



# HIDEOUT, UTAH TOWN COUNCIL REGULAR MEETING AND CONTINUED PUBLIC HEARING

May 09, 2024

## Agenda

PUBLIC NOTICE IS HEREBY GIVEN that the Town Council of Hideout, Utah will hold its Regular Meeting and Continued Public Hearing electronically and in-person at Hideout Town Hall, located at 10860 N. Hideout Trail, Hideout Utah, for the purposes and at the times as described below on Thursday, May 9, 2024.

All public meetings are available via ZOOM conference call and YouTube Live.

Interested parties may join by dialing in as follows:

**Zoom Meeting URL:** <https://zoom.us/j/4356594739>  
**To join by telephone dial:** US: +1 408 638 0986      **Meeting ID:** 435 659 4739  
**YouTube Live Channel:** <https://www.youtube.com/channel/UCKdWnJad-WwvcAK75QjRb1w/>

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Regular Meeting and Continued Public Hearing  
6:00 PM

- I. Call to Order and Pledge of Allegiance
- II. Roll Call
- III. Public Input - Floor open for any attendee to speak on items not listed on the agenda
- IV. Agenda Items
  1. [Presentation of the annual municipal audit performed by Ben Probst](#)
  2. [Presentation and discussion of the Town of Hideout budget restatement for Fiscal Year 2024 and presentation of Tentative Budget for Fiscal Year 2025](#)
  3. Discussion regarding designated code enforcement officers and procedure
  4. [Presentation of a Thank You Letter offered from The Peace House of Park City](#)
  5. Update of the fundraising efforts for Station 56
  6. [Consideration of approving Ordinance 2024-O-XX amending Hideout Municipal Code 1.16.060 EXEMPTIONS TO COMPETITIVE BIDDING REQUIREMENTS](#)
- V. **Continued Public Hearing**
  1. [Consideration of an amendment of the Master Development Agreement \(MDA\) for Deer Springs allowing short-term rentals in Phases 2B, 4, and 8](#)
- VI. Committee Updates
  1. Planning Commission - *Planning Commissioner Joel Pieper*
  2. Economic Development Committee - *Council Member Severini*
  3. Design Review Committee - *Town Planner Thomas Eddington*
  4. Parks, Open Space and Trails (POST) Committee - *Council Member Baier*
  5. Transportation Committee - *Council Member Haselton*
- VII. Approval of Council Minutes
  1. [March 6, 2024 Town Council Meeting Minutes DRAFT](#)
- VIII. Follow up of Items from Approved Minutes
- IX. Closed Executive Session - Discussion of pending or reasonably imminent litigation, personnel matters, and/or sale or acquisition of real property as needed
- X. Meeting Adjournment

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Pursuant to the Americans with Disabilities Act, individuals needing special accommodations during the meeting should notify the Mayor or City Recorder at 435-659-4739 at least 24 hours prior to the meeting.

**HIDEOUT TOWN COUNCIL**  
10860 N. Hideout Trail  
Hideout, UT 84036  
Phone: 435-659-4739  
Posted 05/08/2024

**File Attachments for Item:**

1. Presentation of the annual municipal audit performed by Ben Probst

Hideout Town  
**ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2023

Hideout Town  
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June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of Town Council  
Hideout Town, Utah

**Opinions**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Hideout Town, Utah (the Town), as of and for the year ended June 30, 2023, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Hideout Town, as of June 30, 2023 and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund, 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hideout 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Hideout 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 responsibility is to express opinions on these financial statements based on our audit. We conducted our objectives 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 Hideout 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 Hideout 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, and Utah Retirement systems tables, on pages as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2024, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town’s internal control over financial reporting and compliance.

***Gilbert & Stewart***

GILBERT & STEWART, CPA, PC  
Provo, Utah  
March 30, 2024

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Hideout Town  
**Management's Discussion and Analysis**  
June 30, 2023

Item # 1.

As management of Hideout 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, 2023.

### **FINANCIAL HIGHLIGHTS**

- \*Total net position for the Town as a whole increased by \$435,697
- \*Total unrestricted net position for the Town as a whole decreased by \$21,619
- \*Total net position for governmental activities increased by \$219,651
- \*Total net position for business-type activities increased by \$216,046

### **BASIC FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Hideout 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.

Hideout Town  
**Management's Discussion and Analysis**  
June 30, 2023

Item # 1.

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 one major governmental fund, the general 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's proprietary funds are all of the enterprise type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses one enterprise funds to account for the operations of the water, waste water, and storm water utilities.

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.

Hideout Town  
**Management's Discussion and Analysis**  
 June 30, 2023

Item # 1.

**FINANCIAL ANALYSIS**

**Hideout Town's Net Position**

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 4,150,194	4,336,627	2,048,930	1,425,668	6,199,124	5,762,295
Net capital assets	9,660,028	9,318,753	4,923,793	5,062,157	14,583,821	14,380,910
Deferred outflows of resources	66,340	38,010	91,612	52,664	157,952	90,674
<b>Total assets and deferred outflows</b>	<b>13,876,562</b>	<b>13,693,389</b>	<b>7,064,335</b>	<b>6,540,489</b>	<b>20,940,897</b>	<b>20,233,878</b>
Long-term debt outstanding	406,668	426,221	10,893	21,515	417,561	447,736
Other liabilities	2,881,273	2,887,019	450,701	78,536	3,331,974	2,965,555
Deferred inflows of resources	278,796	284,762	496	54,239	279,292	339,001
<b>Total liabilities and deferred inflows</b>	<b>3,566,738</b>	<b>3,598,001</b>	<b>462,090</b>	<b>154,289</b>	<b>4,028,827</b>	<b>3,752,291</b>
Net position:						
Net investment in						
capital assets	9,253,359	8,892,532	4,912,901	5,040,643	14,166,260	13,933,174
Restricted	450,180	231,164	-	-	450,180	231,163
Unrestricted	606,285	971,692	1,689,345	1,345,557	2,295,630	2,317,249
<b>Total net position</b>	<b>\$ 10,309,825</b>	<b>10,095,388</b>	<b>6,602,246</b>	<b>6,386,200</b>	<b>16,912,070</b>	<b>16,481,588</b>

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflow of resources at the close of the year by \$16,912,070, an increase of \$430,482 from the previous year, after a prior period adjustment of \$5,215.

Total unrestricted net position at the end of the year are \$2,295,630 which represents an increase of -\$21,619 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.

Hideout Town  
**Management's Discussion and Analysis**  
 June 30, 2023

Item # 1.

**FINANCIAL ANALYSIS (continued)**

**Hideout Town's Change in Net Position**

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
<b>Program revenues:</b>						
Charges for services	\$ 748,150	1,080,179	1,547,996	1,189,889	2,296,146	2,270,068
Operating grants & contributions	62,860	126,684	-	61,419	62,860	188,103
Capital grants & contributions	-	474,480	-	1,107,120	-	1,581,600
<b>General revenues:</b>						
Property taxes	360,188	365,665	-	-	360,188	365,665
Sales tax	316,514	237,147	-	-	316,514	237,147
Impact fees	397,393	517,664	139,015	67,450	536,408	585,114
Other revenues	22,846	36,271	-	-	22,846	36,271
<b>Total revenues</b>	<b>1,907,950</b>	<b>2,838,089</b>	<b>1,687,011</b>	<b>2,425,878</b>	<b>3,594,962</b>	<b>5,263,968</b>
<b>Expenses:</b>						
General government	1,326,835	1,015,873	-	-	1,326,835	1,015,873
Public safety	89,498	79,927	-	-	89,498	79,927
Highways & public improvements	250,713	1,121,778	-	-	250,713	1,121,778
Parks and recreation	10,794	6,314	-	-	10,794	6,314
Interest expense	10,458	10,867	-	-	10,458	10,867
Water utility	-	-	1,470,965	1,515,910	1,470,965	1,515,910
<b>Total expenses</b>	<b>1,688,300</b>	<b>2,234,758</b>	<b>1,470,965</b>	<b>1,515,910</b>	<b>3,159,264</b>	<b>3,750,668</b>
<b>Change in net position</b>	<b>\$ 219,651</b>	<b>603,331</b>	<b>216,046</b>	<b>909,968</b>	<b>435,697</b>	<b>1,513,300</b>

For the Town as a whole, total revenues decreased by \$1,669,006 compared to the previous year, while total expenses decreased by \$591,404. The total net change of \$435,697 is, in private sector terms, the net income for the year which was \$1,077,603 less than the previous year's net change (net income).

Governmental activities revenues of \$1,907,950 is a decrease of \$930,139 from the previous year. This decrease is primarily due to decreases in impact fees and grant revenues. Governmental activities expenses of \$1,688,300 is a decrease of \$546,459 from the previous year. While the general government, public safety and parks and recreation departments increased, the highways and public improvements department decreased by \$871,065.

Business-type activities revenue of \$1,687,011 is a decrease of \$738,867 from the previous year. Service revenues increased by \$358,107 and capital grants and contributions decreased by \$1,107,120. Business-type activities expenses of \$1,470,965 is a decrease of \$44,945 from the previous year.

## BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

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

### *General Fund*

The fund balance of \$1,021,698 reflects a decrease of \$95,008 from the previous year. Total revenues decreased by \$210,775. Tax revenues, including property taxes and sales taxes, increased by \$181,806. Licenses and permits revenues decreased by \$326,573. Intergovernmental revenue decreased by \$63,824. Revenues from interest increased by \$19,928. All other revenues decreased by \$22,112.

Total expenditures, exclusive of transfers out, increased by \$376,629. General government expenditures increased by \$301,442, public safety expenditures increased by \$9,571, streets and highways expenditures increased by \$61,431, and parks and recreation expenditures increased by \$4,480. Debt service expenditures decreased by \$296.

The nonspendable and restricted general fund balance is \$760,514 and \$450,180, respectively, leaving a deficit unassigned fund balance of \$188,997.

### *Capital Projects Fund*

The fund balance decreased from \$5,215 to \$0 during the year, which resulted from impact fee revenues of \$380,695 and impact fee expenditures of \$380,695, and prior period adjustment of \$5,215.

### *Water Fund*

The change in net position (net income) for the year was \$216,046 compared to the previous year net income of \$909,968. Unrestricted net position amounts to \$1,689,345.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of fund balance appropriations, were originally budgeted in the amount of \$1,681,165. This amount was amended in the final budget to \$1,638,635. Actual revenues, excluding transfers, amounted to \$1,564,515.

Expenditures for the current year, excluding budgeted increases in fund balance, were originally budgeted in the amount of \$1,791,576. This amount was amended in the final budget to \$1,791,576. Actual expenditures amounted to \$1,676,222.

Hideout Town  
**Management's Discussion and Analysis**  
 June 30, 2023

Item # 1.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Hideout Town's Capital Assets (net of depreciation)**

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
<b>Net Capital Assets:</b>						
Land	\$ 374,480	374,480	757,120	757,120	1,131,600	1,131,600
Buildings	636,669	636,669	358,580	358,580	995,249	995,249
Improvements other than buildings	13,274,738	12,503,776	-	-	13,274,738	12,503,776
Machinery and equipment	273,275	238,175	124,399	42,499	397,675	280,675
Utility systems	-	-	6,070,990	6,070,990	6,070,990	6,070,990
Work in progress	-	-	-	-	-	-
Total Capital Assets	14,559,162	13,753,100	7,311,090	7,229,190	21,870,252	20,982,290
Less accumulated depreciation	(4,899,134)	(4,434,347)	(2,387,297)	(2,167,033)	(7,286,431)	(6,601,380)
<b>Totals</b>	<b>\$ 9,660,028</b>	<b>9,318,753</b>	<b>4,923,793</b>	<b>5,062,157</b>	<b>14,583,821</b>	<b>14,380,910</b>

The total amount of capital assets, net of depreciation, of \$14,583,821 is an increase of \$202,911 from the previous year.

Governmental activities capital assets, net of depreciation, of \$9,660,028 is an increase of \$341,275 from the previous year.

Business-type activities capital assets, net of depreciation, of \$4,923,793 is a decrease of \$138,364 from the previous year.

The amount of increases in capital asset balances, net of depreciation, represent the amount that investments in new capital assets exceeded depreciation charged on capital assets during the year.

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

Hideout Town  
**Management's Discussion and Analysis**  
 June 30, 2023

Item # 1.
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**Hideout Town's Outstanding Debt**

	Current Year	Previous Year
<b>Governmental activities</b>		
2011 Lease Revenue Bond	\$ 402,000	417,000
Skid Steer Lease	4,668	9,221
Total governmental	406,668	426,221
<b>Business-type activities:</b>		
1996 DWR Water Revenue	10,893	21,515
Total business-type	10,893	873,956
<b>Total outstanding debt</b>	<b>\$ 417,561</b>	<b>873,956</b>

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

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

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

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Hideout 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 Hideout Town 10860 N. Hideout Trail, Hideout, Utah 84036.

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**BASIC FINANCIAL STATEMENTS**

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Hideout Town  
**STATEMENT OF NET POSITION**  
June 30, 2023

Item # 1.

	Governmental Activities	Business-type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>			
Assets:			
Current assets:			
Cash and cash equivalents	\$ -	1,615,898	1,615,898
Accounts receivable, net	547,362	360,260	907,623
Prepaid expense	760,514	28,584	789,098
Total current assets	<u>1,307,876</u>	<u>2,004,742</u>	<u>3,312,618</u>
Non-current assets:			
Restricted cash and cash equivalents	2,842,318	44,188	2,886,506
Capital assets:			
Not being depreciated	374,480	757,120	1,131,600
Net of accumulated depreciation	9,285,548	4,166,673	13,452,221
Total non-current assets	<u>12,502,346</u>	<u>4,967,981</u>	<u>17,470,327</u>
Total assets	<u>13,810,222</u>	<u>6,972,723</u>	<u>20,782,945</u>
Deferred outflows of resources - pensions	66,340	91,612	157,952
<b>Total assets and deferred outflows of resources</b>	<b><u>\$ 13,876,562</u></b>	<b><u>7,064,335</u></b>	<b><u>20,940,897</u></b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 89,270	14,789	104,060
Accrued liabilities	363,198	368,922	732,120
Unearned revenue	4,000	-	4,000
Customer deposits	2,379,890	11,300	2,391,190
Accrued interest	-	185	185
Long-term debt due within one year	20,668	10,893	31,561
Total current liabilities	<u>2,857,027</u>	<u>406,089</u>	<u>3,263,116</u>
Non-current liabilities:			
Compensated absences	13,701	12,402	26,103
Net pension liability	31,213	43,103	74,316
Long-term debt due after one year	386,000	-	386,000
Total non-current liabilities	<u>430,914</u>	<u>55,505</u>	<u>486,419</u>
Total liabilities	<u>3,287,942</u>	<u>461,594</u>	<u>3,749,535</u>
Deferred inflows of resources - property taxes	278,436	-	278,436
Deferred inflows of resources - pensions	360	496	856
<b>Total liabilities and deferred inflows of resources</b>	<b><u>3,566,738</u></b>	<b><u>462,090</u></b>	<b><u>4,028,827</u></b>
<b>NET POSITION:</b>			
Net investment in capital assets	9,253,359	4,912,901	14,166,260
Restricted for:			
Class C roads	200,843	-	200,843
Debt service	29,988	-	29,988
MIDA funds	219,350	-	219,350
Unrestricted	606,285	1,689,345	2,295,630
<b>Total net position</b>	<b><u>10,309,825</u></b>	<b><u>6,602,246</u></b>	<b><u>16,912,071</u></b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b><u>\$ 13,876,562</u></b>	<b><u>7,064,335</u></b>	<b><u>20,940,897</u></b>

Hideout Town  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2023

Item # 1.

<b><u>FUNCTIONS/PROGRAMS:</u></b>	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 1,326,835	710,650	-	-	(616,185)
Public safety	89,498	-	-	-	(89,498)
Streets and highways	250,713	37,500	62,860	-	(150,353)
Parks and recreation	10,794	-	-	-	(10,794)
Interest on long-term debt	10,458	-	-	-	(10,458)
<b>Total governmental activities</b>	<b>1,688,300</b>	<b>748,150</b>	<b>62,860</b>	-	<b>(877,289)</b>
Business-type activities:					
Water	1,470,965	1,547,996	-	-	77,031
<b>Total business-type activities</b>	<b>1,470,965</b>	<b>1,547,996</b>	-	-	<b>77,031</b>
<b>Total primary government</b>	<b>\$ 3,159,264</b>	<b>2,296,146</b>	<b>62,860</b>	-	<b>(800,258)</b>

(continued on next page)

Hideout Town  
**STATEMENT OF ACTIVITIES (continued)**  
For the Year Ended June 30, 2023

Item # 1.

	Governmental Activities	Business-type Activities	Total
<b>CHANGES IN NET POSITION:</b>			
<b>Net (expense) revenue (from previous page)</b>	<b>\$ (877,289)</b>	<b>77,031</b>	<b>(800,258)</b>
<b>General revenues:</b>			
Property taxes	360,188	-	360,188
Sales tax	234,344	-	234,344
Other taxes	82,169	-	82,169
Unrestricted investment earnings	22,437	-	22,437
Impact fees	397,393	139,015	536,408
Miscellaneous	409	-	409
Total general revenues	1,096,940	139,015	1,235,955
<b>Change in net position</b>	<b>219,651</b>	<b>216,046</b>	<b>435,697</b>
Net position - beginning	10,095,388	6,386,200	16,481,588
Prior period adjustment	(5,215)	-	(5,215)
<b>Net position - ending</b>	<b>\$ 10,309,825</b>	<b>6,602,246</b>	<b>16,912,071</b>

Hideout Town  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
 June 30, 2023

Item # 1.

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	-	-
Receivables, net	547,362	-	547,362
Prepaid expenses	760,514	-	760,514
Restricted cash and cash equivalents	2,605,402	236,916	2,842,318
<b>TOTAL ASSETS</b>	<b><u>\$ 3,913,279</u></b>	<b><u>236,916</u></b>	<b><u>4,150,194</u></b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Liabilities:			
Accounts payable	\$ 89,270	-	89,270
Accrued liabilities	126,283	236,915	363,198
Compensated absences	13,701	-	13,701
Unearned revenue	4,000	-	4,000
Customer deposits	2,379,890	-	2,379,890
Total liabilities	2,613,145	236,915	2,850,060
Deferred inflows of resources - property taxes	278,436	-	278,436
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b><u>2,891,581</u></b>	<b><u>236,915</u></b>	<b><u>3,128,496</u></b>
<b>FUND BALANCES:</b>			
Nonspendable for:			
Prepays	760,514	-	760,514
Restricted for:			
Class C roads	200,843	-	200,843
Debt service	29,988	-	29,988
MIDA funds	219,350	-	219,350
Unassigned	(188,997)	-	(188,996)
<b>TOTAL FUND BALANCES</b>	<b><u>1,021,698</u></b>	<b><u>-</u></b>	<b><u>1,021,698</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 3,913,279</u></b>	<b><u>236,915</u></b>	<b><u>4,150,194</u></b>

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

For the Year Ended June 30, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES:</b>			
Taxes:			
Property	\$ 414,145	-	414,145
Sales	234,344	-	234,344
Other taxes	82,169	-	82,169
Licenses and permits	745,704	-	745,704
Intergovernmental revenues	62,860	-	62,860
Charges for services	2,446	-	2,446
Fines and forfeitures	-	-	-
Interest	22,437	-	22,437
Miscellaneous revenue	409	-	409
<b>Total revenues</b>	<b>1,564,515</b>	<b>-</b>	<b>1,564,515</b>
<b>EXPENDITURES:</b>			
General government	1,322,637	-	1,322,637
Public safety	89,498	-	89,498
Highways and public improvements	223,282	380,695	603,977
Parks, recreation and public property	10,794	-	10,794
Debt service:			
Principal	19,552	-	19,552
Interest	10,458	-	10,458
<b>Total expenditures</b>	<b>1,676,222</b>	<b>380,695</b>	<b>2,056,917</b>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b>(111,706)</b>	<b>(380,695)</b>	<b>(492,401)</b>
<b>Other Financing Sources and (Uses):</b>			
Impact fees	16,698	380,695	397,393
<b>Total other financing sources and (uses)</b>	<b>16,698</b>	<b>380,695</b>	<b>397,393</b>
<b>Net Change in Fund Balances</b>	<b>(95,008)</b>	<b>-</b>	<b>(95,008)</b>
Fund balances - beginning of year	1,116,706	5,215	1,121,921
Prior period adjustment	-	(5,215)	(5,215)
<b>Fund balance - end of year</b>	<b>\$ 1,021,698</b>	<b>-</b>	<b>1,021,698</b>

Hideout Town  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
 June 30, 2023

Item # 1.

<b>Total Fund Balance for Governmental Funds</b>	<b><u>\$ 1,021,698</u></b>
<p>Total net assets reported for governmental activities in the statement is different because:</p>	
<p>Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds:</p>	
Capital assets, at cost	14,559,162
Less accumulated depreciation	<u>(4,899,134)</u>
Net capital assets	<u>9,660,028</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>66,340</u>
<p>Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.</p>	
General long-term debt	<u>(406,668)</u>
Net pension liability	<u>(31,213)</u>
<p>Certain revenue is deferred in governmental funds but not in the statement of net position because it qualifies for recognition under the economic resources measurement focus.</p>	
Deferred inflows of resources - delinquent property tax	<u>-</u>
Deferred inflows of resources - pensions	<u>(360)</u>
<b>Total Net Position of Governmental Activities</b>	<b><u><u>\$ 10,309,825</u></u></b>



**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, 2023

**Net Change in Fund Balances - Total Governmental Funds** \$ (95,008)

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 is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays	806,062
Donated capital assets	-
Depreciation expense	<u>(464,787)</u>
Net	<u>341,275</u>

The Statement of Activities shows pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements. 7,790

Repayment of debt principal 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>19,552</u>
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Governmental funds do not report certain revenues because these revenues are not available for current period expenses.

Change in deferred inflow of resources - delinquent property tax	<u>(53,958)</u>
------------------------------------------------------------------	-----------------

**Change in Net Position of Governmental Activities** \$ 219,651

Hideout Town  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
 June 30, 2023

Item # 1.

	Water Fund
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>	
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,615,898
Accounts receivable, net	360,260
Prepaid expense	28,584
Total current assets	2,004,742
Non-current assets:	
Restricted cash and cash equivalents	44,188
Capital assets:	
Not being depreciated	757,120
Net of accumulated depreciation	4,166,673
Net pension asset	-
Total non-current assets	4,967,981
Total assets	6,972,723
Deferred outflows of resources - pensions	91,612
<b>Total assets and deferred outflows of resources</b>	<b>\$ 7,064,335</b>
 <b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>	
Liabilities:	
Current liabilities:	
Accounts payable	\$ 14,789
Accrued liabilities	368,922
Customer security deposits	11,300
Accrued interest	185
Long-term debt, current portion	10,893
Total current liabilities	406,089
Non-current liabilities:	
Compensated absences	12,402
Net pension liability	43,103
Long-term debt, non-current portion	-
Total non-current liabilities	55,505
Total liabilities	461,594
Deferred inflows of resources - pensions	496
<b>Total liabilities and deferred inflows of resources</b>	<b>462,090</b>
 <b>NET POSITION:</b>	
Net investment in capital assets	4,912,901
Restricted impact fees	-
Unrestricted	1,689,345
<b>Total net position</b>	<b>6,602,246</b>
 <b>Total liabilities, deferred inflows of resources and net position</b>	 <b>\$ 7,064,335</b>

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

Item # 1.

For the Year Ended June 30, 2023

	Water Fund
<b>Operating income:</b>	
Charges for sales and service	\$ 1,458,318
Connection fees	78,683
Other operating income	10,995
<b>Total operating income</b>	<b>1,547,996</b>
<b>Operating expenses:</b>	
Personnel services	456,317
Utilities	23,529
Meters	51,070
Repair and maintenance	26,011
Professional and technical	140,985
Water expense	297,269
Sewer expense	96,585
Storm water expense	70,580
Water reservation fees	56,365
Other supplies and expenses	31,624
Bad debt expense	-
Depreciation expense	220,264
<b>Total operating expense</b>	<b>1,470,597</b>
<b>Net operating income (loss)</b>	<b>77,399</b>
<b>Non-operating income (expense):</b>	
Impact fees	139,015
Grant revenue	-
Interest income	-
Interest on long-term debt	(368)
<b>Total non-operating income (expense)</b>	<b>138,647</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>216,046</b>
Capital contributions	-
<b>Change in net position</b>	<b>216,046</b>
Net position - beginning	6,386,200
<b>Net position - ending</b>	<b>\$ 6,602,246</b>

Hideout Town  
**STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2023

Item # 1.

	Water Fund
<b>Cash flows from operating activities:</b>	
Cash received from customers - service	\$ 1,386,375
Cash paid to suppliers	(502,313)
Cash paid to employees	(464,414)
<b>Net cash provided (used) in operating activities</b>	<b>419,647</b>
 <b>Cash flows from noncapital financing activities:</b>	
Customer deposits	2,600
<b>Net cash provided (used) in noncapital financing activities</b>	<b>2,600</b>
 <b>Cash flows from capital and related financing activities:</b>	
Cash from impact fees	170,616
Cash from grants	30,710
Cash payments for capital assets	(81,900)
Cash payments for long-term debt principal	(10,622)
Cash payments for long-term debt interest	(549)
<b>Net cash provided (used) in capital and related financing activities</b>	<b>108,255</b>
 <b>Cash flows from investing activities:</b>	
Cash received from interest earned	-
<b>Net cash provided (used) in investing activities</b>	-
 <b>Net increase (decrease) in cash</b>	<b>530,502</b>
Cash balance - beginning	1,129,584
<b>Cash balance - ending</b>	<b>\$ 1,660,086</b>
 <b>Cash reported on the statement of net position:</b>	
Cash and cash equivalents	\$ 1,615,898
Non-current restricted cash	44,188
<b>Total cash and cash equivalents</b>	<b>\$ 1,660,086</b>

Hideout Town  
**STATEMENT OF CASH FLOWS (continued)**  
For the Year Ended June 30, 2023

Item # 1.

<b>Reconciliation of Operating Income to Net Cash Provided (Used) in Operating Activities:</b>	<u>Water Fund</u>
<b>Net operating income (expense)</b>	<b>\$ 77,399</b>
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:	
Depreciation and amortization	220,264
Changes in assets and liabilities:	
(Increase) decrease in receivables	(161,621)
(Increase) decrease in prepaid expense	(803)
(Increase) decrease in net pension asset	38,954
(Increase) decrease in deferred outflows	(38,948)
Increase (decrease) in payables	292,505
Increase (decrease) in payroll payables	2,179
Increase (decrease) in compensated absences	358
Increase (decrease) in net pension liability	43,103
Increase (decrease) in deferred inflows	<u>(53,743)</u>
<b>Net cash provided (used) in operating activities</b>	<b><u>\$ 419,647</u></b>
 <b>Noncash financing and investing activities:</b>	
Donated property and land	\$ -

Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

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

**1-A. Reporting entity**

Hideout Town (the Town), a municipal corporation located in Wasatch County, Utah, operates under a Mayor-Council form of government. The accompanying financial statements present the Town and its component units, or entities for which the Town is considered to be financially accountable.

The Town has no component units and is not a component unit of another entity.

**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 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.

Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**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 they are 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.

Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

**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 *capital projects fund* is used to account for the acquisition or construction of major capital facilities of the Town (other than those financed by proprietary funds).

*Proprietary funds*

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

The *water utility fund* is used to account for the activities regarding culinary water distribution.

**1-E. Assets, Liabilities, and Net Assets 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 2.

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

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

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

**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. Customer accounts are reported net of any allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

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.



Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**1-E. Assets, Liabilities, and Net Assets or Equity (continued)**

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

Property taxes are assessed and collected for the Town by Wasatch 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 consist of immaterial amounts of expendable supplies for consumption and are not reported. 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. 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 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.

Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

**1-E. Assets, Liabilities, and Net Assets or Equity (continued)**

**1-E-6. Capital Assets (continued)**

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 and improvements	60
Utility systems	30
Infrastructure	30
Vehicles and equipment	7-10

**1-E-7. 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 position. 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. Significant or material bond issuance costs are reported as deferred charges.

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

**1-E-8. Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

**1-E-9. 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. The Town also reports deferred inflows of resources related to pensions as required by GASB 68.

Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

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

**1-E-10. Net position flow assumption**

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted - net position to have been depleted before unrestricted – net position is applied.

**1-E-11. Fund balance flow assumptions**

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to reports as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted fund balance to have been depleted before using and of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**1-E-12. Fund balance policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the Town’s highest level of decision-making authority. The Town Council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**1-E-13. 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.

Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

**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.

Once adopted, the budget may be amended by the Town Council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. 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 net position**

None of the Town's funds have deficit fund balances; however, the general fund has a deficit *unassigned* fund balance of \$188,997.

**NOTE 3 - DETAILED NOTES**

**3-A. Deposits and investments**

Cash and investments as of June 30, 2023, consist of the following:

	<u>Fair Value</u>
Cash on hand	\$ 100
Demand deposits	2,076,871
Investments - PTIF	2,425,434
<b>Total cash</b>	<b><u>\$ 4,502,405</u></b>

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

Cash and cash equivalents (current)	\$ 1,615,898
Restricted cash and cash equivalents (non-current)	2,886,506
<b>Total cash and cash equivalents</b>	<b><u>\$ 4,502,405</u></b>

Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

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

#### Deposits

##### *Custodial credit risk*

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2023, \$1,657,753 of the Town's bank balances of \$1,907,753 was uninsured and uncollateralized.

#### Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds. The Town follows the requirements of the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of 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.

The Money Management Act defines the types of securities authorized as appropriate investments for the Town's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Statutes authorize the Town to invest in the Utah State Public Treasurers' Investment Fund. The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

##### Fair Value of Investments

The 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, 2023, the Town had \$2,425,434 invested in the PTIF, which uses a Level 2 fair value measurement.

##### Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. As of June 30, 2023, the Town's investments of \$2,425,434 in PTIF had an investment maturity of less than one year and are available immediately.

Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

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

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed. At June 30, 2023, the Town's investments in the PTIF had an Unrated quality rating.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. At June 30, 2023, all of the Town's investments were invested in the PTIF.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. This risk is addressed through the policy of investing excess monies only in PTIF.

**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:

	General Fund	Capital Projects Fund	Water Fund	Total
Due from other governments	\$ 382,316	-	(658)	381,658
Customers	171,159	-	369,707	540,866
<b>Total receivables</b>	<b>553,475</b>	<b>-</b>	<b>369,049</b>	<b>922,524</b>
Less: Allowance for uncollectible	(6,113)	-	(8,788)	(14,901)
<b>Net receivables</b>	<b>\$ 547,362</b>	<b>-</b>	<b>360,260</b>	<b>907,623</b>

Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
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### 3-C. Capital assets

Capital asset activity for governmental activities was as follows:

<b>Governmental activities</b>	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land rights	\$ 374,480	-	-	374,480
Construction in progress	-	-	-	-
<b>Total capital assets, not being depreciated</b>	<b>374,480</b>	<b>-</b>	<b>-</b>	<b>374,480</b>
Capital assets, being depreciated:				
Buildings	636,669	-	-	636,669
Infrastructure	12,503,776	770,962	-	13,274,738
Machinery and equipment	238,175	35,100	-	273,275
<b>Total capital assets, being depreciated</b>	<b>13,378,620</b>	<b>806,062</b>	<b>-</b>	<b>14,184,682</b>
Less accumulated depreciation for:				
Buildings	60,157	10,611	-	70,768
Infrastructure	4,165,232	440,350	-	4,605,582
Machinery and equipment	208,959	13,826	-	222,785
<b>Total accumulated depreciation</b>	<b>4,434,347</b>	<b>464,787</b>	<b>-</b>	<b>4,899,134</b>
<b>Total capital assets being depreciated, net</b>	<b>8,944,273</b>	<b>341,275</b>	<b>-</b>	<b>9,285,548</b>
<b>Governmental activities capital assets, net</b>	<b>\$9,318,753</b>	<b>341,275</b>	<b>-</b>	<b>9,660,028</b>

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

<b>Governmental activities:</b>	
General government	\$ 8,063
Highways and public improvements	456,724
<b>Total</b>	<b>\$ 464,787</b>

Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

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

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

<b>Business-type activities</b>	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 757,120	-	-	757,120
<b>Total capital assets, not being depreciated</b>	<b>757,120</b>	<b>-</b>	<b>-</b>	<b>757,120</b>
Capital assets, being depreciated:				
Water system	2,468,801	-	-	2,468,801
Sewer system	2,027,630	-	-	2,027,630
Storm drain system	1,574,560	-	-	1,574,560
Buildings	358,580	-	-	358,580
Machinery and equipment	42,499	81,900	-	124,399
<b>Total capital assets, being depreciated</b>	<b>6,472,070</b>	<b>81,900</b>	<b>-</b>	<b>6,553,970</b>
Less accumulated depreciation for:				
Water system	819,467	82,293	-	901,760
Sewer system	695,219	67,588	-	762,807
Storm drain system	635,132	52,485	-	687,617
Buildings	7,222	5,976	-	13,198
Machinery and equipment	9,993	11,922	-	21,915
<b>Total accumulated depreciation</b>	<b>2,167,033</b>	<b>220,264</b>	<b>-</b>	<b>2,387,297</b>
<b>Total capital assets being depreciated, net</b>	<b>4,305,037</b>	<b>(138,364)</b>	<b>-</b>	<b>4,166,673</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 5,062,157</b>	<b>(138,364)</b>	<b>-</b>	<b>4,923,793</b>

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

<b>Business-type activities:</b>	
Water	\$ 100,191
Sewer	67,588
Storm drain	52,485
<b>Total</b>	<b>\$ 220,264</b>



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Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

**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
2011 Lease Revenue Bond							
Matures 10/1/2042	\$ 540,000	2.50	\$ 417,000	-	15,000	402,000	16,000
Skid Steer Lease							
Matures 10/29/2023	13,660	2.55	9,221	-	4,552	4,668	4,668
<b>Total governmental activity long-term liabilities</b>			<b>\$ 426,221</b>	<b>-</b>	<b>19,552</b>	<b>406,668</b>	<b>20,668</b>

The 2011 Lease Revenue Bond is secured by the lease revenues of the Town Hall.

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

	Principal	Interest	Total
2024	\$ 16,000	10,050	26,050
2025	16,000	9,650	25,650
2026	17,000	9,250	26,250
2027	17,000	8,825	25,825
2028	17,000	8,400	25,400
2029 - 2033	94,000	35,300	129,300
2034 - 2038	106,000	22,950	128,950
2039 - 2043	119,000	9,025	128,025
<b>Total</b>	<b>\$ 402,000</b>	<b>113,450</b>	<b>515,450</b>

The Skid Steer Lease debt service requirements to maturity for governmental activity is as follows:

	Principal	Interest	Total
2024	\$ 4,668	119	4,787
<b>Total</b>	<b>\$ 4,668</b>	<b>119</b>	<b>4,787</b>

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Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

**3-D. Long-term debt (continued)**

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
Skid Steer Lease							
Matures 10/29/2023	\$ 31,873	2.55	\$ 21,515	-	10,622	10,893	10,893
<b>Total governmental activity long-term liabilities</b>			<b>\$ 21,515</b>	<b>-</b>	<b>10,622</b>	<b>10,893</b>	<b>10,893</b>

The Skid Steer Lease debt service requirements to maturity for business-type activities is as follows:

	Principal	Interest	Total
2024	\$ 10,893	278	11,170
<b>Total</b>	<b>\$ 10,893</b>	<b>278</b>	<b>11,170</b>

**Other long-term liabilities:**

The accumulated unpaid vacation time which would be paid if employees terminated employment as of June 30, 2023, was \$13,701 for governmental activities and \$12,402 for business-type activities..

**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. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

**4-C. Commitments & Contingencies**

The Town is a defendant in certain legal actions and pending actions, or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. The Town management is of the opinion that the final outcome of the cases will not have an adverse material effect on the Town's financial statements.

**4-D. Subsequent Events**

The Town has evaluated subsequent events through March 30, 2024, the date the financial statements were available to be issued.

Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

**4-E. 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:

**Defined Benefit Plans**

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

Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public 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 Town, Utah 84102 or visiting the website: [www.urs.org/general/publications](http://www.urs.org/general/publications).

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 an 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Pulic Employees System	Highest 5 Years	35 years any age 20 years an 60* 10 years age 62* 4 years age 65	1.50% 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.

Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

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

**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 Utah Statement Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Contribution rates are as follows:

<u>Utah Retirement Systems</u>	Employee Paid	Employer Contribution Rate	Employer Rate for 401(k) Plan
Contributory System			
111 Local Government Div - Tier 2	-	16.01	0.18
Noncontributory			
15 Local Government Div - Tier 1	-	17.97	-
Tier 2 DC Only			
211 Local Government	-	6.19	10.00

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, 2023, the employer and employee contributions to the Systems were as follows:

<u>System</u>	Employer Contributions	Employee Contributions
Noncontributory System	\$ 58,271	-
Tier 2 Public Employees System	\$ 28,652	-
Tier 2 DC Public Employees	3,538	-
<b>Total Contributions</b>	<b>\$ 90,461</b>	<b>-</b>

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

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

At June 30, 2023, we reported a net pension asset of \$0 and a net pension liability of \$74,316.

	(Measurement Date): December 31, 2022				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/2021	Change (Decrease)
Noncontributory System	\$ -	64,266	0.0375224%	0.0113414%	0.0261810%
Tier 2 Public Employees System	-	10,050	0.0092293%	0.0049955%	0.0042338%
<b>Total</b>	<b>\$ -</b>	<b>74,316</b>			

Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

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

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

For the year ended June 30, 2023, we recognize pension expense of \$70,986.

At June 30, 2023, 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	\$ 25,192	\$ 399
Changes in assumptions	13,795	283
Net difference between projected and actual earnings on pension plan investments	46,443	-
Changes in proportion and differences between contributions and proportionate share of contributions	31,425	174
Contributions subsequent to the measurement date	41,096	-
<b>Total</b>	<b>\$ 157,952</b>	<b>\$ 856</b>

\$41,096 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2023	\$ 12,562
2024	11,316
2025	18,892
2026	68,698
2027	832
Thereafter	3,700

***Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources***

For the year ended June 30, 2023, we recognize pension expense of \$51,785.

Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
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**4-E. Pension Plans (continued)**

At June 30, 2023, 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	\$ 21,798	\$ -
Changes in assumptions	10,532	257
Net difference between projected and actual earnings on pension plan investments	42,391	-
Changes in proportion and differences between contributions and proportionate share of contributions	29,879	-
Contributions subsequent to the measurement date	26,909	-
<b>Total</b>	<b>\$ 131,509</b>	<b>\$ 257</b>

\$26,909 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2023	\$ 12,051
2024	10,167
2025	17,027
2026	65,098
2027	-
Thereafter	-

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

For the year ended June 30, 2023, we recognize pension expense of \$19,201.

Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

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

At June 30, 2023, 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	\$ 3,394	\$ 399
Changes in assumptions	3,263	26
Net difference between projected and actual earnings on pension plan investments	4,052	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,547	174
Contributions subsequent to the measurement date	14,187	-
<b>Total</b>	<b>\$ 26,443</b>	<b>\$ 599</b>

\$14,187 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2023	\$ 511
2024	1,149
2025	1,865
2026	3,600
2027	832
Thereafter	3,700

**Actuarial assumptions:**

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

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

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

Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
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**4-E. Pension Plans (continued)**

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

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

<b>Assets class</b>	<b>Expected Return Arithmetic Basis</b>		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	35%	6.58%	2.30%
Debt securities	20%	1.08%	0.22%
Real assets	18%	5.72%	1.03%
Private equity	12%	9.80%	1.18%
Absolute return	15%	2.91%	0.44%
Cash and cash equivalents	0%	-0.11%	0.00%
<b>Totals</b>	<b>100.00%</b>		<b>5.17%</b>
		Inflation	2.50%
		Expected arithmetic nominal return	7.67%

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.



Hideout Town  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

**4-E. 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:

<b>System</b>	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 405,029	64,266	(220,458)
Tier 2 Public Employees System	43,912	10,050	( 16,037)
<b>Total</b>	<b>\$ 448,941</b>	<b>74,316</b>	<b>(236,495)</b>

**Pension plan fiduciary net position:**

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

**Defined Contribution Savings Plan:**

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

- 401(k) Plan

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

	2023	2022	2021
401(k) Plan			
Employer Contributions	\$ 6,038	\$ 1,250	\$ -
Employee Contributions	3,983	1,754	-

**4-F. Prior period adjustment**

A prior period adjustment has been recorded to account for impact fees due to other entities.

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

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### **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, 2023, expenditures within all departments were under budgeted amounts.

### **Changes in Assumptions Related to Pensions**

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

For the Year Ended June 30, 2023

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 503,403	633,967	730,659	96,692
Licenses and permits	1,163,419	990,325	745,704	(244,621)
Intergovernmental revenues	-	-	62,860	62,860
Charges for services	2,500	2,500	2,446	(54)
Fines and forfeitures	6,000	6,000	-	(6,000)
Interest	1,481	1,481	22,437	20,956
Miscellaneous revenue	4,362	4,362	409	(3,953)
<b>Total revenues</b>	<b>1,681,165</b>	<b>1,638,635</b>	<b>1,564,515</b>	<b>(74,120)</b>
<b>Expenditures</b>				
General government	1,403,982	1,395,482	1,352,647	42,835
Public safety	81,089	89,589	89,498	91
Highways and public improvements	279,505	279,505	223,282	56,223
Parks, recreation and public property	27,000	27,000	10,794	16,206
<b>Total expenditures</b>	<b>1,791,576</b>	<b>1,791,576</b>	<b>1,676,222</b>	<b>115,354</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(110,411)</b>	<b>(152,941)</b>	<b>(111,706)</b>	<b>41,235</b>
<b>Other financing sources and (uses)</b>				
Impact fees	-	-	16,698	16,698
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>-</b>	<b>16,698</b>	<b>16,698</b>
<b>Net change in fund balances</b>	<b>(110,411)</b>	<b>(152,941)</b>	<b>(95,008)</b>	<b>57,933</b>
Fund balances - beginning of year	1,116,706	1,116,706	1,116,706	-
<b>Fund balances - end of year</b>	<b>\$ 1,006,295</b>	<b>963,765</b>	<b>1,021,698</b>	<b>57,933</b>

Hideout Town  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Item # 1.
-----------

June 30, 2023  
 Last 10 Fiscal Years\*

	As of December 31,	
	2022	2021
<b>Noncontributory Retirement System</b>		
Proportion of the net pension liability (asset)	0.0375224%	0.0113414%
Proportionate share of the net pension liability (asset)	\$ 64,266	\$ (64,953)
Covered employee payroll	\$ 323,482	\$ 82,797
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	19.87%	-78.45%
Plan fiduciary net position as a percentage of the total pension liability	97.50%	108.70%
 <b>Tier 2 Public Employees Retirement System</b>		
Proportion of the net pension liability (asset)	0.0092293%	0.0049955%
Proportionate share of the net pension liability (asset)	\$ 10,050	\$ (2,114)
Covered employee payroll	\$ 201,976	\$ 91,470
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	4.98%	-2.31%
Plan fiduciary net position as a percentage of the total pension liability	92.30%	103.80%

\* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The Town began contributing in the 2022 fiscal year.

Hideout Town  
**SCHEDULE OF CONTRIBUTIONS**  
 June 30, 2023  
 Last 10 Fiscal Years\*

Item # 1.

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
<b>Noncontributory Retirement System</b>	2021	-	-	-	-	0.00%
	2022	42,806	42,806	-	231,758	18.47%
	2023	58,271	58,271	-	324,267	17.97%
<b>Tier 2 Public Employees System**</b>	2021	-	-	-	-	0.00%
	2022	32,352	32,352	-	201,317	16.07%
	2023	28,652	28,652	-	178,961	16.01%
<b>Tier 2 DC Public Employees System**</b>	2021	-	-	-	-	0.00%
	2022	-	-	-	-	0.00%
	2023	3,538	3,538	-	57,157	6.19%

\* Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. The Town began contributing in the 2022 fiscal year.

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

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



**OTHER REPORTS**



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

Honorable Mayor and Members of the Town Council  
 Hideout Town  
 Hideout, 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 Hideout Town (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated March 30, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hideout 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 the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 which might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town’s financial statements are free of material misstatements, 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 instance 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.

*Gilbert & Stewart*

GILBERT & STEWART, CPA PC  
Provo, Utah  
March 30, 2024



# GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

Item # 1.  
RANDEL A. HEAL  
LYNN A. GILBERT  
JAMES A. GILBERT  
BEN H. PROBERT, CPA  
RONALD J. STEWART, CPA  
SIDNEY S. GILBERT, CPA  
JAMES E. STEWART, CPA

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

To the Mayor and Council and Chief Executive Officer of  
Hideout Town

### Report On Compliance

We have audited Hideout Town’s compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, for the year ended June 30, 2023.

State compliance requirements were tested for the year ended June 30, 2023 in the following areas:

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Related Revenues
- Fraud Risk Assessment
- Government Fees
- Public Treasurer’s Bond
- Open and Public Meetings Act

### Opinion on Compliance

In our opinion, Hideout Town complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2023.

### Basis for Opinion

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

We are required to be independent of Hideout 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 Hideout 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 Hideout 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 Hideout 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 Hideout 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 Hideout 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 Hideout 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 Hideout 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.

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guide and which are described in our letter to management dated March 30, 2024 as item 2023-1. Our opinion on compliance is not modified with respect to these matters.

*Government Auditing Standards* require the auditor to perform limited procedures on the Town's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and recommendations. The Town's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report On Internal Control over Compliance**

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

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

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

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

*Gilbert & Stewart*

GILBERT & STEWART, CPA, PC  
Provo, Utah  
March 30, 2024



# GILBERT & STEWART

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Honorable Mayor and Town Council  
And those charged with Governance of the Town  
Hideout Town  
Hideout, UT

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hideout Town for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 30, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Hideout Town are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2023. We noted no transactions entered into by the governmental unit 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 estimate affecting Hideout Town's financial statements was:

Management's estimate of the useful lives of depreciable assets, and the applicable depreciation amounts are based on estimated usefulness of the assets in question and the related wear and tear of those assets. We evaluated the key factors and assumptions used to develop these amounts in determining that they were reasonable in relation to the financial statements taken as a whole.

#### *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 trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result 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, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 30, 2024.

### *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 governmental unit'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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Utah State Legal Compliance Findings – Current Year:

#### **23-1 General Compliance – Fraud Risk Assessment**

**Finding:** State law requires the Town to complete and present annually the fraud risk assessment to the Council before the year end. The Town is then required to submit the approved fraud risk assessment to the state auditor's office within 6 months. During our testing we noted that the fraud risk assessment was not completed and submitted in time.

**Recommendation:** It is recommended that the Town complete and submit the fraud risk assessment timely.

**Town's Response:** We agree with the finding and will take the necessary steps to ensure compliance.



Utah State Legal Compliance Findings –Prior Year:

**No Findings in the Prior Year**

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

*Gilbert & Stewart*

GILBERT & STEWART  
*Certified Public Accountants*  
Provo, Utah  
March 30, 2024

**File Attachments for Item:**

2. Presentation and discussion of the Town of Hideout budget restatement for Fiscal Year 2024 and presentation of Tentative Budget for Fiscal Year 2025

# 2023-2024 Proposed Budget Amendment 2024-2025 Preliminary Budget

Town of Hideout, Utah

May 9, 2024

# Town of Hideout – General Fund FY24 Budget Restatement

Item # 2.

Revenues/Expenditures	Budget FY24	Actuals + Fcst FY24	Budget Adjustments	Revised Budget
<b>Revenues</b>				
Total Taxes	\$638,705	\$654,599	\$15,893	\$654,599
Total License and Permits	\$1,036,866	\$713,635	(\$323,231)	\$713,635
Total Miscellaneous Revenues	\$94,833	\$107,777	\$12,944	\$107,777
Total Contributions & Transfers	\$189,843	\$189,843	\$0	\$189,843
<b>Total General Fund Revenues</b>	<b>\$1,960,247</b>	<b>\$1,665,853</b>	<b>(\$294,394)</b>	<b>\$1,665,853</b>
<b>Expenditures</b>				
Salaries and Benefits	\$615,850	\$483,477	\$132,373	\$483,477
Administration	\$86,889	\$96,128	(\$9,239)	\$96,128
Professional Services	\$973,901	\$579,017	\$394,884	\$579,017
Public Safety	\$102,111	\$90,518	\$11,593	\$90,518
Streets	\$511,542	\$479,394	\$32,148	\$479,394
Parks	\$28,000	\$14,667	\$13,333	\$14,667
Debt Services	\$31,629	\$38,924	(\$7,295)	\$38,924
<b>Total General Fund Expenditures</b>	<b>\$2,349,922</b>	<b>\$1,782,124</b>	<b>\$567,798</b>	<b>\$1,782,124</b>
<b>Surplus/(Deficit)</b>	<b>(\$389,675)</b>	<b>(\$116,271)</b>	<b>\$273,404</b>	<b>(\$116,271)</b>

Note: License/Permits net with professional services

See explanations on next slide

# Budget Adjustment Explanations

- ***Budget shortfall reduction of \$273k primarily due to:***
  - ✓ Austerity efforts to better manage spend
  - ✓ Legal expense below budget - \$155k.
  - ✓ Some adjustments in the allocation of salaries/benefits between general and enterprise fund, as well delayed hiring and loss of town engineer - \$132k.
  - ✓ Lower street expense associated with material/supplies as well as truck lease reallocation between general and enterprise fund - \$32k.
  - ✓ Favorability was partially offset by higher outsourced engineering costs due to new town projects and outsourcing the town engineer's responsibilities who resigned in January – (\$50k).
- The projected 23-24 budget shortfall of approximately \$115K will be made up by transferring funds from the capital fund.
  - The capital fund is expected to be at or above \$400K after the transfer.

# Town of Hideout – Enterprise Fund FY24 Budget Restatement

Revenue / Expense	Budget FY24	Actuals + Fcst FY24	Budget Adjustments	Revised Budget
Total Revenues	\$1,561,089	\$1,670,879	\$109,790	\$1,670,879
Total Expenses	\$1,866,085	\$1,585,078	\$281,007	\$1,585,078
<b>Surplus/(Deficit)</b>	<b>(\$304,996)</b>	<b>\$85,801</b>	<b>\$390,797</b>	<b>\$85,801</b>

***\$391k favorable to budget is primarily due to:***

- ✓ Revenue favorability of \$110k:
  - ❖ Additional stand-by water fees - \$87k
  - ❖ Higher interest and late fees - \$24k
  
- ✓ Expense favorability of \$281k:
  - ❖ Lower sewer, storm and water repairs and maintenance - \$268k
  - ❖ Lower engineering expense - \$32k
  - ❖ Offset by higher depreciation – \$23k

# 2024-2025 Preliminary Budget

# Preliminary Budget Premises

- 24-25 Budget increases by \$250K (14%)
- No new sources of revenue beyond approved subdivision growth
  - No new nightly rentals, no new annexations that generate revenue, etc.
- Legal budgeted at 23-24 budget level as several cases outstanding.
- Wages and Salaries increase due to cost of living increases, benefits cost increases, and full-year costs for public works additions.
  - Note: Additional staff are needed due to additional infrastructure growth inside Hideout – All subdivisions are growing, adding work and equipment to be maintained and roads to be plowed.
- Road expenses are projected to be less than 23-24, but costs for road striping and speed controls are included.
- \$75K budgeted for professional services associated with Ross Creek development.
  - Ross Creek development is targeted to generate year-round revenues for the Town.
- \$40K budgeted for increased communications capabilities.
- \$50K budgeted in support of matching grants.
  - Chances for grant approval increase when funds are budgeted
- 24-25 preliminary budget does not reflect a deficit
  - Taxes are projected to increase so the budget will balance.
- The new Town tax rate is projected at 0.000821 from 0.000465.
  - From \$465/\$1M in taxable value to \$821/\$1M in taxable value (75% increase)



# Town of Hideout – General Fund FY25 Preliminary Budget

Item # 2.

Operating Income and Expense	FY24	FY25 Budget	FY25 Budget vs. FY24 \$	FY25 Budget vs. FY24 %
Taxes	\$654,599	\$717,193	\$62,595	9.6%
License and Permits	\$713,635	\$897,765	\$184,130	25.8%
Miscellaneous Revenues	\$107,777	\$81,158	(\$26,619)	-24.7%
Contributions & Transfers	\$189,843	\$150,000	(\$39,843)	-21.0%
<b>Operating Income</b>	<b>\$1,665,854</b>	<b>\$1,846,116</b>	<b>\$180,263</b>	<b>10.8%</b>
<b>Operating Expense</b>				
Salary/Wages/Benefits	\$483,477	\$569,562	(\$86,085)	-17.8%
Administration	\$96,128	\$99,973	(\$3,845)	-4.0%
Professional Services	\$579,017	\$860,553	(\$281,537)	-48.6%
Public Safety	\$90,518	\$94,138	(\$3,621)	-4.0%
Streets	\$479,394	\$297,313	\$182,081	38.0%
Parks and Community Development	\$14,667	\$77,000	(\$62,333)	-425.0%
Debt Service	\$38,924	\$38,924	\$0	0.0%
<b>Operating Expense</b>	<b>\$1,782,124</b>	<b>\$2,037,464</b>	<b>(\$255,340)</b>	<b>-14.3%</b>
<b>As-is Surplus/Deficit</b>	<b>(\$116,270)</b>	<b>(\$191,348)</b>	<b>(\$75,078)</b>	<b>-64.6%</b>

Note:

- This slide does not reflect the proposed new tax rate
- When revised, the budget will balance

# Town of Hideout – Enterprise Fund FY25 Preliminary Budget

Operating Income and Expense	FY24	FY25 Budget	FY25 Budget vs. FY24 \$	FY25 Budget vs. FY24 %
Water Service Revenue	\$1,495,297	\$1,734,162	\$238,866	16.0%
Water Meter Connection Fees	\$107,099	\$113,340	\$6,241	5.8%
Miscellaneous Revenue	\$68,483	\$68,144	(\$340)	-0.5%
<b>Operating Income</b>	<b>\$1,670,879</b>	<b>\$1,915,646</b>	<b>\$244,767</b>	<b>14.6%</b>
<b>Operating Expense</b>				
Salaries and Benefits	\$645,647	\$861,378	(\$215,731)	-33.4%
Public Works Department	\$134,729	\$284,354	(\$149,625)	-111.1%
General Water Service Expense	\$389,717	\$445,913	(\$56,195)	-14.4%
Administrative Expense	\$87,331	\$90,824	(\$3,493)	-4.0%
Professional	\$90,065	\$68,000	\$22,065	24.5%
Bad Debt and Depreciation Expense	\$237,588	\$249,449	(\$11,861)	-5.0%
<b>Operating Expense</b>	<b>\$1,585,078</b>	<b>\$1,999,919</b>	<b>(\$414,841)</b>	<b>-26.2%</b>
<b>Surplus/(Deficit)</b>	<b>\$85,801</b>	<b>(\$84,273)</b>	<b>(\$170,074)</b>	<b>-198.2%</b>

**FY25 budget is unfavorable to FY24 by \$170k primarily due to:**

- ✓ Revenue favorability of \$244k due to additional water, sewer and storm revenue associated with a 10% increase in anticipated certificates of occupancy (CO's) as well as an 8% proposed rate increase.
- ✓ Expense unfavourability of \$415k due to 2 new employees in FY25 plus full year impact of one new hire in late FY24 (\$216k), sewer/storm repair (\$96k) and smart meter replacement (\$49k) as well as higher JSSD charges due to increase in CO's and rate (\$47k).

Budget team working to eliminate projected deficit by possibly shifting work into 25-26

# *Town of Hideout*

## *MIDA Municipal and Development Fund*

### *FY25 Preliminary Budget*

Revenue and Expense	FY23	FY24	FY25 Budget	FY25 Budget vs. FY24 \$	FY25 Budget vs. FY24 %
<b>Revenue:</b>					
Property taxes - Current MIDA	\$120,951	\$301,415	\$373,973	\$72,558	24.1%
Energy - Current MIDA	\$12,646	\$15,525	\$19,262	\$3,737	24.1%
Transient Room Tax	\$524	\$240	\$298	\$58	24.1%
Interest Revenue	\$0	\$8,428	\$8,428	\$0	NA
MIDA - Sales tax	\$24,851	\$37,407	\$46,412	\$9,005	24.1%
<b>Total Intergovernmental Revenue</b>	<b>\$158,973</b>	<b>\$363,015</b>	<b>\$450,401</b>	<b>\$87,386</b>	<b>24.1%</b>
<b>Expenses</b>	<b>\$3,802</b>	\$18,151	\$22,520	\$4,369	24.1%
<b>Total Expense</b>	<b>\$155,170</b>	<b>\$18,151</b>	<b>\$22,520</b>	<b>\$4,369</b>	<b>24.1%</b>
<b>Surplus/(Deficit)</b>	<b>\$3,802</b>	<b>\$344,864</b>	<b>\$427,881</b>	<b>\$83,017</b>	<b>24.1%</b>

MIDA development fund increases to approximately \$385K

No funds projected for spend in this version of the budget

- Funds may be available to offset some budget expenses depending on the nature of:
  - Grants
  - Ross Creek Development
  - POST Committee efforts

**File Attachments for Item:**

4. Presentation of a Thank You Letter offered from The Peace House of Park City



24 HOUR HELPLINE:  
(800) 647-9161  
P (435) 658-4739

April 17, 2024

City Hall  
C/O Jan McCosh  
10860 N Hideout Trail  
Hideout, UT 84036

Dear Jan,

Thank you so much for your gift of 100 blankets on 12/6/2023 paid by In-Kind. Your donation goes directly to support Peace House programs and services. With your gift, we can provide life-changing and life-saving services to survivors of violence and abuse. Together we create opportunities for survivors to not only survive but to thrive in a community of support.

We offer compassionate, comprehensive care to survivors of interpersonal violence at the Peace House community campus in Park City. Last year Peace House provided over 13,000 nights of emergency shelter and safe housing. In addition, 470 adults and children received wrap-around services at Peace House including safe housing, clinical therapy, legal advocacy, case management, safety planning, emergency financial assistance, and permanent housing navigation. We also provided 120 individuals with sexual assault recovery services. We could not do this work without you. Your gift helps provide the support services survivors need to heal.

With much gratitude,

  
Kendra Wyckoff  
Executive Director

  
Sally Tauber  
Development Director

RECEIVED APR 30 2024

PEACE HOUSE, INC.  
700 Round Valley Dr #115  
Park City, UT 84060  
[peacehouse.org](http://peacehouse.org)

**File Attachments for Item:**

6. Consideration of approving Ordinance 2024-O-XX amending Hideout Municipal Code  
1.16.060 EXEMPTIONS TO COMPETITIVE BIDDING REQUIREMENTS

To Mayor and Council

From: Polly McLean, Town Attorney

Date: April 11, 2024

Re: Staff Report on Procurement Policy

The Hideout Procurement Policy is found in chapter 1.16 of the municipal code.

Key provisions:

**A. Purchase Approval amounts:**

1. Purchase up to one thousand five hundred dollars (\$1,500.00) may be authorized and must have the approval of the town clerk.
2. Purchase of up to five thousand dollars (\$5,000.00) may be authorized and must have the approval of the town engineer or town administrator.
3. Purchase up to fifteen thousand dollars (\$15,000.00) may be authorized and must have the approval of the mayor.
4. Purchase over fifteen thousand dollars (\$15,000.00) may be authorized and must have the approval of the town council.

In a review of other entities (Heber City, Park City, Brian Head, Brighton, and Alta), the amounts are slightly higher. For example, Heber City allows for the City Manager to approve up to \$50,000. Many allow the Purchasing Agent (often the Town Clerk, Town Administrator or Mayor) to approve up to a threshold and then otherwise it goes to the Council for approval. That amount ranges from \$15,000 (template for districts procurement) to \$25,000 (Brian Head, Alta, State Auditor Template Suggestion) to \$50,000 (Heber City) to \$100,000 (Park City). The Council may want to consider raising the threshold for when they see purchases to a higher amount. It would be easier to administer if that amount matches the competitive bidding threshold. I would also suggest edits that includes amending this section to include services and making the authorization mandatory. (For example, "Purchase or services over fifteen thousand dollars (\$15,000.00) shall be authorized and must have the approval of the town council")

**B. Competitive Bid Amounts:**

Under \$1,000 – not required

1,000-10,000 – 3 quotation should be solicited

Over \$10,000 – competitive bid process required

Review of other entities shows the following trends:

Requirement	Amount	Entity
No bid required	\$500	Districts Template
	\$2,500	Brighton,

	\$4,000	Heber City
	\$5,000	Alta, SLVLESA (police district)
	\$25,000	Brian Head
Two or Three Quotes	\$500-\$50,000	Districts Template
	\$2,500-5,000	Brighton
	\$4,000-\$100,000	Heber City
	\$5,000- \$25,000	Alta
	\$5,000-\$20,000	SLVLESA
Competitive Bid Process	Over \$5,000	Brighton
	Over \$15,000	Auditor Template Suggestion
	Over \$20,000	SLVLESA
	Over \$25,000	Brian Head, Alta
	Over \$50,000	District Template
	Over \$100,000	Heber City

Based on this sample, perhaps \$25,000 is a good threshold for competitive bids.

- C. Exemptions to Competitive Bidding/Purchase Not requiring Sealed Bids: Suggested language:
1. **(replace generally )Specialized Contracts** which are not adapted to award by competitive bidding or proposals, such as 1) contracts for additions to, repairs and maintenance of equipment owned by the Town, which may be more efficiently done by a certain person or firm; 2) contracts for a particular brand of equipment or product which is uniquely suited to the town's needs by reason of training of its personnel or compatibility with existing equipment or to assure standardization or a continuation of supplies or services, or 3) contracts for the purchase of used equipment or items that are unique as to quality, condition and price.
  2. Sole Source  
**Purchases made from a single-source provider.** The Purchasing Agent may procure from a sole source when after conducting a good faith review of available sources, determines that no other sources are reasonably available, or that competition would be unlikely to produce other acceptable offers. The Purchasing Agent shall put that determination in writing for the file.
  3. Auctions  
**Auction, Closeout, Bankruptcy Sales:** The Purchasing Agent may determine that supplies, materials, or equipment can be purchased at any public auction, closeout sale, bankruptcy sale or similar sale and that it will be at or below the market cost in the community.
  4. State Procurement  
**Purchases made through the cooperative purchasing contracts administered by the State Division of Purchasing, or any other public agencies of the state, shall not require bids or quotes of any type.**



5. Emergency

Emergency Procurements. The Purchasing Agent, the Mayor or designee may make emergency procurements when there exists a threat to public health, safety and welfare or circumstances which place the city or its officers and agents in a position of serious legal liability; provided that such emergency procurements shall be made with such competition as is practicable under the circumstances. A written determination of the basis for the emergency and for the selection of the contractor shall be included in the contract file. The Council shall be notified of any emergency contract which would have normally required their approval at the next regularly scheduled council meeting. Emergency procurements shall be limited to those supplies, services, or construction items necessary to meet the emergency.

6. Professional Services (Hideout)

A. Procurement of Professional Services: The procurement of professional services shall be based upon qualifications and shall be secured ~~on a competitive basis to the maximum practical extent except~~ as noted below:

Amount Of Contract	Request For Proposals
Up to \$ <del>10</del> 15,000.00 per fiscal year	No RFP required; competitive quotes recommended
Over \$ <del>10</del> 15,000.00 in one fiscal year	Formal request for proposals

The town council shall approve the award of contracts for professional services exceeding fifteen thousand dollars (\$15,000) in any single fiscal year. Awards shall be made to the individual or firm whose proposal is determined to be the most advantageous to the town, taking into consideration price and the evaluation factors set forth in the request for proposals.

In a review of other jurisdictions, some except professional services from any rfp process, others only require a rfp when over \$50,000. For uniformity, it would make sense for the RFP threshold to match that of the competitive bidding. Council approval amounts should match purchase approval amounts.

TOWN OF HIDEOUT  
ORDINANCE #2024 – O-\_\_\_\_\_

AN ORDINANCE AMENDING SECTIONS OF THE HIDEOUT CODE UPDATING  
SECTIONS IN CHAPTER 1.16 PURCHASING

WHEREAS, Town Council wishes to update its code related to purchasing;

WHEREAS, the Council desires to maintain the most efficient process possible for procurement of services, supplies and equipment; and

WHEREAS, after careful consideration, the Council has determined that it is in the best interest of the health, safety and welfare of the citizens to update the policy regarding procurement of services, supplies and equipment.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF HIDEOUT, UTAH, THAT:

SECTION I: The following are amended:

**1.16 PURCHASING**

**1.16.040 PURCHASE AND SERVICE APPROVAL REQUIREMENTS**

1. Purchase and service up to one thousand five hundred dollars (\$1,500.00) ~~may shall~~ be authorized and must have the approval of the town clerk.
2. Purchase and service of up to five thousand dollars (\$5,000.00) may be authorized and must have the approval of the town engineer or town administrator.
3. Purchase and service up to fifteen thousand dollars (\$15,000.00) may be authorized and must have the approval of the mayor.
4. Purchase and service over ~~twenty-fivefifteen~~ thousand dollars (~~\$1525,000.00~~) may be authorized and must have the approval of the town council.

**1.16.060 EXEMPTIONS TO COMPETITIVE BIDDING REQUIREMENTS**

A. Specialized Contracts which are not adapted to award by competitive bidding or proposals, such as 1) contracts for additions to, repairs and maintenance of equipment owned by the Town, which may be more efficiently done by a certain person or firm; 2) contracts for a particular brand of equipment or product which is uniquely suited to the town's needs by reason of training of its personnel or compatibility with existing equipment or to assure standardization or a continuation of supplies or services, or 3) contracts for the purchase of used equipment or items that are unique as to quality, condition and price. Generally: Contracts which by their nature are not adapted to award

~~by competitive bidding, such as contracts for additions to and repairs and maintenance of equipment owned by the town, which may be more efficiently added to, repaired or maintained by a certain person or firm, contract for equipment which, by reason or training of the personnel or an inventory of replacement parts maintained by the town, is compatible with the existing equipment parts maintained by the town, shall not be subject to the competitive bidding requirements of this chapter.~~

- B. Auction, Closeout, Bankruptcy Sales: If the department head determines that supplies, materials or equipment can be purchased at any public auction, closeout sale, bankruptcy sale or similar sale, and if a majority of the town council at a regular or special meeting concurs in such determination and makes the finding that a purchase at any such auction or sale will be made at a cost below the market cost in the community, a contract or contracts may be let, or the purchase made, without complying with the competitive bidding requirements of this chapter.

~~C. Emergency Purchases:~~

C. The Purchasing Agent, the Mayor or designee may make emergency procurements when there exists a threat to public health, safety and welfare or circumstances which place the city or its officers and agents in a position of serious legal liability; provided that such emergency procurements shall be made with such competition as is practicable under the circumstances. A written determination of the basis for the emergency and for the selection of the contractor shall be included in the contract file. The Council shall be notified of any emergency contract which would have normally required their approval at the next regularly scheduled council meeting. Emergency procurements shall be limited to those supplies, services, or construction items necessary to meet the emergency.

~~a. In the case of actual emergency, the head of any department may purchase directly any supplies whose immediate procurement is essential to prevent delays in the work of the department which may virtually affect the life, health or convenience of any employee or citizen of the town.~~

~~b. The head of the department shall send to the mayor a full written report of the circumstances of the emergency. The report shall be filed with the town council as provided above.~~

D. Sole Source

Purchases made from a single-source provider. The Purchasing Agent may procure from a sole source when after conducting a good faith review of available sources, determines that no other sources are reasonably available, or that competition would be unlikely to produce other acceptable offers. The Purchasing Agent shall put that determination in writing for the file.

E. Auctions

Auction, Closeout, Bankruptcy Sales: The Purchasing Agent may determine that supplies, materials, or equipment can be purchased at any public auction, closeout sale, bankruptcy sale or similar sale and that it will be at or below the market cost in the community.

F. State Division of Purchasing

Purchases made through the cooperative purchasing contracts administered by the State Division of Purchasing, or any other public agencies of the state, shall not require bids or quotes of any type.

D.G. Procurement of Professional Services: The procurement of professional services shall be based upon qualifications and shall be secured ~~on a competitive basis to the maximum practical extent except~~ as noted below:

Amount Of Contract	Request For Proposals
Up to \$ <del>150</del> ,000.00 per fiscal year	No RFP required; competitive quotes recommended
Over \$ <del>10</del> 15,000.00 in one fiscal year	Formal request for proposals

The town council shall ~~approve all requests for proposals and~~ approve the award of contracts for professional services exceeding fifteen thousand dollars (~~\$15,000 10,000.00~~) in any single fiscal year. Awards shall be made to the individual or firm whose proposal is determined to be the most advantageous to the town, taking into consideration price and the evaluation factors set forth in the request for proposals.

SECTION II: Effective Date. This Ordinance shall take effect upon publication.

PASSED AND ADOPTED by the Town Council of Hideout, Utah, this \_\_\_\_ day of \_\_\_\_\_ in the year 2024.

TOWN OF HIDEOUT

\_\_\_\_\_  
Phil Rubin, Mayor

ATTEST:

\_\_\_\_\_

Alicia Fairbourne, Recorder for the Town of Hideout

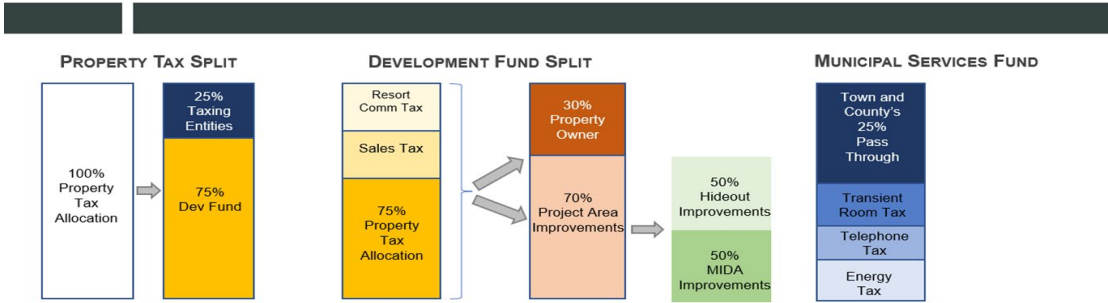
**File Attachments for Item:**

1. Consideration of an amendment of the Master Development Agreement (MDA) for Deer Springs allowing short-term rentals in Phases 2B, 4, and 8

Hideout Deer Springs Nightly Rental Analysis

Sales Tax Analysis

# MIDA HIDEOUT AREA TAX ALLOCATION DISTRIBUTION



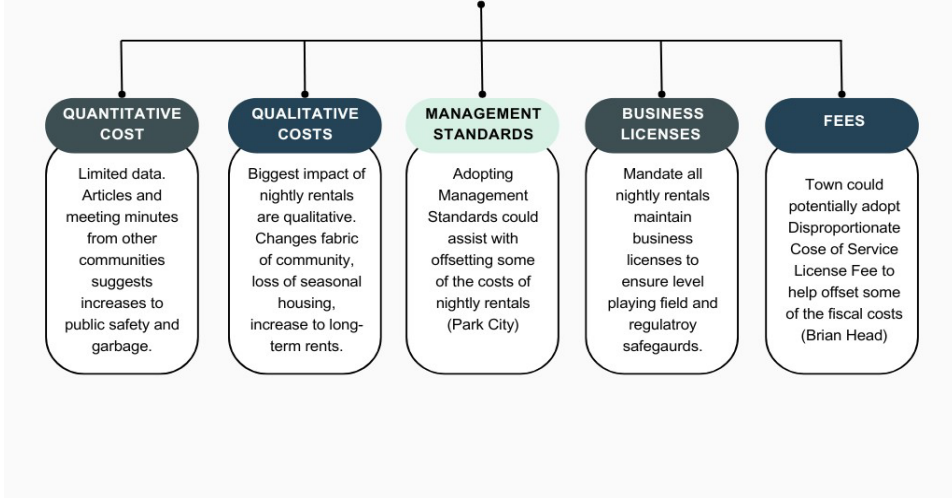
Assumptions	
Occupancy Rate	35%
ADR Town Homes	\$150.00
ADR SF	\$400.00
ADR Mixed	\$350.00
Percent Nightly Rentals	50%

Phase	Zoned for NR (1 Yes, 0 No)
Phase 1	
Phase 2a	1
Phase 2b	1
Phase 3	1
Phase 4	1
Phase 5	1
Phase 6	1
Phase 7	1
Phase 8	1

**All Revenue Streams include 10% Reduction for MIDA Administration**

Hideout 40-Year Revenue (Sales, Resort, and TRT)				
	Current Revenue (35%)	Revenue with Property Owner Portion (65%)	Amended MIDA ILA (100%)	TRT Tax (100% to Hideout)
Phase 1	\$341,758	\$634,693	\$976,451	\$610,282
Phase 2a	\$156,232	\$290,145	\$446,377	\$278,986
Phase 2b	\$84,626	\$157,162	\$241,788	\$151,117
Phase 3	\$87,881	\$163,207	\$251,087	\$156,930
Phase 4	\$227,838	\$423,129	\$650,967	\$406,854
Phase 5	\$78,116	\$145,073	\$223,189	\$139,493
Phase 6	\$147,553	\$274,026	\$421,579	\$263,487
Phase 7	\$138,873	\$257,907	\$396,780	\$247,987
Phase 8	\$97,645	\$181,341	\$278,986	\$174,366
<b>Total</b>	<b>\$1,360,521</b>	<b>\$2,526,682</b>	<b>\$3,887,204</b>	<b>\$2,429,502</b>
<b>Annual Average</b>	<b>\$34,013</b>	<b>\$63,167</b>	<b>\$97,180</b>	<b>\$60,738</b>
<b>Difference from Current</b>		<b>\$1,166,161</b>	<b>\$2,526,682</b>	

## Nightly Rental Impacts



**Staff Report for Deer Springs – Third Amendment to Deer Springs MDA**

To: Mayor Philip Rubin  
Town of Hideout Council

From: Thomas Eddington Jr., AICP, ASLA  
Town Planner

Re: Deer Springs Subdivision – MDA Amendment

Date: May 9 2024, Town Council Meeting

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*Submittals: Third Amendment to Master Development Agreement (MDA) for Deer Springs*

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**Request by Applicant**

This proposed Third Amendment to the MDA is a request by the Applicant (Nate Brockbank and Holmes Homes) to allow short-term (nightly) rentals in all phases with the exception of Phase 2A (see the attached Exhibit A – Updated Draft MDA Language – for details).

**Background Information – Prior Meetings**

The Town Council held three previous public hearings regarding the Applicant’s, Nate Brockbank, request to amend the MDA with the Town to allow short-term (or nightly) rentals in the Deer Springs neighborhood. The extent of the proposed request has changed as follows:

- February 14, 2024 Planning Commission Public Hearing – this was the first and only public hearing with the Planning Commission where they heard the Applicant’s request to incorporate short-term rentals into Phases 2A, 2B, 4, and 8. The Planning Commission voted to forward a favorable recommendation for short-term rentals for only one phase of the Deer Springs neighborhood - Phase 8 (located across Jordanelle Parkway). The Planning Commission made this recommendation based on the fact that Phase 8 is independent from the rest of the neighborhood given the significant separation the Jordanelle Parkway provides. The Applicant also agreed to incorporate a commercial component into the proposed site plan, along the Jordanelle Parkway.



- February 28, 2024 Town Council Public Hearing – this was the first public hearing with the Town Council. The Applicant requested that the Town Council consider allowing short-term rentals in Phases 2B, 4, and 8. The Applicant removed Phase 2A from the request based on the input of some homeowners under contract who indicated they had never been made aware of any information that the units would ever allow for short-term rentals. The Town Council heard concerns from the public regarding some of the negative impacts associated with short-term rentals – parking issues, trash issues, over occupancy, and noise.
- March 6, 2024 Town Council Public Hearing – this was the second public hearing with the Town Council, and the request from the Applicant remained the same – consider allowing short-term rentals in Phases 2B, 4, and 8. Council members heard input regarding financial projections for increased taxes, TRT, etc. associated with short-term rentals.
- April 11, 2024 Town Council Public Hearing – this was the third public hearing with the Town Council, and the request from the Applicant remained the same – consider allowing short-term rentals in Phases 2B, 4, and 8. Council members heard a presentation that outlined the Town’s budget and some of the concerns about anticipated deficits until additional revenue, generally in the form of commercial sales tax or Transient Room Tax (TRT), is in place within the Town’s boundary.

### **Details of the Applicant’s Request**

- The Applicant would like to have short term rentals in all Phases with the exception of Phase 2A . This requires an amendment to the MDA since there is currently no allowance for nightly rentals in the Deer Springs neighborhood.
- Only Phases 2, 2A, and 2B have received final subdivision approval.
- Phase 8 is located across the Jordanelle Parkway and was initially presented to the Planning Commission as the only phase requesting short-term rentals. The proposal for this phase remains similar to the original submittal (in 2023) and includes:
  1. A change from the originally proposed duplex/townhouse units to cottage units
  2. A commercial pad with vertical buildout for tenant(s)
  3. A clubhouse/community center with a swimming pool
  4. Two (2) affordable/workforce housing units

### **The Applicant’s Proposal to the Town of Hideout**

To offset impacts related to the requested STRs, the Applicant proposes to:

- Dedicate 20 acre-feet of water rights to the Town. The average value of one acre-foot of water is approximately \$40,000. This dedication of water has an approximate value of +/- \$800,000.

- The offer also includes the dedication of \$50,000 for the construction of a fire station located within the Town boundaries.
- Finally, the offer includes the dedication of certain MIDA funds to the Town. Applicant proposes giving the 30% Property Owner portion of the Development Fund Split to the Town. This will require an amendment to the MIDA / Town of Hideout's existing inter-local agreement (something that would need to be finalized before the Town can execute an MDA amendment with the Applicant). Rob Sant, the Town's financial consultant, will also present an update to the Council members at the meeting on May 9, 2024.

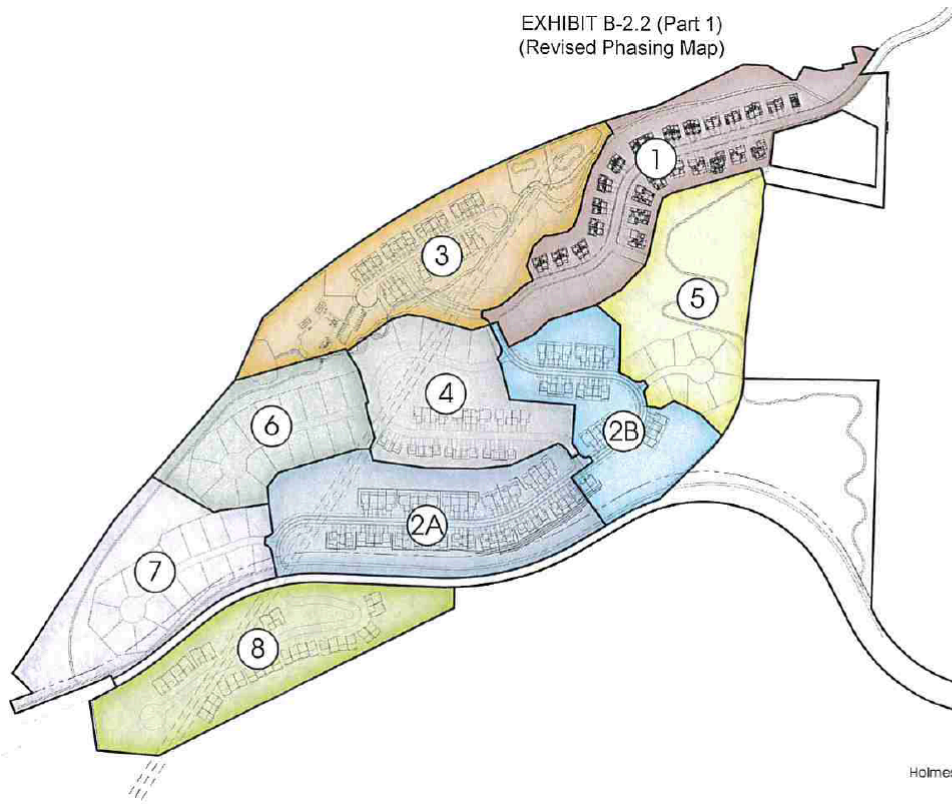
### **A Comparison of Deer Springs to the Other Approved Developments Outside the Master HOA**

The following are all the Town-approved subdivisions located outside of the Master HOA (which does not allow any short-term rentals). This list is for *information purposes only* to give the Town Council a sense of scale and density for these newer developments:

<u>Neighborhood</u>	<u>Total Lots Platted</u>
Venturi	2 lots
Lakeview (phases 1 – 3)	69 lots
KLAIM (phases 1 – 4)	88 lots (88 short-term rentals allowed)
Deer Waters (phases 1 – 4)	104 lots
Deer Springs (phases 1 – 9)	248 lots (currently, 45 short-term rentals are allowed in Phase 1)

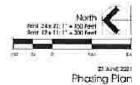
### Current Phasing Map for Deer Springs

EXHIBIT B-2.2 (Part 1)  
(Revised Phasing Map)



**Phasing Plan** . Deer Springs, Hideout, Utah . Holmes Homes

Phasing Area	Single Family Lots	Townhomes Uphill Units	Townhomes Downhill Units	Total Units
Phase One	15	18	12	45
Phase Two A		28	20	48
Phase Two B		14	12	26
Phase Three			27	27
Phase Four	3	15	12	30
Phase Five	9			9
Phase Six	17			17
Phase Seven	16			16
Phase Eight		20	10	30
<b>Totals</b>	<b>60</b>	<b>95</b>	<b>93</b>	<b>248</b>



DEER SPRINGS  
HIDEOUT, UTAH  
Holmes Homes . 126 West Segoe Lily Drive, Suite 250 . Sandy, Utah  
R. MICHAEL KELLY CONSULTANTS  
Landscape Architecture

### Phasing Plan . Deer Springs, Hideout, Utah . Holmes Homes

	Single family lots	Townhomes		Total Units
		Uphill Units	Downhill Units	
Phase One	15	18	12	45
Phase Two A		28	20	48
Phase Two B		14	12	26
Phase Three			27	27
Phase Four	3	15	12	30
Phase Five	9			9
Phase Six	17			17
Phase Seven	16			16
Phase Eight		20	10	30
<b>Totals</b>	<b>60</b>	<b>95</b>	<b>93</b>	<b>248</b>

## Estimated Revenues from Transient Room Tax (TRT) and MIDA Taxes

The Applicants had an economic analysis completed by Lewis Young Robertson and Burningham Inc. to determine the financial benefits to the Town if the Town Council were to consider allowing short-term rentals (nightly rentals) in Deer Springs.

The Town's financial consultant, Rob Sant, reviewed this analysis and has prepared an updated assessment that he will present at the May 9, 2024 Town Council meeting.

## Estimated Expenses Associated with Short-term Rentals

At the April 11, 2024 Town Council meeting, there was a request to better understand the costs associated with short-term rentals. There is not a lot of information regarding the fiscal costs associated with short-term rentals but based on research by the Town Planner and the Town's financial consultant, the following may be applicable:

- The potential need for additional code enforcement staff and/or administrative staff to address residents' inquiries/complaints
- Increased expenses associated with police calls (typically for noise, parking, and traffic issues)
- Increased expenses associated with trash (e.g., need for extra pick-up, lost bins due to being put out on the wrong date, etc.)
- Possible need for computer software to ensure annual compliance with licensing requirements, etc.

Research indicates that most of the costs are not quantitative, but rather qualitative – potentially negatively impacting neighbors' quality of life – and difficult to assign a financial cost to. The following impacts may be applicable to a neighborhood with short-term rentals:

- Loss of 'local' sense of community
- Loss of long-term rental options and/or higher long-term rental costs
- Potential for over-occupancy of homes by visiting groups of friends or extended families
- Increased street parking and associated violations
- Potential noise issues

## Short-Term (Nightly) Rentals - Background Information Only

### Subdivisions/Developments that Currently Allow Short-term (Nightly) Rentals in Hideout

Short-term rentals are not currently allowed per the Hideout Town Code except for two subdivisions which have been allowed to have short term, or nightly rentals, within Hideout:

- KLAIM, which negotiated for the allowance of short-term rentals in their Master Development Agreement which reads as follows:

9.13. **Use of Dwellings as Short-term Rentals.** Owners may rent their Dwellings as Short-term Rentals provided: (a) they do so in compliance with the Governing Documents; and (b) a short-term rental permit is issued by the County, if required. Owners opting to rent their Dwellings as Short-term rentals are required to use the services of a property management company that is (1) licensed in accordance with state law and local ordinances and (2) approved by the Association to manage Short-term Rentals within the Property. The Board of Directors shall establish the procedures, rules, and regulations for any Short-term Rentals, including check-in, access to Dwellings and common amenities and facilities. The Owner shall at all times ensure the Dwelling is rented in compliance with the Governing Documents and any rules and regulations for the Property.

- Deer Springs Phase 1, which had a plat note that the developer relied upon that allowed short-term rentals, and therefore it was permitted in Deer Springs Phase 1 and Phase 1 amended. The plat notes were ultimately amended as follows:
  1. *The allowance of nightly rentals is only for Phase 1 and Phase 1 amended.*
  2. *Any nightly rentals must be managed by a professional management service with someone who can respond on site within 30 minutes.*
  3. *All nightly rentals require a business license.*

It is worth noting that the Hideout Master HOA Association does not allow short term rentals within the association.

### **The Current Hideout Ordinance Regarding Short-term Rentals – Background Information Only**

On September 8, 2022, the Town Council adopted the following ordinance for areas where short term rentals are allowed:

#### *4.02.010 (Definitions)*

*SHORT TERM RENTAL: "Short-term rental" means any dwelling or condominium or portion thereof that is available for use or is actually used for accommodation or lodging of guests for a period of less than thirty consecutive days, wherein guests pay a fee or other compensation for said use. Also known as a nightly rental.*

#### *4.07 REGULATION OF SHORT TERM (NIGHTLY) RENTALS*

##### *4.07.01 LICENSE REQUIRED*

*It is unlawful to conduct or operate a short-term rental without having obtained a business license therefor.*

##### *4.07.02 REGULATIONS FOR SHORT TERM RENTAL*

*Short-term rentals are required to use the services property management company that is licensed in accordance with State and Local Ordinances and can respond on site within 30 minutes.*

#### 4.07.15 SEPARATE VIOLATIONS

*For purposes of prosecution of violations of this chapter, each day that any violation occurs, or that applicable taxes and fees are unpaid, is deemed to constitute a separate violation.*

#### **Planning Commission Recommendation from February 26, 2024**

The Planning Commission heard this request for a proposed Third Amendment to the MDA to allow short-term rentals at a public hearing held on February 26, 2024. Approximately ten emails or letters were received from residents of Deer Springs and the community at large requesting the Planning Commission deny the proposal for short-term rentals in Deer Springs Phases 2A, 2B, 4 and 8. In addition, several residents attended the meeting to voice their opposition to short-term rentals in the Town of Hideout.

After a lengthy hearing, and a failed motion to approve the proposed Third Amendment (Phases 2B, 4 and 8), a second motion to approve a revised amendment to the MDA to allow short-term rentals only in Phase 8 (the phase with the proposed cottages that is located across the Jordanelle Parkway) passed unanimously.

Phase 8 had been discussed at prior meetings in 2023 with the Planning Commission. At that time, the Planning Commission recommended the following conditions if approval of short-term rentals was considered:

1. A change from the originally proposed duplex/townhouse units to cottage units
2. A commercial pad with vertical buildout for tenant(s)
3. A clubhouse/community center with a swimming pool
4. Two (2) affordable/workforce housing units

Given that there is a standing recommendation from Planning Commission, staff recommends the Town Council review and consider the adoption of the Planning Commission's recommendation to only allow short-term rentals in Phase 8 of Deer Springs with the conditions outlined above. If approved, this would require the Town and the Applicant to revise the draft language attached as Exhibit A for the Third Amendment.

#### **Items for Town Council Consideration or Adoption**

1. The proposed request for short-term rentals includes all Phases except for Phase 2A. The Council should review and discuss the proposal. Phase 2A (48 of the total 248 units approved for the Deer Springs neighborhood) would be a pocket of residents in a resort development if this request is approved. Is an "all or none" approach more appropriate?
2. If the Town Council believes that specific phases should have short-term rentals and specific phases should not have short-term rentals, perhaps Phase 2B, 3, and 8 could be considered.

These phases frame the exterior of the Deer Springs neighborhood (along SR248 and the Jordanelle Parkway).

3. If the Town Council approves short-term rentals for a phase or multiple phases of the Deer Springs neighborhood, are any of the following standards appropriate for inclusion in the MDA:
  - a. All requirements of Section 4.07 must be satisfactorily addressed.
  - b. No Accessory Dwelling Units (ADUs) may have a nightly rental allowance.
  - c. All nightly rentals must be for a minimum period of two consecutive days. This must be included on all advertising materials.
  - d. No more than six (6) unrelated persons may stay overnight in a single unit (e.g., apartment, condo, cottage, single-family residence, etc.) at any one time. This must be included on all advertising materials.
  - e. No more than two (2) automobiles are allowed to park on the property at any time. This must be included on all advertising materials.
  - f. All nightly rental contracts must include a copy of Hideout's trash, parking and noise ordinances and a 'Good Neighbor Brochure' that summarizes these requirements and what is expected of the renter. These documents must be clearly posted in the rental unit at all times.
  - g. The owner of the nightly rental unit agrees to allow the Town's Building Inspector or designee and the Wasatch Fire Department's designee to conduct an annual walk-through inspection of each rental unit to ensure compliance with all Town health, safety and welfare requirements. This review will also include an assessment of local government and/or local service district responses to the property. If three (3) substantiated complaints (e.g., police, fire, or similar emergency management services) relative to a property within a 24-month period are confirmed, the nightly rental may be revoked for a period of up to one (1) year.
4. If the Town Council does move forward with an approval for short-term rentals for a phase of multiple phases of the Deer Spring neighborhood, the following revisions to the MDA are required:
  - a. If Phase 8 is approved for short-term rentals for Phase 8, "cottage housing" must be included in the table of housing typologies in the MDA.

## Exhibit A

The following pages include the and updated draft language for the proposed Third Amendment to the MDA to allow short-term rentals in all phases of the Deer Springs neighborhood (except for Phase 2A)



**WHEN RECORDED, RETURN TO:**

**Town of Hideout  
Attn: Town Clerk  
10860 N. Hideout  
Trail Hideout, Utah  
84036**

**THIRD AMENDMENT TO THE MASTER DEVELOPMENT AGREEMENT  
FOR DEER SPRINGS COMMUNITY**

THIS THIRD AMENDMENT TO THE MASTER DEVELOPMENT AGREEMENT FOR DEER SPRINGS COMMUNITY (“**Third Amendment**”) is made and entered as of the date set forth below, by and between the Town of Hideout, a Utah municipal corporation (“**Town**”), Holmes Western Deer Springs, LLC, a Utah limited liability company (“**Developer**”), Western States Ventures LLC, a Utah limited liability company (“**Original Developer**” and/or “**Western**”) and Miller Family Real Estate, L.L.C., a Utah limited liability company (“**Miller**”).

**RECITALS**

A. Original Developer Western and the Town entered into that certain *Master Development Agreement for Deer Springs Community*, which was recorded on August 6, 2018 as Entry No. 454483 in the official books and records of the Wasatch County Recorder; and the Original Developer Western States Ventures, L.L.C., the current Developer Holmes Western Deer Springs, LLC (as “**Owner**”) and the Town entered that certain *First Amendment to the Master Development Agreement for Deer Springs Community*, which was recorded on September 15, 2020 as Entry No. 484657 in the official books and records of the Wasatch County Recorder; and the Original Developer Western States Ventures, L.L.C., the Owner and current Developer Holmes Western Deer Springs, LLC and the Town entered that certain *Second Amendment to the Master Development Agreement for Deer Springs Community*, which was recorded on [REDACTED], 2021 as Entry No. [REDACTED] in the official

books and records of the Wasatch County Recorder, (collectively, as amended, the “MDA”). The MDA governs and encumbers the real property shown on **Exhibit A** attached hereto (“**Property**”).

B. The Original Developer has conveyed the Property to the current Developer. The Original Developer has also assigned its rights, titles, interests, duties, obligations and liabilities to and under the MDA to the current Developer, and the current developer has accepted the assignment and assumed the Original Developer’s duties, obligations and liabilities under the MDA, which assignment has been and/or is consented to by the Town.

C. The Town and Developer desire to amend the MDA by making certain modifications to the terms and conditions thereof. Owner acknowledges and accepts this Amendment as a modification to the terms of the MDA which are binding on the Property.

D. Pursuant to Section 25 of the MDA, the parties can amend the terms of the MDA by means of a written document signed by the Town and Developer.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Town and Developer hereby agree to the following:

#### AMENDMENT

1. **Recitals Incorporated.** The foregoing recitals are incorporated into, and made part of, this Second Amendment.
2. **Definitions.** Capitalized terms used in this Third Amendment but not otherwise defined shall have the meaning set forth in the MDA, if a meaning is provided. The following Section is hereby added to, and made a part of, the MDA: “**1.2.23.** The words or phrase “Short-Term Rental”, as used in the MDA, shall have the following meaning: “**Short-Term Rental**’ means any dwelling, home, townhome or condominium or portion thereof that is available for use or is actually used for accommodations of

lodging of guests for a period of less than thirty consecutive days, wherein guests pay a fee or other compensation for said use, and is also known as a nightly rental.”

3. **Short-Term Rentals (also known as Nightly Rentals)**. The following Section is hereby added to and made a part of the MDA: “**4.1.1 Short-Term Rentals (also known as Nightly Rentals)**. (Notwithstanding anything to the contrary in the MDA, the Zoning Ordinance, the Town of Hideout’s Code, the Town’s Vested Laws, and the Town’s Future Laws), the Short-Term Rental land use type, (also known as Nightly Rentals), is, and will be, permitted in Phase 2B, Phase 3, Phase 4, Phase 5, Phase 6, Phase 7 and Phase 8 of the Project on the Property. Where permitted, short-term rentals are required to follow all ordinances and regulations of the Town of Hideout pertaining to short-term (nightly) rentals, including Ordinance #2022-0-5, (and any other applicable governmental ordinances, regulations and/or laws).”
  
4. **Further Compensation – Water Rights and Payment to Town**. Subject to Jordanelle Special Service District’s (“JSSD”) acknowledgement of such and issuing a will serve commitment (and/or any and all other required approval, consent, agreement or other requirement of JSSD to effectuate such), Western shall grant, convey, assign and transfer to the Town by a quit-claim deed and an assignment Western’s right, title and interest in and to, and delegate to the Town all of Western’s duties, obligations and liabilities in connection with, the right to supply the demand (of the applicable number of Equivalent Residential Units (“ERUs”)) equivalent to twenty (20) acre feet of water (“Water Right Assignment”), which right, title and interest is set forth in and based upon the following document(s): **[insert applicable water reservation agreement and/or other applicable documents]** (“Reservation Agreement”). The Town shall accept Western’s grant, conveyance, assignment and transfer (and sign the applicable Water Rights Assignment and any other applicable document(s)), and the Town shall assume and

promise to perform all of Western's duties, obligations, and liabilities under the Reservation Agreement as to the Water Right Assignment.

The parties hereby agree to execute such further documents and instruments as may be necessary to effectuate the above referenced (in this section) transfer(s)/assignment(s) of water rights.

The following sentence is hereby added to Section 10.4 (and made a part) of the MDA:

“Developer also hereby agrees to make a cash payment of Fifty Thousand Dollars (\$50,000.00) to the Town within sixty (60) days of the full execution (by all parties hereto) and the recording of this Third Amendment, which funds are to be used by the Town towards the construction of a fire station located within the Town boundaries.”

5. **MIDA.** Subject to any required approval, consent, justification, recognition, agreement or other requirement of the Military Installation Development Authority (“MIDA”) and Master Developer (as defined in the MIDA Agreement) (and/or any other governmental or other person or entity) to effectuate such, Western (and Miller, if applicable) shall grant, convey, assign and transfer to the Town by an assignment Western's (and Miller's, if any) rights, interest, responsibilities, duties, obligations, covenants and liabilities **only to (1) resort community tax collected and (2) sales tax collected** pursuant to Chapter 1, Title 63H Utah Code Annotated 1953 (“MIDA Act”) and in that certain “Tax Sharing and Reimbursement Agreement” (“MIDA Agreement”) between Western States Ventures, LLC and the Military Installation Development Authority, with an Effective Date of July, 7, 2022, including any rights to receive reimbursement funds from **only (1) resort community tax collected and (2) sales tax collected** pursuant to the MIDA Act and in the MIDA Agreement, (including **(1) resort community tax collected and (2) sales tax collected** funds from MIDA and/or the Hideout Development Fund and/or the Reimbursement Fund and/or the Western

States Ventures Reimbursement Fund as referenced and defined in the MIDA Agreement), pertaining to the Project and Property, including all rights to payments and/or reimbursements for Eligible Expenses (as defined in the MIDA Agreement) pertaining to the (1) resort community tax collected and/or (2) sales tax collected pursuant to the MIDA Act and in the MIDA Agreement (“MIDA Assignment”). To be clear, this MIDA Assignment does not include the assignment of any other rights, interest, responsibilities, duties, obligations, covenants and liabilities other than to (1) resort community tax collected and/or (2) sales tax collected pursuant to the MIDA Act and the MIDA Agreement pertaining to the Project and Property; and, among other thing, this MIDA Assignment does not include the assignment of any rights, interest, responsibilities, duties, obligations, covenants and liabilities to (1) property tax generated or collected and/or (2) use tax collected in accordance with the MIDA Act and in the MIDA Agreement pertaining to the Project and Property. The Town shall: accept the MIDA Assignment and assume all of Western’s (and Miller’s, if any) rights, interests, responsibilities, duties, obligations, covenants and liabilities only to (1) resort community tax collected and (2) sales tax collected pursuant to the MIDA Act and in the MIDA Agreement pertaining to the Project and Property; agree to be bound by the terms and conditions of the MIDA Agreement; and covenant to duly keep, observe and perform all of the terms, conditions and provisions of the MIDA Agreement that are to be kept, observed and performed by Western (and Miller, if any) thereunder. The MIDA Assignment shall also include a provision stating that Western (and Miller, if applicable), shall be released from all obligations under the MIDA Agreement as to (1) resort community tax collected and (2) sales tax collected pertaining to the Project and Property.

To the extent necessary, Western (and Miller, if applicable), shall also consent and agree

that MIDA may amend the Hideout Interlocal Agreement (as defined in the MIDA Agreement) to provide that (1) resort community tax collected and (2) sales tax collected from the Western States Ventures Hideout Property (as defined in the MIDA Agreement) pursuant to the MIDA Act may be placed in the Municipal Services Fund (as defined in the MIDA Agreement) instead of the Development Fund (as defined in the MIDA Agreement) as set forth in that Hideout Interlocal Agreement.

The parties hereby agree to execute such further documents and instruments as may be necessary to effectuate the above referenced (in this section) MIDA Assignment.

6. **Term of Agreement.** The first sentence of Section 5 of the MDA is hereby deleted and replaced with the following sentence: “The term of this MDA shall be until December 31, 2033.”
7. **Approval by Town Council.** This Third Amendment was approved by the Town Council on [REDACTED], 2024.
8. **Scope of this Third Amendment.** Other than as specifically amended herein by this Second Amendment, the terms and conditions of the MDA shall remain in full force and effect.

*[End of Amendment. Signatures Follow.]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by and through their respective, duly authorized representatives as of this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

ORIGINAL DEVELOPER  
Western States Ventures, LLC

Town of Hideout TOWN

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

OWNER AND CURRENT DEVELOPER  
Holmes Western Deer Springs, LLC

Miller Family Real Estate, L.L.C.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Approved as to  
form:

Attest:

\_\_\_\_\_  
Town  
Attorney

\_\_\_\_\_  
Town Clerk

TOWN ACKNOWLEDGMENT

STATE OF UTAH )  
 :ss.  
COUNTY OF WASATCH )

On the \_\_\_\_\_day of \_\_\_\_\_, 202\_\_, personally appeared before me \_\_\_\_\_who being by me duly sworn, did say that he is the Mayor of the Town of Hideout, a Utah municipal corporation, and that said instrument was signed in behalf of the Town by authority of its governing body and said Mayor acknowledged to me that the Mayor executed the same.

\_\_\_\_\_  
NOTARY PUBLIC

WESTERN ACKNOWLEDGMENT

STATE OF UTAH )  
 :ss.  
COUNTY OF SALT LAKE )

On the \_\_\_\_\_day of \_\_\_\_\_, 202\_\_, personally appeared before me \_\_\_\_\_who being by me duly sworn, did say that he is the manager of Western States Ventures, LLC, a Utah limited liability company, and that the foregoing instrument was duly authorized by the company at a lawful meeting held by authority of its operating agreement and signed in behalf of said company.

\_\_\_\_\_  
NOTARY PUBLIC



MILLER ACKNOWLEDGMENT

STATE OF UTAH )  
 :ss.  
COUNTY OF SALT LAKE )

On the \_\_\_\_\_day of \_\_\_\_\_, 202\_\_, personally appeared before me \_\_\_\_\_who being by me duly sworn, did say that he is the manager of Miller Family Real Estate, L.L.C., a Utah limited liability company, and that the foregoing instrument was duly authorized by the company at a lawful meeting held by authority of its operating agreement and signed in behalf of said company.

\_\_\_\_\_  
NOTARY PUBLIC

DEVELOPER ACKNOWLEDGMENT

STATE OF UTAH )  
 :ss.  
COUNTY OF SALT LAKE )

On the \_\_\_\_\_day of \_\_\_\_\_, 202\_\_, personally appeared before me \_\_\_\_\_who being by me duly sworn, did say that he is the manager of Holmes Western Deer Springs, LLC , a Utah limited liability company, and that the foregoing instrument was duly authorized by the company at a lawful meeting held by authority of its operating agreement and signed in behalf of said company.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:

Residing at:

\_\_\_\_\_

\_\_\_\_\_

**EXHIBIT A**  
**(Legal Description)**

Ent 551319 Bk 1491 Pg 1601-1622  
Date: 16-OCT-2024 1:32:11PM  
Fee: \$272.00 Check Filed By: CO  
MARCY M MURRAY, Recorder  
WASATCH COUNTY CORPORATION  
For: WESTERN STATES VENTURES LLC

**WHEN RECORDED, RETURN TO:**

**Town of Hideout  
Attn: Town Clerk  
10860 N. Hideout Trail  
Hideout, Utah 84036**

**THIRD AMENDMENT TO THE MASTER DEVELOPMENT AGREEMENT  
FOR DEER SPRINGS COMMUNITY**

THIS THIRD AMENDMENT TO THE MASTER DEVELOPMENT AGREEMENT FOR DEER SPRINGS COMMUNITY (“**Third Amendment**”) is made and entered as of the date set forth below, by and between the Town of Hideout, a Utah municipal corporation (“**Town**”), Holmes Western Deer Springs, LLC, a Utah limited liability company (“**Developer**”), Western States Ventures LLC, a Utah limited liability company (“**Original Developer**” and/or “**Western**”) and Miller Family Real Estate, L.L.C., a Utah limited liability company (“**Miller**”).

**RECITALS**

A. Original Developer Western and the Town entered into that certain *Master Development Agreement for Deer Springs Community*, which was recorded on August 6, 2018 as Entry No. 454483 in the official books and records of the Wasatch County Recorder; and the Original Developer Western States Ventures, L.L.C., the current Developer Holmes Western Deer Springs, LLC (as “**Owner**”) and the Town entered that certain *First Amendment to the Master Development Agreement for Deer Springs Community*, which was recorded on September 15, 2020 as Entry No. 484657 in the official books and records of the Wasatch County Recorder; and the Original Developer Western States Ventures, L.L.C., the Owner and current Developer Holmes Western Deer Springs, LLC and the Town entered that certain *Second Amendment to the Master Development Agreement for Deer Springs Community*, which was recorded on February 2, 2022 as Entry No.514655 in the official books and records

of the Wasatch County Recorder, (collectively, as amended, the “MDA”). The MDA governs and encumbers the real property shown on **Exhibit A** attached hereto (“Property”).

B. The Original Developer has conveyed the Property to the current Developer. The Original Developer has also assigned its rights, titles, interests, duties, obligations and liabilities to and under the MDA to the current Developer, and the current developer has accepted the assignment and assumed the Original Developer’s duties, obligations and liabilities under the MDA, which assignment has been and/or is consented to by the Town.

C. The Town and Developer desire to amend the MDA by making certain modifications to the terms and conditions thereof. Owner acknowledges and accepts this Amendment as a modification to the terms of the MDA which are binding on the Property.

D. Pursuant to Section 25 of the MDA, the parties can amend the terms of the MDA by means of a written document signed by the Town and Developer.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Town and Developer hereby agree to the following:

**AMENDMENT**

1. **Recitals Incorporated.** The foregoing recitals are incorporated into, and made part of, this Third Amendment.
2. **Definitions.** Capitalized terms used in this Third Amendment but not otherwise defined shall have the meaning set forth in the MDA, if a meaning is provided. The following Section is hereby added to, and made a part of, the MDA: “**1.2.23.** The words or phrase “Short-Term Rental”, as used in the MDA, shall have the following meaning: “**Short-Term Rental’ (also known as a Nightly Rental)** means any dwelling, home, townhome or condominium or portion thereof that is available for use or is actually used for accommodations of lodging of guests for a period of less than thirty consecutive

days, wherein guests pay a fee or other compensation for said use, and is also known as a nightly rental.”

3. **Short-Term Rentals (also known as Nightly Rentals)**. The following Section is hereby added to and made a part of the MDA: “**4.1.1 Short-Term Rentals (also known as Nightly Rentals)**. (Notwithstanding anything to the contrary in the MDA, the Zoning Ordinance, the Town of Hideout’s Code, the Town’s Vested Laws, and the Town’s Future Laws), the Short-Term Rental land use type, (also known as Nightly Rentals), is, and will be, permitted in Phase 1, Phase 2B, Phase 3, Phase 4, Phase 5, Phase 6, Phase 7 and Phase 8 of the Project on the Property, (all Phases except Phase 2A). The following criteria must be met for any and all short-term rentals (nightly rentals):
- i. Where permitted, short-term rentals are required to follow all ordinances and regulations of the Town of Hideout pertaining to short-term (nightly) rentals, including Hideout Municipal Code Chapter 4.07 (and any other applicable governmental ordinances, regulations and/or laws as amended from time to time).”
  - ii. All dwelling, home, townhome or condominium (“Residential Unit”) owners, with the exception of Residential Unit owners in Phase 1, will be required to use one of two short-term rental (nightly rental) management companies selected by the Developer and agreed to by the Town.
  - iii. All requirements of Chapter 4.07 of the Hideout Municipal Code must be met.
  - iv. No Accessory Dwelling Units (ADUs) may be used for a nightly rental.
  - v. All nightly rentals must be for a minimum period of two consecutive days. This must be included on all advertising materials.
  - vi. No more than six (6) unrelated persons may stay overnight in a single Residential

- Unit at any one time. This must be included on all advertising materials.
- vii. No more than two (2) automobiles are allowed to park on the property pertaining to the Residential Unit at any time. This must be included on all advertising materials.
- viii. All nightly rental contracts must include a copy of Hideout's trash, parking and noise ordinances and a 'Good Neighbor Brochure' that summarizes these requirements and what is expected of the renter. These documents must be clearly posted in the rental unit at all times.
- ix. The owner of the nightly rental Residential Unit agrees to allow the Wasatch County Health Department or designee and the Wasatch Fire Department's designee to conduct an annual walk-through inspection of each rental Residential Unit to ensure compliance with all Town health, safety and welfare requirements. This review will also include an assessment of local government and/or local service district responses to the property. If three (3) substantiated code violation complaints (by police, fire, or similar emergency management service) relative to a particular Residential Unit within a 24-month period are confirmed, the nightly rental may be revoked for a period of up to one (1) year.
4. **Further Compensation – Water Rights and Payment to Town.** Subject to Jordanelle Special Service District's ("JSSD") acknowledgement of such and issuing any and all other required approval, consent, agreement or other requirement of JSSD to effectuate such, Developer shall grant, convey, assign and transfer to the Town by an assignment Developer's right, title and interest in and to, and delegate to the Town all of Developer's duties, obligations and liabilities in connection with, the right to water to supply the demand of Twenty (20) acre feet of water ("Water Right Assignment"),

which right, title and interest is set forth in and based upon the following document(s):

“Agreement Regarding Transfer of Water Rights and Partial Assignment and Assumption of Culinary Water Reservation Agreement [Tuhaye West]” dated November 15, 2021 by and between Developer, Holmes Lakeview Estates, LLC, Redus Park City LLC, and JSSD, (“Reservation Agreement”). The Town shall accept Developer’s grant, conveyance, assignment and transfer (and sign the applicable Water Rights Assignment and any other applicable document(s)), and the Town shall assume and promise to perform all of Developer’s duties, obligations, and liabilities under the Reservation Agreement as to the Water Right Assignment. This Water Rights Assignment of the right to water to supply the demand of Twenty (20) acre feet of water is in addition to the water rights dedicated for and required to service the Property. It is understood that under the Water Rights Assignment, the subject right to water to supply the demand of Twenty (20) acre feet of water of the Deer Springs Water from the Deer Springs Property under the Reservation Agreement, once transferred and assigned to Hideout pursuant to the Water Rights Assignment, may be used for any project deemed suitable by the Town Council. The Water Rights Assignment will take place within 60 days of recordation of this document.

The parties hereby agree to execute such further documents and instruments as may be necessary to effectuate the above referenced (in this section) transfer(s)/assignment(s) of water rights.

The following sentence is hereby added to Section 10.4 (and made a part) of the MDA:

“Developer also hereby agrees to make a cash payment of Fifty Thousand Dollars (\$50,000.00) to the Town within sixty (60) days of the full execution (by all parties hereto) and the recording of this Third Amendment, which funds are to be used by the Town towards the construction of a fire station, or other public facility or amenity,

located within the Town boundaries.”

**MIDA.** Western hereby agrees to sign the “First Amendment to Tax Sharing and Reimbursement Western States Ventures, LLC” (“First Amendment”), attached hereto as Exhibit C, wherein Western agrees, among other things, that Section 2.1(b) in the “Tax Sharing and Reimbursement Agreement” (“MIDA Agreement”) (between Western and the Military Installation Development Authority (“MIDA”), with an Effective Date of July, 7, 2022), is thereby deleted and replaced in its entirety and a replacement Section 2.1(b) is thereby added, which replacement Section 2.1(b) states in part:

“ . . . that Western States Ventures hereby specifically agrees and consents that MIDA, at its sole option, may amend the Hideout Interlocal Agreement to provide that sales tax and resort community tax collected from the Western States Ventures Hideout Property, be placed in the Hideout Municipal Services Fund instead of the Hideout Development Fund as set forth in that agreement. . . .”

5. **UPDATED PHASING PLAN - EXHIBIT B-2.3.** Exhibit B-2.3 (Part 1 and Part 2), attached hereto, contains an updated phasing plan, unit type and unit count. The Phasing Map attached to the Second Amendment as Exhibit B-2.2 is hereby deleted in its entirety and replaced with Exhibit B-2.3 (Part 1 and Part 2), Exhibit B-2.3 (Part 1 and Part 2) changes the types of units in Phase 8 from 30 townhomes to 30 cottages (and the layout of the lots will be amended to allow for 30 cottages), and requires Phase 8 to include: (i) a commercial pad with vertical build out for tenants (the exact size of which commercial pad and vertical build out to be determined by the Hideout Planning Commission when Phase 8 is submitted for final subdivision approval); (ii) a club house/community center with a swimming pool and amenities; and (iii) possible two (2)




affordable/workforce housing units and/or additional second floor retail.

6. **Approval by Town Council.** This Third Amendment was approved by the Town Council on May 9, 2024.
7. **Scope of this Third Amendment.** Other than as specifically amended herein by this Third Amendment, the terms and conditions of the MDA shall remain in full force and effect.


*[End of Amendment. Signatures Follow.]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by and through their respective, duly authorized representatives as of this 15<sup>th</sup> day of October, 2024.

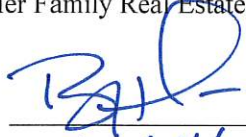
ORIGINAL DEVELOPER  
Western States Ventures, LLC

By:   
Name: Nathan Brockbank  
Title: manager


OWNER AND CURRENT DEVELOPER  
Holmes Western Deer Springs, LLC  
*By its General Manager Holmes Homes, Inc*

By:   
Name: Eric K. Davenport  
Title: Secretary of Holmes Homes, Inc.

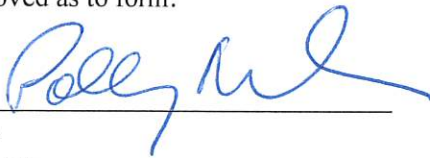
Miller Family Real Estates, L.L.C.

By:   
Name: Brad Holmes  
Title: president

TOWN  
Town of Hideout

By:   
Name: Chris M. Baier  
Title: Mayor Pro Tempore

Approved as to form:



Town  
Attorney

Attest:



Town Clerk

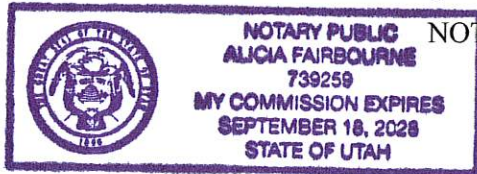


TOWN ACKNOWLEDGMENT

STATE OF UTAH )  
 :SS.  
COUNTY OF WASATCH )

On the 15<sup>th</sup> day of October, 2024, personally appeared before me Chris M. Baier who being by me duly sworn, did say that he is the Mayor <sup>Pro Tempore</sup> of the Town of Hideout, a Utah municipal corporation, and that said instrument was signed in behalf of the Town by authority of its governing body and said Mayor acknowledged to me that the Mayor executed the same.

*Alicia Fairbourne*



WESTERN ACKNOWLEDGMENT

STATE OF UTAH )  
 :SS.  
COUNTY OF SALT LAKE )

On the 10 day of October, 2024, personally appeared before me Nathan Brockbank who being by me duly sworn, did say that he is the manager of Western States Ventures, LLC, a Utah limited liability company, and that the foregoing instrument was duly authorized by the company at a lawful meeting held by authority of its operating agreement and signed in behalf of said company.

*Candice Kidd*



NOTARY PUBLIC

MILLER ACKNOWLEDGMENT

STATE OF UTAH )  
 )  
 :SS.  
COUNTY OF SALT LAKE )

On the 10<sup>th</sup> day of October, 2024, personally appeared before me Brad Holmes who being by me duly sworn, did say that he is the manager of Miller Family Real Estate, L.L.C., a Utah limited liability company, and that the foregoing instrument was duly authorized by the company at a lawful meeting held by authority of its operating agreement and signed in behalf of said company.

  
\_\_\_\_\_  
NOTARY PUBLIC

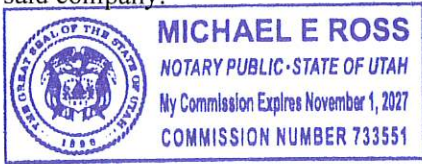


DEVELOPER ACKNOWLEDGMENT

STATE OF UTAH )  
 )  
 :SS.  
COUNTY OF SALT LAKE )

On the 10 day of October, 2024, personally appeared before me Eric K. Duvall, Secretary of M. Lewis Holmes, Eric who being by me duly sworn, did say that he is the manager of Holmes Western Deer Springs, LLC, a Utah limited liability company, and that the foregoing instrument was duly authorized by the company at a lawful meeting held by authority of its operating agreement and signed in behalf of said company.

  
\_\_\_\_\_  
NOTARY PUBLIC



My Commission Expires:

Residing at:

11/1/27

Lehi, UT

**EXHIBIT A**

**(Legal Description)**

**(See Attached)**

Ent 551319 Bk 1491 Pg 1613

A parcel of land lying and situate in Section 7, and the South Half of Section 6, Township 2 South, Range 5 East, Salt Lake base and Meridian. Basis of bearing for subject parcel being South 89°04'46" West 2641.14 feet measured with the north line of the Northeast Quarter of said Section 7. Subject parcel being more particularly described as follows:

Commencing at the Northeast Corner of Section 7, Township 2 South, Range 5 East, Salt Lake Base and Meridian, thence South 89°04'46" West 2094.25 feet to a point on the southwesterly Right of Way line of SR 248 and the True Point of Beginning:

Thence the following three (3) courses coincident with said right of way

1) South 48°59'43" East 465.48 feet; 2) South 65°52'29" East 259.50 feet to a point of curvature; 3) Southerly 286.49 feet along the arc of a 3709.27 foot radius curve to the right (center bears South 48°39'09" West) through a central angle of 04°25'31"; Thence departing said right of way North 66°35'25" East 71.73 feet to a point on the extant corporate limits of Hideout Town;

Thence the following three (3) courses coincident with said corporate limits

1) South 23°24'35" East 1340.24 feet; 2) South 25°29'35" East 538.64 feet; 3) South 26°23'32" West 505.11;; Thence the following ten (10) courses coincident with Tax Parcel 00-0007-2004 and the prolongation thereof,

1) North 88°03'26" West 366.84 feet; 2) North 11°18'22" East 459.43; 3) North 81°59'52" West 8.62 feet; 4) North 78°32'09" West 38.85 feet; 5) North 89°38'58" West 53.64 feet; 6) North 81°33'13" West 326.73 feet; 7) North 83°24'39" West 154.75 feet; 8) North 85°09'53" West 155.77 feet; 9) South 00°34'00" West 516.71 feet; 10) North 88°02'03" West 850.24 feet to the easterly right of way line of Jordanelle Parkway; Thence the following eight (8) courses, coincident with the easterly right of way line of said Parkway, 1) North 62°53'59" East 171.88 feet to a point of curvature; 2) Northerly 973.14 feet along the arc of a 598.69 foot radius curve to the left (center bears North 27°06'01" West) through a central angle of 93°07'52" to a point of tangency; 3) North 30°13'53" West 228.80 feet to a point of curvature; 4) Northerly 528.29 feet along the arc of a 930.37 foot radius curve to the right (center bears North 59°46'07" East) through a central angle of 32°32'03" to a point of tangency; 5) North 02°18'10" East 427.16 feet to a point of curvature; 6) Northerly 99.71 feet along the arc of a 741.78 foot radius curve to the left (center bears North 87°41'50" West) through a central angle of 07°42'07" to a point of compound curvature; 7) Northwesterly 437.16 feet along the arc of a 537.50 foot radius curve to the left (center bears South 84°36'03" West) through a central angle of 46°35'59" to a point of reverse curvature; 8) Northwesterly 438.88 feet along the arc of a 1005.37 foot radius curve to the right (center bears North 38°00'07" East) through a central angle of 25°00'42"; Thence departing said right of way North 62°56'24" East 48.90 feet along a radial line to a point on the westerly boundary of Tax Parcel 00-0013-6221; Thence the following five (5) courses coincident with the perimeter of said parcel 1) Northwesterly 106.28 feet along the arc of a 955.37 foot radius curve to the right (center bears North 62°56'24" East) through a central angle of 06°22'27" to a point of tangency; 2) North 20°41'09" West 282.00 feet; 4) North 69°08'44" East 50.00 feet; 5) South 20°41'09" East 87.08 feet; 6) North 45°03'33" East 105.29 feet to a point on the westerly right of way of SR-248; Thence the following two (2) courses coincident with said right of way 1) South 56°09'40" East 687.17 feet; 2) South 48°59'43" East 232.71 feet to the point of beginning.

Contains 3,566,877 sq. ft. or 81.88 acres

A parcel of land lying and situate in the North Half of Section 7, and the Southeast Quarter of Section 6, Township 2 South, Range 5 East, Salt Lake base and Meridian. Basis of bearing for subject parcel being South 89°04'46" West 2641.14 feet measured with the north line of the Northeast Quarter of said Section 7. Subject parcel being more particularly described as follows:

Commencing at the North Quarter Corner of Section 7, Township 2 South, Range 5 East, Salt Lake Base and Meridian, thence South 89°06'24" West 503.97 feet to the True Point of Beginning:

Thence North 04°23'00" East 499.65 feet coincident with the west line of Wasatch County Tax Parcel 00-0020-3848; Thence North 69°18'51" East 1.49 feet to a point on the westerly right of way line of Jordanelle Parkway; Thence following seven (7) courses, coincident with the westerly right of way line of said Parkway, 1) Southerly 6.90 feet along the arc of a 594.78 foot radius curve to the right (center bears South 69°19'56" West) through a central angle of 00°39'54" to a point of tangency; 2) South 20°00'11" East 263.39 feet to a point of curvature; 3) Southerly 603.31 feet along the arc of a 1080.37 foot radius curve to the left (center bears North 69°59'49" East) through a central angle of 31°59'45" to a point of reverse curvature; 4) Southerly 376.16 feet along the arc of a 462.50 foot radius curve to the right (center bears South 38°00'04" West) through a central angle of 46°35'59" to a point of compound curvature; 5) Southerly 89.63 feet along the arc of a 666.78 foot radius curve to the right (center bears South 84°36'03" West) through a central angle of 07°42'07" to a point of tangency; 6) South 02°18'10" West 427.16 feet to a point of curvature; 7) Southerly 43.39 feet along the arc of a 1005.37 foot radius curve to the left (center bears South 87°41'50" East) through a central angle of 02°28'22" to a point of curvature; Thence departing said westerly right of way South 89°53'38" West 83.72 feet coincident with the south boundary of said Wasatch County Tax Parcel 00-0007-1964; Thence the following two (2) courses coincident with the west boundary of said Tax Parcel, 1) North 28°16'22" West 135.68 feet; 2) North 26°20'22" West 1114.00 feet to the point of beginning.

Contains 391,297 sq. ft. or 8.98 acres



A parcel of land lying and situate in the Southwest Quarter of Section 6, Township 2 South, Range 5 East, Salt Lake base and Meridian. Basis of bearing for subject parcel being South 89°04'46" West 2641.14 feet measured coincident with the south line of the Southwest Quarter of said Section 6. Subject parcel being more particularly described as follows:

Commencing at the South Quarter Corner of said Section 6, thence North 33°23'22" West 638.87 feet to the True Point of Beginning;  
Thence South 20°41'09" East 20.00 feet; Thence South 69°08'44" West 120.71 feet;  
Thence North 20°41'09" West 13.10 feet to a point of curvature; Thence Northerly 6.90 feet along the arc of a 594.78 foot radius curve to the right (center bears South 69°19'56" West) through a central angle of 00°39'54"; Thence North 69°08'44" East 120.51 feet to the point of beginning.

Contains 2,412 sq. ft. or 0.06 acres

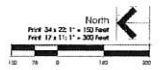
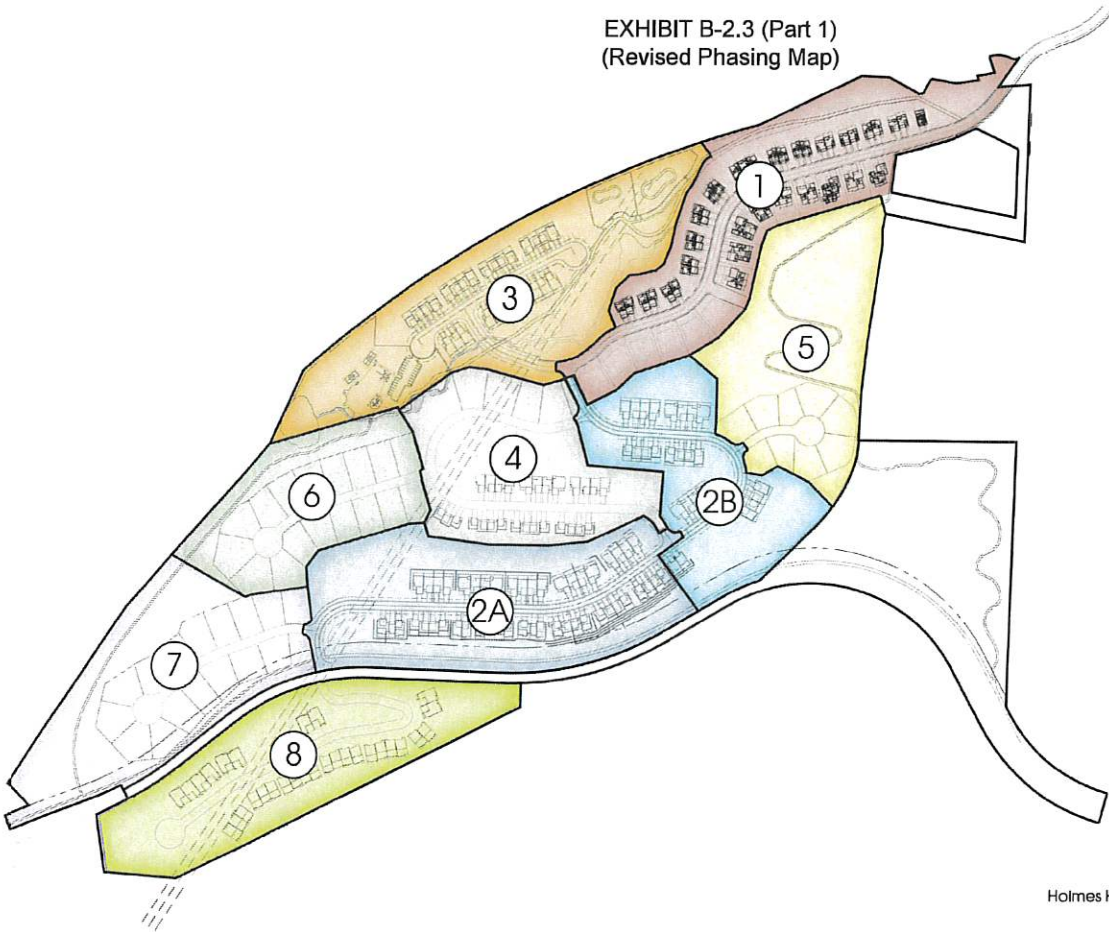
21-3164

21-3161

21-3163

**Exhibit B -2.3 (Part 1 and Part 2) Third Amendment  
(Updated Phasing Plan, Unit Type and Unit Count)  
(See Attached)**

EXHIBIT B-2.3 (Part 1)  
(Revised Phasing Map)



23 June 2021  
Phasing Plan

### DEER SPRINGS

Hildesheim, Utah

Holmes Homes . 126 West Segoe Lily Drive, Suite 250 . Sandy, Utah








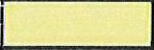



R. MICHAEL KISTLY CONSULTANTS

Land Planning | Landscape Architecture

P.O. Box 488260 • Salt Lake City, UT 84148-0260 | 313.737.7822 | rmk@rckistly.com

EXHIBIT B-2.3 (Part 2)  
(Revised Phasing Chart)

# Phasing Plan . Deer Springs, Hideout, Utah . Holmes Homes

	Single family lots	Townhomes		Total Units
		Uphill Units	Downhill Units	
 Phase One	15	18	12	45
 Phase Two A		28	20	48
 Phase Two B		14	12	26
 Phase Three			27	27
 Phase Four	3	15	12	30
 Phase Five	9			9
 Phase Six	17			17
 Phase Seven	16			16
 Phase Eight	30 Cottages			30
Totals	90	75	83	248

Phase 8 includes:

- Commercial pad with vertical buildout for tenants (exact size to be determined by Planning Commission when Phase 8 is submitted for Final Subdivision Approval)
- Clubhouse/community center, with a swimming pool and amenities
- Possible two (2) affordable/workforce housing units or commercial retail (on the upper floor of the commercial building), subject to planning Commission recommendation



23 JUNE 2021  
Phasing Plan

## DEER SPRINGS

Holmes Homes . 126 West Segal Lily Drive, Suite 250 . Sandy, Utah



R. MICHAEL KELLY CONSULTANTS

Land Planning | Landscape Architecture

PO Box 309480 Salt Lake City, UT 84130-0948 | (801) 509-7227 | rmk@rckconsultants.com

**EXHIBIT C**

**(First Amendment to Tax Sharing and Reimbursement Agreement Western States Ventures, LLC)**

**(See Attached)**

# Exhibit C

Item # 1.

## FIRST AMENDMENT TO TAX SHARING AND REIMBURSEMENT AGREEMENT WESTERN STATES VENTURES, LLC

**THIS FIRST AMENDMENT TO THE TAX SHARING AND REIMBURSEMENT AGREEMENT** (the "Amendment") is entered into this \_\_\_\_\_ day October 2024, by and between the Military Installation Development Authority, a body politic of the State of Utah ("MIDA") and Western States Ventures, LLC a Utah limited liability company ("Western States Ventures"). MIDA and Western States Ventures are referred to in this Amendment separately as a "Party" and collectively as the "Parties."

### RECITALS:

**WHEREAS**, MIDA entered into the Hideout Interlocal Cooperation Agreement with the Town of Hideout, dated October 1, 2019 (the "Hideout Interlocal Agreement") following all requirements of the MIDA Act and the Utah Interlocal Cooperation Act, Utah Code Ann. §11-13-101 *et seq.* The Interlocal Agreement, among other things, allow MIDA to create a development fund and set forth how the development fund will be used in the Western States Ventures Hideout Property (the "Hideout Development Fund"); and

**WHEREAS**, MIDA and Western States Ventures entered into a Tax Sharing and Reimbursement Agreement dated July 7, 2022 (the "Agreement"), to provide for the reimbursement of certain public improvement costs incurred by Western States Ventures, which are eligible for reimbursement from certain taxes collected by MIDA from the Western States Ventures Hideout Property; and

**WHEREAS**, MIDA and Western States Ventures desire to amend certain provisions of the Agreement to allow MIDA to redirect the sales tax and resort communities tax, collected from the Western States Ventures Hideout Property from the Hideout Development Fund to the Hideout Municipal Services Fund, as defined in the Hideout Interlocal Agreement.

**NOW, THEREFORE**, in consideration of the mutual promises of the Parties contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

### AGREEMENTS:

#### 1. PURPOSE

The purpose of this Amendment is to amend the Agreement to allow MIDA to amend the Hideout Interlocal Agreement by placing all sales taxes and resort community taxes collected by MIDA from the Western States Ventures Hideout Property, if any, into the Hideout Municipal Services Fund, rather than the Hideout Development Fund. By this Amendment, Western States Ventures consents to such an amendment to the Hideout Interlocal Agreement.

#### 2. AMENDMENT

# Exhibit C

Item # 1.

Section 2.1(b) in the Agreement are hereby deleted and replaced in its entirety and a replacement Section 2.1(b) is hereby added as follows:

(b) *Amendments and Modifications.* The adoption of the Project Area Plans and Project Area Budget constitute a present exercise of MIDA's legislative authority for the benefit of the Western States Ventures Hideout Property in accordance with all applicable laws. In the event MIDA believes that an amendment to the Project Area Plans or the Hideout Interlocal Agreement is necessary to accomplish the purposes of the Project Area Plans in effect as of the Effective Date, MIDA shall ensure that any such amendment does not adversely affect the rights of Western States Ventures under this Agreement. Provided, however, that Western States Ventures hereby specifically agrees and consents that MIDA, at its sole option, may amend the Hideout Interlocal Agreement to provide that sales tax and resort community tax collected from the Western States Ventures Hideout Property, be placed in the Hideout Municipal Services Fund instead of the Hideout Development Fund as set forth in that agreement. MIDA covenants that it will comply with the requirements of this Agreement as a contractual obligation without regard to any amendment or modification of the Project Area Plans that is not included in an amendment to this Agreement as provided in the immediately foregoing sentence.

### 3. OTHER TERMS AND CONDITIONS

All other terms and conditions of the Agreement, including the recitals at the beginning of the Agreement, not specifically amended or added herein shall remain unchanged and in full force and effect. In the case of any conflict between the terms of the Agreement and this Amendment, the terms of the Amendment shall govern.

### 4. MULTIPLE COUNTERPARTS

This Amendment may be executed in multiple counterparts, each counterpart of which shall, for all purposes, be deemed an original, but which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this First Amendment to the Tax Sharing and Reimbursement Agreement as of the day and year first above written.

*[Signature Page Follows]*

Item # 1.

# Exhibit C

**Western States Ventures, LLC,**  
a Utah limited liability company

Nathan Brockbank  
Title: \_\_\_\_\_

STATE OF UTAH                  )  
                                                          ss  
COUNTY OF \_\_\_\_\_ )

On the \_\_\_\_\_ day of \_\_\_\_\_ in the year 2024, before me, the undersigned, a Notary Public in and for said State, personally appeared Nathan Brockbank, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged himself to be the Managing Member of Western States Ventures LLC a Utah limited liability company, being authorized to do so, he/she executed the foregoing instrument for the purposes therein contained, by signing in the name of the company, by himself, as such officer.

**MILITARY INSTALLATION DEVELOPMENT AUTHORITY,**  
a political subdivision and body corporate and politic of the State of Utah

By: \_\_\_\_\_  
Heather Kruse  
MRF Project Area Director

Approved as to form:

\_\_\_\_\_  
MIDA Legal Counsel

*[Signature Page to First Amendment to Tax Sharing and Reimbursement Agreement]*



**File Attachments for Item:**

1. March 6, 2024 Town Council Meeting Minutes DRAFT

**Minutes**  
**Town of Hideout**  
**Town Council Regular Meeting and Continued Public Hearings RESCHEDULED**  
**March 06, 2024**

The Town Council of Hideout, Wasatch County, Utah met in Regular Meeting and Continued Public Hearings on March 6, 2024 at 6:00 PM in the City Council Chambers located at 10860 N. Hideout Trail, Hideout, Utah, and virtually via Zoom.

**Regular Meeting and Continued Public Hearings**

**I. Call to Order**

Mayor Rubin called the meeting to order at 6:02 p.m. and reminded participants this meeting was being held as a hybrid meeting both electronically via Zoom and in person at Hideout Town Hall.

**II. Roll Call**

**Present:** Mayor Phil Rubin  
Council Member Ralph Severini

**Attending Remotely:** Council Member Chris Baier  
Council Member Jonathan Gunn  
Council Member Bob Nadelberg

**Excused:** Council Member Carol Haselton

**Staff Present:** Recorder for Hideout Alicia Fairbourne

**Staff Attending Remotely:** Town Administrator Jan McCosh  
Town Attorney Polly McClean  
Town Planner Thomas Eddington  
Financial Consultant Katie Shepley

**Public Present:** None.

**Public Attending Remotely:** Daniel Warner, Muriel Xochimitl, Edward Kim, Briana Warner, Nate Brockbank, Rob Sant, Bret Rutter, Laura Lothridge, and others who may have logged in using a partial name or using only a phone number.

Mayor Rubin reordered the posted agenda due to guest speakers' time constraints.

**III. Agenda Items**

**1. Update from the Town Council and Planning Commission Retreat which was held on January 11, 2024**

Mayor Rubin introduced the President and CEO of X-Factor Strategic Communications, Muriel Xochimitl, who facilitated the Council and Planning Commission retreat held on January 11, 2024.

1 Ms. Xochimitl presented the recommendations report, a key deliverable from the retreat aimed at  
2 providing actionable recommendations for the future development of the community. Ms.  
3 Xochimitl highlighted the objectives of the retreat, which included identifying short and long-  
4 term priorities for the Town and outlining actionable strategies to be incorporated into a strategic  
5 plan.

6 The SWOT analysis conducted during the retreat revealed various strengths, weaknesses,  
7 opportunities, and threats for the Town. Strengths included scenic views, access to outdoor  
8 activities, and proximity to urban areas while weaknesses encompassed insufficient commercial  
9 development, financial constraints, and limited land availability. Opportunities identified  
10 included commercial development, annexation of land, and strategic partnerships, whereas threats  
11 involved ongoing litigation and water availability issues.

12 Council members provided additional insights and feedback during the presentation. Council  
13 Member Baier emphasized the impact of developer-friendly regulations on the Town's sense of  
14 community and local control, highlighting the need for better oversight in development processes.  
15 Council Member Severini compared the Town's situation to that of a startup company,  
16 acknowledging both its blank slate and historical constraints. Mayor Rubin suggested adding the  
17 Town's status as an emerging community to the weaknesses list, recognizing its transition from a  
18 collection of homes to a unified community.

19 Ms. Xochimitl outlined six recommended strategies based on the retreat feedback. These included  
20 establishing guiding principles, streamlining internal processes, proactively engaging with the  
21 community, leveraging strategic partnerships, addressing infrastructure needs, and securing  
22 funding. She provided recommendations for each strategy, such as creating a Development  
23 Review Committee, implementing neighborhood chair programs, conducting surveys, and  
24 enhancing digital communications.

25 Council Members expressed interest in specific recommendations, such as engaging with the Utah  
26 Trail Network for infrastructure development and establishing partnerships with federal agencies  
27 for land use and economic development. They acknowledged the need to prioritize actions based  
28 on available resources and identified tasks for the upcoming budgeting season.

29 Overall, the retreat's recommendations provided a comprehensive roadmap for the Town's future  
30 development, emphasizing the importance of collaboration, strategic planning, and resource  
31 management. Council members expressed gratitude for the insights and Mayor Rubin pledged to  
32 discuss and work with the Town Administrator, Jan McCosh, towards implementing the  
33 recommendations in a phased approach aligned with the Town's capacity and goals.

34 Mayor Rubin brought up the upcoming budgeting season for Fiscal Year 25 and suggested finding  
35 time to work on some recommendations. Ms. McCosh was tasked with organizing this effort and  
36 getting Staff and Committee Members involved. Council Member Gunn agreed that worthwhile  
37 pursuits should be included in the budget.

## 38 **2. Discussion and approval of a Request for Proposal (RFP) process for public relations**

39 Ms. McCosh discussed the need for a Request for Proposal (RFP) for public relations. She  
40 explained that the current procurement policy required Council approval to issue an RFP, which  
41 was not typical. She proposed changing the ordinance so that Council approval was only needed  
42 for purchases over fifteen thousand dollars (\$15,000), which aligned with another existing

1 purchasing policy. Town Attorney Polly McLean supported this proposal and suggested  
2 discussing it further.

3 Ms. McCosh then provided updates on ongoing initiatives, such as a skills inventory initiated by  
4 Council Member Gunn and efforts to engage volunteers. She also mentioned Council Member  
5 Severini's suggestion of rebranding the city as "The Jewel of the Wasatch Back," emphasizing the  
6 importance of communicating the Town's opportunities and beauty. Ms. McCosh encouraged  
7 collaboration with the State Park and other regional partners to improve the Town's image.

8 Mayor Rubin summarized the progress made and emphasized the need to prioritize  
9 recommendations from the X-Factor report. He promised to work with Ms. McCosh to develop a  
10 plan and involve the Council in prioritizing and budgeting for these recommendations.

11 The meeting then returned to public input after thanking the X-Factor team for their contributions.

#### 12 **IV. Public Input - Floor open for any attendee to speak on items not listed on the agenda**

13 At 6:55 pm, Mayor Rubin opened the floor for attendees to speak on items not listed on the  
14 agenda. He explained that attendees could use the raise hand functionality in Zoom or dial star  
15 six on their phones to participate.

16 Council Member Baier raised concerns about the trash situation at the Deer Springs development,  
17 particularly in Phase 2A, describing it as appalling. She requested an update on the current status  
18 of the situation and how the Town planned to prevent such occurrences in the future.

19 Mayor Rubin acknowledged the seriousness of the situation, stating that such incidents should  
20 never happen and that all trash should be contained as per Town ordinances. He explained that  
21 the primary team responsible for inspections also handled other duties like snow plowing, which,  
22 given the recent snowfall, might have caused the oversight. The developer, Holmes Homes, was  
23 fined five hundred dollars (\$500) for the violation, and Mayor Rubin assured that measures were  
24 being taken to rectify the situation and prevent it from happening again.

25 Council Member Severini requested an update on a separate issue concerning construction cranes  
26 being operated without permits and obstructing roads in the area. Mayor Rubin confirmed that  
27 the developers were cited and that agreements for repairs were underway. He mentioned that as  
28 part of the building process, staff members, the developer, and sub-contractors held a pre-  
29 construction meeting to discuss expectations, Hideout Code, and enforcement. As part of that  
30 meeting, crane operations and the permitting process were discussed, and all contractors should  
31 have been knowledgeable of Town Code.

32 *Hideout Resident Bret Rutter* raised concerns about a crane that had been obstructing roads and  
33 shared observations of a Public Works vehicle driving past the obstruction without addressing it.  
34 He suggested reiterating to Staff the need for permits for road blockages.

35 Mayor Rubin acknowledged the need for improved monitoring and reinforcement of Town rules,  
36 especially by Public Works staff. He agreed to reinforce the message and explore options for  
37 additional code enforcement officers.

38 Council Member Baier recognized the small number of Hideout Staff, especially in the Public  
39 Works Department and suggested delegating citation delivery to other designated personnel to  
40 alleviate the burden on Public Works staff during busy periods.

1 Mayor Rubin agreed to review the staffing situation for code enforcement officers and explore  
2 alternative citation delivery methods.

3 After addressing these concerns, Mayor Rubin closed the public input session at 7:07 pm and  
4 thanked everyone for their comments.

5 **3. Update of the funding needs for the temporary Hideout Fire Station**

6 Mayor Rubin provided an update on the funding needs for the temporary Hideout Fire Station.  
7 He announced that the site layout drawings were received that day and that the Fire Chief was  
8 finalizing the details of the plan. With Finance Director Keri Wilson’s assistance, a  
9 comprehensive list of costs had been compiled, totaling approximately one-hundred fifty  
10 thousand dollars (\$150,000). This list would be shared with the Council to finalize the details.

11 Mayor Rubin expressed his intention to launch a fundraising effort to cover the costs, aiming to  
12 reach out not only to Hideout residents but also to the wider SR-248 corridor community. He  
13 mentioned that there were individuals willing to contribute financially, and Ms. McCosh had  
14 secured a third-party fundraising firm to assist with the effort.

15 Originally planned for March 1, Mayor Rubin mentioned that the fundraising kickoff might be  
16 delayed to March 15 due to some delays with the building guide identified by the Fire District.  
17 Despite this, efforts would continue to move forward with the plan to secure funding for the  
18 temporary fire station.

19 **4. Consideration of approving Ordinance 2024-O-XX to repeal sections of the Hideout  
20 Municipal Code to match state requirements and to incorporate fees in the Hideout Fee  
21 Schedule**

22 Mayor Rubin presented Ordinance 2024-O-03, which aimed to repeal sections of the Hideout  
23 Municipal Code to align with state requirements and incorporate fees into the Hideout Fee  
24 Schedule.

25 Ms. McLean explained that there were various aspects that needed adjustment, such as  
26 standardizing different items, correcting typos, and incorporating changes made by previous  
27 ordinances into the Code. The first change proposed in the ordinance was the removal of a section  
28 that required ordinances to be posted in the newspaper. Ms. McLean suggested repealing this  
29 section because it was outdated and mirrored the state code, which had been updated to repeal the  
30 newspaper noticing requirement. She clarified that by removing this section, the Town would  
31 default to follow state law, ensuring compliance even if state laws changed in the future.

32 Council Member Gunn raised a concern about potentially weakening the Town's authority by  
33 removing this section. However, Ms. McLean explained that the Town was already obligated to  
34 follow state law, and explicitly stating it in the ordinance wasn't necessary.

35 The second change involved removing references to specific fees from the code and directing  
36 individuals to the current Hideout Fee Schedule instead. This change was aimed at simplifying  
37 the process and ensuring consistency with the actual fees charged.

38 Council Member Baier noted a discrepancy in the enacting ordinance language regarding the  
39 whereas clause for RFPs, which Ms. McLean acknowledged and agreed to remove.

40

1 There being no further questions from Council, Mayor Rubin asked for a motion to approve the  
2 ordinance.

3 *Motion: Council Member Baier moved to approve Ordinance 2024-O-03, repealing sections*  
4 *of the Hideout Municipal Code to match state requirements and to incorporate fees in the*  
5 *Hideout Fee Schedule, with the correction to remove the final whereas clause regarding*  
6 *RFP's. Council Member Nadelberg made the second. Voting Yes: Council Member Baier,*  
7 *Council Member Gunn, Council Member Nadelberg, and Council Member Severini. Absent*  
8 *from voting: Council Member Haselton. There were none opposed. The motion carried.*

9 **5. Consideration of approving Ordinance 2024-O-XX amending Chapter 1.16 Purchasing so**  
10 **that Requests for Proposals are not approved by the Hideout Town Council**

11 Mayor Rubin presented Ordinance 2024-O-04, which intended to amend Hideout Municipal Code  
12 1.16 Purchasing. The proposed amendment sought to remove the requirement for the Hideout  
13 Town Council to approve RFPs. Ms. McLean explained that the proposed change aimed to align  
14 the RFP approval process with existing Town Codes, particularly Chapter 1.16.040, which set  
15 limits on purchase approval requirements.

16 Ms. McLean explained the proposal to raise the award of contracts for professional services  
17 approval limit outlined in Chapter 1.16.050 from ten thousand dollars (\$10,000) to fifteen  
18 thousand dollars (\$15,000) in order to keep consistent with the purchase approval requirements  
19 in Chapter 1.16.040. Mayor Rubin pointed out that the increase in Chapter 1.16.040 had been  
20 previously discussed and implemented for various purchases and inflationary factors.

21 Council Member Gunn expressed agreement with removing the Council's approval requirement  
22 for RFPs and emphasized the value of streamlining the process and empowering Staff to handle  
23 RFPs without unnecessary delays caused by waiting for Council approval.

24 However, Council Member Gunn raised specific concerns about Sections 1.16.060(A) and (C).  
25 He believed that the competitive bidding process was crucial for ensuring fair prices and  
26 preventing potential price gouging. He pointed out that competitive bidding helped hold costs  
27 down and ensured transparency in the procurement process.

28 In Section A, Council Member Gunn disagreed with the premise that certain contracts, such as  
29 those for additions, repairs, and maintenance of town-owned equipment, were not suited for  
30 competitive bidding. He contended that there were often multiple vendors capable of providing  
31 such services, and competitive bidding should be the norm to ensure the best value for the Town.

32 Moving on to Section C, Council Member Gunn expressed confusion and discomfort with the  
33 language regarding emergency purchases. He highlighted concerns about the broad language  
34 allowing the head of any department to make purchases without limit in cases of perceived delay,  
35 which could impact the health, safety, or convenience of town employees or citizens.

36 Council Member Gunn stressed the importance of clarifying what constituted a genuine  
37 emergency, advocating for a stricter definition to prevent abuse of emergency purchasing  
38 privileges. He emphasized that emergency purchases should only be made when there is a real  
39 threat to health, safety, or the Town's infrastructure, rather than for mere convenience.

40 Ms. McLean acknowledged these concerns and proposed focusing on the adoption of Ordinance  
41 2024-O-04 as presented and revisiting the entire purchasing chapter in a future meeting to address  
42 each section comprehensively.

1 Mayor Rubin highlighted the state's comprehensive competitive bidding process and the existence  
2 of approved vendors, explaining that using these state-approved vendors essentially fulfilled the  
3 bidding process requirements.

4 In response, Ms. McLean acknowledged this exemption and agreed to ensure that it was included  
5 in the ordinance. She clarified that auctions and state procurement were exceptions to sealed  
6 bidding and emphasized the importance of incorporating these exceptions into the ordinance.

7 Mayor Rubin mentioned ongoing efforts to create a policy manual, which included a purchasing  
8 policy. He emphasized the need to avoid conflicts between any new ordinances and existing  
9 policies.

10 After further discussion, Council agreed to proceed with amending the section regarding RFP  
11 approval and raising the approval limit to fifteen thousand dollars (\$15,000) and decided to  
12 address other concerns and clarify language in a future meeting.

13 *Motion: Council Member Severini moved to approve Ordinance 2024-O-04, an Ordinance*  
14 *amending Hideout Municipal Code Section 1.16.060 to remove Council approval for an RFP*  
15 *request and to raise the limit of award of contracts to fifteen thousand dollars (\$15,000).*  
16 *Council Member Gunn made the second. Voting Yes: Council Member Baier, Council*  
17 *Member Gunn, Council Member Nadelberg, and Council Member Severini. Absent from*  
18 *voting: Council Member Haselton. There were none opposed. The motion carried.*

#### 19 **V. Continued Public Hearing Items**

- 20 **1. Discuss and possibly approve an amendment of the Official Town of Hideout Zoning Map to**  
21 **rezone parcels 00-0020-8182 and 00-0020-8184 (the “Bloom in Hideout” Development) from**  
22 **Mountain (M) zone to Neighborhood Mixed Use (NMU), Residential 3 (R3), Residential 6**  
23 **(R6), Mountain Residential (MR), and Natural Preservation (NP)**
- 24
- 25 **2. Discuss and possibly approve a Master Development Agreement (MDA) for the Bloom in**  
26 **Hideout Development, which would include nightly rentals in zoning districts that do not**  
27 **currently allow for nightly rentals. Additionally, allowances for certain uses or conditional**  
28 **uses and architecture and/or roof designs that are not currently allowed per the Town’s**  
29 **current zoning ordinances may be included.**

30 At the request of the applicants, Mayor Rubin asked for a motion to continue the two Public  
31 Hearing items to April 11, 2024.

32 *Motion: Council Member Severini moved to continue the two Public Hearing items regarding*  
33 *the Bloom in Hideout Development to a date certain of April 11 at 6:00 pm. Council Member*  
34 *Baier made the second. Voting Yes: Council Member Baier, Council Member Gunn, Council*  
35 *Member Nadelberg, and Council Member Severini. Absent from voting: Council Member*  
36 *Haselton. There were none opposed. The motion carried.*

- 37 **3. Consideration of an amendment of the Master Development Agreement (MDA) for Deer**  
38 **Springs allowing short-term rentals in Phases 2B, 4, and 8**

39 Town Planner, Thomas Eddington, provided an overview of the proposal for the third amendment  
40 to the MDA, which was initially signed in August 2018, with subsequent amendments in 2020  
41 and 2022. The proposed third amendment aimed to permit nightly rentals in Phases 2B, 4, and 8,

1 with the exclusion of 2A. Mr. Eddington clarified that the Planning Commission had initially  
2 heard proposals for Phases 2A, 2B, 4, and 8, but the verbal commitment by the developer was  
3 made to exclude 2A.

4 The discussion moved to the existing regulations on nightly rentals, highlighting that while there  
5 was some basic ordinance language, there was no specific overlay for short-term rentals. State  
6 law changes had allowed for such requests to be made as part of an MDA, serving as the zoning  
7 for the area. Klaim and Deer Springs Phase 1 already allowed nightly rentals, with a plat note  
8 included in Deer Springs Phase 1 to that effect. However, subsequent phases did not permit  
9 nightly rentals, hence the current request.

10 Mr. Eddington explained that Phases 2A and 2B were already platted, with no changes proposed  
11 to lot configurations. Phases 4 and 8 had not yet received final subdivision approval, and their  
12 configurations would be determined at a later date. Phase 8 was initially proposed as a testing  
13 opportunity for nightly rentals and included commitments to workforce housing, a commercial  
14 pad, a clubhouse, and affordable units.

15 The discussion then turned to an economic analysis prepared by Lewis Young Robertson in  
16 Birmingham and reviewed by financial advisor Rob Sant. The analysis focused on the potential  
17 revenues from nightly rentals, including sales tax, resort community tax, and Transient Room Tax  
18 (TRT). Mr. Sant explained the revenue split between the Military Installation Development  
19 Authority (MIDA), Hideout, and the developer, based on different occupancy rates and scenarios.  
20 He explained that the Excel model used for analysis focused on the sales tax generated from  
21 nightly rentals, which included general sales tax, resort community tax (due to being in a MIDA  
22 area), and a one percent (1%) TRT charged by Hideout. He clarified that property tax and  
23 franchise tax were not included because they would remain largely the same regardless of nightly  
24 rentals.

25 Mr. Sant emphasized that the revenue projections were based on the assumption of the approval  
26 of nightly rentals. He presented three scenarios based on different occupancy rates: fifty percent  
27 (50%), seventy percent (70%), and eighty percent (80%). He suggested that initially, with the  
28 Mayflower and other tourist attractions not fully operational, occupancy might be around fifty  
29 percent (50%), but it could increase to seventy percent (70%) over time.

30 Explaining the current MIDA agreement, Mr. Sant detailed how the revenue generated would be  
31 distributed. He highlighted that thirty percent (30%) would go to the developer, thirty five percent  
32 (35%) to Hideout, and thirty five percent (35%) to MIDA. However, MIDA had indicated that  
33 they did not need the funds to pay for the Mayflower bonds, so they might be willing to forego  
34 their share, allowing Hideout to receive a larger portion.

35 Council Member Gunn inquired about the forty (40)-year bond repayment period mentioned by  
36 Mr. Sant. Mr. Sant explained that the State, in charge of MIDA, allowed a twenty-five (25)-year  
37 period, extendable by an additional fifteen (15) years. MIDA planned to take the full forty (40)  
38 years due to bond obligations related to the Mayflower development.

39 Mr. Sant went on to discuss the TRT revenue, which, regardless of MIDA's involvement, would  
40 go entirely to Hideout for municipal services. He presented revenue projections for different  
41 scenarios, highlighting the potential benefit to Hideout if nightly rentals were approved.

42 Council Member Severini raised questions about the process of amending the agreement with  
43 MIDA. Mr. Sant explained that it would involve discussions with MIDA and potentially a vote



1 by their board, and suggested securing the amendment should precede any final decisions. Mayor  
2 Rubin confirmed MIDA's support for the amendment and stated that written language would be  
3 included in the development agreement.

4 Council Member Gunn raised concerns about the percentage of units dedicated to nightly rentals  
5 and the need to adjust revenue projections accordingly. Mayor Rubin agreed, noting that  
6 adjustments would be necessary based on the actual number of nightly rental units.

7 Mr. Sant summarized the financial benefits at different occupancy rates, clarifying that the  
8 projections were based on assumptions and didn't necessarily reflect one hundred percent (100%)  
9 occupancy. Mr. Eddington added clarification about the number of units assumed in the analysis.

10 Council Member Baier expressed concerns about the assumptions made regarding the percentage  
11 of units that would be used for nightly rentals and their occupancy rates, suggesting that the  
12 numbers might be inflated. She urged for a more conservative estimate. Additionally, she  
13 questioned how the revenues from these rentals could be used for the Town's benefit and  
14 suggested renegotiating the agreement with MIDA to allocate the funds differently.

15 Mr. Sant updated the numbers to assume that fifty percent (50%) of the units would be used for  
16 short-term rentals with a fifty percent (50%) occupancy rate. He presented the revised figures to  
17 the Council, highlighting the potential revenue generated. There was a discussion about whether  
18 the funds could be used for improvements in areas of interest to the Town, such as Ross Creek,  
19 within the MIDA zone. It was confirmed that such areas would qualify for the use of these funds  
20 for infrastructure and other improvements.

21 Council Member Gunn raised questions about the revenue currently generated by existing nightly  
22 rentals and suggested exploring different scenarios where only a portion of the units might be  
23 rented out. Mayor Rubin clarified that the current revenue was minimal due to the limited number  
24 of units.

25 Council Member Gunn expressed concerns about changing rules for homeowners midstream and  
26 emphasized the importance of protecting the interests of current and prospective buyers.

27 Nate Brockbank, the developer, reiterated that phase 2A had been removed from consideration  
28 due to concerns raised by prospective buyers about nightly rentals. He emphasized the economic  
29 benefits of nightly rentals in Phases 2B, 4, and 8, and acknowledged concerns raised by Council  
30 Member Severini about maintaining a separate environment between rental and non-rental areas.  
31 He mentioned there were no pending contracts in these phases.

32 Council Member Baier highlighted the connectivity benefits of Phase 2 and 8 to the Town and  
33 expressed comfort with allowing nightly rentals in those areas.

34 The discussion also touched on concerns about noise, enforcement of regulations, and the impact  
35 on residents. The Council agreed to explore drafting documents and adopting ordinances which  
36 would inform buyers about the rules, and to consider different scenarios for rental percentages.

37 Council Member Baier proposed an idea of making the entire subdivision nightly rentals, citing  
38 potential benefits.

39 Council Member Gunn brought up some language concerns regarding the MDA, particularly  
40 focusing on the agreement's expiration in 2033. Expressing a desire for clarity, he suggested  
41 incorporating language into the MDA to ensure that developer rights, as well as those of the Town,

1 would persist beyond the agreement's expiration. He also emphasized the importance of short-  
2 term rentals being subject to ongoing Town regulations.

3 In response to Council Member Gunn's concerns, Mr. Brockbank assured that going beyond the  
4 ten (10)-year term of the MDA was not an issue. He confirmed that changes had already been  
5 made to the MDA to address the City's codes.

6 Council Member Severini inquired about the timeline for Phase 7 of the project. Mr. Brockbank  
7 indicated a readiness to begin Phase 8 this year, particularly focusing on single-family homes and  
8 cottages. The plan would be to then develop Phase 3 and then 7. However, he mentioned the need  
9 for input from Holmes Homes regarding single-family home construction.

10 Adding on to Council Member Baier's proposal of allowing nightly rentals within the entire  
11 subdivision, Council Member Gunn sought Mr. Brockbank's perspective on how this might affect  
12 the benefits he was willing to give to the Town as part of the deal. Mr. Brockbank expressed that  
13 he could only act within the current parameters and would need to consult with his business  
14 partners. Acknowledging the sensitivity of changing rules for existing contract holders, Mr.  
15 Brockbank and Council Member Gunn agreed that it would be unwise to alter plans for phase 2A,  
16 where contracts were already in place. However, they considered extending nightly rentals to  
17 areas without contracts to potentially benefit sales. Mr. Brockbank proposed trading the nightly  
18 rental allowance from Phase 4 to Phase 3, noting further segregation of nightly rentals to only the  
19 outside perimeter of the subdivision.

20 Council Member Severini sought clarification on the status of certain properties between phases  
21 2A and 2B. Mr. Brockbank explained that a duplex was present, transitioning from a fourplex to  
22 a duplex between the phases.

23 There being no further questions from Council, Mayor Rubin opened the floor for public input at  
24 8:54 pm.

25 *Brett Rutter* shared his perspective on the proposed nightly rental regulations. Mr. Rutter  
26 expressed concerns about the financial impact on individual homeowners, highlighting  
27 calculations that suggested a relatively low annual cost per home. He emphasized the importance  
28 of considering the financial impact on a per-home basis, rather than focusing solely on the large  
29 aggregate numbers over a forty (40)-year period.

30 Mr. Rutter also raised doubts about the feasibility of achieving a fifty percent (50%) occupancy  
31 rate, especially considering Hideout's location compared to nearby resorts like Park City and  
32 Mayflower. He suggested examining rental rates in areas like Klaim that have had nightly rentals  
33 from the beginning to provide a comparison. Mr. Rutter questioned whether the projected rental  
34 income would be achievable.

35 Furthermore, Mr. Rutter discussed the potential need for additional enforcement resources if  
36 nightly rentals were allowed, estimating the cost of a full-time code enforcement officer. He  
37 argued that such costs would significantly reduce the perceived financial benefits of nightly  
38 rentals.

39 Regarding the proposal to extend nightly rentals to Phase 8 only, Mr. Rutter supported the idea  
40 due to its physical separation from other phases. He noted that had contracts not already been in  
41 place in Phase 2A, he would potentially support Council Member Baier's idea of allowing nightly  
42 rentals within the entire subdivision.

1 *Edward (Tim) Kim*, a buyer in contract for phase 2A, expressed gratitude for Mr. Brockbank's  
2 efforts to address concerns about nightly rentals. Mr. Kim acknowledged that initially, there was  
3 tension between them, but Brockbank reached out to discuss the matter, which he appreciated.  
4 He was relieved that Phase 2A was being taken off the table for nightly rentals and discussed  
5 measures to ensure it wouldn't be reintroduced in the future.

6 Mr. Kim expressed concerns about noise issues, particularly in Phase 4, which was downhill from  
7 his unit. He supported other phases, such as Phase 3, for nightly rentals, to avoid potential noise  
8 disturbances. Mr. Kim cited his experience at the Retreat at Jordanelle, where he faced noise  
9 problems due to neighboring short-term rentals. He believed that attached homes and nightly  
10 rentals could not coexist without disrupting the community feel and causing congestion.

11 Despite his concerns, Mr. Kim praised Mr. Brockbank for being accommodating and expressed  
12 acceptance of nightly rentals in other phases as long as Phase 2A remained off the table. However,  
13 he reiterated his preference for Phase 4 to also be excluded from nightly rentals due to potential  
14 noise issues.

15 *Laura Lothridge*, a buyer in contract for phase 2A, expressed appreciation for Nate Brockbank's  
16 efforts to communicate with residents and address concerns about short-term rentals. However,  
17 she raised concerns about the proposal to turn the entire development into short-term rentals,  
18 especially considering that seventy percent (70%) of residents were against them, according to a  
19 town survey. Ms. Lothridge emphasized the importance of community and quality of life, stating  
20 that while she was okay with some phases being designated for short-term rentals, turning the  
21 entire development into transient rentals was not desirable.

22 Mayor Rubin responded, highlighting the increasing demands on the Town's infrastructure due to  
23 the two thousand (2000) homes yet to be built. He explained that as more homes were constructed,  
24 there would be additional costs for road maintenance, water, sewer, storm drain, and staff. He  
25 stressed the need to find revenue options for the Town to cover these increasing costs, mentioning  
26 that without alternative revenue sources, taxes would need to rise year after year to fund essential  
27 services. He acknowledged the challenge of finding a balance between generating revenue and  
28 maintaining the community's character.

29 Mayor Rubin clarified that the Council's role was to consider revenue options for the Town and  
30 make decisions in the best interest of the community. He highlighted the need to find a balance  
31 between residents' concerns and the Town's financial needs, emphasizing that Council's decisions  
32 were aimed at ensuring the Town's sustainability and addressing the challenges posed by its  
33 growth.

34 *Bret Rutter* emphasized the importance of considering community preferences and the Town's  
35 General Plan, which did not advocate for nightly rentals. He mentioned a 2022 survey where sixty  
36 five percent (65%) of residents expressed no interest in additional nightly rentals. Mr. Rutter  
37 highlighted the long-term implications of the decision, stating that once implemented, it would  
38 be permanent and irreversible. He noted that while fiscal challenges existed, the decision should  
39 not solely be based on revenue, as community livability was equally important. Mr. Rutter  
40 expressed concern that despite numerous public objections, there had been no public support for  
41 the proposal.

42 Council Member Baier responded, suggesting that a survey should illustrate the impact on  
43 property taxes if the Town did not introduce additional revenue sources. She proposed presenting

1 two scenarios: one where taxes would increase significantly without new revenue sources and  
2 another where new revenue sources, including TRT, would offset the tax burden. Council  
3 Member Baier emphasized the need to provide residents with a clear understanding of the  
4 financial implications.

5 Mayor Rubin agreed with Council Member Baier's suggestion, mentioning that the Town could  
6 quickly model the scenarios based on extrapolations of current trends. He proposed comparing  
7 the Town's current annual budget with potential future budgets to demonstrate the impact on  
8 taxes.

9 Council Member Severini added that the survey should consider various factors, including  
10 commercial development and amenities, not just residential build-out scenarios. He suggested  
11 building multiple models to provide residents with a comprehensive understanding of the Town's  
12 financial future and options for revenue generation.

13 Mr. Brockbank questioned the validity of the survey question regarding nightly rentals,  
14 suggesting that the lack of context might have skewed the results. He speculated that if residents  
15 had understood the specific areas targeted for nightly rentals, the responses might have been  
16 different. Council Member Severini agreed, mentioning that many residents were willing to pay  
17 higher taxes if it meant preserving their desired quality of life. He emphasized the need to consider  
18 both the top line (revenue) and bottom line (expenses) in any decision-making process.

19 Mr. Brockbank also pointed out that other developments under consideration for nightly rentals  
20 wouldn't have the benefit of the tax incentives that the MIDA area was offering. He suggested  
21 focusing on a vote from Council that excluded Phase 4 and 2A.

22 Mr. Sant proposed building models to analyze various scenarios, including different occupancy  
23 rates and revenue sources. Council Member Severini suggested considering a ten (10)-year  
24 outlook rather than just a forty (40)-year projection. He suggested straddled years to account for  
25 phased development. Mayor Rubin concurred, emphasizing the importance of understanding both  
26 short-term and long-term impacts. Overall, the discussion emphasized the need for thorough  
27 analysis and consideration of all factors before making any decisions.

28 *Edward (Tim) Kim* cautioned against overly optimistic rental income projections from property  
29 managers. He suggested that actual rental rates might be lower than expected, especially since  
30 COVID-19. He also proposed considering a hotel or inn as an alternative revenue source, and  
31 suggested that it could be a viable option for Phase 3 or Phase 8, potentially addressing concerns  
32 about commercial revenue and offering amenities like a restaurant or gas station.

33 Mayor Rubin summarized the discussion, indicating that further modeling would be required to  
34 analyze different occupancy rates for nightly rentals. He suggested running models from twenty  
35 percent (20%) to eighty percent (80%) occupancy to understand the potential revenue range. He  
36 acknowledged the need for more data and suggested continuing the discussion in April.

37 Council Member Severini sought clarification on Mr. Brockbank's proposal regarding which  
38 phases to consider. Mr. Brockbank clarified that he was suggesting Phase 2B, Phase 3, and Phase  
39 8, considering the contracts already in place for Phase 2A. He mentioned that Phase 3 might be  
40 suitable for nightly rentals, given its proximity to the freeway and parks, but acknowledged the  
41 need for further consideration.

1 Mr. Brockbank expressed appreciation for the discussion and offered his assistance in gathering  
 2 additional information, emphasizing the importance of thorough research before making any  
 3 decisions.

4 There being no further public comments, Mayor Rubin closed public input at 9:32 pm and asked  
 5 for a motion to continue the Public Hearing to April 11.

6 ***Motion: Council Member Gunn moved to continue the Public Hearing to a date certain of***  
 7 ***April 11, 2024 at 6:00 pm. Council Member Baier made the second.***

8 During the roll call, Council Member Nadelberg noted he had not had a chance to speak on the  
 9 topic. Mayor Rubin addressed Council Member Nadelberg and gave him the opportunity to voice  
 10 his concerns. Council Member Nadelberg expressed that none of the residents of Hideout wanted  
 11 nightly rentals. He would discuss the matter further with Mayor Rubin outside of the meeting.

12 There being no further questions, Mayor Rubin once again called for a motion to continue the  
 13 Public Hearing to April 11.

14 ***Motion: Council Member Gunn moved to continue the Public Hearing to a date certain of***  
 15 ***April 11, 2024 at 6:00 pm. Council Member Baier made the second. Voting Yes: Council***  
 16 ***Member Baier, Council Member Gunn, Council Member Nadelberg, Council Member***  
 17 ***Severini. Absent from voting: Council Member Haselton. There were none opposed. The***  
 18 ***motion carried.***

19 **4. Consideration of approving an Ordinance regarding updates, technical corrections, and**  
 20 **amendments to Hideout Municipal Code Titles 3, 7, 8, 10, 11, and 12**

21 Mr. Eddington presented an ordinance regarding updates, technical corrections, and amendments  
 22 to Hideout Municipal Code Titles 3, 7, 8, 10, 11, and 12. He explained that these changes were  
 23 based on input received over the past two and a half years, addressing issues such as clarity,  
 24 missing information, and incorrect references in the code.

25 He divided the proposed changes into three components:

- 26 1. New code language, including new line items and sentences.
- 27 2. Minor revisions to existing code language.
- 28 3. Corrections to cross-references within the code.

29 Mr. Eddington noted that certain language related to Recreational Vehicle (RV) parking, which  
 30 was discussed at a previous Planning Commission meeting, had been removed pending further  
 31 review by a committee.

32 Referencing the presented Staff Report, Item 1.1 focused on clarifying the process for recording  
 33 plats. The changes involved removing references to certain officials and entities from the signing  
 34 process, ensuring clarity on who should sign plats.

35 For Item 1.2, the changes related to retaining walls, specifying setbacks to prevent encroachment  
 36 on neighboring properties and ensuring safety and maintenance access.

37 Item 1.3 involved extending the application timeline from fifteen (15) to forty-five (45) days,  
 38 allowing sufficient time for processing, review, and noticing.

1 In Item 1.4, restrictions on driveways per lot was discussed, aiming to maintain safety and  
2 minimize impervious surfaces.

3 For Item 1.5, updates to landscaping and maintenance requirements were proposed to align with  
4 state standards, potentially enabling water rebates.

5 Mr. Eddington noted in Item 1.5 there was currently no language in the Hideout Municipal Code  
6 addressing pools, hot tubs, et cetera. A new section was added to address setbacks and fencing  
7 requirements to comply with the Utah Office of Administrative Rules.

8 The discussion in Item 1.6 revolved around confirming water availability for development,  
9 ensuring compliance with water requirements.

10 Item 1.7 suggested swapping the allowance of hotels to a permitted use and gas stations as a  
11 conditional use. Council Member Baier questioned if gas stations should be allowed in Hideout.  
12 Mayor Rubin stated a future discussion could be held on that subject.

13 In Item 1.8, changes to zoning regulations regarding fitness and wellness centers aimed to  
14 streamline the process for opening such facilities and change them from a conditional use to a  
15 permitted use.

16 The items in Section 2 of the Staff Report involved minor code revisions, including corrections  
17 to Code language and clarifications on the Hideout Zoning Map. Item 2.3 proposed changes to  
18 landscaping and irrigation standards, while Item 2.4 addressed the location of postal service gang  
19 boxes during both the preliminary plat application as well as final plat application.

20 Item 2.5 focused on referencing building and development standards in zoning designations. Mr.  
21 Eddington specifically noted the language for landscaping requirements in the Neighborhood  
22 Mixed-Use (NMU) zone and suggested potential revisions to clarify the intent of the regulations.  
23 This included ensuring that landscaping standards encompassed both natural and manicured  
24 landscaping options, with consideration for maximum lot coverage by impervious surfaces.

25 A discussion ensued regarding the proposed Hideout Code 12.20.08(A)(3), with Council Member  
26 Baier emphasizing the need for measurable and enforceable standards of landscaping  
27 requirements. Mayor Rubin suggested leaving flexibility for the Town Planner's discretion based  
28 on site conditions. Council Member Baier agreed.

29 Item 2.7 provided language clarification of the Equivalent Residential Units (ERU) table.

30 Item 3.1 addressed a correction to a code reference for Hideout Code Section 12.30.06.19. This  
31 section should have referred to the uses in the Resort Specially Planned Area (RSPA) which were  
32 carried over from the former Town Code.

33 Item 3.2 involved correcting a reference for the RSPA ERU calculations. Mr. Eddington noted it  
34 was necessary to reference the Former Town Code Section 11.07.140 for these calculations.

35 Item 3.3 involved moving a Section from Hideout Code 10.04.34 to a different Section of Town  
36 Code 8.14 Sign Regulations. Council Member Gunn questioned if political signage was addressed  
37 in Section 8.14, but it was clarified that the amendments primarily pertained to building permit  
38 signage. Ms. McLean noted political signage would be addressed at a later date and was working  
39 to create a Chapter to specifically address political signage.

40 Council Member Severini noted that electric vehicles (EV) charging stations in commercial  
41 developments needed to be addressed. Mayor Rubin agreed to revisit the topic in a future meeting.

1 Mayor Rubin thanked Mr. Eddington and others for their work on the proposed amendments,  
2 recognizing the importance of consistency and clarity in the Town Code.

3 There being no further questions from council, Mayor Rubin opened the floor for public input at  
4 10:15 pm. There were no comments and therefore, Mayor Rubin closed public input at 10:16 pm  
5 and asked for a motion to approve Ordinance 2024-O-05 with language modifications.

6 *Motion: Council Member Severini moved to approve Ordinance 2024-O-05 amending*  
7 *Sections of Hideout Municipal Code to update items within the Land Use Code in Titles 3, 7,*  
8 *8, 10, 11, and 12 with the noted language modifications. Council Member Baier made the*  
9 *second. Voting Yes: Council Member Baier, Council Member Gunn, Council Member*  
10 *Nadelberg, and Council Member Severini. Absent from voting: Council Member Haselton.*  
11 *There were none opposed. The motion carried.*

12 **VI. Approval of Council Minutes**

13 **1. December 14, 2023 Meeting Minutes DRAFT**

14 There had been adjustments made to the draft December 14 minutes as requested.

15 There were no further corrections.

16 *Motion: Council Member Baier moved to approve the December 14, 2023 Town Council*  
17 *Meeting Minutes. Council Member Severini made the second. Voting Yes: Council Member*  
18 *Baier, Council Member Gunn, Council Member Nadelberg, and Council Member Severini.*  
19 *Absent from voting: Council Member Haselton. There were none opposed. The motion*  
20 *carried.*

21 **VII. Follow up of Items from Approved Minutes**

22 There were no items.

23 **VIII. Closed Executive Session - Discussion of pending or reasonably imminent litigation,**  
24 **personnel matters, and/or sale or acquisition of real property as needed**

25 There was no need for an Executive Session.

26 **IX. Meeting Adjournment**

27 There being no further business, Mayor Rubin asked for a motion to adjourn.

28 *Motion: Council Member Gunn made the motion to adjourn the meeting. Council Member*  
29 *Severini made the second. Voting Yes: Council Member Baier, Council Member Gunn,*  
30 *Council Member Nadelberg, and Council Member Severini.*

31 The meeting adjourned at 10:20 pm.

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Alicia Fairbourne, Recorder for Hideout