietary Funds
Cash flows from operating activities:				
Cash received from customers - service	\$ 1,647,839	755,557	276,079	2,679,475
Cash paid to suppliers	(519,075)	486,902	(99,918)	(132,091)
Cash paid to employees	(561,812)	(196,546)	(155,940)	(914,297)
Net cash provided (used) in operating activities	566,953	1,045,913	20,221	1,633,086
Cash flows from noncapital financing activities:				
Customer deposit increase (decrease)	(3,000)	-	-	(3,000)
Net transfers in (out)	(313,481)	-	-	(313,481)
Net cash provided (used) in noncapital financing activities	(316,481)	-	-	(316,481)
Cash flows from capital and related financing activities:				
Cash from impact fees	112,505	28,747	-	141,252
Cash from capital grants	14,022	-	-	14,022
Cash from debt issued	2,639,044	75,000	-	2,714,044
Cash payments for capital assets	(2,716,933)	(778,687)	-	(3,495,620)
Cash payments for long-term debt principal	(239,708)	-	-	(239,708)
Cash payments for long-term debt interest	(130,452)	-	-	(130,452)
Net cash provided (used) in capital and related financing activities	(321,522)	(674,940)	-	(996,461)
Cash flows from investing activities:				
Cash received from interest earned	43,993	31,224	13,101	88,318
Net cash provided (used) in investing activities	43,993	31,224	13,101	88,318
Net increase (decrease) in cash	(27,057)	402,197	33,322	408,462
Cash balance, beginning	1,422,487	490,631	249,684	2,162,802
Cash balance, ending	\$ 1,395,431	892,828	283,006	2,571,264
Cash reported on the statement of net position:				
Cash and cash equivalents	\$ 865,026	417,219	283,006	1,565,252
Non-current restricted cash	530,404	475,608	-	1,006,013
Total cash and cash equivalents	\$ 1,395,431	892,828	283,006	2,571,264

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, 2025

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

	Water Fund	Sewer Fund	Solid Waste Fund	Total Proprietary Funds
Net operating income (expense)	\$ 134,527	195,371	(9,234)	320,664
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:				
Depreciation and amortization	373,467	84,681	18,652	476,800
Changes in assets and liabilities:				
(Increase) decrease in receivables	7,324	4,858	(1,113)	11,069
(Increase) decrease in prepaid items	30,421	-	-	30,421
(Increase) decrease in deferred outflows	(4,987)	(2,483)	(1,473)	(8,943)
Increase (decrease) in payables	(252)	750,318	5,577	755,643
Increase (decrease) in accrued liabilities	-	-	-	-
Increase (decrease) in unearned revenue	-	-	-	-
Increase (decrease) in net pension liability	26,479	13,180	7,821	47,480
Increase (decrease) in deferred inflows	(26)	(13)	(8)	(47)
Net cash provided (used) in operating activities	\$ 566,953	1,045,913	20,221	1,633,086

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

Brian Head Town
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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, 2025

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, 2025

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 *capital projects fund* accounts for the acquisition or construction of major capital facilities of the City (other than those financed by proprietary funds).

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.

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, 2025

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, 2025

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, 2025

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, 2025

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 100% 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, 2025

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2025, consist of the following:

	<u>Fair Value</u>
Deposits:	
Cash on hand	\$ 450
Demand deposits - checking	620,895
Investments:	
Deposits - PTIF	<u>9,873,342</u>
Total deposits and investments	<u><u>\$ 10,494,687</u></u>

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

Cash and cash equivalents (current)	\$ 9,020,519
Restricted cash and cash equivalents (non-current)	<u>1,474,168</u>
Total cash and cash equivalents	<u><u>\$ 10,494,687</u></u>

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, 2024, \$585,464 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, 2025

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, 2025, the Town had \$9,873,342 invested in the PTIF, which uses a Level 2 fair value measurement.

As of June 30, 2025, 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	\$ 9,873,342	9,873,342	-	-	-
Total Fair Value	<u>\$ 9,873,342</u>	<u>9,873,342</u>	<u>-</u>	<u>-</u>	<u>-</u>

Brian Head Town
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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, 2025 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	\$9,873,342	-	-	-	9,873,342
Total Fair Value	<u>\$9,873,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,873,342</u>

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	\$ 393,209	-	393,209
Water	-	131,656	131,656
Sewer	-	42,697	42,697
Solid waste	-	18,714	18,714
Taxes and other	1,385,136	-	1,385,136
Total accounts receivable	1,778,345	193,067	1,971,412
Less allowance for uncollectibles	(7,724)	(7,918)	(15,642)
Net accounts receivable	<u>\$ 1,770,621</u>	<u>185,148</u>	<u>1,955,769</u>

Brian Head Town
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land and rights	\$ 19,992,693	42,305	-	20,034,998
Water rights	1,746,049	-	-	1,746,049
Construction in progress	3,812,740	918,759	-	4,731,499
Total capital assets, not being depreciated	25,551,482	961,064	-	26,512,546
Capital assets, being depreciated:				
Buildings	4,848,986	-	-	4,848,986
Improvements other than buildings	7,516,223	298,253	-	7,814,476
Machinery and equipment	3,466,158	634,924	-	4,101,081
Total capital assets, being depreciated	15,831,366	933,177	-	16,764,543
Less accumulated depreciation for:				
Buildings	2,030,807	121,225	-	2,152,032
Improvements other than buildings	4,533,269	262,414	-	4,795,683
Machinery and equipment	1,950,119	379,409	-	2,329,528
Total accumulated depreciation	8,514,195	763,047	-	9,277,243
Total capital assets being depreciated, net	7,317,171	170,130	-	7,487,300
Governmental activities capital assets, net	\$ 32,868,653	1,131,194	-	33,999,847

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

Governmental activities:	
General government	\$ 100,371
Public safety	269,040
Highways and public improvements	251,575
Parks, recreation and public property	142,062
Total	\$ 763,047

Brian Head Town
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-C. Capital Assets (continued)

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

	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land and rights	\$ 2,978,176	-	-	2,978,176
Construction in progress	840,242	3,495,620	-	4,335,862
Total capital assets, not being depreciated	3,818,418	3,495,620	-	7,314,038
Capital assets, being depreciated:				
Water system	19,047,653	-	-	19,047,653
Sewer system	2,899,670	-	-	2,899,670
Buildings	293,896	-	-	293,896
Machinery and equipment	1,334,475	-	-	1,334,475
Total capital assets, being depreciated	23,575,694	-	-	23,575,694
Less accumulated depreciation for:				
Water system	5,475,910	380,953	-	5,856,864
Sewer system	1,448,372	65,142	-	1,513,515
Buildings	171,928	5,878	-	177,806
Machinery and equipment	1,011,745	35,252	-	1,046,997
Total accumulated depreciation	8,107,956	487,225	-	8,595,181
Total capital assets being depreciated, net	15,467,738	(487,225)	-	14,980,513
Business-type activities capital assets, net	\$ 19,286,157	3,008,395	-	22,294,551

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

Business-type activities:	
Water system	\$ 383,892
Sewer system	84,681
Solid waste	18,652
Total	\$ 487,225

Brian Head Town
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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
2018 UDAF Petroleum Storage Tank							
Matures 8/1/2028	\$ 50,000	-	\$ 23,312	-	5,004	18,308	4,587
2022 Special Assessment Bonds							
Matures 6/1/2032	1,372,000	4.50	1,132,000	-	123,000	1,009,000	128,000
2024 Snowshoe & Toboggan SAA Bond							
Matures 10/1/2034	604,060	-	-	50,000	-	50,000	60,406
2025 GO Bonds							
Matures 6/15/2040	1,800,000	3.30	-	1,800,000	-	1,800,000	70,000
2011 Lease Revenue Bond							
Matures 4/1/2042	2,553,000	2.50	1,704,807	-	78,000	1,626,807	80,000
Total governmental activity long-term liabilities			\$ 2,860,119	1,850,000	206,004	4,504,115	342,993

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-C for additional information regarding the MBA leases.

The 2024 Snowshoe & Toboggan SSA Bond was issued for \$604,060; however, as of the June 30, 2025, only \$50,000 had been disbursed to the Town. The schedule below reflects the full debt schedule.

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

	Principal	Interest	Total
2026	\$ 342,993	186,528	529,521
2027	374,410	156,060	530,470
2028	384,410	145,580	529,990
2029	394,119	134,468	528,587
2030	401,406	122,575	523,981
2031-2035	1,688,030	430,090	2,118,120
2036-2040	1,282,000	192,642	1,474,642
2041-2042	190,807	6,640	197,447
Total	\$ 5,058,175	1,374,583	6,432,758

Brian Head Town
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-D. Long-term debt

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

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2013 G.O Reservoir Bond							
Matures 9/1/2034	\$2,000,000	1.50	\$ 1,174,000	-	99,000	1,075,000	100,000
2021 Water Rev Refunding							
Matures 4/1/2048	4,250,000	3.00	3,747,500	-	112,083	3,635,417	95,833
Less deferred bond issue costs			(117,005)	-	(4,875)	(112,130)	-
Plus deferred issuance premium			367,213	-	15,301	351,913	-
2024 Sewer Revenue Bonds							
Matures 11/1/2057	1,900,000	4.00	-	75,000	-	75,000	-
2024 Water Revenue Bonds							
Matures 4/1/2064	3,838,000	-	-	2,639,044	28,625	2,610,419	98,000
Total business-type activity							
 long-term liabilities			\$ 5,171,708	2,714,044	250,134	7,635,619	293,833

The 2024 Water and Sewer Revenue Bonds have not be disbursed to the Town in full as of fiscal year end. The schedule below reflects the full amortization schedule.

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

	Principal	Interest	Total
2026	\$ 293,833	198,164	491,997
2027	315,833	196,550	512,383
2028	321,833	191,545	513,378
2029	363,000	186,375	549,375
2030	365,833	179,650	545,483
2031-2035	1,952,334	791,825	2,744,159
2036-2040	1,537,167	611,890	2,149,057
2041-2045	1,726,000	431,405	2,157,405
2046-2050	1,444,832	226,870	1,671,702
2051-2055	927,000	114,680	1,041,680
2056-2060	798,000	24,800	822,800
2061-2064	394,000	-	394,000
Total	\$ 10,439,667	3,153,754	13,593,420

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.

Other long-term liabilities:

	Beginning	Increase (Decrease)	Ending
Compensated absences:			
Governmental	\$ 121,526	23,329	144,855
Total	\$ 121,526	23,329	144,855
Net pension liability:			
Governmental	\$ 303,453	83,016	386,469
Business-type	173,560	47,480	221,040
Total	\$ 477,013	130,496	607,509

Brian Head Town
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-E. 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 2025, 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	\$ 844,501	1,455,762
Water Fund	-	313,481
Redevelopment Agency Fund	-	35,258
Capital Projects Fund	1,120,762	495,762
Asset Replacement Fund	335,000	-
Total	<u>\$ 2,300,263</u>	<u>2,300,263</u>

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-E Long-term debt.

Brian Head Town
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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-E.

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, 2025, the balance of these leases is \$1,034,313.

4-D. Litigation

The Town is involved in various litigation as of June 30, 2025, 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.

4-F. Implementation of GASB Statement No. 101, Compensated Absences

During the fiscal year, the Town implemented GASB Statement No. 101, Compensated Absences. This statement provides updated recognition and measurement guidance for compensated absences that accumulate but are not yet used. Implementation of this standard did not change the Town's underlying methodology for accruing leave balances.

4-G. Subsequent events

Subsequent events have been evaluated through February 20, 2026. 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
June 30, 2025

4-H. 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.

Brian Head Town
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-H. 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:

Utah Retirement Systems	Employee	Employer	Employer 401(k) Plan
Noncontributory Local Government System			
15 - Tier 1 DB System	-	16.97	-
111 - Tier 2 DB Hybrid System	0.70	15.19	-
211 - Tier 2 401(k) Option	-	5.19	10.00
Noncontributory Public Safety System			
43 - Tier 1 Other Div A with 2.5% COLA	-	33.54	-
122 - Tier 2 DB Hybrid System	4.73	25.33	-
222 - Tier 2 401(k) Option	-	11.33	14.00

Brian Head Town
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-H. 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, 2025, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 87,135	-
Public Safety System	127,031	-
Tier 2 Public Employees System	112,940	5,188
Tier 2 Public Safety and Firefighter	50,358	9,403
Total Contributions	\$ 377,464	14,591

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, 2025, we reported a net pension asset of \$0 and a net pension liability of \$607,509.

	(Measurement Date): December 31, 2024			Proportionate	Change
	Net Pension Asset	Net Pension Liability	Proportionate Share	Share 12/31/2023	(Decrease)
Noncontributory System	\$ -	\$ 203,303	0.0641109%	0.0617585%	0.0023524%
Public Safety System	-	322,828	0.2086394%	0.1997062%	0.0089332%
Tier 2 Public Employees System	-	62,812	0.0210610%	0.0163214%	0.0047396%
Tier 2 Public Safety and Firefighter	-	18,565	0.0410476%	0.0434840%	-0.0024364%
Total	\$ -	\$ 607,509			

The net pension asset and liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024 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, 2025, we recognize pension expense of \$483,248

Brian Head Town
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-H. Pension Plans (continued)

At June 30, 2025, 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	\$ 193,647	\$ 1,408
Changes in assumptions	48,207	298
Net difference between projected and actual earnings on pension plan investments	122,328	-
Changes in proportion and differences between contributions and proportionate share of contributions	11,862	3,374
Contributions subsequent to the measurement date	187,468	-
Total	\$ 563,513	\$ 5,080

\$187,468 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, 2024.

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
2025	\$ 163,209
2026	204,871
2027	(41,781)
2028	(1,271)
2029	17,837
Thereafter	28,100

Actuarial assumptions:

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.5 - 9.5 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

Brian Head Town
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-H. Pension Plans (continued)

The actuarial assumptions used in the January 1, 2023, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

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:

Assets class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	35%	7.01%	2.45%
Debt securities	20%	2.54%	0.51%
Real assets	18%	5.45%	0.98%
Private equity	12%	10.05%	1.21%
Absolute return	15%	4.36%	0.65%
Cash and cash equivalents	0%	0.49%	0.00%
Totals	100.00%		5.80%
	Inflation		2.50%
	Expected arithmetic nominal return		8.30%

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

Discount rate:

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

Brian Head Town
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-H. 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 6.85 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85 percent or 1-percentage-point higher (7.85 percent than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 859,805	\$ 203,303	\$ (347,290)
Public Safety System	991,774	322,828	(223,022)
Tier 2 Public Employees System	187,604	62,812	(34,264)
Tier 2 Public Safety and Firefighter	63,306	18,565	(17,206)
Total	\$ 2,102,490	\$ 607,509	\$ (621,781)

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:

	2025	2024	2023
401(k) Plan			
Employer Contributions	\$ 14,519	\$ 17,564	\$ 17,517
Employee Contributions	34,324	38,118	29,328
457(b) Plan			
Employer Contributions	2,916	2,158	1,812
Employee Contributions	24,575	25,857	25,433
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	19,615	15,638	9,230

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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Brian Head Town
Notes to Required Supplementary Information
June 30, 2025

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, 2025, expenditures were under budgeted amounts.

Changes in Assumptions Related to Pensions

There were no changes in the actuarial assumptions or methods since the prior actuarial valuation.

Brian Head Town

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2025

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 2,856,874	\$ 2,856,874	\$ 2,881,573	\$ 24,699
Licenses and permits	896,727	896,727	893,867	(2,860)
Intergovernmental revenues	507,000	632,000	1,263,335	631,335
Charges for services	649,927	576,927	771,999	195,072
Fines and forfeitures	3,000	3,000	4,043	1,043
Impact fees	1,000	1,000	3,519	2,519
Interest	60,250	60,250	147,294	87,044
Miscellaneous revenue	7,050	7,050	15,450	8,400
Total revenues	4,981,828	5,033,828	5,981,082	947,254
Expenditures				
General government	1,411,321	1,516,271	1,406,469	109,802
Public safety	1,495,969	1,630,019	1,549,218	80,801
Highways and public improvements	1,860,809	3,730,763	1,989,613	1,741,150
Parks, recreation and public property	131,084	131,084	113,671	17,413
Total expenditures	4,899,183	7,008,137	5,058,971	1,949,166
Excess (Deficiency) of Revenues Over (Under) Expenditures	82,645	(1,974,309)	922,111	2,896,420
Other financing sources and (uses)				
Bond proceeds	-	1,411,804	50,000	(1,361,804)
Transfers in	(35,258)	835,504	844,501	-
Transfer out	(580,000)	(1,455,762)	(1,455,762)	-
Total other financing sources and (uses)	(615,258)	791,546	(561,261)	-
Net change in fund balances	(532,613)	(1,182,763)	360,850	1,543,613
Fund balances - beginning of year	2,392,427	2,392,427	2,392,427	-
Fund balances - end of year	\$ 1,859,814	\$ 1,209,664	\$ 2,753,276	\$ 1,543,613

Brian Head Town
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2025
Last 10 Fiscal Years

	As of December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Noncontributory Retirement System										
Proportion of the net pension liability (asset)	0.0641109%	0.0617585%	0.0561989%	0.0555103%	0.0522912%	0.0528954%	0.0499581%	0.0497653%	0.0501275%	0.0266886%
Proportionate share of the net pension liability (asset)	\$ 203,303	\$ 143,253	\$ 96,255	\$ (317,913)	\$ 26,822	\$ 199,356	\$ 367,878	\$ 218,037	\$ 321,880	\$ 151,017
Covered employee payroll	\$ 563,967	\$ 576,718	\$ 516,466	\$ 516,091	\$ 479,554	\$ 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	36.05%	24.84%	18.64%	-61.60%	5.59%	41.32%	82.18%	49.61%	71.89%	64.75%
Plan fiduciary net position as a percentage of the total pension liability	96.02%	96.90%	97.50%	108.70%	99.20%	93.70%	87.00%	91.90%	87.30%	87.80%
Contributory System										
Proportion of the net pension liability (asset)	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.1755339%	0.5884290%
Proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 356,207	\$ 413,580
Covered employee payroll	\$ -	\$ -	\$ 3,249	\$ 8,164	\$ 5,922	\$ 5,400	\$ 3,544	\$ -	\$ 263,523	\$ 237,836
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	135.17%	173.89%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	86.50%	85.70%
Public Safety System										
Proportion of the net pension liability (asset)	0.2086394%	0.1997062%	0.2027732%	0.2128848%	0.1835541%	0.1846803%	0.1822860%	0.1767580%	0.0053147%	0.1608895%
Proportionate share of the net pension liability (asset)	\$ 322,828	\$ 285,613	\$ 262,201	\$ (172,893)	\$ 152,394	\$ 296,526	\$ 468,799	\$ 277,273	\$ 593	\$ 288,194
Covered employee payroll	\$ 361,526	\$ 333,046	\$ 323,467	\$ 332,388	\$ 288,902	\$ 282,743	\$ 272,022	\$ 262,815	\$ 43,585	\$ 243,214
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	89.30%	85.76%	81.06%	-52.02%	52.75%	104.87%	172.34%	105.50%	1.36%	118.49%
Plan fiduciary net position as a percentage of the total pension liability	93.30%	93.44%	93.60%	104.20%	95.50%	90.90%	84.70%	80.20%	95.10%	87.10%
Tier 2 Public Employees Retirement System										
Proportion of the net pension liability (asset)	0.0210610%	0.0163214%	0.0121994%	0.0074439%	0.0704130%	0.0067343%	0.0061638%	0.0064074%	0.0202390%	0.0053886%
Proportionate share of the net pension liability (asset)	\$ 62,812	\$ 31,768	\$ 13,284	\$ (3,151)	\$ 1,013	\$ 1,515	\$ 2,640	\$ 586	\$ (176)	\$ (12)
Covered employee payroll	\$ 623,126	\$ 421,963	\$ 265,276	\$ 137,982	\$ 112,590	\$ 93,476	\$ 72,021	\$ 62,687	\$ 16,722	\$ 3,480
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.08%	7.53%	5.01%	-2.28%	0.90%	1.62%	3.67%	0.90%	-1.05%	-0.03%
Plan fiduciary net position as a percentage of the total pension liability	87.44%	89.58%	92.30%	103.80%	98.30%	96.50%	90.80%	97.40%	103.60%	100.20%
Tier 2 Public Safety and Firefighters Retirement System										
Proportion of the net pension liability (asset)	0.0410476%	0.0434840%	0.0405593%	0.0283265%	0.0220288%	0.0256797%	0.0300984%	0.3635170%	0.0000000%	0.0000000%
Proportionate share of the net pension liability (asset)	\$ 18,565	\$ 16,380	\$ 3,384	\$ (1,432)	\$ 1,976	\$ 2,416	\$ 754	\$ (421)	\$ -	\$ -
Covered employee payroll	\$ 187,370	\$ 164,763	\$ 124,792	\$ 67,740	\$ 43,909	\$ 42,328	\$ 40,300	\$ 3,876	\$ -	\$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9.91%	9.94%	2.71%	-2.11%	4.50%	5.71%	1.87%	-1.10%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	90.10%	89.10%	96.40%	102.80%	93.10%	89.60%	95.60%	103.00%	0.00%	0.00%

Brian Head Town
SCHEDULE OF CONTRIBUTIONS
June 30, 2025
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
Noncontributory Retirement System	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%
	2021	92,296	92,296	-	499,708	18.47%
	2022	93,351	93,351	-	505,422	18.47%
	2023	97,030	97,030	-	540,241	17.96%
	2024	105,683	105,683	-	595,547	17.75%
	2025	87,135	87,135	-	524,872	16.60%
Public Safety System	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%
	2021	101,635	101,635	-	298,575	34.04%
	2022	116,388	116,388	-	341,915	34.04%
	2023	109,535	109,535	-	321,784	34.04%
	2024	117,202	117,202	-	344,308	34.04%
	2025	127,031	127,031	-	378,744	33.54%
Tier 2 Public Employees Retirement System*	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%
	2021	18,261	18,261	-	115,611	15.79%
	2022	29,722	29,722	-	185,954	15.98%
	2023	52,173	52,173	-	325,876	16.01%
	2024	81,482	81,482	-	508,943	16.01%
	2025	112,940	112,940	-	743,517	15.19%
Tier 2 Public Safety and Firefighter System*	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%
	2021	11,800	11,800	-	45,533	25.92%
	2022	23,373	23,373	-	90,486	25.83%
	2023	40,897	40,897	-	158,333	25.83%
	2024	44,721	44,721	-	173,135	25.83%
	2025	50,358	50,358	-	198,806	25.33%

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

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

COMBINING STATEMENTS

Brian Head Town
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

	Redevelopment Agency Fund	Municipal Building Authority	Debt Service Fund	Asset Replacement Fund	Total Non-Major Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 695,528	-	-	512,905	1,208,433
Accounts receivable	26,469	-	-	-	26,469
Restricted cash and cash equivalents	-	1,348	264,679	-	266,027
TOTAL ASSETS	\$ 721,997	1,348	264,679	512,905	1,500,929
LIABILITIES					
Accounts payable	\$ 99,618	-	-	7,093	106,711
Unearned revenue	-	-	-	-	-
TOTAL LIABILITIES	99,618	-	-	7,093	106,711
FUND BALANCES:					
Restricted for:					
Debt service	-	1,348	264,679	-	266,027
Committed for:					
Redevelopment agency	622,378	-	-	-	622,378
Assigned for:					
Capital projects	-	-	-	505,812	505,812
TOTAL FUND BALANCES	622,378	1,348	264,679	505,812	1,394,217
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 721,997	1,348	264,679	512,905	1,500,929

Brian Head Town

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2025

	Redevelopment Agency Fund	Municipal Building Authority	Debt Service Fund	Asset Replacement Fund	Total Non-Major Governmental Funds
REVENUES:					
Property taxes	\$ 409,603	-	1,230	-	410,833
Intergovernmental revenues	17,854	-	-	42,929	60,782
Charges for services	-	120,620	-	-	120,620
Interest	28,549	-	13,043	-	41,592
Miscellaneous	3,590	-	-	-	3,590
Total revenues	459,596	120,620	14,273	42,929	637,418
EXPENDITURES:					
General government	202,997	-	-	42,566	245,564
Public safety	-	-	-	115,503	115,503
Highways and public improvements	-	-	-	99,469	99,469
Parks, recreation and public property	-	-	-	-	-
Debt service:					
Principal	-	78,000	-	5,004	83,004
Interest	-	42,620	-	-	42,620
Total expenditures	202,997	120,620	-	262,543	586,161
Excess (deficiency) of revenues over (under) expenditures	256,599	-	14,273	(219,615)	51,257
Other financing sources and (uses):					
Sale of capital assets	-	-	-	87,820	87,820
Transfers in	-	-	-	335,000	335,000
Transfers out	(35,258)	-	-	-	(35,258)
Total other financing sources and (uses)	(35,258)	-	-	422,820	387,562
Net change in fund balances	221,341	-	14,273	203,205	438,819
Fund balances - beginning of year	401,038	1,348	250,406	302,607	955,399
Fund balance - end of year	\$ 622,378	1,348	264,679	505,812	1,394,217

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OTHER REPORTS

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Certified Public Accountants

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St. George, UT 84770

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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*

To the Mayor and Town Council
Brian Head Town, Utah

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, Utah (Town) as of and for the year ended June 30, 2025, 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 February 20, 2026.

Report on 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.

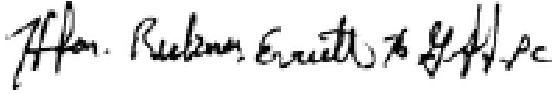
Report on Compliance and Other Matters

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.

A handwritten signature in black ink, appearing to read "Hafen, Buckner, Everett, & Graff, PC". The signature is written in a cursive, flowing style.

Hafen, Buckner, Everett, & Graff, PC
St. George, Utah
February 20, 2026

Certified Public Accountants
90 E 200 N
St. George, UT 84770
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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
Brian Head, Utah

Report On Compliance

We have audited the Brian Head Town, Utah's (the Town) compliance with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2025.

State compliance requirements were tested for the year ended June 30, 2025, in the following areas:

Budgetary Compliance	Impact Fees
Fund Balance	Utah State Retirement Systems
Restricted Taxes and Related Revenues	
Fraud Risk Assessment	
Governmental Fees	

Opinion on Compliance

In our opinion, Brian Head Town, Utah complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2025.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Guide will always detect material

noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of the government program as a whole.

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

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

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

Report on Internal Control Over Compliance

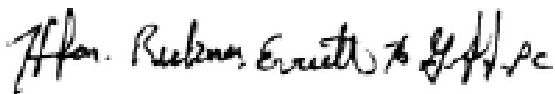
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct noncompliance with a state compliance requirement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

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose. However, pursuant to Utah Code Title 63G, Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.



Hafen, Buckner, Everett & Graff, PC
St. George, Utah
February 20, 2026

Brian Head Town
State Compliance Findings and Recommendations
June 30, 2025

Current Year State Compliance Findings:

None for FY2025.

Prior Year State Compliance Findings:

None for FY2024.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Mayor and Town Council
Brian Head Town, Utah

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Brian Head Town, Utah's (Town) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2025. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it

exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

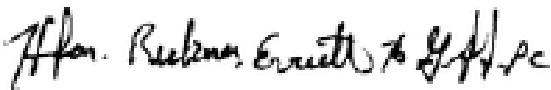
Report on Internal Control over Compliance

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 type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 type of compliance requirement of a federal program 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Hafen, Buckner, Everett, & Graff, PC
St. George, Utah
February 20, 2026

Brian Head Town
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number (ALN)</i>	<i>Pass-through Grantor</i>	<i>Pass-through Grantor Number</i>	<i>Federal Expenditures(\$)</i>	<i>Program Tested in FY2025</i>
Direct Program(s)					
Department of Homeland Security					
Assistance to Firefighters Grant	97.044		N/A	42,929	
Total Assistance to Firefighters Grant				42,929	
Total Department of Homeland Security				42,929	
Pass Through Program(s)					
United States Environmental Protection Agency					
Drinking Water State Revolving Fund	66.468	State of Utah Department of Environmental Quality	3LNS22, SRF#3F1910	2,605,699	X
Total Drinking Water State Revolving Fund				2,605,699	
Total United States Environmental Protection Agency				2,605,699	
Department of Housing and Urban Development					
Community Development Block Grants/State's program	14.228	Utah Department of Workforce Services	25-DWS-0167	123,551	
Total Community Development Block Grants/State's program				123,551	
Total Department of Housing and Urban Development				123,551	
Department of the Treasury					
Coronavirus State and Local Fiscal Recovery Funds	21.027	State of Utah Department of Environmental Quality	SLFRP3929, SRF#3F1861A	384,663	
Total Coronavirus State and Local Fiscal Recovery Funds				384,663	
Total Department of the Treasury				384,663	
Total Expenditures of Federal Awards				\$ 3,156,842	

The accompanying notes are an integral part of this schedule

Brian Head Town
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOOTNOTES
JUNE 30, 2025

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOOTNOTES

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Brian Head Town (Town) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and requirements for Federal Awards (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position or changes in financial position of the Town.

Note B: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting as described in Note 1 of the Town's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C: Indirect Costs

The Town elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Brian Head Town
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025

I. SUMMARY OF AUDITOR'S RESULTS

Government Auditing Standards – Financial Statements

- A. Type of audit report issued on the financial statements: Unmodified opinion.
- B. Internal control over financial reporting:
Material weakness identified: None.
Significant deficiencies identified that were not considered to be material weaknesses: None.
- C. Instances of noncompliance material to the financial statements: None.

Uniform Guidance – Federal Programs

- D. Internal control over major programs:
Material weakness identified: None.
Significant deficiencies identified that were not considered to be material weaknesses: None
- E. Type of report issued on compliance for major programs: Unmodified opinion.
- F. Audit findings required to be reported in accordance with 2 CFR section 200.516(a): None.
- G. Major Programs:
- | <u>Program</u> | <u>ALN</u> | <u>Amount</u> |
|-------------------------------------|-------------------|----------------------|
| Drinking Water State Revolving Fund | 66.468 | \$ 2,605,699 |
- H. Dollar threshold used to distinguish between Type A and B programs: \$750,000
- I. Brian Head Town does not qualify as a low-risk auditee.
- J. Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: None.
- K. Findings and Questioned Costs Related to Federal Awards: None.
- L. Summary Schedule of Prior Audit Findings required to be reported: None.

Certified Public Accountants
90 E 200 N
St. George, UT 84770
www.HBEG.com

February 20, 2026

To the Mayor, Town Council, and Town Manager:
Brian Head Town

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Brian Head Town, Utah (Town) for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 8, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 1 to the financial statements. During the year, Government Accounting Standards Board Statement (GASB) No. 101, compensated absences was implemented. This standard requires the recognition of a liability for leave that is attributable to past service, accumulates, and is likely to be used or paid out. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town's financial statements were:

1. Uncollectible revenues
2. Useful lives of capital assets

Management's estimate of the uncollectible revenues and useful lives of capital assets is based on prior experience with uncollectible revenues and capital assets. We evaluated the key factors and assumptions used to develop the estimate of the uncollectible revenues and useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected because of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 20, 2026.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

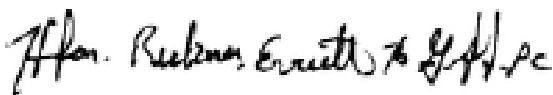
Other Matters

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

Restriction on Use

This information is intended solely for the use of Mayor, Town Council, and Town Manager and management of Brian Head Town and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Hafen, Buckner, Everett, & Graff, PC

St. George, Utah

February 20, 2026