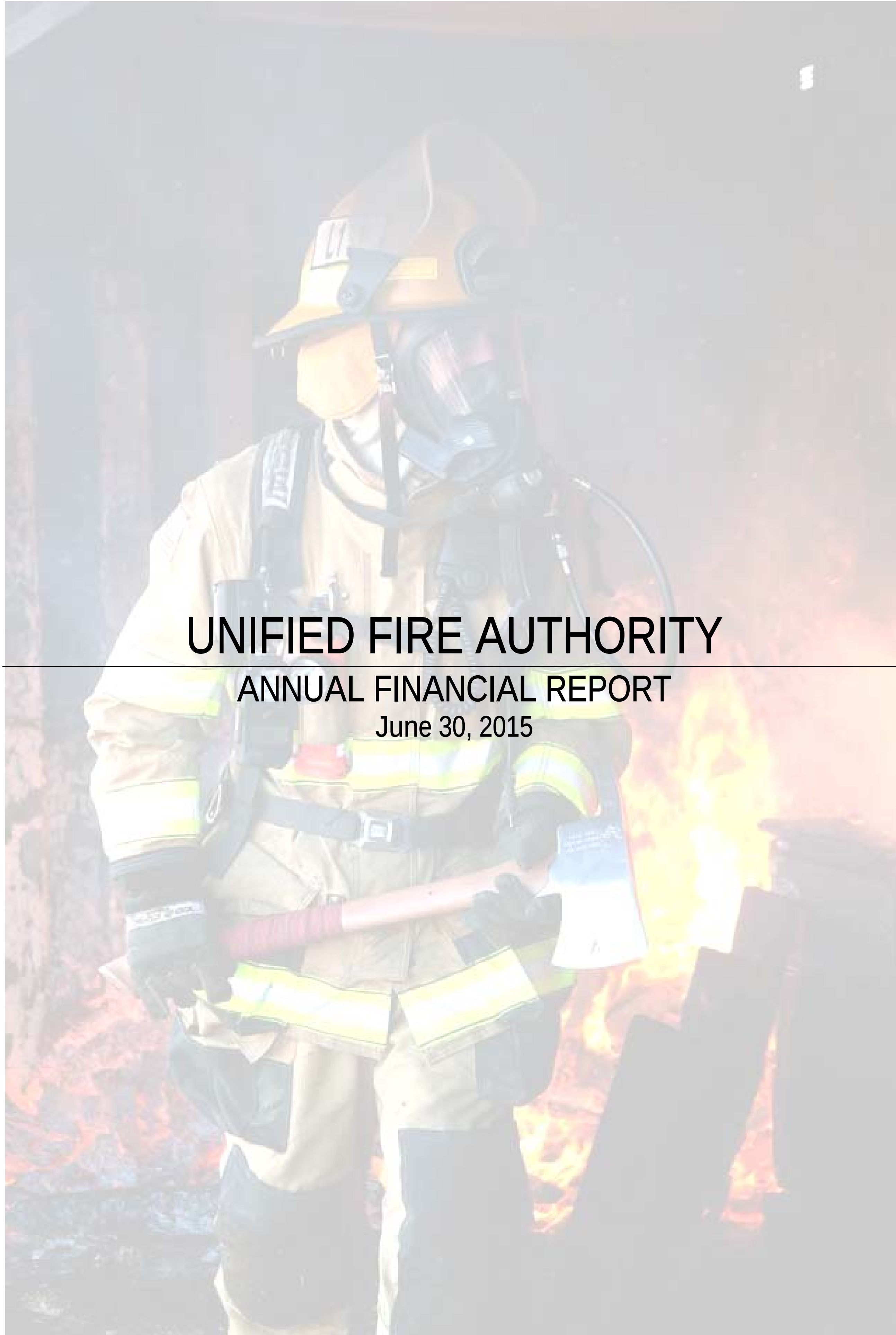

UNIFIED FIRE AUTHORITY

ANNUAL FINANCIAL REPORT

June 30, 2015

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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, each major fund, and the aggregate remaining fund information of Unified Fire Authority (UFA) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City'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, each major fund, and the aggregate remaining fund information of UFA, as of June 30, 2015, 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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Emphasis of Matter
As discussed in Note 5 to the financial statements, in 2015 UFA adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* Our opinion is not modified with respect to this matter.

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, 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 November 10, 2015 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

November 10, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2015. 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 exceeded its liabilities) as of June 30, 2015 was $9,580,134. UFA implemented GASB 68, *Accounting and Financial Reporting for Pensions*, for the fiscal year ended June 30, 2015. This implementation required a restatement as of June 30, 2014, resulting in a decrease of $9,357,822 in net position. For more information on the restatement, see Note 13 on page 37. Net position increased $7,793,914 in 2015 over the previous year's restated numbers (see table on page 6). The increase in net position is due to multiple factors: recognition of pension activity required by a new GASB standard, increased member and ambulance service fees collected, and efficient management of expenses.

UFA reported combined ending fund balance for governmental funds of $11,336,249 as of June 30, 2015 (6% decrease from $12,062,540 in 2014). The total *spendable fund balance* at June 30, 2015 was $10,648,074, which represents 16% of total fund expenditures. Of the total spendable fund balance, $5,983,032 is actually available for appropriation and spending (*unassigned fund balance*), $2,197,426 is assigned for future purchases, and $2,385,650 is committed. Unassigned fund balance includes $3,157,005 (5% of fiscal year 2015 general fund revenues) required by the State of Utah to be retained as fund balance, leaving a balance of $2,826,027 available for appropriation. Total unassigned fund balance in 2015 increased $963,226 (14%) primarily due to usage of restricted and nonspendable fund balance for 2015 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, 2015, UFA station crews responded to 7,608 fire-related calls and 21,386 medical calls, for a total of 28,994 calls (compared to 26,643 total calls in 2014). The average number of calls per station increased from 952 in 2014 to 1,036 in 2015, due to an increase in overall call volume.

UFA's more than 21,000 medical calls generated 11,186 billable ambulance transports, compared to 11,102 in 2014 (nearly one percent increase). Actual ambulance call volume during the year resulted in gross billings of $16.4 million (three percent increase from $15.8 million in 2014). Earned revenues, net of adjustments and allowances, increased approximately five percent to nearly $7 million in the fiscal year ended June 30, 2015. As of year-end, net receivables related to ambulance service were $1.6 million.

UFA's Wildland Fund reported revenues of over $1.9 million as of June 30, 2015 (43% increase over 2014). 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 2015 season. Wildfire suppression crews worked in Utah, Idaho, Nevada, Oregon, Washington, California, and Alaska during the 2015 season. Despite the increase in revenues, the program experienced a decrease in net position of $69,449 in 2015, largely because of costs related to the bureau's facility project.

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.

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: 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.

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, 2015, assets exceeded liabilities by $9,426,906 (an increase of $7,793,914 over 2014 restated net position).

Current assets decreased approximately six percent at June 30, 2015, from 2014. Cash decreased $674,276 (five percent) primarily due to capital acquisitions paid for with restricted cash. Prepaid expenses decreased $549,720 (94%) due to a large prepayment resulting from a change in health insurance providers in 2014 that was expensed in 2015. These decreases were offset by slight increases in receivables ($20,675) and inventory ($109,312). Other assets increased $3,388,872 in 2015, including $45,999 of related party note receivable and $3,342,873 of net pension asset reported as part of UFA's implementation of GASB 68.

Capital assets, net of depreciation, increased 19% compare to 2014 because capital additions ($5,176,038) exceeded depreciation expense ($2,797,810) and the net book value of disposals ($126,410) during fiscal year 2015.

As a result of the implementation of GASB 68, UFA recognized deferred outflows and inflows of resources related to pensions. Prior year restated balances required by GASB 68 included deferred outflows of resources related to pensions of $812,824. Deferred inflows of resources increased from 2014 to 2015 by $1,030,701. Deferred inflows of resources related to pensions of $7,933,389 were recorded as of June 30, 2015, in accordance with GASB 68 implementation.

Current liabilities at June 30, 2015, decreased by six percent compared to balances at June 30, 2014. Accounts payable increased $418,538 (55%) at June 30, 2015, due to delayed receipt of goods and services ordered in the fourth quarter. Accrued liabilities decreased $175,037 (seven percent) from the prior year due to a change in health insurance providers and payment timing. Net pension liability as of June 30, 2015 was $1,185,811 (an 88% decrease from the 2014 restated net pension liability of $10,185,726).

Long-term liabilities (including capital leases, related party note payable, compensated absence obligations, and OPEB liabilities) decreased from 2014 to 2015 by nearly seven percent. Payments on capital leases and UFA's related party note payable totaling $1,642,435 were offset by the issuance of $770,059 on a new capital lease. Compensated absence and OPEB obligations decreased $5,566 and $43,499, respectively, from 2014 to 2015. See Notes 7, 8, and 9 beginning on page 32 for more information regarding 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 %
	2015	2014	2015	2014	2015	2014	Change	Change
Assets								
Current and other assets	$ 18,770,186	$ 16,477,311	$ 381,575	$ 379,587	$ 19,151,761	$ 16,856,898	$ 2,294,863	14%
Capital assets	14,051,036	11,797,714	-	1,504	14,051,036	11,799,218	2,251,818	19%
Total Assets	32,821,222	28,275,025	381,575	381,091	33,202,797	28,656,116	4,546,681	16%
Deferred Outflows of Resources	1,843,525	812,824	-	-	1,843,525	812,824	1,030,701	127%
Liabilities							-	
Current and other liabilities	3,341,658	3,640,155	228,347	158,415	3,570,005	3,798,570	(228,565)	-6%
Long-term liabilities	13,962,794	23,884,150	-	-	13,962,794	23,884,150	(9,921,356)	-42%
Total Liabilities	17,304,452	27,524,305	228,347	158,415	17,532,799	27,682,720	(10,149,921)	-37%
Deferred Inflows of Resources	7,933,389	-	-	-	7,933,389	-	7,933,389	100%
Net Position							-	
Invested in capital assets,							-	
net of related debt	10,063,653	7,852,382	-	1,504	10,063,653	7,853,886	2,209,767	28%
Restricted	688,175	1,128,583	-	-	688,175	1,128,583	(440,408)	-39%
Unrestricted	(1,324,922)	(7,417,421)	153,228	221,172	(1,171,694)	(7,196,249)	6,024,555	84%
Total Net Position	$ 9,426,906	$ 1,563,544	$ 153,228	$ 222,676	$ 9,580,134	$ 1,786,220	$ 7,793,914	436%

UFA's net investment in capital assets is $10,063,653, or 105% of total net position. Net investment in capital assets increased $2,209,767 (28%) in 2015 due mainly to capital acquisitions purchased and debt payments during the year, offset by depreciation and disposals. 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 $440,408 (39%) from 2014 to 2015. The decrease resulted from usage of UFA's benefit prepayments made in June 2014 of approximately $530,000, offset by an increase in inventory of $109,312. Restricted amounts are related to supplies and equipment inventory ($655,813) held at UFA's warehouse and funds paid to vendors prior to receipt of good and/or services ($32,362).

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, 2015, unrestricted net position was -$1,171,695. UFA implemented GASB 68, *Accounting and Financial Reporting for Pensions*, for the fiscal year ended June 30, 2015. Part of the implementation required a restatement of 2014 unrestricted net position to -$8,192,641. As of June 30, 3015, unrestricted net position, improved $7,020,946 over the 2014 restated balance. The increase is mainly due to the following:

- Higher ambulance revenue and other fees exceeded expectations by more than $450,000 and $140,000, respectively
- Approximately $530,000 prepaid in 2014 for 2015 benefits was released from restriction and used toward 2015 costs
- Utilization of creative staffing methods and timing in filling staffing vacancies generated savings of approximately $600,000
- An operating deficit in the Special Revenue and Wildland Enterprise funds of $250,312 and $69,449, respectively
- Increase totaling $5,440,100 due to changes in net pension reporting including recognition of nonemployer contributions to the plan of $3,243,234 and a net decrease in pension expense of $2,196,866

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

	Governmental Activities		Business-Type Activities		Total Primary Government		Total %
	2015	2014	2015	2014	2015	2014	Change
Program revenues							
Charges for services	$ 64,085,815	$ 60,220,151	$ 1,900,444	$ 1,330,034	$ 65,986,259	$ 61,550,185	7%
Grants and contributions	135,057	291,963	-	225	135,057	292,188	-54%
General revenues							
Unrestricted net investment earnings	63,577	75,954	987	790	64,564	76,744	-16%
Other	3,421,343	109,964	-	-	3,421,343	109,964	3011%
Capital contributions	450,000	1,391,555	-	-	450,000	1,391,555	-68%
Total revenues	68,155,792	62,089,587	1,901,431	1,331,049	70,057,223	63,420,636	10%
Program expenses							
Fire protection services	58,071,852	59,455,320	-	-	58,071,852	59,455,320	-2%
Emergency services	2,173,610	1,773,270	-	-	2,173,610	1,773,270	23%
Wildfire protection services	-	-	1,970,880	1,519,378	1,970,880	1,519,378	30%
Interest on long-term debt	156,282	186,044	-	-	156,282	186,044	-16%
Total expenses	60,401,744	61,414,634	1,970,880	1,519,378	62,372,624	62,934,012	-1%
Excess (deficiency) before transfers	7,754,048	674,953	(69,449)	(188,329)	7,684,599	486,624	1479%
Net position - beginning	1,563,545	10,095,798	222,676	411,005	1,786,221	10,506,803	-83%
Restatement for change in accounting principle	-	(9,357,822)	-	-	-	(9,357,822)	-100%
Increase in inventory	109,313	150,616	-	-	109,313	150,616	-27%
Net position - ending	$ 9,426,906	$ 1,563,545	$ 153,227	$ 222,676	$ 9,580,133	$ 1,786,221	436%

FINANCIAL ANALYSIS OF UFA AS A WHOLE (CONTINUED)

Program revenues consist of grants and contributions as well as charges for services. Total combined program revenue in 2015 rose nearly seven percent over 2014, exceeding $66 million. Growth in program revenue was comprised of increased charges for services of $4,436,074 and a decrease in grants of $157,131.

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 ($3.6 million increase), higher wildland fees resulting from a busy wildfire season ($570,410 increase), and larger collections on ambulance service fees. Wildland fees increased 43% due to a busy season ($1,330,034 in 2014).

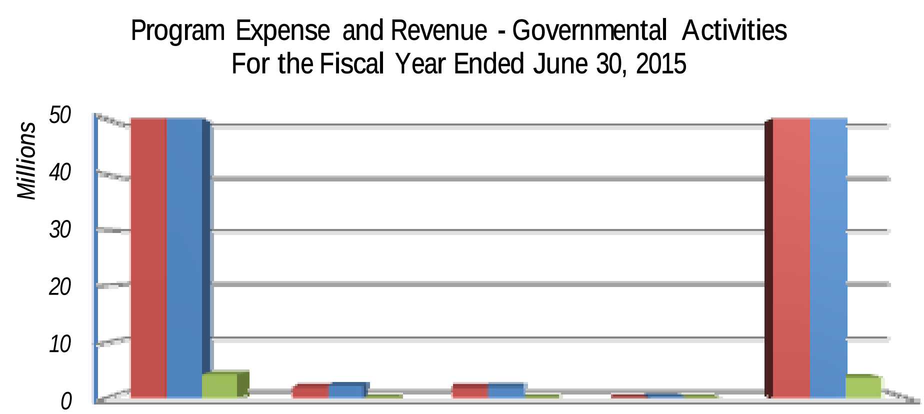
	Transports		Collections	
	Annual #	% Change	Annual $	% Change
6/30/2015	11,186	1%	$ 6,989,765	5%
6/30/2014	11,102	-6%	$ 6,685,372	-1%
6/30/2013	11,815	5%	$ 6,780,177	2%
6/30/2012	11,285	18%	$ 6,644,742	16%
6/30/2011	9,577	-1%	$ 5,741,283	0%

Ambulance service revenue increased $304,393 in 2015 and continues to provide a significant contribution to UFA's budget reducing the per firefighter cost. Ambulance service revenues are the second largest source of revenue for UFA and accounted for nearly 11% of total combined charges for services in 2015. The adjacent table shows ambulance activity for the past five years.

Grants include grants, contributions, and donations that are restricted to one or more specific program. Grants decreased approximately 58% mainly due to the termination of an interoperable communications grant and loss of a State funded medical grant. Donations were 23% lower than 2014, primarily because of a one-time private donation received in the prior year.

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

The fire protection services program resulted in $4,238,184 net revenue principally due to increased charges for services and a reduction of benefit costs in accordance with GASB 68 implementation ($2,196,866) as well as savings in personnel costs resulting from staffing vacancies and utilization of creative staffing methods.



	Fire protection services	Emergency services	Wildfire protection services	Interest on long-term debt	Total governmental
Revenues	$62,310,036	$1,910,836	$1,900,444	$-	$66,121,316
Expenses	$58,071,852	$2,173,610	$1,970,880	$156,282	$62,372,624
Net Revenue (Expense)	$4,238,184	$(262,774)	$(70,436)	$(156,282)	$3,748,692

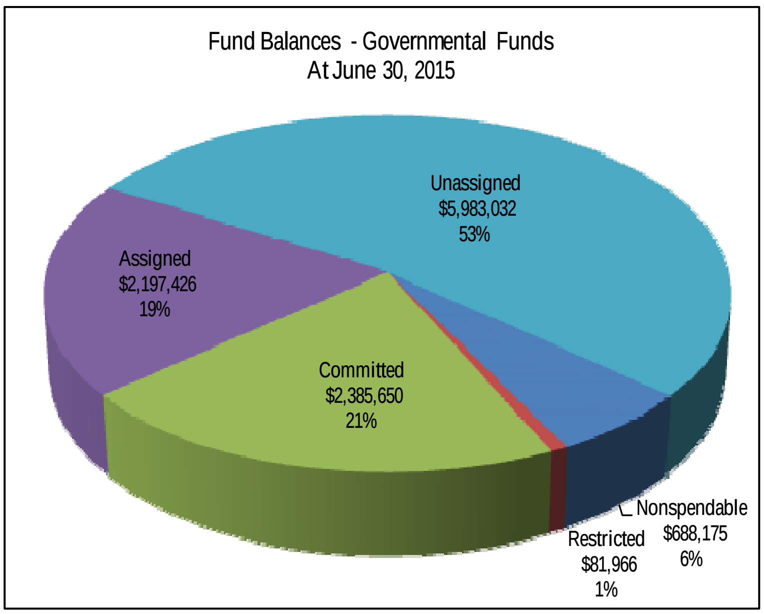
General revenues include all revenues that do not qualify as program revenues, such as investment earnings, gain/loss on sale of capital assets, capital contributions, and other miscellaneous revenues. General revenues increased $2,357,644 over the previous fiscal year mainly as a result of $3.2 million of nonemployee contributions recognized in connection with GASB 68 reporting (compared to a $1 million final distribution in 2014 from Salt Lake County for investigation and hazard materials services).

FINANCIAL ANALYSIS OF UFA AS A WHOLE (CONTINUED)

Program expenses decreased approximately $561,388 (one percent) over the prior year, due the net effect of the following:

- $2.2 million reduction in benefit costs in relation to GASB 68 reporting requirements for pensions
- More than $600,000 savings in personnel costs due to staffing vacancies and creative staffing methods
- Nearly $30,000 decrease in interest expense related to capital lease payments
- $677,000 decrease in revenue sharing reimbursements to Metro Authority members (final payout made in 2014)
- Increase in depreciation expense in excess of $375,000
- Almost $280,000 paid to Utah State Forestry and Fire for professional services related to the Rosecrest fire
- Approximately $120,000 spent by the Wildland fund to relocate and prepare a donated facility for use at Camp Williams
- Emergency management technology upgrades and property improvements totaling more than $160,000
- Operations supplies and small equipment increased nearly $360,000, including appliances as well as fitness and personal protection equipment
- Communications equipment and service increased approximately $350,000 due to mandated changes in radio requirements

FINANCIAL ANALYSIS OF UFA'S FUNDS



As of June 30, 2015, the aggregate fund balance of UFA's governmental funds was $11,336,249, a six percent decrease from fiscal year 2014. Approximately 53% of the aggregate fund balance, or $5,983,032, is unassigned and is available for appropriation by the UFA Board. Unassigned fund balance at June 30, 2015, increased $963,226 over prior year, primarily due to the usage of funds previously classified as restricted and nonspendable for 2015 operating and capital outlay expenditures.

The remaining fund balance is not available for new spending because it has already been obligated: assigned (encumbrances of $2,066,697 and special revenue fund balance of $119,729), committed (compensated absences of $903,035, retirement contributions of $103,220, and capital acquisitions of $1,379,395), restricted for capital acquisitions of $81,966 or nonspendable (inventory of $655,813 and prepaid of $32,362).

Business-Type Funds: As of June 30, 2015, UFA's business-type fund net position decreased $69,449 to $153,228, compared to $222,676 in 2014. While the wildfire season was busy, bringing in significant revenue, expenses associated with starting up the 2015 wildfire season along with the cost of improvements to a donated facility at Camp Williams caused the net position to decline.

GENERAL FUND BUDGETARY HIGHLIGHTS

Substantial variations in actual results compared to final budget in the general fund can be summarized as follows:

- Ambulance revenues exceeded budget by nearly $500,000 due to increased call activity and higher transport base rates set by the State of Utah.
- Other fees paid to UFA surpassed budget by more than $140,000 as a result of growth in medical training and prevention fee programs
- Staffing vacancies as well as utilization of creative staffing methods in response to budget constraints resulted in actual salaries and benefits expenditures approximately $450,000 below budget.
- Management worked to control expenditures which resulted in operations and administrative expenditures more than $90,000 below budget.

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

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

- Additional member fee revenue for a fire hydrant replacement and upgrade project
- Reallocation of approximately $1 million resulting from unfilled vacancies and utilization of creative staffing methods to purchase equipment and services for operations that had previously been deferred
- An increase of more than $2.5 million in capital outlay expenditures due to transfers from debt service for the cash purchase of capital assets
- $282,000 increase in appropriation from fund balance to use restricted funds for capital acquisitions

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, 2015, was $14,051,036 (net of $36,641,343 depreciation). Capital assets increased approximately $2.2 million (19%) over the prior fiscal year.

Capital Assets, Net of Depreciation
As of June 30,

	Governmental Activities		Business-Type Activities		Total		Total %
	2015	2014	2015	2014	2015	2014	Change
Building and improvements	$ 2,887,551	$ 2,954,418	$ -	$ -	$ 2,887,551	$ 2,954,418	-2%
Computer software & equipment	258,553	389,032	-	-	258,553	389,032	-34%
Construction in progress	927,632	188,645	-	-	927,632	188,645	392%
Furniture & equipment	1,659,190	1,267,354	-	-	1,659,190	1,267,354	31%
Land & improvements	620,580	637,452	-	-	620,580	637,452	-3%
Transportation equipment	7,697,530	6,360,813	-	1,504	7,697,530	6,362,317	21%
	$ 14,051,036	$ 11,797,714	$ -	$ 1,504	$ 14,051,036	$ 11,799,218	19%

Major capital assets for Governmental activities put in service during the year ended June 30, 2015 included:

- Deposits made toward refurbishment of medium and heavy apparatus totaling $713,785
- Medium and heavy apparatus additions: new equipment of $2,211,918 and refurbishment of existing equipment of $674,180
- Light fleet vehicles purchased with a total cost of $352,279
- Medical equipment with an aggregate cost of $674,539
- Bomb squad equipment totaling $123,754
- Communications and radio equipment with an aggregate cost of $122,033

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 $770,059 for the purchase of medical equipment. During the year, UFA made principal and interest payments on long-term debt totaling $1,804,266. See Notes 9 and 10 beginning on pages 34 and 35 for more information on UFA's long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The major goals of UFA's Strategic Plan are to improve emergency response, increase emergency preparedness, improve employee safety, and improve operational effectiveness.

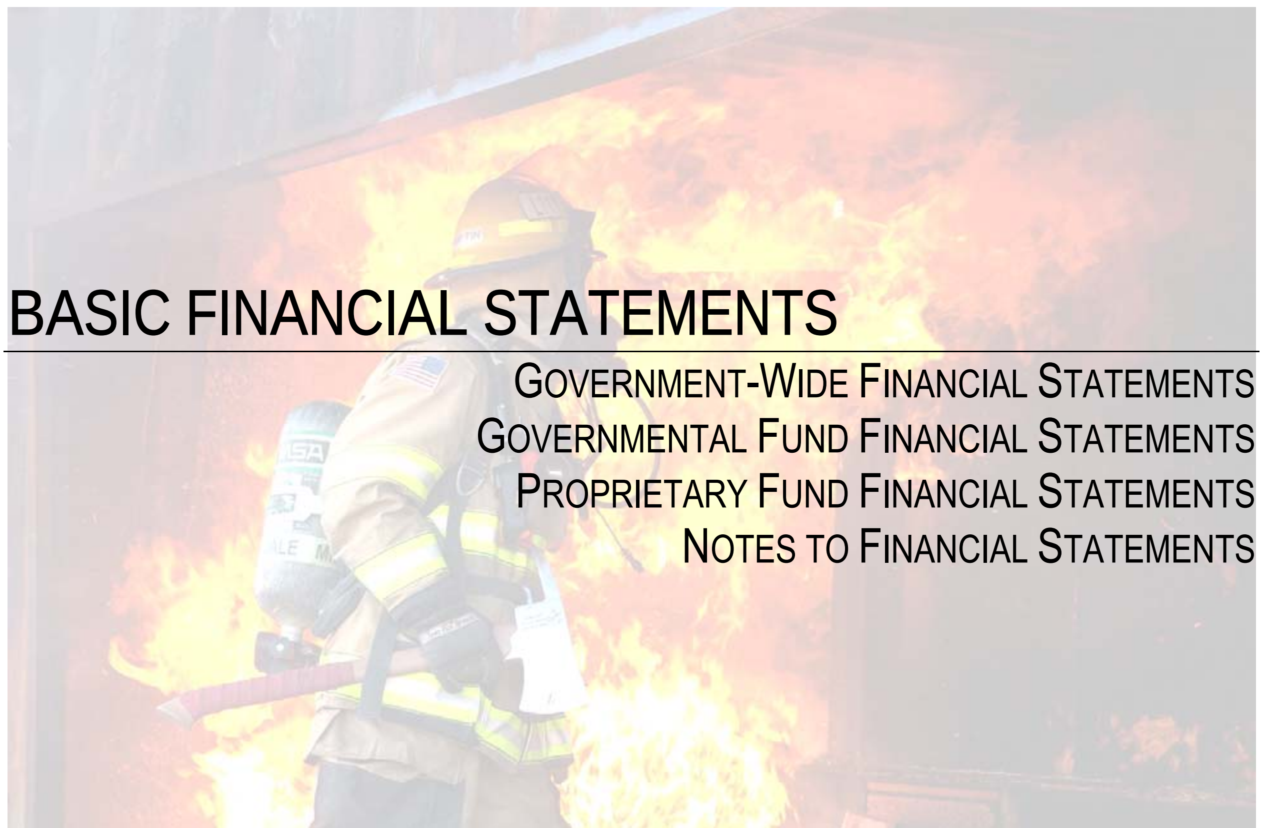
Future station additions and remodeling plans will be the remodeling and expansion of station #113, and the construction of replacement stations in Taylorsville. Financing and staff funding for these stations will be provided by UFSA.

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 may impact budget outcomes in the future. Wages and benefits comprise approximately 78% of the overall 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' increased fees. Some members may have limited abilities to meet those 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 expected levels of revenue or reduce programs and services to meet ongoing costs. UFA Administration will make appropriate recommendations for cost reductions and revenue enhancements, consistent with the fluctuations and financial pressures on our member entities.

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, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total 2015
ASSETS			
Cash and cash equivalents	$ 12,752,074	$ 164,922	$ 12,916,996
Restricted cash and cash equivalents	81,966	-	81,966
Receivables	1,844,019	216,653	2,060,672
Inventory	655,813	-	655,813
Prepaid expense	32,362	-	32,362
Note receivable	45,999	-	45,999
Capital assets, net of depreciation	14,051,036	-	14,051,036
Net pension asset	3,357,953	-	3,357,953
TOTAL ASSETS	32,821,222	381,575	33,202,797
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	1,843,525	-	1,843,525
LIABILITIES			
Accounts payable	1,127,629	57,171	1,184,800
Restricted accounts payable	-	-	-
Accrued liabilities	2,214,029	171,176	2,385,205
Noncurrent liabilities			
Due within one year	2,691,457	-	2,691,457
Due in more than one year	10,085,526	-	10,085,526
Net pension liability	1,185,811	-	1,185,811
TOTAL LIABILITIES	17,304,452	228,347	17,532,799
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	7,933,389	-	7,933,389
NET POSITION			
Net investment in capital assets	10,063,653	-	10,063,653
Restricted for inventory	655,813	-	655,813
Restricted for prepaid expense	32,362	-	32,362
Unrestricted	(1,324,922)	153,228	(1,171,694)
TOTAL NET POSITION	$ 9,426,906	$ 153,228	$ 9,580,134

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

STATEMENT OF ACTIVITIES
Year ended June 30, 2015

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	$ 58,071,852	$ 62,248,991	$ 61,045	$ -	$ 4,238,184
Emergency services	2,173,610	1,836,824	64,012	10,000	(262,774)
Interest on long-term debt	156,282	-	-	-	(156,282)
Total governmental activities	60,401,744	64,085,815	125,057	10,000	3,819,128
BUSINESS-TYPE ACTIVITIES:					
Wildland services	1,970,880	1,900,444	-	-	(70,436)
TOTAL PRIMARY GOVERNMENT	$ 62,372,624	$ 65,986,259	$ 125,057	$ 10,000	$ 3,748,692

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total 2015
Changes in net assets:			
Net (expense) revenue	$ 3,819,128	$ (70,436)	$ 3,748,692
General Revenues:			
Unrestricted net investment earnings	63,577	987	64,564
Miscellaneous	3,274,529	-	3,274,529
Rent	94,896	-	94,896
Gain on disposal of capital assets	51,918	-	51,918
Member contributions	450,000	-	450,000
Total general revenues	3,934,920	987	3,935,907
Changes in net position	7,754,048	(69,449)	7,684,599
Net position - beginning (Restated)	1,563,545	222,677	1,786,222
Increase in inventory	109,313	-	109,313
Net position - ending	$ 9,426,906	$ 153,228	$ 9,580,134

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

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	MAJOR FUNDS				
	General Fund	Special Revenue Fund	Fire Capital Projects Fund	Nonmajor Governmental Fund	Total 2015
CURRENT ASSETS					
Cash and cash equivalents	$ 10,846,151	$ 526,528	$ 1,301,577	$ 77,818	$ 12,752,074
Restricted cash and cash equivalents	81,966	-	-	-	81,966
Receivables	1,612,067	6,319	-	-	1,618,386
Related party receivables	216,937	8,696	-	-	225,633
Inventory	655,813	-	-	-	655,813
Prepaid expense	31,219	1,143	-	-	32,362
Due from other funds	225,847	-	-	-	225,847
Related party note receivable	45,999	-	-	-	45,999
TOTAL ASSETS	13,715,999	542,686	1,301,577	77,818	15,638,080
CURRENT LIABILITIES					
Accounts payable	973,419	44,249	-	-	1,017,668
Related party payable	28,006	81,955	-	-	109,961
Accrued liabilities	2,133,175	48,674	-	-	2,181,849
Due to other funds	-	225,847	-	-	225,847
TOTAL LIABILITIES	3,134,600	400,725	-	-	3,535,325
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - ambulance	766,506	-	-	-	766,506
TOTAL LIABILITIES AND DEFERRED INFLOWS	3,901,106	400,725	-	-	4,301,831
FUND BALANCES					
Nonspendable:					
Inventory	655,813	-	-	-	655,813
Prepaid expense	31,219	1,143	-	-	32,362
Spendable:					
Restricted for capital acquisition	81,966	-	-	-	81,966
Committed for:					
Compensated absences	903,035	-	-	-	903,035
Retirement contributions	82,131	21,089	-	-	103,220
Capital acquisitions	-	-	1,301,577	77,818	1,379,395
Assigned	2,077,697	119,729	-	-	2,197,426
Unassigned - 5% State requirement	3,157,005	-	-	-	3,157,005
Unassigned	2,826,027	-	-	-	2,826,027
TOTAL FUND BALANCES	9,814,893	141,961	1,301,577	77,818	11,336,249
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	$ 13,715,999	$ 542,686	$ 1,301,577	$ 77,818	$ 15,638,080

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, 2015

Total Fund Balances - Governmental Funds		$	11,336,249
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	50,567,369		
Accumulated depreciation	(36,516,333)		14,051,036
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.			766,506
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	3,357,953		
Deferred outflows of resources relating to pensions	1,843,525		
Net pension liability	(1,185,811)		
Deferred inflows of resources relating to pensions	(7,933,389)		(3,917,722)
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	(32,180)		
Capital leases	(1,760,338)		
Related party note payable	(2,309,010)		
Compensated absences	(4,377,674)		
Net OPEB obligation	(4,329,961)		(12,809,163)
Net Position of Governmental Activities		$	9,426,906

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, 2015

	MAJOR FUNDS				
	General Fund	Special Revenue Fund	Fire Capital Projects Fund	Nonmajor Governmental Fund	Total 2015
REVENUES					
Member fees	$ 51,521,356	$ -	$ -	$ -	$ 51,521,356
Ambulance operations	6,989,765	-	-	-	6,989,765
Fees - Emergency services	-	1,836,824	-	-	1,836,824
Fees - Other	3,387,521	-	-	-	3,387,521
Grants and donations	61,045	74,012	-	-	135,057
Intergovernmental revenues	450,000	-	-	-	450,000
Reimbursements	381,109	-	-	-	381,109
Rent income	94,896	-	-	-	94,896
Investment income	56,087	1,167	6,323	-	63,577
Other income	31,295	-	-	-	31,295
TOTAL REVENUES	62,973,074	1,912,003	6,323	-	64,891,400
EXPENDITURES					
Current					
Salaries and benefits	48,038,849	1,012,050	-	-	49,050,899
Operations	8,859,349	920,177	-	-	9,779,526
General and administrative	839,055	25,607	-	-	864,662
Capital outlay	4,777,550	96,592	228,206	73,689	5,176,037
Debt service	1,804,266	-	-	-	1,804,266
TOTAL EXPENDITURES	64,319,069	2,054,426	228,206	73,689	66,675,390
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,345,995)	(142,423)	(221,883)	(73,689)	(1,783,990)
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of long-term debt	770,059	-	-	-	770,059
Proceeds from sale of assets	167,033	11,295	-	-	178,328
Transfers in	100,000	-	161,347	79,119	340,466
Transfers out	(161,347)	(179,119)	-	-	(340,466)
Total other financing sources (uses)	875,745	(167,824)	161,347	79,119	948,387
Net change in fund balances	(470,250)	(310,247)	(60,536)	5,430	(835,603)
Fund balances - beginning	10,175,830	452,208	1,362,113	72,388	12,062,539
Increase in inventory	109,313	-	-	-	109,313
Fund balances - ending	$ 9,814,893	$ 141,961	$ 1,301,577	$ 77,818	$ 11,336,249

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, 2015

Net Change in Fund Balances - Total Governmental funds		$ (835,603)
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	5,176,038	
Depreciation expense	(2,796,306)	
Disposition of capital assets	(126,410)	2,253,322
Net ambulance revenues in the Statement of Activities that do not provide current financials resources are not reported as revenues in the funds.		(30,759)
Pension liabilities do not require current financial resources and therefore are not recorded in governmental funds.		5,440,100
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	(770,059)	
Accrued interest on long-term debt	5,547	
Repayment of long-term debt	1,642,435	877,923
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:		
Decrease in OPEB liabilities	43,499	
Increase in compensated absences	5,566	49,065
Changes in Net Position of Governmental Activities		$ 7,754,048

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

STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2015

	Wildland Enterprise Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 164,922
Receivables	216,653
Current assets	381,575
NONCURRENT ASSETS	
Capital assets, net of depreciation	-
TOTAL ASSETS	$ 381,575
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 57,171
Accrued liabilities	171,176
TOTAL LIABILITIES	228,347
NET POSITION	
Unrestricted	153,228
TOTAL NET POSITION	$ 153,228

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
June 30, 2015

	Wildland Enterprise Fund
OPERATING REVENUES	
Wildland fees, net of discounts and allowances of $37,885	$ 1,900,444
OPERATING EXPENSES	
Salaries and benefits	1,575,347
Operations	387,865
General and administrative	6,164
Depreciation and amortization	1,504
TOTAL OPERATING EXPENSES	1,970,880
INCOME FROM OPERATIONS	(70,436)
NONOPERATING REVENUE	
Interest income	987
Income before contributions and transfers	(69,449)
CHANGE IN NET POSITION	(69,449)
NET POSITION - BEGINNING	222,677
NET POSITION - ENDING	$ 153,228

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
June 30, 2015

		Wildland Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 1,823,881	
Payments to vendors	(357,868)	
Payments for general and administrative expenses	(6,164)	
Payments to employees	(1,333,702)	
Employee benefits paid	(201,710)	
NET CASH USED BY OPERATING ACTIVITIES		(75,563)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received		987
NET DECREASE IN CASH AND CASH EQUIVALENTS		(74,576)
CASH AND CASH EQUIVALENTS - BEGINNING		239,497
CASH AND CASH EQUIVALENTS - ENDING		$ 164,921
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating income		$ (70,436)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization		1,504
(Increase) decrease in assets:		
Accounts receivable		(76,563)
Increase (decrease) in liabilities:		
Accounts payable		29,997
Accrued expenses		39,935
Net cash used by operating activities		$ (75,563)

NONCASH ACTIVITY

Depreciation for the year ended June 30, 2015, was $1,504.

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, 2015, 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.

Implementation of New GASB Pronouncement

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of this Statement were implemented for the fiscal year ended June 30, 2015.

Cash and Cash Equivalents

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

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.

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

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 – 15 years
Building and improvements	5 – 39 years

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 2014). 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.

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

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.

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 capital acquisition* – This component of net position consists of proceeds from issuance of long-term debt held in escrow for the purchase of 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, 2015, UFA was required to maintain $3,157,005 (5% of fiscal year 2015 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.

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.

Reclassifications

Certain reclassifications have been made to the 2014 comparative totals in order to conform to the June 30, 2015 financial statement presentation.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at June 30, 2015:

	Governmental Activities	Business-Type Activities	Total
Unrestricted cash - net of outstanding checks	$ 2,884,111	$ -	$ 2,884,111
Public Treasurer's Investment Fund	9,867,963	164,922	10,032,885
Restricted cash and cash equivalents	81,966	-	81,966
Total cash and cash equivalents	$ 12,834,040	$ 164,922	$ 12,998,962

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, 2015, UFA's deposits had a bank balance of $3,064,091, of which $250,000 is insured and $2,814,091 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.

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, 2015, UFA had $10,032,885 invested in PTIF which had a fair value of $10,082,652. 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/.

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, 2015, 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, 2015, consist of the following:

	General Fund	Special Revenue Fund	Total Governmental Activities	Wildland Enterprise Fund
Accounts receivable				
Due from other governments	$ 13,714	$ 2,396	$ 16,110	$ 216,601
Ambulance services	4,299,218	-	4,299,218	-
Accrued revenues	8,625	-	8,625	-
Related party receivable	216,937	8,696	225,633	52
Miscellaneous	11,482	-	11,482	-
Total accounts receivable	4,549,976	11,092	4,561,068	216,653
Grants receivable	8,489	3,923	12,412	-
Allowance for uncollectible accounts	(2,729,461)	-	(2,729,461)	-
Total Receivables	$ 1,829,004	$ 15,015	$ 1,844,019	$ 216,653

NOTE 4 - CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2015 are as follows:

	July 1, 2014	Additions/ Transfers In	Disposals/ Transfers Out	June 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	$ 188,645	$ 738,987		$ 927,632
Land	416,277			416,277
Total capital assets not being depreciated	604,922	738,987	-	1,343,909
Capital assets being depreciated:				
Building and improvements	3,302,282	31,125	-	3,333,407
Computer software and equipment	2,191,571	91,541	(87,840)	2,195,272
Furniture and equipment	4,315,285	985,858	(939,855)	4,361,288
Land improvements	294,250	-	-	294,250
Transportation equipment	37,541,100	3,328,527	(1,830,384)	39,039,243
Total capital assets being depreciated	47,644,488	4,437,051	(2,858,079)	49,223,460
Less accumulated depreciation for:				
Building and improvements	(347,864)	(97,992)	-	(445,856)
Computer software and equipment	(1,802,539)	(218,830)	84,650	(1,936,719)
Furniture and equipment	(3,047,931)	(470,802)	816,635	(2,702,098)
Land improvements	(73,075)	(16,872)	-	(89,947)
Transportation equipment	(31,180,287)	(1,991,810)	1,830,384	(31,341,713)
Total accumulated depreciation	(36,451,696)	(2,796,306)	2,731,669	(36,516,333)
Total capital assets being depreciated, net	11,192,792	1,640,745	(126,410)	12,707,127
Total capital assets, net	$ 11,797,714	$ 2,379,732	$ (126,410)	$ 14,051,036
Business-Type activities:				
Capital assets being depreciated:				
Computer software and equipment	$ 6,694	$ -	$ -	$ 6,694
Furniture and equipment	17,000	-	-	17,000
Transportation equipment	101,316	-	-	101,316
Total assets being depreciated	125,010	-	-	125,010
Less accumulated depreciation for:				
Computer software and equipment	$ (6,694)	$ -	$ -	$ (6,694)
Furniture and equipment	(17,000)	-	-	(17,000)
Transportation equipment	(99,812)	(1,504)	-	(101,316)
Total accumulated depreciation	(123,506)	(1,504)	-	(125,010)
Total capital assets, net	$ 1,504	$ (1,504)	$ -	$ -

Depreciation and amortization charged for the year ended June 30, 2015:

	Governmental Activities	Business-Type Activities
Fire protection services	$ 2,584,249	$ -
Emergency services	212,057	-
Wildland services	-	1,504
	$ 2,796,306	$ 1,504

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:

- Public Employees Noncontributory Retirement System (Noncontributory System); Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, public employees, retirement systems.
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system;
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) are multiple employer, cost sharing, public employees, retirement systems.

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 E. 200 S, 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	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 any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

** With actuarial reductions*

*** All 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
Contributory System			
Local Governmental Division Tier 2	N/A	N/A	14.83%
Noncontributory System			
Local Governmental Division Tier 1	N/A	N/A	18.47%
Public Safety Retirement System			
Other Division A Noncontributory Tier 1	N/A	N/A	35.71%
Other Division A Contributory Tier 2	N/A	N/A	23.71%
Firefighters System			
Division B Tier 1	N/A	16.71%	6.59%
Division B Tier 2	N/A	N/A	10.80%

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

At December 31, 2014, we reported a net pension asset of $3,357,953 and a net pension liability of $1,185,811.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.2459487%	$ -	$ 1,067,967
Public Safety System	0.0937069%	-	117,844
Firefighters System	30.1516507%	3,318,119	-
Tier 2 Public Employees System	6.7883800%	2,057	-
Tier 2 Public Safety & Firefighter System	2.5536386%	37,777	-
Total Net Pension Asset/Liability		$ 3,357,953	$ 1,185,811

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submittted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, we recognized pension expense of $117,703. At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,233	$ 3,610,784
Changes in assumptions	-	4,322,605
Net difference between projected and actual earnings on pension	681,151	-
Contributions subsequent to the measurement date	1,161,141	-
	$ 1,843,525	$ 7,933,389

NOTE 5 - PENSION PLAN (CONTINUED)

Deferred outflows of resources related to pensions ($1,161,141) results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. 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	$ (1,220,248)
2016	(1,220,248)
2017	(1,220,248)
2018	(1,214,393)
2019	(1,348,314)
Thereafter	(1,027,549)

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%)
Proportionate share of			
Net pension (asset)/liability	33,819,452	(2,172,142)	(31,902,557)

Actuarial Assumptions

The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all period 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

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

Class of Member	Men	Women
Public Safety and Firefighters	RP 2000mWC (100%)	EDUF (120%)
Local Government, Public Employees	RP 2000mWC (100%)	EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage
EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage
RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

NOTE 5 - PENSION PLAN (CONTINUED)

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 - December 31, 2013.

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.

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 - EMPLOYEE BENEFIT PLANS

UFA offers its full-time employees participation in a defined contribution plan created in accordance with Internal Revenue Code Section 401(k) (the "401(k) Plan"). The 401(k) Plan is administered by Utah Retirement Systems. Employees may contribute from 1% to 100% of their annual salary up to a maximum of $18,000 and $17,500 for 2015 and 2014.

UFA offers all of its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 ("the 457 Plan"). The 457 Plan is administered by Utah Retirement Systems and permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees or their beneficiaries until termination, retirement, death, or unforeseeable emergency. The 457 deferred compensation monies are not available to UFA or its general creditors. UFA's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment.

The schedule below is a summary of defined contribution savings plans for pay periods January 1 – December 2014:

	Employee Paid Contributions	Employer Paid Contributions
401(k) plan	$ 404,856	$ 274,889
457 plan	1,333,712	-

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, 2015, 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, 2015, UFA paid retiree health care premiums of $180,272.

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.

The following table shows the components of UFA's annual OPEB cost for the fiscal year ended June 30, 2015, and changes in UFA's net OPEB obligation:

Annual required contribution	$ 348,982
Contributions made	(180,272)
Increase in net OPEB obligation	168,710
Adjustment to OPEB obligation due to changes in actuarial estimates	(212,209)
Net OPEB obligation - beginning of year	4,373,460
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.

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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, 2013, 2014, and 2015 are as follows:

	Annual OPEB cost	Employer Contributions	Adjustment for Changes to Plan Provisions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	623,027	310,311	(1,641,006)	50%	4,373,460
2014	508,445	390,356	(118,089)	77%	4,373,460
2015	348,982	392,481	-	112%	4,329,961

Funded Status and Funding Progress

The funded status as of June 30, 2014 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)	$ 29,517,276
UAAL as a percentage of covered payroll	15%

The present value of all benefits expected to be paid to current plan members as of June 30, 2014, 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, 2014, 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, 2014, 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, 2014, were amortized as a level dollar over a period of 17 years. This methodology was adopted to reflect the closed nature of the plan.

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, 2015, are as follows:

	Beginning	Increases	(Decreases)	Ending
Vacation	$ 3,991,498	$ 2,323,611	$ (2,395,858)	$ 3,919,251
Sick leave	391,742	646,409	(579,728)	458,423
Total compensated absences (including $1,345,340 classified as current)	$ 4,383,240	$ 2,970,020	$ (2,975,586)	$ 4,377,674

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. All capital lease payments are paid by UFA's General Fund. 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, 2015:

	Beginning	Increases	(Decreases)	Ending
Capital lease obligations	$ 2,539,054	$ 770,059	$ (1,548,776)	$ 1,760,338

As of June 30, 2015, assets recorded under the outstanding leases are transportation equipment having original cost of $4,647,435, with $856,030 of accumulated amortization. Amortization, included with depreciation on the financial statements, was $716,471 for the year ended June 30, 2015. Interest on capital leases charged to expense for the year ended June 30, 2015 was $68,223.

Principal remaining under the leases at June 30, 2015 is as follows:

Capital lease collateralized by multiple fire apparatus and ambulances, bearing interest at 2.3% with annual principal and interest payments of $987,784 through January 2016	$ 965,179
Capital lease collateralized by one fire apparatus, bearing interest at 2.3% with annual principal and interest payments of $36,919 through June 2016	36,074
Capital lease collateralized by medical equipment, bearing interest at 4.5% with annual principal and interest payments of $203,985 through July 2017	566,075
Capital lease collateralized by two fire apparatus, bearing interest at 2.43% with annual principal and interest payments of $67,564 through October 2017	193,010
	$ 1,760,338

The following is a schedule by years of future minimum payments required under the leases together with their present value as of June 30, 2015:

	Principal	Interest	Total
2016	1,248,642	47,534	1,296,176
2017	250,784	20,689	271,473
2018	260,912	10,560	271,472
Total minimum lease payments	$ 1,760,338	$ 78,783	1,839,121
Less amount representing interest			(78,783)
Present value of minimum lease payments (including $1,248,642 classified as current)			$ 1,760,338

NOTE 10 - RELATED PARTY TRANSACTIONS

Unified Fire Authority received operating fees from its members in the amount of $51,521,356 in 2015 which represents approximately 79% of total UFA governmental revenues for 2015. Of these fees, $41,910,288 was received from the Unified Fire Service Area (UFSA), which represents approximately 81% of total member fees for the fiscal year. In addition to member fees, UFSA also paid UFA interest of $15,747, and $450,000 for financial management and administrative services provided by UFA during the fiscal year ended June 30, 2015.

UFA received from Salt Lake County (the County) operating fees restricted for emergency services of $1,836,824, as well as $3,175,714 to provide fire protection to the Canyon Recreational areas for the year ended June 30, 2015. The County also paid $1,782 in reimbursements to UFA in 2015. As of June 30, 2015, accounts receivable included $1,000 due from the County.

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 no more than $15,672. Upon commencement of payments in June 2013, the agreement bears 4% interest. UFA paid $93,659 principal and $94,402 interest to UFSA during the fiscal year ended June 30, 2015.

The following is a schedule by years of future minimum payments required under the agreement as of June 30, 2015:

2016	$ 97,475
2017	101,446
2018	105,579
2019	109,881
2020	114,357
2021-2025	645,588
2026-2030	788,260
2031-2032	346,424
	$ 2,309,010

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 $191,879 in fiscal year 2015. UFA's accounts payable at June 30, 2015 included $106,065 due to the County. As of June 30, 2015, UFA's accounts receivable included $1,000 due from the County for a reimbursement.

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, 2015. Future minimum noncancelable lease payments under the interlocal agreement are as follows:

2016	$ 163,990
2017	163,957
2018	164,001
2019	163,848
2020	163,836
2021	82,088
	$ 901,720

NOTE 10 - RELATED PARTY TRANSACTIONS (CONTINUED)

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, 2015, future minimum lease receipts under the agreement are $94,896 for the fiscal year ending June 30, 2016.

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, 2015, USAR paid its first payment of $16,576 to UFA. Future minimum payments under the interlocal agreement are as follows:

	Principal	Interest	Total
2016	$ 15,000	$ 1,576	$ 16,576
2017	15,152	1,424	16,576
2018	15,848	728	16,576
	$ 45,999	$ 3,728	$ 49,728

During the fiscal year ended June 30, 2015, USAR reimbursed UFA for salaries and benefits ($447,387); rent ($94,896); and reimbursements including utilities, improvements, maintenance, equipment costs and miscellaneous purchases ($74,443). As of June 30, 2015, UFA's accounts receivable included $180,801 due from USAR for salaries and benefits, as well as rent and reimbursements.

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, 2015:

	Transfers Out		
Transfers In	General Fund	Special Revenue Fund	Total
General Fund	$ -	$ 100,000	$ 100,000
Fire Capital Projects Fund	161,347	-	161,347
Emergency Services Capital Projects Fund	-	79,119	79,119
Total	$ 161,347	$ 179,119	$ 340,466

At June 30, 2015, the Special Revenue Fund owed the General Fund $225,847 for administrative services and personnel costs, net of adjustments.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Purchase orders (encumbrances) as of June 30, 2015, for items ordered but not received during the fiscal year are as follows:

Year-end Encumbrances	Governmental Activities	Business-Type Activities
General Fund	$ 2,077,697	$ -
Wildland Enterprise Fund	-	27,626
Special Revenue Fund	104,983	-
Fire Capital Projects Fund	255,705	-
	$ 2,438,385	$ 27,626

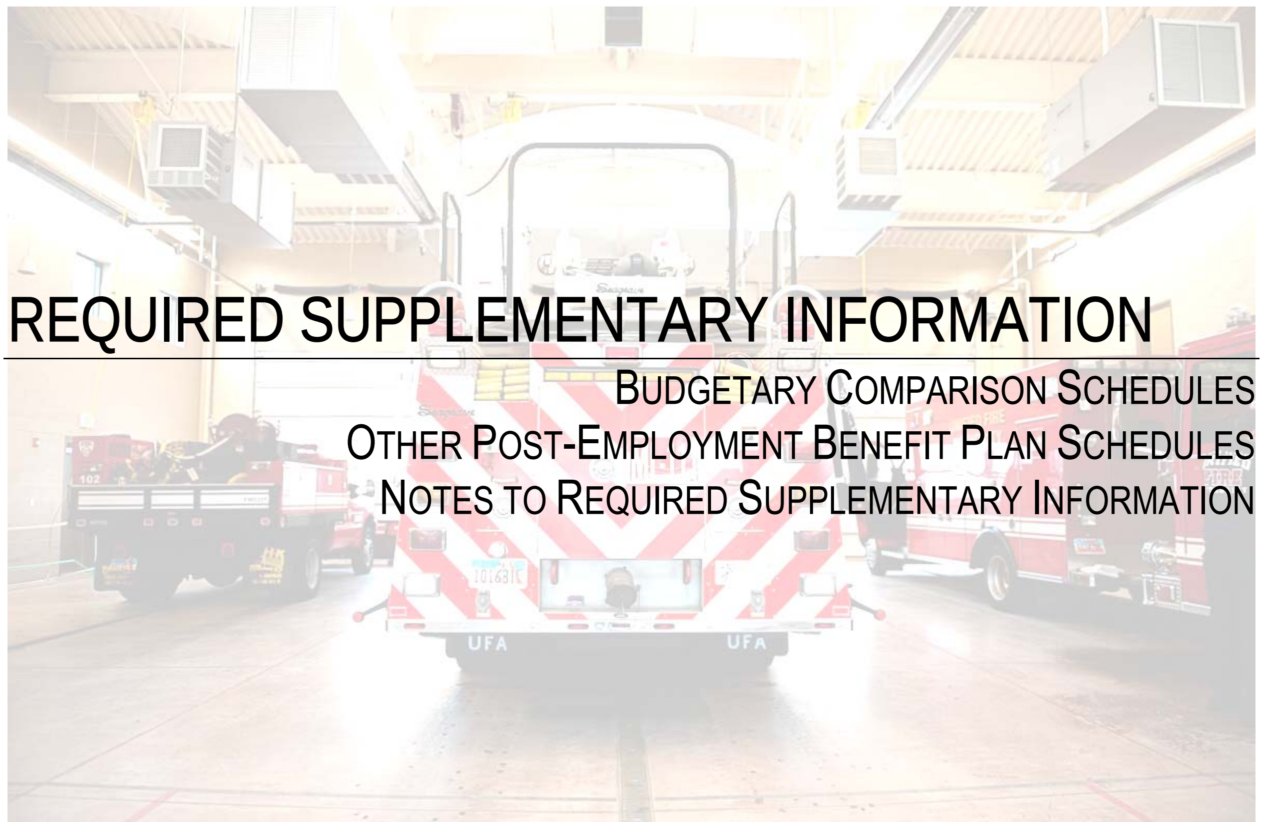
A portion of General Fund encumbrances as of June 30, 2015 ($3,398) is included in fund balance restricted for capital acquisitions.

As of June 30, 2015, UFA did not have any pending litigation or undisclosed liabilities.

NOTE 13 - PRIOR PERIOD ADJUSTMENT

During the year, UFA implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement provides improved accounting and financial reporting guidelines for state and local governments for pensions. As required by GASB 68, the provisions of the standard have been applied retroactively. The effect of the implementation on the major components of the previously issued 2014 financial statements is presented below:

	Assets and Deferred Outflows of Resources	Liabilities and Deferred Inflows of Resources	Net Position
June 30, 2014, as previously reported	$ 28,641,036	$ 17,496,994	$ 11,144,042
Implementation of GASB 68	827,904	10,185,726	$ (9,357,822)
June 30, 2014, as restated	$ 29,468,940	$ 27,682,720	$ 1,786,220



REQUIRED SUPPLEMENTARY INFORMATION

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

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
June 30, 2015

	MAJOR FUNDS Original	MAJOR FUNDS Final	Actual Amounts	Variance with Final Budget
REVENUES				
Member fees	$ 51,395,356	$ 51,521,356	$ 51,521,356	$ -
Ambulance operations	6,500,000	6,500,000	6,989,765	489,765
Fees - Other	3,175,714	3,241,010	3,387,521	146,511
Grants and donations	25,000	72,469	61,045	(11,424)
Intergovernmental revenues	450,000	450,000	450,000	-
Reimbursements	454,091	469,942	381,109	(88,833)
Rent income	82,230	82,230	94,896	12,666
Investment income	55,000	55,000	56,087	1,087
Other income	62,771	15,771	31,295	15,524
TOTAL REVENUES	62,200,162	62,407,778	62,973,074	565,296
EXPENDITURES				
Current				
Salaries and benefits	49,745,962	48,492,868	48,038,849	454,019
Operations	8,155,600	9,203,431	9,124,685	78,746
General and administrative	734,250	827,240	813,119	14,121
Capital outlay	1,315,500	3,865,610	3,859,577	6,033
Debt service	3,748,850	1,804,667	1,804,266	401
TOTAL EXPENDITURES	63,700,162	64,193,816	63,640,496	553,320
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,500,000)	(1,786,038)	(667,422)	1,118,616
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of long-term debt	800,000	800,000	770,059	(29,941)
Proceeds from sale of assets	-	161,347	167,033	5,686
Transfers in	100,000	100,000	100,000	-
Transfers out	-	(161,347)	(161,347)	-
Total other financing sources (uses)	900,000	900,000	875,745	(24,255)
Net change in fund balances	(600,000)	(886,038)	208,323	1,094,361
Fund balances - beginning	10,175,830	10,175,830	10,175,830	-
Decrease in inventory	-	-	109,313	109,313
Fund balances - ending	$ 9,575,830	$ 9,289,792	$ 10,493,466	$ 1,203,674

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
Year ended June 30, 2015

	MAJOR FUNDS Original	MAJOR FUNDS Final	Actual Amounts	Variance with Final Budget
REVENUES				
Fees - Emergency services	$ 1,789,909	$ 1,814,909	$ 1,836,824	$ 21,915
Grants and donations	30,000	48,750	74,012	25,262
Investment income	1,000	1,000	1,167	167
TOTAL REVENUES	1,820,909	1,864,659	1,912,003	47,344
EXPENDITURES				
Current				
Salaries and benefits	980,332	1,008,332	1,012,050	(3,718)
Operations	620,577	891,161	940,432	(49,271)
General and administrative	15,000	25,679	25,578	101
Capital outlay	50,000	96,667	96,592	75
TOTAL EXPENDITURES	1,665,909	2,021,839	2,074,652	(52,813)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	155,000	(157,180)	(162,649)	(5,469)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	11,299	11,295	(4)
Transfers out	(155,000)	(179,119)	(179,119)	-
Total other financing sources (uses)	(155,000)	(167,820)	(167,824)	(4)
Net change in fund balances	-	(325,000)	(330,473)	(5,473)
Fund balances - beginning	452,208	452,208	452,208	-
Fund balances - ending	$ 452,208	$ 127,208	$ 121,735	$ (5,473)

OTHER POST-EMPLOYMENT BENEFITS SCHEDULES

Year ended June 30, 2015

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
2015	$ 348,982	$ 392,481	112%
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.

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PENSION SCHEDULES
Utah Retirement Systems
December 31, 2014

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - Last Ten Fiscal Years *

	Noncontributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
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	47.8 %	55.3 %	-12.7 %	-0.6 %	-3.6 %
Plan fiduciary net position as a percentage of the total pension liability	90.2 %	90.5 %	101.3 %	103.5 %	120.5 %

SCHEDULE OF CONTRIBUTIONS - Last Ten Fiscal Years **

	Noncontributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Contractually required contribution	$ 386,563	$ 46,156	$ 1,393,740	$ 28,007	$ 115,065
Contributions in relation to the contractually required contribution	(386,563)	(46,156)	(1,393,740)	(28,007)	(115,065)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	2,234,498	213,277	26,038,716	333,348	1,057,046
Contributions as a percentage of covered-employee payroll ***	17.30%	21.64%	5.35%	8.40%	10.89%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the current year. Prior year numbers are available from your prior year note disclosure confirmation.

** Amounts presented were determined as of calendar year January 1 - December 31. Employers will be required to prospectively develop this table in future years to show 10 years of information. The schedule above is only for the current year. Prior year numbers are available from your prior year note disclosure confirmation.

*** Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

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, 2015 are as follows:

	General Fund	Special Revenue Fund
Budgetary Fund Balances	$ 10,493,466	$ 121,735
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	2,077,697	104,983
Encumbrances for goods and services not received until after the prior fiscal year excluded as expenditures for budgetary purposes, not GAAP	(2,756,270)	(84,757)
Total Fund Balances	$ 9,814,893	$ 141,961

SUPPLEMENTARY INFORMATION

SUPPLEMENTAL REPORTS

K&C

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, each major fund, and the aggregate remaining fund information of Unified Fire Authority (UFA), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise UFA's basic financial statements, and have issued our report thereon dated November 10, 2015.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. See findings 1 and 2.

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*.

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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

November 10, 2015

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 state and major state program 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 or each of its major state programs for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas:

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

UFA did not have any state funding classified as a major program during the year ended June 30, 2015.

Management's Responsibility
Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

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, Unified Fire Authority 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, 2015.

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.

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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and recommendations as finding 3 that we consider to be a significant deficiency.

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

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

November 10, 2015

UNIFIED FIRE AUTHORITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For The Year Ended June 30, 2015

SIGNIFICANT DEFICIENCY

1. Cash Disbursements – Credit Cards

Finding:
During our audit we selected 38 cash disbursements for testing. We tested 18 purchases that were paid by a check and 20 purchases that were paid with a credit card. We noted no errors in cash disbursements paid by a check. We noted 5 errors in cash disbursement paid by a credit card. These errors can be summarized into three types of errors. The first type error was missing receipts. On three occasions purchases were made and no receipt was available. The second type of error was that an expense report was not signed and approved by a supervisor. The third type of error was that a purchase made online was shipped to an employee's home and not to a UFA facility.

Recommendation:
We recommend that proper supporting documentation be retained and that all expenditures have approval signatures from supervisors. We also recommend that all purchases made online are shipped to a UFA facility.

Response:
Management has tightened controls to make sure expenses have all supporting documentation, supervisors are approving all expenses, and purchases are not being mailed to home addresses.

2. Payroll Process - Time Cards

Finding:
During our audit we noted on several occasions that employees are not always signing their timecards. We also noted that supervisors are not always approving employee's timecards. On one occasion a part time employee's timecard was submitted without supervisor approval. The payroll department noticed that some of the hours claimed on the timecard were already paid to the employee in the previous payroll.

Recommendation:
We recommend that employees review and sign their own time card each pay period. We also recommend that supervisors take to time to review and sign each employee's timecard to ensure they are accurate.

Response:
Management is implementing a time card system where employees and supervisors will electronically sign and approve all timecards after detailed review. Tighter controls will be in place and workflows will require that all employees and supervisors sign timecards.

STATE LEGAL COMPLIANCE

3. Expenditures in Excess of Budget - State Compliance

Finding:
Utah State Code Section 53a-17 states, "Officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriations for any department or fund". During our audit we noted that UFA's EOC Special Revenue Fund and Wildland Fund had expenditures that exceeded total budgeted appropriations by $52,813 and $86,967 respectively.

Recommendation:
We recommend that UFA closely monitor expenditures in the funds to ensure the entity is in compliance with Utah State Code.

Response:
All division directors and department heads will monitor closely their expenditures to make sure they have not exceeded their total budgets for the year. They will coordinate with Finance for any needed budget adjustments.