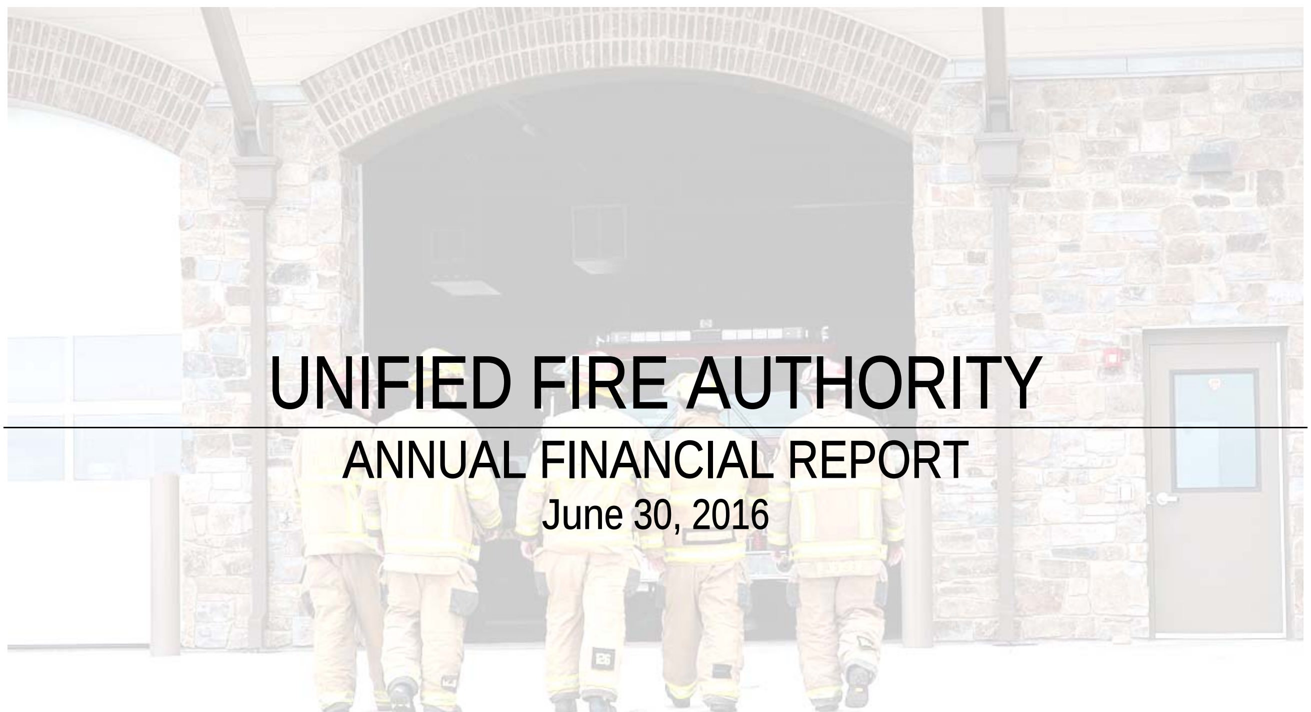

UNIFIED FIRE AUTHORITY

ANNUAL FINANCIAL REPORT

June 30, 2016

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Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Unified Fire Authority
Salt Lake City, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Unified Fire Authority (UFA) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the UFA's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of UFA, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Salt Lake City, Utah 84119

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, other post-employment benefit plan schedules, URS pension schedules, and notes to required supplementary information as noted on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statement, 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 operation, 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 a report dated December 5, 2016 on our consideration of Unified Fire Authority'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UFA's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

December 5, 2016

MANAGEMENT’S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

As management of Unified Fire Authority (UFA), we offer readers of UFA's financial statements this narrative overview and analysis of the financial activities of UFA for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the notes to the financial statements.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

UFA's *government-wide net position* (the amount by which assets and deferred outflows exceeded its liabilities and deferred inflows) as of June 30, 2016 was $12,265,094. Net position increased $2,684,960 in 2016 over the previous year's numbers (see table on page 6). The increase in net position is primarily due to compensated absence costs ($610,000) offset by recognition of net revenue from pension activity required by GASB 68 ($3 million). For more information on GASB 68, see Note 5, beginning on page 28.

UFA reported combined ending fund balance for governmental funds of $16,997,144 as of June 30, 2016 (50% increase over $11,336,249 in 2015). The total *spendable fund balance* at June 30, 2016 was $16,274,796, which represents 20% of total fund expenditures. Of the total spendable fund balance, $7,119,448 is actually available for appropriation and spending (*unassigned fund balance*), $1,226,182 is assigned for future purchases, $2,114,816 is committed, and $5,814,350 is restricted for capital acquisition. Unassigned fund balance includes $3,306,736 (5% of fiscal year 2016 general fund revenues) required by the State of Utah to be retained as fund balance, leaving a balance of $3,812,712 available for appropriation. Total unassigned fund balance in 2016 increased $1,136,416 (17%) due to increased ambulance service fee collections, efficient management of expenses, and usage of committed and restricted fund balances from 2015 that were made available for 2016 expenditures. Management believes the current unassigned fund balance to be a good indicator of UFA's positive financial position.

During the fiscal year ending June 30, 2016, UFA station crews responded to 8,009 fire-related calls and 21,834 medical calls, for a total of 29,843 calls (compared to 28,994 total calls in 2015). The average number of calls per station increased from 1,036 in 2015 to 1,066 in 2016, due to an increase in overall call volume.

UFA's nearly 22,000 medical calls generated 11,379 billable ambulance transports, compared to 11,186 in 2015 (nearly two percent increase). Actual ambulance call volume during the year resulted in gross billings of $17.1 million (five percent increase from $16.4 million in 2015). Transport base rates are adjusted annually as allowed by the State of Utah (six percent increase compared to prior year). Earned revenues, net of adjustments and allowances, increased approximately thirteen percent to nearly $8 million in the fiscal year ended June 30, 2016. As of year-end, net receivables related to ambulance service were $1.6 million.

UFA's Wildland Fund reported revenues of nearly $2.3 million as of June 30, 2016 (21% increase over 2015). The increase resulted from growth of mitigation programs and project work as well as the large and numerous fires that occurred in the nation in the 2016 season. Wildfire suppression crews worked in Utah, Idaho, Nevada, Oregon, Washington, California, and Alaska during the 2016 season. As a result of increased revenues, the program improved its net position by $317,161.

For more details on upcoming changes, see the "Economic Factors and Next Year's Budget" section beginning on page 11.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to UFA's basic financial statements. UFA's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of UFA's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of UFA's assets and liabilities, 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 UFA is improving or deteriorating. The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. 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 on an accrual basis. Cash flow from such transactions could impact future fiscal periods.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The government-wide financial statements identify functions of UFA that are principally supported by taxes and intergovernmental revenues, as *governmental activities.* Revenues designed to recover all or a significant portion of the activity costs are identified as *business-type activities*. Using resources of 400 field firefighter allocations and operating from 28 stations, UFA provides these governmental activities: fire suppression, fire prevention, training, EMS support, hazmat services, arson/bomb investigations, and emergency management conducted primarily within the UFA service area. The business-type activity of UFA is wildfire suppression that is conducted largely outside UFA's service area on a contract basis with other governmental agencies.

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. UFA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. UFA uses both governmental funds and a proprietary fund.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike 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. Such information may be useful in evaluating a government's near-term financing requirements. 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 *governmental funds* in the fund financial statements 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 governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

UFA maintains three major governmental funds: the General fund, the Special Revenue fund, and the Fire Capital Projects fund. UFA also maintains the Emergency Services Capital Projects fund, a non-major governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds.

Proprietary funds (also referred to as "enterprise funds") provide the same type of information as the government-wide financial statements, only in more detail. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. UFA currently operates a single enterprise fund for wildland fire suppression services.

Notes to the Financial Statements: The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information (RSI): UFA adopts an annual appropriated budget for its funds. Budgetary comparison statements (pages 38-39) have been provided for the general and special revenue funds to demonstrate compliance with the budget. RSI also includes required schedules for other post-employment benefits as well as pension plans (pages 40-42).

FINANCIAL ANALYSIS OF UFA AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful measurement to assist with understanding the financial position of UFA. As of June 30, 2016, assets and deferred outflows exceeded liabilities and deferred inflows by $12,265,094 (an increase of $2,684,960 over 2015).

Current assets increased approximately 46% during the fiscal year ended June 30, 2016. Cash increased $7.1 million primarily due to proceeds from issuance of a capital lease remaining in escrow reported as restricted cash ($7,019,528). Other current assets also increased (receivables $94,752 and inventory $52,267). Other assets decreased $3,335,800 in 2016, resulting from $14,999 payment received on a related party note receivable and $3,320,801 of net pension asset reported as part of UFA's implementation of GASB 68. For more information on GASB 68, see Note 5, beginning on page 28.

FINANCIAL ANALYSIS OF UFA AS A WHOLE (CONTINUED)

Capital assets, net of depreciation, increased 65% compare to 2015 because capital additions ($11,956,730) exceeded depreciation expense ($2,850,465) and the net book value of disposals during fiscal year 2016. For more information on UFA's capital assets, see note 4 on page 27.

As a result of the implementation of GASB 68, UFA recognizes deferred outflows and inflows of resources related to pensions. Deferred outflows of resources increased from 2015 to 2016 by $12,556,212. Deferred inflows of resources related to pensions increased $587,668 as of June 30, 2016.

Current liabilities at June 30, 2016, increased $1,679,747 (47%) compared to balances at June 30, 2015. Accounts payable increased $1,530,857 (129%) at June 30, 2016, resulting from $1,287,144 restricted accounts payable due for items received but not yet paid from restricted escrow funds (capital lease proceeds). Net of accounts payable related to capital acquisitions which are to be paid by escrowed funds, accounts payable increased $243,713. Accrued liabilities increased $148,890 (six percent) primarily due to accrued interest related to UFA's capital lease obligations.

Long-term liabilities increased from 2015 to 2016 by more than $20 million (148%). UFA issued a new capital lease totaling $18,473,426, offset by payments of $4,146,117 on capital leases and UFA's related party note payable. Compensated absence and net pension liability obligations increased $611,648 (14%) and $5,663,948 (478%), respectively, from 2015 to 2016. See Notes 5, 7, 8, and 9 for more information regarding pension plans, other post-employment benefits, compensated absences, and capital leases, respectively.

Summary of Statement of Net Position
For the Fiscal Years Ended June 30,

	Governmental Activities		Business-Type Activities		Total Primary Government		Total $	Total %
	2016	2015	2016	2015	2016	2015	Change	Change
Assets								
Current and other assets	$ 22,544,614	$ 18,770,186	$ 499,950	$ 381,575	$ 23,044,564	$ 19,151,761	$ 3,892,803	20%
Capital assets	22,508,649	14,051,036	648,651	-	23,157,300	14,051,036	9,106,264	65%
Total Assets	45,053,263	32,821,222	1,148,601	381,575	46,201,864	33,202,797	12,999,067	39%
Deferred Outflows of Resources	14,399,737	1,843,525	-	-	14,399,737	1,843,525	12,556,212	681%
Liabilities							-	
Current and other liabilities	5,085,371	3,341,658	164,381	228,347	5,249,752	3,570,005	1,679,747	47%
Long-term liabilities	34,051,866	13,962,794	513,832	-	34,565,698	13,962,794	20,602,904	148%
Total Liabilities	39,137,237	17,304,452	678,213	228,347	39,815,450	17,532,799	22,282,651	127%
Deferred Inflows of Resources	8,521,057	7,933,389	-	-	8,521,057	7,933,389	587,668	7%
Net Position							-	
Invested in capital assets,							-	
net of related debt	14,218,045	10,063,653	134,820	-	14,352,865	10,063,653	4,289,212	43%
Restricted	722,348	688,175	-	-	722,348	688,175	34,173	5%
Unrestricted	(3,145,688)	(1,324,922)	335,569	153,228	(2,810,119)	(1,171,694)	(1,638,425)	-140%
Total Net Position	$ 11,794,705	$ 9,426,906	$ 470,389	$ 153,228	$ 12,265,094	$ 9,580,134	$ 2,684,960	28%

UFA's net investment in capital assets is $14,218,045, or 117% of total net position. Net investment in capital assets increased $4,289,212 (43%) in 2016 due mainly to capital acquisitions purchased and debt payments during the year, offset by depreciation. Although UFA's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position decreased slightly to $722,348 (5%) from 2015 to 2016. The decrease resulted primarily from an increase in inventory. Restricted amounts are related to supplies and equipment inventory ($708,080) held at UFA's warehouse and funds paid to vendors prior to receipt of good and/or services ($14,268).

FINANCIAL ANALYSIS OF UFA AS A WHOLE (CONTINUED)

Unrestricted net position may be used to meet UFA's ongoing financial obligations to citizens and creditors. As of June 30, 2016, unrestricted net position was -$2,810,119 ($1.6 million decrease compared to 2015). The decrease is mainly due to the following:

- Recognition of nonemployer contributions to the pension plan in accordance with GASB 68 of nearly $4 million
- Usage of prior year accumulated net assets totaling $237,000 for light fleet vehicle purchases
- Net pension benefit expense of approximately $1 million recognized in accordance with GASB 68
- Increase in total compensated absences liability of more than $610,000
- Purchases of communications and personal protective equipment using restricted capital lease proceeds that did not meet the capitalization threshold having an aggregate cost of nearly $3.8 million

Summary of Changes in Net Position
For the Fiscal Years Ended June 30,

	Governmental Activities		Business-Type Activities		Total Primary Government		Total %
	2016	2015	2016	2015	2016	2015	Change
Program revenues							
Charges for services	$ 66,929,511	$ 64,085,815	$ 2,292,261	$ 1,900,444	$ 69,221,772	$ 65,986,259	5%
Grants and contributions	287,185	135,057	-	-	287,185	135,057	113%
General revenues							
Unrestricted net investment earnings	74,583	63,577	-	987	74,583	64,564	16%
Other	4,149,697	3,421,343	-	-	4,149,697	3,421,343	21%
Member contributions	591,375	450,000	-	-	591,375	450,000	31%
Total revenues	72,032,351	68,155,792	2,292,261	1,901,431	74,324,612	70,057,223	6%
Program expenses							
Fire protection services	67,734,962	58,071,852	-	-	67,734,962	58,071,852	17%
Emergency services	1,670,337	2,173,610	-	-	1,670,337	2,173,610	-23%
Wildfire protection services	-	-	1,969,868	1,970,880	1,969,868	1,970,880	0%
Interest on long-term debt	311,522	156,282	5,232	-	316,754	156,282	103%
Total expenses	69,716,821	60,401,744	1,975,100	1,970,880	71,691,921	62,372,624	15%
Excess (deficiency) before transfers	2,315,530	7,754,048	317,161	(69,449)	2,632,691	7,684,599	-66%
Net position - beginning	9,426,908	1,563,547	153,228	222,677	9,580,136	1,786,224	436%
Increase in inventory	52,267	109,313	-	-	52,267	109,313	-52%
Net position - ending	$ 11,794,705	$ 9,426,908	$ 470,389	$ 153,228	$ 12,265,094	$ 9,580,136	28%

General revenues include all revenues that do not qualify as program revenues, such as investment earnings, gain/loss on sale of capital assets, capital contributions, and other miscellaneous revenues. General revenues increased $879,748 (22%) compared to the previous fiscal year, mainly due to higher net contributions from UFSA related to prior year reimbursements as well as increased nonemployee contributions recognized in connection with GASB 68 reporting ($140,000 and $725,000, respectively). For more information on related party transactions, see Note 10 on page 35.

Program revenues consist of grants and contributions as well as charges for services. Total combined program revenue in 2016 rose five percent over 2015, exceeding $69 million. Growth in grants and charges for services was $152,128 and $3,235,513, respectively.

Grants and contributions include grants, contributions, and donations that are restricted to one or more specific program. Grants increased approximately 113% ($281,185 in 2016 compared to $108,073 in 2015) mainly due to a delayed 2015 grant award for emergency management, a bomb robot upgrade approved by the State of Utah, and the reinstatement of a State-funded medical grant. Contributions decreased $20,984 (78%) from 2015, primarily because of a one-time private donation received in the prior year.

Charges for services include amounts received from those who purchase, use or directly benefit from or are affected by a program. Charges for services increased primarily from government contracts and growth in UFA's service area resulting in higher member fees ($1.7 million increase), higher wildland fees resulting from a busy wildfire season ($391,817 increase), elevated collections of ambulance service fees ($816,982 increase), and greater reimbursements from the State of Utah and a related party ($232,046 increase)

FINANCIAL ANALYSIS OF UFA AS A WHOLE (CONTINUED)

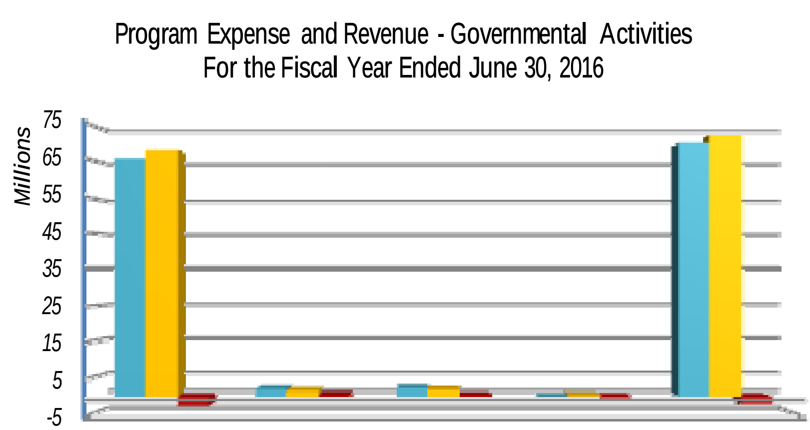
Net ambulance service revenue increased $816,982 in 2016 due to changes in Medicaid reimbursement as well as mounting transport rates, set by the State of Utah. Ambulance service revenues are the second largest source of revenue for UFA (11% of total combined charges for services in 2016) and continue to provide a significant contribution to UFA's budget, reducing the per firefighter cost. The adjacent table shows ambulance activity for the past five years.

	Transports		Collections	
	Annual #	% Change	Annual $	% Change
6/30/2016	11,379	2%	$7,911,964	13%
6/30/2015	11,186	1%	$6,989,765	5%
6/30/2014	11,102	-6%	$6,685,372	-1%
6/30/2013	11,815	5%	$6,780,177	2%
6/30/2012	11,285	18%	$6,644,742	16%

Program expenses rose $9,319,297 (15%) compared to the prior year, due the net effect of the following:

- Nearly $3.2 million rise in benefit costs in relation to GASB 68 reporting requirements for pensions ($1 million expense compared to -$2.2 million expense in 2015)
- Compensated absence obligations increased more than $600,000 in 2016
- Merit and benefit rate increases totaling more than $2.5 million
- Interest expense increased approximately $160,000 due to issuance of a new capital lease in 2016
- Increase in depreciation expense in excess of $50,000
- More than $3.8 million SCBA and communications equipment purchased with capital lease proceeds in 2016 that did not meet capitalization threshold
- Decrease in fuel costs of more than $160,000
- Payments made in 2015 not repeated in 2016:
    - $280,000 to Utah State Forestry and Fire for professional services on the Rosecrest Fire
    - $120,000 to relocate and prepare a donated facility for Wildland use at Camp Williams
    - Emergency management technology upgrades and property improvements totaling more than $160,000
    - Operations supplies and small equipment of nearly $360,000, including appliances as well as fitness and personal protection equipment

The table below graphically depicts expenses by function with related program revenues and net revenue/(expense) for governmental activities discussed previously.

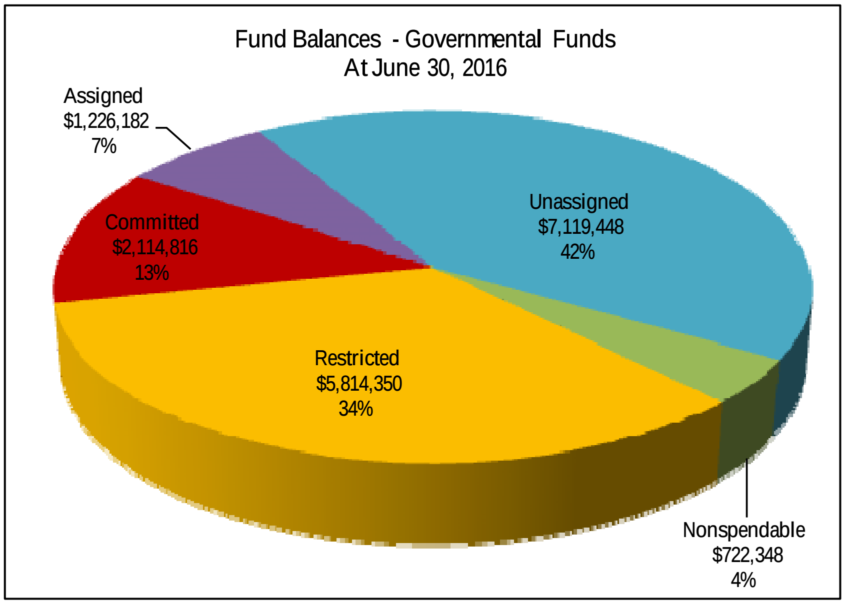


	Fire protection services	Emergency services	Wildfire protection services	Interest on long-term debt	Total governmental
Revenues	$65,167,371	$2,049,325	$2,292,261	$-	$69,508,957
Expenses	$67,734,962	$1,670,337	$1,969,868	$316,754	$71,691,921
Net Revenue (Expense)	$(2,567,591)	$378,988	$322,393	$(316,754)	$(2,182,964)

The fire protection services program resulted in net expense of more than $2.5 million. The chief reasons that expenses exceeded revenues were:

- Personnel cost savings exceeding $1.3 million due to creative staffing methods
- Actual ambulance service fees exceeded estimates by more than $275,000
- Additional reimbursements totaling $240,000 were received that were not anticipated in the 2016 budget ($140,000 from UFSA and $100,000 from State Forestry)
- Recognition of approximately $590,000 increase in compensated absences obligation
- GASB 68 net pension benefit costs totaling almost $1 million
- Depreciation expense of nearly $2.7 million

FINANCIAL ANALYSIS OF UFA'S FUNDS



As of June 30, 2016, the aggregate fund balance of UFA's governmental funds was $16,997,144, a 50% increase from fiscal year 2015. The increase is primarily due to a $5,732,384 increase in restricted fund balance for capital lease proceeds held in escrow for equipment purchases. Approximately 42% of the aggregate fund balance, or $7,119,448, is unassigned and is available for appropriation by the UFA Board. Unassigned fund balance includes $3,306,736 required by the State of Utah to be retained as fund balance (5% of fiscal year 2016 general fund revenues), leaving a balance of $3,812,712 available for appropriation. Unassigned fund balance at June 30, 2016, increased $1,136,416 (19%) over prior year. This increase was due largely to efficient management of expenses, including utilization of creative staffing methods, as well as ambulance revenues and intergovernmental revenues exceeding expected budget by more than $400,000 and $240,000, respectively.

The remaining fund balance is not available for new spending because it has already been obligated:

- Assigned (encumbrances of $692,997 and special revenue fund balance of $533,185)
- Committed (compensated absences of $869,241, retirement contributions of $103,220, and capital acquisitions of $1,142,355)
- Restricted for capital acquisitions of $5,814,350
- Nonspendable (inventory of $708,080 and prepaid of $14,268).

Business-Type Funds: As of June 30, 2016, UFA's business-type fund net position increased $317,161 to $470,389, compared to $153,228 in 2015. The Wildland program plans to utilize some of these excess funds for expenses associated with starting up the 2017 wildfire season along with completing the building project at Camp Williams.

GENERAL FUND BUDGETARY HIGHLIGHTS

Significant differences between the original budget and the final budget can be summarized as follows:

- Budget increases
  - $300,000 increase to ambulance revenue and corresponding operations expense for a change in reporting for Medicaid reimbursements received and assessments paid to the State of Utah
  - $129,684 increase in grant revenue for awards received during the fiscal year
  - $156,287 increase in USAR task force reimbursements for additional personnel costs, including deployment to Hildale
  - $389,794 decrease to debt service expenditures to use for cash purchases of capital assets
  - An increase of $17,867,799 proceeds from issuance of long-term debt for UFA's new capital lease obligation entered into in December 2015
- Budget decreases
  - $3.8 million increase in operating expenditures for 2016 purchase of equipment with capital lease funds that did not meet UFA's capitalization threshold, including SCBA equipment ($1.7 million) and communications/IT equipment ($2.1 million)
  - $230,793 increase to personnel cost for overtime related to medical training revenue ($52,000), appropriation of committed fund balance for compensated absence payouts (33,793), and appropriation of unrestricted fund balance for reinstatement of longevity benefits ($145,000)
  - An increase of $17,867,799 in capital outlay for UFA's new capital lease obligation entered into in December 2015
- Reallocation of $453,000 of operating expenditures to capital outlay for purchases of IT equipment and software ($238,000), building improvements ($78,000), apparatus refurbishment ($137,000)

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

Significant variations in actual results compared to final budget, all positive in 2016, can be summarized as follows:

- Ambulance revenues exceeded budget by over $410,000 due to increased call activity, changes in Medicaid reimbursements, and higher transport base rates set by the State of Utah.
- Other fees paid to UFA surpassed budget by almost $60,000 as a result of growth in medical training and prevention fee programs.
- Intergovernmental revenues exceeded budget by more than $240,000 principally due to a payment from UFSA for reimbursement of prior year management incentives, net of facilities management adjustments.
- Staffing vacancies as well as utilization of creative staffing methods in response to budget constraints resulted in actual salaries and benefits expenditures nearly $1.3 below budget.
- Management worked to control expenditures which resulted in operations and administrative expenditures more than $135,000 below budget.
- Due to postponement of equipment acquisitions related to its new capital lease issuance, UFA's capital outlay budget exceeded its actual purchases by more the $3.3 million. Funds not used during 2016 are budgeted for expenditure in the fiscal year ending June 30, 2017.

For detailed budgetary comparison schedules, see the Required Supplementary Information section, beginning on page 38.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: UFA's investment in capital assets at June 30, 2016, was $23,157,302 (net of $37,969,797 depreciation). Capital assets increased approximately $9.1 million (65%) over the prior fiscal year.

Capital Assets, Net of Depreciation
As of June 30,

	Governmental Activities		Business-Type Activities		Total		Total %
	2016	2015	2016	2015	2016	2015	Change
Building and improvements	$ 2,838,504	$ 2,887,551	$ -	$ -	$ 2,838,504	$ 2,887,551	-2%
Computer software & equipment	369,695	258,553	-	-	369,695	258,553	43%
Construction in progress	8,356,206	927,632	52,484	-	8,408,690	927,632	806%
Furniture & equipment	1,552,583	1,641,700	-	-	1,552,583	1,641,700	-5%
Land & improvements	603,708	620,580	-	-	603,708	620,580	-3%
Transportation equipment	8,787,953	7,715,021	596,168	(1)	9,384,121	7,715,020	22%
	$ 22,508,649	$ 14,051,037	$ 648,652	$ (1)	$ 23,157,301	$ 14,051,036	65%

Major capital assets for Governmental activities put in service during the year ended June 30, 2016 included:

- Deposits made toward purchase of new medium and heavy apparatus totaling $6,701,617
- Medium and heavy apparatus additions: new equipment of $859,847 and refurbishment of existing equipment of $2,482,203
- Light fleet vehicles purchased with a total cost of $292,407
- Trailers and all-terrain vehicles with an aggregate cost of $106,766
- Construction in progress on a Wildland building of $147,065
- Computer equipment and software totaling $381,569 ($275,324 put in service and $106,245 in progress)
- Communications equipment with an aggregate cost of $720,968 ($82,556 put in service and $638,412 in progress)

For more information on capital assets and depreciation, see Note 4, on page 27.

Long-term Debt: UFA entered into one new capital lease agreement totaling $18,473,426 ($17,867,799 governmental and $605,627 business-type) for the purchase of communications and SCBA equipment as well as apparatus, both new and refurbished. During the year, UFA made principal and interest payments on long-term debt totaling $4,284,237. For more information on UFA's long-term debt, see Notes 9 and 10 beginning on page 34.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

UFA's economic condition remains strong. UFA is the largest fire department in the State with 28 stations and over 650 employees. The entities that make up UFA have widely developed and diverse economic sectors that continue to show solid growth in taxable sales, construction activity, and household income with a low unemployment rate.

The major goals of UFA's strategic plan are to improve emergency response, increase emergency preparedness, improve employee safety, and improve operational effectiveness. A committee made up of interested stakeholders has been put together to update the current strategic plan.

The construction of a replacement station in Taylorsville is proceeding nicely with an expected completion date in February 2017. Financing and staff funding for these stations will be provided by UFSA.

The budget for fiscal year 2016-2017 has been approved and includes an average increase of 2.16% to each of the entities' member fee. In December 2015, UFA entered into a seven year lease agreement to purchase apparatus, SCBA's, and communication equipment. These purchases will be used to replace aging apparatus and equipment. UFA's Finance Committee, Benefits Committee, Local 1696 of the International Association of Firefighters and UFA Administration, are continually working on the long-term plan for wages and benefits of UFA employees. This plan will impact budget outcomes in the future. Wages and benefits comprise approximately 77% of the overall general fund budget.

UFA Administration is working closely with its members to develop budgets appropriate to the current economic times. As UFA costs rise, it becomes necessary to assess members' fees. Some members may have limited abilities to meet these rising costs or lack of political will to raise tax revenue to cover such costs. In such situations, it will be necessary to find other ways to meet ongoing costs or reduce programs and service to meet expected levels of revenue. UFA Administration will make appropriate recommendations for cost reductions and revenue enhancements, consistent with the fluctuations and financial pressures on our member entities.

Due to the resignation of UFA's Fire Chief and Deputy Chief, UFA is undergoing a leadership change that should be complete during the fiscal year ending June 30, 2017. The UFA Board ordered an audit by an outside auditing firm to investigate compliance by the resigned Chief and Deputy Chief with UFA's policies and procedures. In August 2016, simultaneously with the authorization of the audit by UFA's Board, the Utah State Auditor's office (USAO) began an audit to investigate allegations of improper compensation to key personnel, including the resigned Chief and Deputy Chief, as well as potential misuse of public funds. Final results of the audits will be made public sometime in December 2016 or thereafter. UFA continues to cooperate and provide the USAO with all information requested. The information and recommendations gained from these audits will be used in evaluating current policies and developing new policies for the organization.

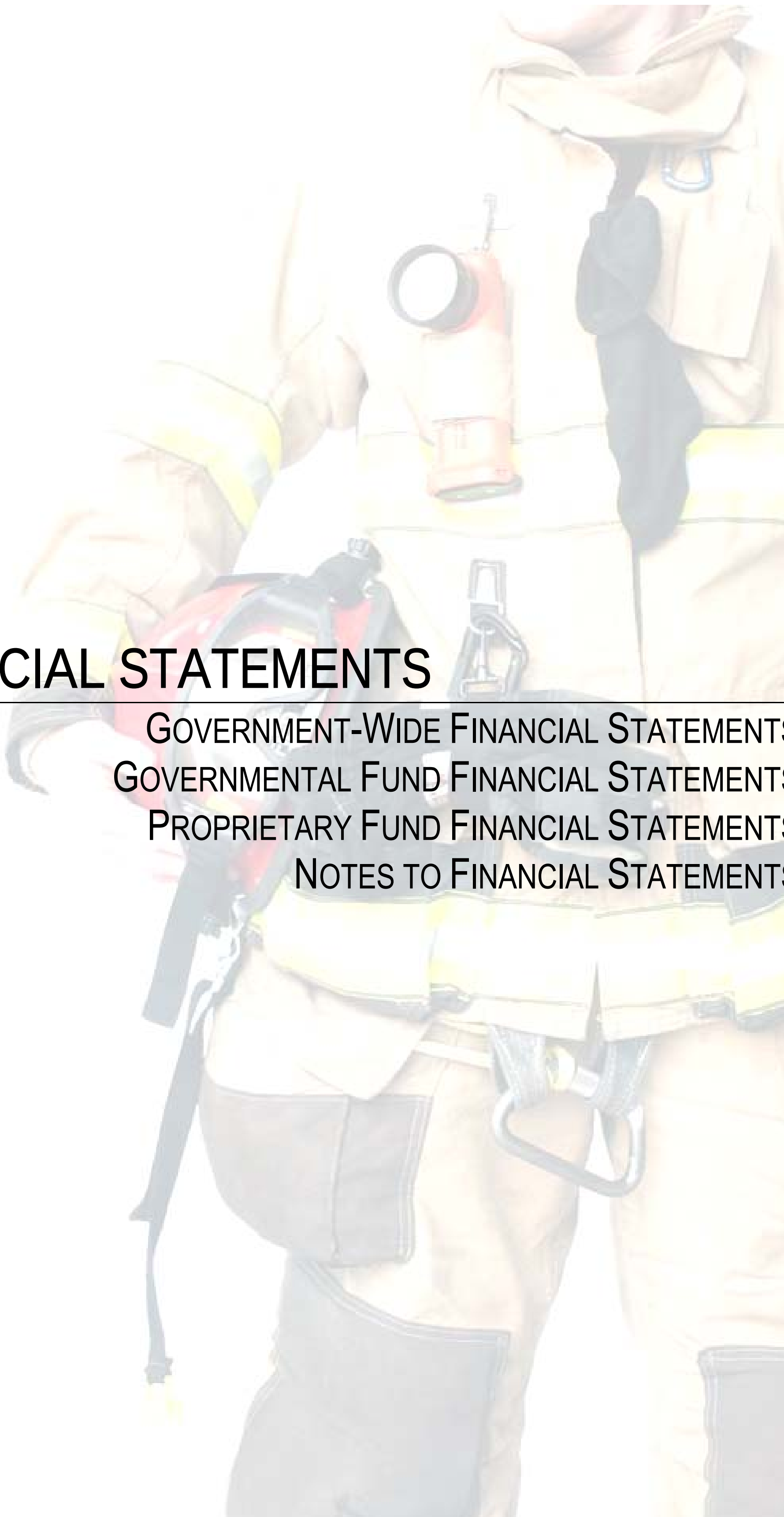
Draper City Council voted in August 2016 to notify UFA of its intentions to withdraw from the interlocal agreement within 12 months. Negotiations for Draper's exit are still in process; thus, the full impact of its exit has not yet been quantified.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of UFA's finances for all those with an interest in UFA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer, 3380 South 900 West, Salt Lake City, UT, 84119.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS
GOVERNMENTAL FUND FINANCIAL STATEMENTS
PROPRIETARY FUND FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS



STATEMENT OF NET POSITION
June 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total 2016
ASSETS			
Cash and cash equivalents	$ 12,713,943	$ 283,203	$ 12,997,146
Restricted cash and cash equivalents	7,101,494	-	7,101,494
Receivables	1,938,677	216,747	2,155,424
Inventory	708,080	-	708,080
Prepaid expense	14,268	-	14,268
Note receivable	31,000	-	31,000
Capital assets, net of depreciation	22,508,649	648,651	23,157,300
Net pension asset	37,152	-	37,152
TOTAL ASSETS	45,053,263	1,148,601	46,201,864
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	14,399,737	-	14,399,737
LIABILITIES			
Accounts payable	1,402,752	25,761	1,428,513
Restricted accounts payable	1,287,144	-	1,287,144
Accrued liabilities	2,395,475	138,620	2,534,095
Noncurrent liabilities			
Due within one year	4,114,384	81,415	4,195,799
Due in more than one year	23,087,724	432,417	23,520,141
Net pension liability	6,849,759	-	6,849,759
TOTAL LIABILITIES	39,137,237	678,213	39,815,450
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	8,521,057	-	8,521,057
NET POSITION			
Net investment in capital assets	14,218,045	134,820	14,352,865
Restricted for inventory	708,080	-	708,080
Restricted for prepaid expense	14,268	-	14,268
Unrestricted	(3,145,688)	335,569	(2,810,119)
TOTAL NET POSITION	$ 11,794,705	$ 470,389	$ 12,265,094

The accompanying notes are an integral part of the financial statements.

STATEMENT OF ACTIVITIES
Year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
Fire protection services	$ 67,734,962	$ 65,017,687	$ 11,841	$ 137,843	$ (2,567,591)
Emergency services	1,670,337	1,911,824	127,501	10,000	378,988
Interest on long-term debt	311,522	-	-	-	(311,522)
Total governmental activities	69,716,821	66,929,511	139,342	147,843	(2,500,125)
BUSINESS-TYPE ACTIVITIES:					
Wildland services	1,969,868	2,292,261	-	-	322,393
Interest on long-term debt	5,232	-	-	-	(5,232)
Total business-type activities	1,975,100	2,292,261	-	-	317,161
TOTAL PRIMARY GOVERNMENT	$ 71,691,921	$ 69,221,772	$ 139,342	$ 147,843	$ (2,182,964)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total 2016
Changes in net assets:			
Net (expense) revenue	$ (2,500,125)	$ 317,161	$ (2,182,964)
General Revenues:			
Unrestricted net investment earnings	74,583	-	74,583
Miscellaneous	3,997,346	-	3,997,346
Rent	94,896	-	94,896
Gain on disposal of capital assets	57,455	-	57,455
Member contributions	591,375	-	591,375
Total general revenues	4,815,655	-	4,815,655
Changes in net position	2,315,530	317,161	2,632,691
Net position - beginning	9,426,908	153,228	9,580,136
Increase in inventory	52,267	-	52,267
Net position - ending	$ 11,794,705	$ 470,389	$ 12,265,094

The accompanying notes are an integral part of the financial statements.

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	MAJOR FUNDS				
	General Fund	Special Revenue Fund	Fire Capital Projects Fund	Nonmajor Governmental Fund	Total 2016
CURRENT ASSETS					
Cash and cash equivalents	$ 11,005,569	$ 566,019	$ 1,098,164	$ 44,191	$ 12,713,943
Restricted cash and cash equivalents	7,101,494	-	-	-	7,101,494
Receivables	1,701,930	50,494	-	-	1,752,424
Related party receivables	186,029	224	-	-	186,253
Inventory	708,080	-	-	-	708,080
Prepaid expense	13,055	1,213	-	-	14,268
Related party note receivable	31,000	-	-	-	31,000
TOTAL ASSETS	20,747,157	617,950	1,098,164	44,191	22,507,462
CURRENT LIABILITIES					
Accounts payable	1,372,573	20,211	-	-	1,392,784
Restricted accounts payable	1,287,144	-	-	-	1,287,144
Related party payable	5,062	4,907	-	-	9,969
Accrued liabilities	2,152,546	37,345	-	-	2,189,891
TOTAL LIABILITIES	4,817,325	62,463	-	-	4,879,788
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - ambulance	630,530	-	-	-	630,530
TOTAL LIABILITIES AND DEFERRED INFLOWS	5,447,855	62,463	-	-	5,510,318
FUND BALANCES					
Nonspendable:					
Inventory	708,080	-	-	-	708,080
Prepaid expense	13,055	1,213	-	-	14,268
Spendable:					
Restricted for capital acquisition	5,814,350	-	-	-	5,814,350
Committed for:					
Compensated absences	869,241	-	-	-	869,241
Retirement contributions	82,131	21,089	-	-	103,220
Capital acquisitions	-	-	1,098,164	44,191	1,142,355
Assigned	692,997	533,185	-	-	1,226,182
Unassigned - 5% State requirement	3,306,736	-	-	-	3,306,736
Unassigned	3,812,712	-	-	-	3,812,712
TOTAL FUND BALANCES	15,299,302	555,487	1,098,164	44,191	16,997,144
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	$ 20,747,157	$ 617,950	$ 1,098,164	$ 44,191	$ 22,507,462

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

Year ended June 30, 2016

Total Fund Balances - Governmental Funds		$ 16,997,144
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet. Capital assets consist of the following:		
Equipment and improvements	60,343,978	
Accumulated depreciation	(37,835,329)	22,508,649
Some ambulance receivables are not available soon enough to pay for the current period's expenditure, and therefore, are reported as unearned in the governmental funds balance sheet.		630,530
Pension obligations, including the net pension asset, net pension liability, and deferred inflows and outflows of resources relating to pensions, are not obligations of the current period and, therefore, are not recorded in the fund.		
Net pension asset	37,152	
Deferred outflows of resources relating to pensions	14,399,737	
Net pension liability	(6,849,759)	
Deferred inflows of resources relating to pensions	(8,521,057)	(933,927)
Some liabilities are not due and payable in the current year and therefore are not reported in the governmental funds balance sheet. These liabilities consist of the following:		
Accrued interest on capital leases	(205,583)	
Capital leases	(15,671,289)	
Related party note payable	(2,211,535)	
Compensated absences	(4,989,322)	
Net OPEB obligation	(4,329,961)	(27,407,690)
Net Position of Governmental Activities		$ 11,794,705

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2016

	MAJOR FUNDS				
	General Fund	Special Revenue Fund	Fire Capital Projects Fund	Nonmajor Governmental Fund	Total 2016
REVENUES					
Member fees	$ 53,189,681	$ -	$ -	$ -	$ 53,189,681
Ambulance operations	7,911,964	-	-	-	7,911,964
Fees - Emergency services	-	1,911,824	-	-	1,911,824
Fees - Other	3,438,863	-	-	-	3,438,863
Grants and contributions	149,684	137,501	-	-	287,185
Intergovernmental revenues	691,105	-	-	-	691,105
Reimbursements	513,425	-	-	-	513,425
Rent income	94,896	-	-	-	94,896
Investment income	67,389	197	6,997	-	74,583
Other income	23,339	5,861	-	-	29,200
TOTAL REVENUES	66,080,346	2,055,383	6,997	-	68,142,726
EXPENDITURES					
Current					
Salaries and benefits	50,417,634	1,036,316	-	-	51,453,950
Operations	12,193,066	433,391	-	-	12,626,457
General and administrative	873,036	14,851	-	-	887,887
Capital outlay	10,948,911	57,300	255,705	36,703	11,298,619
Debt service	4,192,443	-	-	-	4,192,443
TOTAL EXPENDITURES	78,625,090	1,541,858	255,705	36,703	80,459,356
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,544,744)	513,525	(248,708)	(36,703)	(12,316,630)
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of long-term debt	17,867,799	-	-	-	17,867,799
Proceeds from sale of assets	54,379	3,076	-	-	57,455
Transfers in	100,000	-	45,295	3,076	148,371
Transfers out	(45,295)	(103,076)	-	-	(148,371)
Total other financing sources (uses)	17,976,883	(100,000)	45,295	3,076	17,925,254
Net change in fund balances	5,432,139	413,525	(203,413)	(33,627)	5,608,624
Fund balances - beginning	9,814,896	141,962	1,301,577	77,818	11,336,253
Increase in inventory	52,267	-	-	-	52,267
Fund balances - ending	$ 15,299,302	$ 555,487	$ 1,098,164	$ 44,191	$ 16,997,144

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2016

Net Change in Fund Balances - Total Governmental funds		$ 5,608,624
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current year, these amounts were as follows:		
Capital outlay	11,298,619	
Depreciation expense	(2,841,006)	8,457,613
Net ambulance revenues in the Statement of Activities that do not provide current financials resources are not reported as revenues in the funds.		(135,976)
Pension liabilities do not require current financial resources and therefore are not recorded in governmental funds.		2,983,795
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes current financial resources to governmental funds. Neither transaction, however, has any net effect on net assets.		
Issuance of long-term debt	(17,867,799)	
Accrued interest on long-term debt	(173,402)	
Repayment of long-term debt	4,054,323	(13,986,878)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds. These activities consist of the following:		
Increase in compensated absences		(611,648)
Changes in Net Position of Governmental Activities		$ 2,315,530

The accompanying notes are an integral part of the financial statements.

STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2016

	Wildland Enterprise Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 283,203
Receivables	216,747
Current assets	499,950
NONCURRENT ASSETS	
Capital assets, net of depreciation	648,652
TOTAL ASSETS	$ 1,148,602
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 25,761
Accrued liabilities	138,620
Noncurrent liabilities	
Due within one year	81,415
Due in more than one year	432,417
TOTAL LIABILITIES	678,213
NET POSITION	
Net investment in capital assets	134,820
Unrestricted	335,569
TOTAL NET POSITION	$ 470,389

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
June 30, 2016

	Wildland Enterprise Fund
OPERATING REVENUES	
Wildland fees, net of discounts and allowances of $56,195	$ 2,292,261
OPERATING EXPENSES	
Salaries and benefits	1,738,242
Operations	216,165
General and administrative	6,003
Depreciation and amortization	9,458
TOTAL OPERATING EXPENSES	1,969,868
INCOME FROM OPERATIONS	322,393
NONOPERATING REVENUE (EXPENSE)	
Interest on long-term debt	(5,232)
CHANGE IN NET POSITION	317,161
NET POSITION - BEGINNING	153,228
NET POSITION - ENDING	$ 470,389

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
June 30, 2016

	Wildland Enterprise Fund	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 2,292,167	
Payments to vendors	(247,575)	
Payments for general and administrative expenses	(6,003)	
Payments to employees	(1,581,006)	
Employee benefits paid	(189,792)	
NET CASH PROVIDED BY OPERATING ACTIVITIES		267,791
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	605,627	
Payments for acquisition and construction of capital assets	(658,110)	
Principal paid on long-term debt	(91,795)	
Interest paid on long-term debt	(5,232)	
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES		(149,510)
NET DECREASE IN CASH AND CASH EQUIVALENTS		118,281
CASH AND CASH EQUIVALENTS - BEGINNING		164,922
CASH AND CASH EQUIVALENTS - ENDING		$ 283,203

RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating income	$ 322,393
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization	9,458
(Increase) decrease in assets:	
Accounts receivable	(94)
Increase (decrease) in liabilities:	
Accounts payable	(31,410)
Accrued expenses	(32,556)
Net cash provided by operating activities	$ 267,791

NONCASH ACTIVITY

Depreciation for the year ended June 30, 2016, was $9,458.

The accompanying notes are an integral part of the financial statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Unified Fire Authority (UFA) was formed July 1, 2004. The political subdivision was organized under an interlocal agreement to provide fire and emergency protection services to its members' jurisdictions. UFA is a separate legal entity, with a twelve member board of elected officials, eight of which represent the Unified Fire Service Area and four of which represent member municipalities. Board members serve for a specified term and cannot be removed without cause. However, as the members are unable to impose their will and are not financially accountable for UFA, UFA is not reported as a component unit of the members. As of June 30, 2016, UFA members included Unified Fire Service Area (Eagle Mountain, Herriman, Midvale, Riverton, Taylorsville, and unincorporated areas of Salt Lake County); the cities of Cottonwood Heights, Draper, and Holladay; and the Town of Alta.

Government-Wide and Fund Financial Statements

Government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of UFA. The effect of interfund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific program. Program revenues include: (1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given program, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Other items not properly included among program revenues are reported as general revenues.

Fund financial statements present each major individual fund as a separate column. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. UFA segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been 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. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. UFA considers ambulance revenues to be available if collected within 60 days of the end of the current fiscal period. Grants associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Governmental funds are those through which most of the governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund is charges to customers for services. Operating expenses for enterprise funds include the cost of service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

UFA has presented the following major governmental funds:

- *General Fund* – the general fund is the main operating fund of UFA, used for all financial resources not accounted for in other funds. All general revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from this Fund.
- *Fire Capital Projects Fund* – this fund is a capital projects fund used to account for funds received and expended for light fleet vehicle replacement for the fire protection divisions of Unified Fire Authority.
- *Special Revenue Fund* – the special revenue fund is used to account for funds received and expended for the operation of the Emergency Operations function for Salt Lake County.

UFA's nonmajor governmental fund is a capital projects fund used to account for financial resources to be used for light fleet vehicle replacement for the Emergency Operations divisions of UFA.

UFA also reports the following major proprietary fund:

- *Enterprise Fund* – this fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered similarly through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. UFA currently operates an enterprise fund for wildland firefighting services that are contracted to other governmental agencies.

Cash and Cash Equivalents

Cash equivalents are highly liquid investments with maturities of three months or less when purchased.

Investments

Investments of the Agency are stated at cost, which approximates fair value in accordance with GASB No. 72 *Fair Value Measurement and Application*.

Accounts Receivable

Accounts receivable are generally comprised of reimbursement for member fees, ambulance services, Urban Search and Rescue (USAR), and Wildland operations, which are expected to be paid by private and government entities. Accounts receivable are stated at the amount management expects to collect from outstanding balances. UFA calculates its allowance for doubtful accounts based on historical collection rates.

Inventory

Inventory consists principally of items for use within fire stations and ambulances, including: cleaning, kitchen, and medical supplies; motor vehicle parts and supplies; personal protective equipment; and small tools. Inventory is valued at cost using the first-in, first-out (FIFO) method.

Capital Assets

Capital assets, which include building, improvements, land, and various types of equipment, are reported in the government-wide financial statements as well as the proprietary fund financial statements. Capital assets are defined by UFA as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Purchased assets are recorded at historical cost. Donated assets are recorded at fair market value at the date of gift.

Major additions are capitalized while maintenance and repairs, which do not improve or extend the life of the respected assets, are charged to expense. No depreciation is recognized on construction in progress until the asset is placed in service. UFA does not possess any infrastructure. UFA uses certain vehicles and station facilities which are owned by its members and are not reflected in capital assets.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Equipment and furniture	3 – 20 years
Building and improvements	5 – 39 years

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

For governmental funds, amounts of vested or accumulated vacation that are not expected to be liquidated with expendable available resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation leave is recorded as an expense and a liability as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund statements.

Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave up to 960 hours. Accumulated sick leave exceeding 960 hours at the end of each calendar year is paid to employees, at a rate approved by the UFA Board (60% for 2016). Accumulated sick leave is paid to employees upon retirement, at a rate of 25% of the total accumulated leave. Employees that are terminated for any reasons other than retirement are not paid for accumulated sick leave. The liability for accumulated sick pay amounts is not accrued until an employee becomes eligible for retirement.

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.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which UFA receives value without directly giving value in return, include grant and donations. On the accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include: timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which UFA must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to UFA on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Expenditure Recognition

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures, and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Risk Management

Unified Fire Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which it carries commercial insurance. UFA also carries commercial workers' compensation insurance. There were no significant reductions in coverage from the prior year, and settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balances

The difference between assets and liabilities is reported as net position on the government-wide financial statements and fund balance on the governmental fund statements. UFA's net position is classified as follows:

- *Net investment in capital assets* – This component of net position consists of UFA's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

- *Restricted for inventory* – This component of net position consists of net position related to inventory on hand.

- *Restricted for prepaid expense* – This component of net position consists of net position related to funds paid to vendors prior to receipt of goods and/or services.

- *Unrestricted* – This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets". Utah code 10-6-116(4) requires that entities maintain 5% of total general fund revenues as a minimum fund balance. As of June 30, 2016, UFA was required to maintain $3,306,736 (5% of fiscal year 2016 General fund revenues).

In the governmental fund statements, fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the UFA Board, such as an appropriation. Assigned fund balance is constrained by the Board's intent to be used for specific purposes, by directive of the Board or Finance Committee. When an expenditure is incurred for purposes for which restricted, committed, assigned and unassigned resources are available, UFA generally uses restricted resources first, followed by committed and assigned resources, before unassigned resources are used.

Use of Estimates in the Preparation of Financial Statements

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

Reclassifications

Certain reclassifications have been made to the 2015 comparative totals in order to conform to the June 30, 2016 financial statement presentation.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at June 30, 2016:

	Governmental Activities	Business-Type Activities	Total
Unrestricted cash - net of outstanding checks	$ 2,720,469	$ -	$ 2,720,469
Public Treasurer's Investment Fund	9,993,474	283,203	10,276,677
Restricted cash and cash equivalents	7,101,494	-	7,101,494
Total cash and cash equivalents	$ 19,815,437	$ 283,203	$ 20,098,640

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 Utah Money Management Act that relate to the deposit and investment of public funds.

UFA follows the requirements of the Utah Money Management Act in handling its depository and investment transactions. The Act requires depositing of UFA's funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the local government's deposits may not be recovered. UFA's deposits are insured up to $250,000 per institution by the Federal Deposit Insurance Corporation. Deposits above $250,000 are exposed to credit risk. As of June 30, 2016, UFA's deposits had a bank balance of $2,860,441, of which $250,000 is insured and $2,610,441 is uninsured and uncollateralized. Utah State Law does not require deposits to be insured or collateralized. UFA does not have a formal policy for custodial credit risk.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for UFA'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.

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

The Utah State Treasurer's Office operates the PTIF which is available for investment of funds administered by any Utah public treasurer. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act. 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.

The entire balance had a maturity of less than one year. The PTIF pool has not been rated. The PTIF is reported as a fiduciary fund by the State of Utah in its Comprehensive Annual Financial Report. A copy of the report may be obtained online at http://treasurer.utah.gov/investor-information/comprehensive-annual-financial-report-cafr/.

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

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 participant's balance is their investment deposited in the PTIF plus their share of income, gains, and losses net of administration fees which is allocated to each participant on the ratio of each participant's share to the total funds in the PTIF. The participant's monthly investment amount is based upon their average daily balance.

At June 30 and December 31 each year, the fair value of the investments is determined to enable participants (public entities having those year ends) to adjust their investments in the pool. As of June 30, 2016, UFA had $10,276,677 invested in PTIF which had a fair value of $10,323,509. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. The fair value of the PTIF investments is measured using Level 2 inputs as noted below.

Fair Value of Investments

The agency measures its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets
- Level 2: Observable inputs other than quoted market prices
- Level 3: Unobservable inputs

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. UFA manages its exposure to declines in fair value by investment mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. UFA's investment policy limits the term of investments to a maximum maturity that shall not exceed five years in order to manage its exposure to fair value losses arising from increasing interest rates. The investment policy also specifies that UFA's investment portfolio will remain sufficiently liquid to enable UFA to meet all operating requirements which might be reasonably anticipated.

Custodial Credit Risk for investments is the risk that, in the event of a failure of the counterparty, UFA will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. UFA's policy for limiting the credit risk of investments is to comply with the Money Management Act, as previously discussed. All of UFA's investments at June 30, 2016, were with the PTIF and therefore are unrated and are not categorized as to custodial credit risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. UFA's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council, as applicable. 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.

NOTE 3 - RECEIVABLES

Accounts receivable as of June 30, 2016, consist of the following:

	General Fund	Special Revenue Fund	Total Governmental Activities	Wildland Enterprise Fund
Accounts receivable				
Due from other governments	$ 44,055	$ 494	$ 44,549	$ 216,747
Ambulance services	3,818,725	-	3,818,725	-
Accrued revenues	30,665	-	30,665	-
Related party receivable	186,029	224	186,253	-
Miscellaneous	236	-	236	-
Total accounts receivable	4,079,710	718	4,080,428	216,747
Grants receivable	11,503	50,000	61,503	-
Allowance for uncollectible accounts	(2,203,254)	-	(2,203,254)	-
Total Receivables	$ 1,887,959	$ 50,718	$ 1,938,677	$ 216,747

NOTE 4 - CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2016 are as follows:

	July 1, 2015	Additions/ Transfers In	Disposals/ Transfers Out	June 30, 2016
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	$ 927,632	$ 8,167,561	$ (738,987)	$ 8,356,206
Land	416,277	-	-	416,277
Total capital assets not being depreciated	1,343,909	8,167,561	(738,987)	8,772,483
Capital assets being depreciated:				
Building and improvements	3,333,407	49,099	-	3,382,506
Computer software and equipment	2,195,272	275,324	-	2,470,596
Furniture and equipment	4,341,986	346,625	-	4,688,611
Land improvements	294,250	-	-	294,250
Transportation equipment	39,058,545	3,198,997	(1,522,010)	40,735,532
Total capital assets being depreciated	49,223,460	3,870,045	(1,522,010)	51,571,495
Less accumulated depreciation for:				
Building and improvements	(445,856)	(98,146)	-	(544,002)
Computer software and equipment	(1,936,719)	(164,182)	-	(2,100,901)
Furniture and equipment	(2,700,286)	(435,742)	-	(3,136,028)
Land improvements	(89,947)	(16,872)	-	(106,819)
Transportation equipment	(31,343,524)	(2,126,065)	1,522,010	(31,947,579)
Total accumulated depreciation	(36,516,332)	(2,841,007)	1,522,010	(37,835,329)
Total capital assets being depreciated, net	12,707,128	1,029,038	-	13,736,166
Total capital assets, net	$ 14,051,037	$ 9,196,599	$ (738,987)	$ 22,508,649
Business-Type activities:				
Capital assets not being depreciated:				
Construction in progress	$ -	$ 52,484	$ -	$ 52,484
Capital assets being depreciated:				
Computer software and equipment	6,694	-	-	6,694
Furniture and equipment	17,000	-	-	17,000
Transportation equipment	101,315	605,627	-	706,942
Total assets being depreciated	125,009	605,627	-	730,636
Less accumulated depreciation for:				
Computer software and equipment	(6,694)	-	-	(6,694)
Furniture and equipment	(17,000)	-	-	(17,000)
Transportation equipment	(101,316)	(9,458)	-	(110,774)
Total accumulated depreciation	(125,010)	(9,458)	-	(134,468)
Total capital assets, net	$ (1)	$ 648,653	$ -	$ 648,652

Depreciation and amortization charged for the year ended June 30, 2016:

	Governmental Activities	Business-Type Activities
Fire protection services	$ 2,675,852	$ -
Emergency services	165,155	-
Wildland services	-	9,458
	$ 2,841,007	$ 9,458

NOTE 5 - PENSION PLAN

Plan Description

Eligible plan participants are provided with pensions through the Utah Retirement Systems (the Systems). The Systems are comprised of the following pension trust funds:

- Multiple-employer cost-sharing public employee retirement systems:
  - Public Employees Noncontributory Retirement System (Noncontributory System)
  - Firefighters Retirement System (Firefighters System)
  - Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System)
  - Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System)
- Mixed agent cost-sharing multiple-employer public employee retirement system:
  - Public Safety Retirement System (Public Safety System)

The Tier 2 Public Employees System became effective July 1, 2011. Beginning on or after July 1, 2011, all eligible employees 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 East 200 South, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits Provided

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

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

** With actuarial reductions*

*** All post-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.*

NOTE 5 - PENSION PLAN (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 URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System				
Local Governmental Division Tier 2	N/A	N/A	16.67%	1.78%
Noncontributory System				
Local Governmental Division Tier 1	N/A	N/A	18.47%	N/A
Public Safety Retirement System				
Other Division A Noncontributory Tier 1	N/A	N/A	35.71%	N/A
Firefighters System				
Division B Tier 1	N/A	16.71%	6.76%	N/A
Tier 2 DC Only				
Local Government	N/A	N/A	6.69%	10.00%
Firefighters	N/A	N/A	0.08%	12.00%

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

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 System. For the fiscal year ended June 30, 2016, the employer and employee contributions to the Systems were as follows:

	Employer Contributions	Employee Contributions
Noncontributory System	$ 409,735	N/A
Public Safety System	49,499	-
Firefighters System	1,744,093	-
Tier 2 Public Employees System	61,734	-
Tier 2 Public Safety & Firefighter System	180,905	-
Tier 2 DC Only System	11,926	N/A
Tier 2 DC Public Safety and Firefighter System	149	N/A
	$ 2,458,041	$ -

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

At June 30, 2016, we reported a net pension asset of $37,152 and a net pension liability of $6,849,758.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.2662765%	$ -	$ 1,506,722
Public Safety System	0.0939590%	-	168,304
Firefighters System	30.4112930%	-	5,174,733
Tier 2 Public Employees System	0.0629059%	137	-
Tier 2 Public Safety & Firefighter System	2.5334847%	37,015	-
Total Net Pension Asset/Liability		$ 37,152	$ 6,849,759

NOTE 5 - PENSION PLAN (CONTINUED)

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 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, 2016, we recognized pension expense of -$526,130.

At June 30, 2016, 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
Differences between expected and actual experience	$ 6,429	$ 4,922,291
Changes in assumptions	-	3,598,766
Net difference between projected and actual earnings on	13,064,698	-
Change in proportion and differences between contributions	104,430	-
Contributions subsequent to the measurement date	1,224,180	-
	$ 14,399,737	$ 8,521,057

Deferred outflows of resources related to pensions ($1,224,180) results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2015. 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:

Year Ended December 31,	Deferred Outflows/ (Inflows) of Resources
2015	$ 1,565,338
2016	1,565,338
2017	1,571,319
2018	1,437,719
2019	(1,378,074)
Thereafter	(107,146)

Actuarial Assumptions

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary	3.5 – 10.5%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2015, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 - December 31, 2013.

NOTE 5 - PENSION PLAN (CONTINUED)

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

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term expected portfolio real rate of return
Equity securities	40 %	7.06 %	2.82 %
Debt securities	20 %	0.80 %	0.16 %
Real assets	13 %	5.10 %	0.66 %
Private equity	9 %	11.30 %	1.02 %
Absolute return	18 %	3.15 %	0.57 %
Cash and cash equvialents	- %	- %	- %
Totals	100 %		5.23 %
	Inflation		2.75 %
	Expected arithmetic nominal return		7.98 %

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount rate

The discount rate used to measure the total pension liability was 7.50 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.

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 7.50 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 one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Noncontributory System	$ 3,183,554	$ 1,506,722	$ 106,903
Public Safety System	356,397	168,304	15,162
Firefighters System	40,910,048	5,174,732	(24,338,158)
Tier 2 Public Employees System	25,183	(137)	(19,328)
Tier 2 Public Safety and Firefighters	62,921	(37,015)	(113,758)
Total	$ 44,538,103	$ 6,812,606	$ (24,349,179)

Pension Plan Fiduciary Net Position

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

NOTE 6 - 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.

UFA participates in the following Defined Contribution Savings Plans with URS: 401(k), 457(b), and Roth IRA plans. Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans were as follows for the fiscal years ended June 30:

	2016	2015	2014
Employer contributions - 401(k)	$ 312,039	$ 295,958	$ 256,435
Employee contributions - 401(k)	346,507	380,597	393,400
Employer contributions - 457	-	-	-
Employee contributions - 457	1,472,577	1,366,446	1,364,202
Employer contributions - Roth IRA	N/A	N/A	N/A
Employee contributions - Roth IRA	174,795	133,037	131,893

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS

Effective July 1, 2008, UFA implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)*. GASB Statement 45 establishes standards for the accrual basis measurement and recognition of OPEB expense over a period of that approximates employees' years of service. In addition, this Statement provides information about actuarial accrued liabilities associated with OPEB plans and to what extent progress is being made in funding the plans. This Statement was implemented prospectively, with no beginning net OPEB obligation.

Plan Description

Unified Fire Authority provides post-employment health and dental benefits, through a single employer defined benefit plan, to employees who retire from UFA and qualify to retire from the Utah Retirement Systems. The plan is not accounted for as a trust fund. Premiums are shared by the retiring eligible employee and UFA. The benefits, employee and UFA contributions are governed by UFA policy and can be amended at any time.

Plan Dissolution

Effective November 20, 2012, the Board approved the dissolution of the Unified Fire Authority Retiree Healthcare Plan. The resolution adopted eliminates the Post-Retirement Insurance Premium for anyone retiring after December 31, 2013. In addition, no member retiring after June 15, 2012 is eligible for a subsidized Medicare Supplement. This plan change eliminated a large portion of the active member liabilities for post-retirement healthcare.

Funding Policy

As of June 30, 2016, UFA paid up to 80% of the retiree's health care premiums through Public Employees Health Program on a pay-as-you-go basis. The remainder is paid by the retiree. During the year ending June 30, 2016, UFA paid retiree health care premiums of $128,217.

Annual OPEB Cost and Net OPEB Obligation

In accordance with the requirements of GASB Statement 45, the valuation of these benefits is determined by actuarial calculations of UFA's Annual Required Contributions (ARC). The ARC consists of the cost of benefits accruing in a year plus an amount calculated to amortize any unfunded actuarial accrued liability over a period of not more than 30 years. Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. The Net OPEB Obligation (NOO) is the cumulative difference between annual OPEB costs and annual UFA contributions.

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The following table shows the components of UFA's annual OPEB cost for the fiscal year ended June 30, 2016, and changes in UFA's net OPEB obligation:

Annual required contribution	$ 348,982
Contributions made	(128,217)
Increase in net OPEB obligation	220,765
Adjustment to OPEB obligation due to changes in actuarial estimates	(220,765)
Net OPEB obligation - beginning of year	4,329,961
Net OPEB obligation - end of year	$ 4,329,961

The ARC, as determined by the June 30, 2014 actuarial valuation, is $348,982. The ARC consists of two components, normal cost and amortization of Unfunded Actuarial Accrued Liability (UAAL). Normal cost is the annual cost assigned, under the actuarial funding method, to current and subsequent plan years, sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost. The difference between the actuarial accrued liability and the valuation assets is the UAAL. Due to the dissolution of the plan in 2012, UFA has no normal cost component. The amortization of UAAL is $348,982. UFA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2014, 2015, and 2016 are as follows:

	Annual OPEB cost	Employer Contributions	Adjustment for Changes to Plan Provisions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	508,445	390,356	(118,089)	77%	4,373,460
2015	348,982	180,272	(212,209)	52%	4,329,961
2016	348,982	128,217	(220,765)	37%	4,329,961

Funded Status and Funding Progress

The funded status as of June 30, 2016 is as follows:

Actuarial valuation date	June 30, 2014
Actuarial Accrued liability (AAL)	$ 4,329,961
Actuarial Value of Assets	-
Unfunded Actuarial Accrued Liablity (UAAL)	$ 4,329,961
Funded Ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	$ 31,309,992
UAAL as a percentage of covered payroll	14%

The present value of all benefits expected to be paid to current plan members as of June 30, 2016, is $4,329,961. The actuarial accrued liability, which is the portion attributable to service accrued by members as of June 30, 2014, is $4,329,961. As of June 30, 2016, there is $0 in valuation assets available to offset the liabilities of the plan. The funded status of the plan, which is the ratio of plan assets to actuarial accrued liability, as of June 30, 2016, is 0%. The required schedule of funding progress (page 40) presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

GASB Statement 45 allows amortization of the UAAL over a 30 year period based on a percentage of covered payroll. The UAAL as of June 30, 2016, were amortized as a level dollar over a period of 17 years. This methodology was adopted to reflect the closed nature of the plan.

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

Actuarial assumptions involve estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation. To permit fluctuations and trends in experience to be reflected in the contribution rate on a regular basis, UFA will be required by GASB to perform actuarial valuations at least biennially.

The Individual Entry-Age actuarial cost method was used to calculate the GASB ARC for this valuation. The actuarial assumptions included (a) 4% investment rate of return (net of administrative expenses), (b) annual dental care inflation trend of 2% and an annual health care inflation trend of 7.5% initially, reduced by decrements to a rate of 4.5% after six years, and (c) projected salary increases of 0%. If experience is in accordance with the assumptions used, the ARC will increase at approximately the same rate as active member payroll, and the ARC as a percentage of covered payroll will remain basically level on a year to year basis.

The plan retains liabilities for current retired members as well as current active members that retire and elected coverage prior to December 31, 2013. At the time this valuation was performed, nine members that were active as of June 30, 2014, were identified as having retired. In addition, an additional five members retired before the December 31, 2013, cutoff date.

NOTE 8 - COMPENSATED ABSENCES

The changes in compensated absences for the year ended June 30, 2016, are as follows:

	Beginning	Increases	(Decreases)	Ending
Vacation	$ 3,919,251	$ 3,100,169	$ (2,527,330)	$ 4,492,090
Sick leave	458,423	400,752	(361,943)	497,232
Total compensated absences (including $1,360,172 classified as current)	$ 4,377,674	$ 3,500,921	$ (2,889,273)	$ 4,989,322

NOTE 9 - CAPITAL LEASES

Since March 2006, UFA has entered into multiple capital lease agreements for the acquisition of specialized transportation equipment, such as fire apparatus and ambulances. Under the terms of all leases, UFA will gain ownership at the time of its last lease payment.

The following is a summary of transactions affecting capital lease obligations for the fiscal year ended June 30, 2016:

	Beginning	Increases	(Decreases)	Ending
Governmental	$ 1,760,338	$ 17,867,799	$ (3,956,848)	$ 15,671,289
Business-Type	-	605,627	(91,794)	513,833
Total Capital Lease Obligations	$ 1,760,338	$ 18,473,426	$ (4,048,642)	$ 16,185,122

As of June 30, 2016, assets recorded under the outstanding leases are: transportation equipment and communications equipment having original cost of $9,799,888, with $312,120 of accumulated amortization. Amortization, included with depreciation on the financial statements, was $175,983 for the year ended June 30, 2016. Interest on capital leases charged to expense for the year ended June 30, 2016 was $316,754.

NOTE 9 - CAPITAL LEASES (CONTINUED)

Principal remaining under the leases at June 30, 2016 is as follows:

	Governmental	Business-Type
Capital lease collateralized by SCBA equipment, communications equipment, multiple fire apparatus, and ambulances, bearing interest at 2.3% with annual principal and interest payments of $987,784 through January 2016	$ 15,159,594	$ 513,832
Capital lease collateralized by medical equipment, bearing interest at 4.5% with annual principal and interest payments of $203,985 through July 2017	381,484	-
Capital lease collateralized by two fire apparatus, bearing interest at 2.43% with annual principal and interest payments of $67,564 through October 2017	130,212	-
	$ 15,671,290	$ 513,832

The following is a schedule by years of future minimum payments required under the leases together with their present value as of June 30, 2016:

	Governmental			Business-Type		
	Principal	Interest	Total	Principal	Interest	Total
2017	$ 2,652,766	$ 326,913	$ 2,979,679	$ 81,415	$ 10,379	$ 91,794
2018	2,711,414	268,264	2,979,678	83,059	8,735	91,794
2019	2,500,002	208,204	2,708,206	84,737	7,057	91,794
2020	2,550,502	157,704	2,708,206	86,449	5,345	91,794
2021	2,602,022	106,183	2,708,205	88,195	3,599	91,794
2022	2,654,584	53,623	2,708,207	89,977	1,818	91,795
Total minimum lease payments	$ 15,671,290	$ 1,120,891	16,792,181	$ 513,832	$ 36,933	550,765
Less amount representing interest			(1,120,891)			(36,933)
Present value of minimum lease payments (including $2,652,766 classified as current)			$ 15,671,290			$ 513,832

NOTE 10 - RELATED PARTY TRANSACTIONS

Unified Fire Authority received operating fees from its members in the amount of $53,189,681 in 2016 which represents approximately 78% of total UFA governmental revenues for 2016. Of these fees, $43,079,861 was received from the Unified Fire Service Area (UFSA), which represents approximately 81% of total member fees for the fiscal year. During the fiscal year ended June 30, 2016, UFSA also paid UFA interest of $15,778, reimbursements of $866, as well as $591,375 for financial management and administrative services provided by UFA. Payment for management and administrative services in 2016 included an additional $239,000 for management incentives authorized by the UFSA board but paid without reimbursement by UFA from 2011 to 2015, offset by an overpayment for facilities management ($339,000 and -$100,000, respectively). As of June 30, 2016, accounts receivable included $9,084 due from UFSA.

UFA received from Salt Lake County (the County) operating fees restricted for emergency services of $1,911,824, as well as $3,175,714 to provide fire protection to the Canyon Recreational areas for the year ended June 30, 2016. The County also paid $2,085 in reimbursements to UFA in 2016.

Unified Fire Authority operates under a cooperative agreement with the County for telephone services, and maintenance of buildings. UFA paid the County for telephone services, building maintenance, and improvements totaling $150,529 in fiscal year 2016. UFA’s accounts payable at June 30, 2016 included $9,521 due to the County.

NOTE 10 - RELATED PARTY TRANSACTIONS (CONTINUED)

In February 2012, UFA entered into an interlocal agreement with UFSA to finance the purchase of a warehouse in West Jordan, Utah. UFSA loaned $2.5 million to UFA for purchase of the building. The remaining funds ($1 million) for purchase, relocation, and renovation were provided by UFA. The agreement requires UFA to pay 228 monthly payments of $15,672. Upon commencement of payments in June 2013, the agreement bears 4% interest. UFA paid $97,475 principal and $90,586 interest to UFSA during the fiscal year ended June 30, 2016.

The following is a schedule by years of future minimum payments required under the agreement as of June 30, 2016:

2017	$ 101,446
2018	105,579
2019	109,881
2020	114,357
2021	119,017
2022-2026	671,890
2027-2031	820,375
2032	168,990
	$ 2,211,535

The interlocal agreement organizing Unified Fire Authority provides for a sublease of the Emergency Operations Center from the County effective July 1, 2004. Payments required under the lease consist of UFA's proportion (based on usage of facility square footage) of 9% of the total bond payment due by the County for the Salt Lake County Municipal Building Authority Revenue Bonds, Series 1999. Beginning in January 2010, the County reduced UFA's lease payments. Payments under the lease were $146,669 for the year ended June 30, 2016. Future minimum noncancelable lease payments under the interlocal agreement are as follows:

2017	$ 163,957
2018	164,001
2019	163,848
2020	163,836
2021	82,088
	$ 737,730

UFA is the sponsoring agency for the Salt Lake Urban Search and Rescue (USAR) task force, a non-profit corporation. USAR is one of 28 State and local emergency management task forces designated by the Federal Emergency Management Agency (FEMA) as members of the National Urban Search and Rescue (US&R) Response System. Salt Lake City and Park City also participate in the task force. USAR's Board of Directors consists of four members: two from UFA and two from Salt Lake City. UFA contributes $50,000 annually to USAR for operations and purchases not covered by Federal grants.

As sponsoring agency, UFA entered into an agreement with FEMA requiring training and maintenance of a task force for emergency response in accordance with FEMA standards. USAR and UFA entered into a reimbursement agreement for USAR's share of various costs, such as: warehouse storage, office space, office equipment, and utilities. USAR's staffing and daily management is primarily provided by UFA employees. USAR leases approximately 19,000 square feet of warehouse and office space in UFA's new warehouse facility. As of June 30, 2016, future minimum lease receipts under the agreement are $94,896 for the fiscal year ending June 30, 2016.

During the fiscal year ended June 30, 2016, USAR reimbursed UFA for salaries and benefits ($577,194) and reimbursements including utilities, improvements, maintenance, equipment costs and miscellaneous purchases ($27,328). As of June 30, 2016, UFA's accounts receivable included $160,370 due from USAR for salaries and benefits, as well as rent and reimbursements.

NOTE 10 - RELATED PARTY TRANSACTIONS (CONTINUED)

In July 2014, UFA entered into a capital lease arrangement to purchase medical equipment, including two units for USAR with a total cost of $62,575. USAR agreed to reimburse UFA for a proportional share of the annual lease payment. During the fiscal year ended June 30, 2016, USAR paid $16,576 ($15,000 principal and $1,576 interest) to UFA. Future minimum payments under the interlocal agreement are as follows:

	Principal	Interest	Total
2017	$ 15,152	$ 1,424	$ 16,576
2018	15,848	728	16,576
	$ 31,000	$ 2,152	$ 33,152

NOTE 11 - TRANSACTIONS BETWEEN FUNDS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations in the fund financial statements, but are generally excluded from the government-wide financial statements. Interfund transfers are listed below for the year ended June 30, 2016:

	Transfers Out		
Transfers In	General Fund	Special Revenue Fund	Total
General Fund	$ -	$ 100,000	$ 100,000
Fire Capital Projects Fund	45,295	-	45,295
Emergency Services Capital Projects Fund	-	3,076	3,076
Total	$ 45,295	$ 103,076	$ 148,371

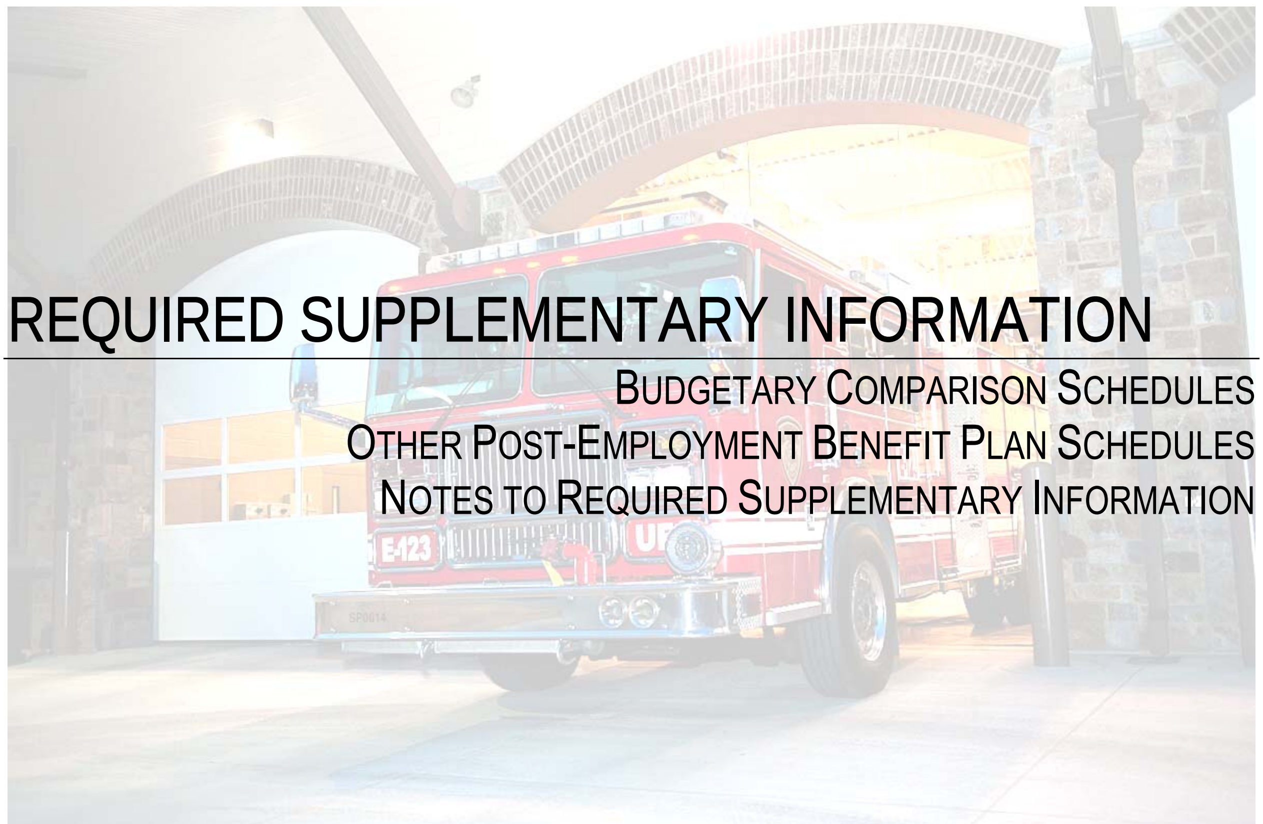
NOTE 12 - COMMITMENTS AND CONTINGENCIES

Purchase orders (encumbrances) as of June 30, 2016, for items ordered but not received during the fiscal year are as follows:

Year-end Encumbrances	Governmental Activities	Business-Type Activities
General Fund	$ 2,729,733	$ -
Wildland Enterprise Fund	-	267
Special Revenue Fund	68,485	-
Fire Capital Projects Fund	-	-
	$ 2,798,218	$ 267

A portion of General Fund encumbrances as of June 30, 2016 ($2,036,736) is included in fund balance restricted for capital acquisitions.

As of June 30, 2016, UFA did not have any pending litigation or undisclosed liabilities.



REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES
OTHER POST-EMPLOYMENT BENEFIT PLAN SCHEDULES
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
June 30, 2016

	MAJOR FUNDS			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Member fees	$ 53,149,681	$ 53,149,681	$ 53,189,681	$ 40,000
Ambulance operations	7,200,000	7,500,000	7,911,964	411,964
Fees - Other	3,303,215	3,380,215	3,438,863	58,648
Grants and contributions	10,000	139,684	149,684	10,000
Intergovernmental revenues	450,000	450,000	691,105	241,105
Reimbursements	353,000	509,287	513,425	4,138
Rent income	83,000	83,000	94,896	11,896
Investment income	50,000	50,000	67,389	17,389
Other income	10,000	10,000	23,339	13,339
TOTAL REVENUES	64,608,896	65,271,867	66,080,346	808,479
EXPENDITURES				
Current				
Salaries and benefits	51,316,446	51,703,526	50,417,634	1,285,892
Operations	8,641,850	12,238,358	12,103,207	135,151
General and administrative	717,250	761,799	761,078	721
Capital outlay	172,091	15,151,517	11,802,764	3,348,753
Debt service	4,586,259	4,196,465	4,192,443	4,022
TOTAL EXPENDITURES	65,433,896	84,051,665	79,277,126	4,774,539
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(825,000)	(18,779,798)	(13,196,780)	5,583,018
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of long-term debt	-	17,867,799	17,867,799	-
Proceeds from sale of assets	-	45,296	54,379	9,083
Transfers in	100,000	100,000	100,000	-
Transfers out	-	(45,296)	(45,295)	1
Total other financing sources (uses)	100,000	17,967,799	17,976,883	9,084
Net change in fund balances	(725,000)	(811,999)	4,780,103	5,592,102
Fund balances - beginning	9,814,896	9,814,896	9,814,896	-
Decrease in inventory	-	-	52,267	52,267
Fund balances - ending	$ 9,089,896	$ 9,002,897	$ 14,647,266	$ 5,644,369

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
Year ended June 30, 2016

	MAJOR FUNDS Original	MAJOR FUNDS Final	Actual Amounts	Variance with Final Budget
REVENUES				
Fees - Emergency services	$ 1,861,824	$ 1,861,824	$ 1,911,824	$ 50,000
Grants and contributions	20,000	82,250	137,501	55,251
Investment income	1,116	1,116	197	(919)
Other income	-	-	5,861	5,861
TOTAL REVENUES	1,882,940	1,945,190	2,055,383	110,193
EXPENDITURES				
Current				
Salaries and benefits	1,089,576	1,158,122	1,036,316	121,806
Operations	698,864	647,366	396,893	250,473
General and administrative	14,500	15,601	14,851	750
Capital outlay	20,000	64,101	57,300	6,801
TOTAL EXPENDITURES	1,822,940	1,885,190	1,505,360	379,830
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	60,000	60,000	550,023	490,023
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	3,076	3,076	-
Transfers out	(100,000)	(103,076)	(103,076)	-
Total other financing sources (uses)	(100,000)	(100,000)	(100,000)	-
Net change in fund balances	(40,000)	(40,000)	450,023	490,023
Fund balances - beginning	141,962	141,962	141,962	-
Fund balances - ending	$ 101,962	$ 101,962	$ 591,985	$ 490,023

OTHER POST-EMPLOYMENT BENEFITS SCHEDULES

Year ended June 30, 2016

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
June 30, 2014	$ -	$ 4,329,961	$ 4,329,961	0%	$ 29,500,000	15%
June 30, 2012	$ -	$ 4,373,460	$ 4,373,460	0%	$ 28,000,000	16%
June 30, 2010	$ -	$ 10,990,290	$ 10,990,290	0%	$ 24,500,000	45%
June 30, 2008	$ -	$ 12,940,672	$ 12,940,672	0%	$ 21,400,000	60%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	Annual Required Contribution	Employer Contributions	Annual OPEB Cost Contributed
2016	$ 348,982	$ 128,217	37%
2015	$ 348,982	$ 180,272	52%
2014	$ 508,445	$ 390,356	77%
2013	$ 623,027	$ 310,311	50%
2012	$ 1,238,171	$ 107,336	9%
2011	$ 1,796,607	$ 92,421	5%
2010	$ 1,469,523	$ 72,317	5%
2009	$ 1,469,523	$ -	0%

Effective November 20, 2012, the Board approved the dissolution of the Unified Fire Authority Retiree Healthcare Plan. The resolution adopted eliminates the Post-Retirement Insurance Premium for anyone retiring after December 31, 2013. In addition, no member retiring after June 15, 2012 is eligible for a subsidized Medicare Supplement. This plan change eliminated a large portion of the active member liabilities for post-retirement healthcare.

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Utah Retirement Systems
For the Years Ended

	Noncontributory Retirement System	Public Safety System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighter Retirement
December 31, 2015					
Proportion of the net pension liability (asset)	0.2662765 %	0.0939590 %	30.4112930 %	0.0629059 %	2.5348470 %
Porportionate share of the net pension liability (asset)	$ 1,506,722	$ 168,304	$ 5,174,732	$ (137)	$ (37,051)
Covered employee payroll	$ 2,339,319	$ 214,998	$ 26,540,703	$ 406,336	$ 1,507,543
Porportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	64.41 %	78.28 %	19.50 %	-0.03 %	-2.46 %
Plan fiduciary net position as a percentage of the total pension liability	87.8 %	87.1 %	98.1 %	100.2 %	110.7 %
December 31, 2014					
Proportion of the net pension liability (asset)	0.2459847 %	0.0937069 %	30.1516507 %	0.0678838 %	2.5536386 %
Porportionate share of the net pension liability (asset)	$ 1,067,967	$ 117,844	$ (3,318,119)	$ (2,057)	$ (37,777)
Covered employee payroll	$ 2,234,498	$ 213,277	$ 26,038,716	$ 333,348	$ 1,057,046
Porportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.80 %	55.30	-12.70 %	-0.60 %	-3.60 %
Plan fiduciary net position as a percentage of the total pension liability	90.2 %	90.5 %	101.3 %	103.5 %	120.5 %

* Table represents data available since implementation of GASB Statement 68 and will increase to ten years over time. Amounts presented were determined as of calendar year January 1 - December 31.

SCHEDULE OF CONTRIBUTIONS
Utah Retirement Systems
December 31, 2015

	As of Fiscal Year Ended June 30	Actuarial Determined Contributions	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Noncontributory System	2014	338,745	338,745	-	2,199,923	15.40%
	2015	380,302	380,302	-	2,251,699	16.89%
	2016	409,735	409,735	-	2,386,711	17.17%
Public Safety System	2014	43,034	43,034	-	204,676	21.03%
	2015	48,188	48,188	-	213,112	22.61%
	2016	49,499	49,499	-	177,146	27.94%
Firefighters System	2014	1,114,704	1,114,704	-	25,836,524	4.31%
	2015	1,674,942	1,674,942	-	26,268,788	6.38%
	2016	1,744,093	1,744,093	-	26,667,191	6.54%
Tier 2 Public Employees System*	2014	35,970	35,970	-	257,114	13.99%
	2015	60,747	60,747	-	406,610	14.94%
	2016	61,734	61,734	-	414,045	14.91%
Tier 2 Public Safety & Firefighter System	2014	714	714	-	647,726	0.11%
	2015	145,904	145,904	-	1,350,959	10.80%
	2016	180,905	180,905	-	1,680,947	10.76%
Tier 2 Public Employees DC Only System*	2014	5,894	5,894	-	105,623	5.58%
	2015	8,781	8,781	-	130,663	6.72%
	2016	11,926	11,926	-	178,266	6.69%
Tier 2 Public Safety & Firefighter DC Only System*	2014	5,894	5,894	-	-	0.00%
	2015	8,781	8,781	-	37,405	23.48%
	2016	11,926	11,926	-	186,320	6.40%

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

Table represents data available since implementation of GASB Statement 68 and will increase to ten years over time. Amounts presented were determined as of calendar year January 1 - December 31.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2016

NOTE 1 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Unified Fire Authority adopts an "appropriated budget" for the all of its funds. UFA is required to present the adopted and final amended budgeted revenue and expenditures for the General and Special Revenue funds. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- By the first regularly scheduled Board meeting in May, UFA prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.

- A meeting of the Board of Trustees is then called for the purpose of adopting the proposed budget after seven days public notice of the meeting has been given.

- Prior to June 22, the budget is legally enacted through a passage of a resolution by the Board of Trustees. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end.

- Each budget is prepared and controlled by the budget coordinator at the revenue expenditure function/object level. Budgeted amounts are as amended by the Board of Trustees.

- The budgets for all funds must be filed with the Utah State Auditor within 30 days of adoption.

Reconciliation from Budgetary Basis to GAAP Basis

The differences between budgetary basis and GAAP basis for the year ended June 30, 2016 are as follows:

	General Fund	Special Revenue Fund
Budgetary Fund Balances	$ 14,647,266	$ 591,985
Amounts reported for budgetary basis are different because:		
Encumbrances for goods and services not received until after the current fiscal year included as expenditures for budgetary purposes, not GAAP	2,729,733	68,485
Encumbrances for goods and services not received until after the prior fiscal year excluded as expenditures for budgetary purposes, not GAAP	(2,077,697)	(104,983)
Total Fund Balances	$ 15,299,302	$ 555,487

NOTE 2 - CHANGES IN ASSUMPTIONS

The following assumption changes were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.75% to 3.50%. Also, there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.50% to 3.25%. There was an improvement in the post-retirement mortality assumption for female educators and minor adjustments to the pre-retirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

SUPPLEMENTARY INFORMATION

SUPPLEMENTAL REPORTS

Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA

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

Board of Trustees
Unified Fire Authority
Salt Lake City, 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, and each major fund of Unified Fire Authority (UFA), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise UFA's basic financial statements, and have issued our report thereon dated December 5, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered UFA'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 UFA's internal control. Accordingly, we do not express an opinion on the effectiveness of UFA's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, see findings 1 and 2.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies, see finding 3.

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether UFA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

UFA's Response to Findings
UFA's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. UFA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Keddington & Christensen, LLC

December 5, 2016

Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE STATE COMPLIANCE AUDIT GUIDE ON: COMPLIANCE FOR EACH MAJOR STATE PROGRAM, AND INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees
Unified Fire Authority
Salt Lake City, Utah

REPORT ON COMPLIANCE

We have audited Unified Fire Authority's (UFA) compliance with the applicable general compliance requirements described in the State Compliance Audit Guide, issued by the Office of the Utah State Auditor, that could have a direct and material effect on UFA for the year ended June 30, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas:

Transfers from Enterprise Funds
Budgetary Compliance
Utah Retirement Systems Compliance
Open and Public Meetings Act
Fund Balance

Management's Responsibility
Management is responsible for compliance with the general state requirements referred to above.

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

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of UFA's compliance.

Opinion on General State Compliance Requirements and Each Major State Program
In our opinion, UFA complied, in all material respects, with the general compliance requirements identified above that could have a direct and material effect on UFA for the year ended June 30, 2016.

Other Matters
The results of our auditing procedures did not disclose instances of noncompliance, which are required to be reported in accordance with the State Compliance Audit Guide.

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Report on Internal Control over Compliance

Management of UFA is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered UFA's internal control over compliance with the compliance requirements that could have a direct and material effect on UFA or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the State Compliance Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of UFA's internal control over compliance.

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

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

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

Keddington & Christensen, LLC

December 5, 2016

UNIFIED FIRE AUTHORITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For The Year Ended June 30, 2016

MATERIAL WEAKNESSES

1. UFA Rules, Policies, and Procedures

Finding:
During our audit, we noticed that policies can and are changed by management without Board approval. We feel that gives management the opportunity to manipulate policy for their own benefit. Using this ability to manipulate policies, management could make policies which allow them to misuse UFA's funds, and still be following stated policy. For example, UFA's travel policy states, "The Fire Chief or Deputy Chief reserve the right to grant exceptions or override any part(s) of the travel policy as they feel necessary for the efficiency or benefit of UFA."

Recommendation:
We recommend that the UFA board review and approves all UFA Rules, Policies, and Procedures, and that these policies apply to all employees.

Response:
The UFA Interlocal Agreement provides broad direction that "The Board shall adopt a written administrative code of policies and procedures governing the operation of Unified Fire Authority" and the Board later adopted a UFA Implementation Procedure which attempted to provide clarifying language regarding which policies required Board Approval. The result, however, was that it became subject to interpretation as to which policies to forward to the Board and which would be considered General Operating Policies that would be under the Chief's purview.

We propose that the Governance Committee of the UFA Board (or the UFA Board as a whole) should be advised of the language in the Interlocal and the existing policy and then go through the Master Index of all policies and clearly identify those policies (or sections) that would warrant Board approval and that we then amend UFA Implementation and Procedure to reflect the current will of the Board in a better-defined manner.

2. Review of Credit Card Purchases

Finding:
During our audit we observed that the Deputy Chief reviews the Fire Chief's expenses and the Fire Chief reviews the Deputy Chief's expenses. This means that a subordinate is approving the expenditures of the individual to whom he or she reports. The subordinate could feel pressure to approve expenditures of his boss, and this could make the control ineffective at stopping abuse of UFA's funds.

Recommendation:
We recommend that an employee is designated as an internal auditor. This internal auditor would review and approve the Fire Chief and Deputy Chief's expenses and report to the board. The internal audit position would report directly to, and be supervised by the board.

Response:
This weakness has been brought up and discussed with the Board. We learned this was changed by the previous administration in May of 2011. We are returning to the previous procedure where the Chief approves the Deputy Chief and the CFO approves the Chief. The CFO reports to the Chief for day-to-day operations, but has the expectation to report concerns directly to the Board. An internal auditor position could also be hired to review expenses and report anything suspicious to the Board.

SIGNIFICANT DEFICIENCY

3. Cash Disbursements – Credit Cards

Finding:

During our audit we selected 35 cash disbursements for testing. We tested 15 purchases that were paid with a check and 20 purchases that were paid with a credit card. We noted no errors in cash disbursements paid with a check. We noted 2 errors in cash disbursement paid by a credit card. These errors can be summarized into two types of errors. The first type error was a missing receipt. The second type of error was that an expense report was not approved by a supervisor.

Recommendation:

We recommend that proper supporting documentation be retained and that all expenditures have approvals from supervisors.

Response:

Management has tightened controls to make sure expenses have all supporting documentation and approved appropriately by supervisors. We have a missing receipt form that we used when a receipt is lost or missing. This form was used in the referenced error. The missing approval occurred at the beginning of our transition to a new p-card program.