

UNIFIED FIRE AUTHORITY

ANNUAL FINANCIAL REPORT

June 30, 2021

UNIFIED FIRE AUTHORITY ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Unified Fire Authority (UFA) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the UFA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of UFA, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 8, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of UFA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UFA's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

Salt Lake City, Utah

December 8, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS



UNIFIED FIRE AUTHORITY ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the notes to the financial statements.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

UFA's *government-wide net position* (the amount by which assets and deferred outflows exceeded its liabilities and deferred inflows) as of June 30, 2021, was \$45,229,183. Net position increased \$14,460,070 in 2021 over the previous year's numbers (see table on page 6).

UFA reported combined ending fund balance for governmental funds of \$18,611,639 as of June 30, 2021, (2% decrease compared to \$18,981,741 in 2020). The decrease is primarily due to budgeted use of committed fund balances for capital replacement cash purchases. The total *spendable fund balance* on June 30, 2021, was \$17,442,963, which represents 23% of total fund expenditures. Of the total spendable fund balance, \$11,391,423 is available for appropriation and spending (*unassigned fund balance*), \$1,304,338 is assigned for future purchases, and \$4,747,202 is committed. Unassigned fund balance includes \$3,658,330 (5% of fiscal year 2021 general fund revenues) required by the State of Utah to be retained as fund balance, leaving a balance of \$7,733,093 available for appropriation. Total unassigned fund balance in 2021 decreased \$1,448,855 (22%). 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, 2021, UFA station crews responded to 12,687 fire-related calls and 21,342 medical calls, for a total of 34,029 calls (compared to 28,993 total calls in prior year). The average number of calls per station increased from 1,261 in 2020 to 1,480 in 2021 due to a seventeen percent increase in overall call volume.

UFA's 21,342 medical calls generated 11,039 billable ambulance transports, compared to 10,453 in 2020 (six percent increase). Actual ambulance call volume during the year resulted in gross billings of \$20.5 million (19% increase from \$17.2 million in 2020). The increase resulted from both higher transports as well as an increase in transport base rates. Transport base rates are adjusted annually as allowed by the State of Utah (14% increase compared to prior year). Earned revenues, net of adjustments and allowances, increased 37% to more than \$9.4 million in the fiscal year ended June 30, 2021. As of year-end, net receivables related to ambulance service were nearly \$2.2 million.

UFA's Wildland Fund reported wildland fee revenues over \$3.2 million as of June 30, 2021 (70% increase from 2020). The wildland program experienced a busy fire season in 2021 resulting in growth in billings for the fiscal year ending June 30, 2021. Net increase in net position totaled \$398,436 (43%). Wildfire suppression crews worked in Utah, Nevada, Arizona, California, Michigan, Colorado, Oregon, Montana, Idaho, and Washington during the 2021 season.

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

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS**June 30, 2021**

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 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 388 field firefighter allocations and operating from 23 stations, UFA provides these governmental activities: fire suppression, fire prevention, training, EMS support, hazmat services, arson/bomb investigations, and emergency management conducted primarily within the UFA service area. The business-type activity of UFA is wildfire suppression that is conducted largely outside UFA's service area on a contract basis with other governmental agencies.

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. UFA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. UFA uses both governmental funds and a proprietary fund.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* in the fund financial statements with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

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

Required Supplementary Information (RSI): UFA adopts an annual appropriated budget for its funds. Budgetary comparison statements (pages 43-44) have been provided for the general and special revenue funds to demonstrate compliance with the budget. RSI also includes required schedules for other post-employment benefits as well as pension plans (pages 45-49).

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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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, 2021, assets and deferred outflows exceeded liabilities and deferred inflows by \$45,229,183 (an increase of \$14,460,070 over 2020).

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

	Governmental Activities		Business-Type Activities		Total Primary Government		Total \$ Change
	2021	2020	2021	2020	2021	2020	
Assets							
Current and other assets	\$ 67,548,931	\$ 42,698,172	\$ 1,239,058	\$ 899,330	\$ 68,787,989	\$ 43,597,502	\$ 25,190,487
Capital assets	16,504,187	20,524,516	649,637	808,453	17,153,824	21,332,969	(4,179,145)
Total Assets	<u>84,053,118</u>	<u>63,222,688</u>	<u>1,888,695</u>	<u>1,707,783</u>	<u>85,941,813</u>	<u>64,930,471</u>	<u>21,011,342</u>
Deferred Outflows of Resources	<u>8,395,854</u>	<u>7,681,685</u>	<u>37,398</u>	<u>27,514</u>	<u>8,433,252</u>	<u>7,709,199</u>	<u>724,053</u>
Liabilities							
Current and other liabilities	5,174,000	4,195,140	352,020	484,554	5,526,020	4,679,694	846,326
Long-term liabilities	15,918,837	20,502,092	140,550	279,311	16,059,387	20,781,403	(4,722,016)
Total Liabilities	<u>21,092,837</u>	<u>24,697,232</u>	<u>492,570</u>	<u>763,865</u>	<u>21,585,407</u>	<u>25,461,097</u>	<u>(3,875,690)</u>
Deferred Inflows of Resources	<u>27,438,257</u>	<u>16,350,896</u>	<u>122,218</u>	<u>58,564</u>	<u>27,560,475</u>	<u>16,409,460</u>	<u>11,151,015</u>
Net Position							
Invested in capital assets, net of related debt	10,825,609	12,148,938	511,240	534,399	11,336,849	12,683,337	(1,346,488)
Restricted	1,168,676	1,043,718	-	-	1,168,676	1,043,718	124,958
Unrestricted	31,923,593	16,663,589	800,065	378,469	32,723,658	17,042,058	15,681,600
Total Net Position	<u>\$ 43,917,878</u>	<u>\$ 29,856,245</u>	<u>\$ 1,311,305</u>	<u>\$ 912,868</u>	<u>\$ 45,229,183</u>	<u>\$ 30,769,113</u>	<u>\$ 14,460,070</u>

Current assets increased nearly 8% during the fiscal year ended June 30, 2021. Cash increased over \$650,000 primarily due to an increase in unrestricted cash resulting from excess revenues collected and efficient management of expenses. Other current assets increased nearly \$1 million (receivables increased \$1,094,465 primarily related to grant reimbursements as well as ambulance transport and member fees receivable, prepaid decreased \$8,462, interfund receivables decreased \$250,000, and inventory increased \$133,420).

Other assets increased over \$23.5 million in 2021, resulting from UFA's net pension asset reported as part of UFA's implementation of GASB 68 (\$42,542,654 compared to \$18,979,315 in 2020). For more information on GASB 68, see Note 7, beginning on page 30.

Capital assets, net of depreciation, decreased \$4,179,145 (20%) compared to 2020 because depreciation expense (\$4,578,551) and net disposals (\$199,798) exceeded capital additions (\$599,204) during fiscal year 2021. For more information on UFA's capital assets, see note 4 on page 28.

As a result of the implementation of GASB 68, UFA recognizes deferred outflows and inflows of resources related to pensions. Deferred outflows of resources increased from 2020 to 2021 by \$724,053. Deferred inflows of resources related to pensions increased \$11,151,015 as of June 30, 2021.

Current liabilities on June 30, 2021, increased \$846,326 (18%) compared to balances on June 30, 2020. Total accounts payable decreased \$424,283 (28%), accrued liabilities increased \$412,733 (14%), unearned revenue increased \$1,107,876, and interfund payables decreased \$250,000 from 2020 to 2021. The leading reason for the decrease in payables is invoices related to personal protective equipment (PPE) purchases as well as supplies for COVID-19 response that were accrued in 2020, not in 2021.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Total long-term liabilities decreased from 2020 to 2021 by over \$4.7 million (23%). The net pension liability decreased by \$987,525 (67%) from 2020 to 2021. Other post-employment benefits (OPEB) liability decreased \$750,815 (24%). Compensated absence liability obligations increased \$530,520 (10%) over 2020. Capital leases and notes payable decreased \$3,514,196 during the fiscal year ending June 30, 2021, resulting from principal payments. See Notes 5, 6, 7, and 9 for more information regarding pension plans, other post-employment benefits, compensated absences, and capital leases, respectively.

UFA's net investment in capital assets is \$11,336,849, or 25%, of total net position. Net investment in capital assets decreased \$1,346,488 (11%) in 2021 due to depreciation and disposals offset by capital acquisitions purchases and debt payments. 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 increased \$124,958 (12%) from 2020 to 2021. The increase resulted primarily from an increase in inventory at fiscal year end, offset by a decrease in prepaid expenses. Restricted amounts are related to supplies and equipment inventory (\$1,022,833) held at UFA's warehouse and funds paid to vendors prior to receipt of good and/or services (\$145,843).

Unrestricted net position may be used to meet UFA's ongoing financial obligations to citizens and creditors. As of June 30, 2021, unrestricted net position was \$32,723,658 (\$15,681,600 increase over 2020). The increase is mainly due to recognition of GASB 68 activity related to pension liabilities (\$14.1 million), as well as cost savings in personnel resulting from vacancies, spending delays due to COVID-19 restrictions, and effective management of expenses.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Program Revenues						
Charges for services	\$ 76,925,815	\$ 73,628,599	\$ 3,764,699	\$ 2,429,774	\$ 80,690,514	\$ 76,058,373
Grants and contributions	506,019	710,523	90,658	77,061	596,677	787,584
General Revenues						
Unrestricted net investment earnings	72,873	358,413	-	-	72,873	358,413
Other	4,908,621	9,536,770	-	-	4,908,621	9,536,770
Member contributions	109,173	-	-	-	109,173	-
Total revenues	82,522,501	84,234,305	3,855,357	2,506,835	86,377,858	86,741,140
Program Expenses						
Fire protection services	63,968,556	68,794,693	-	-	63,968,556	68,794,693
Emergency management	4,128,778	3,997,859	-	-	4,128,778	3,997,859
Wildfire protection services	-	-	3,710,040	2,667,402	3,710,040	2,667,402
Interest on long-term debt	239,681	315,594	4,154	6,868	243,835	322,462
Total expenses	68,337,015	73,108,146	3,714,194	2,674,270	72,051,209	75,782,416
Excess (deficiency) before transfers	14,185,486	11,126,159	141,163	(167,435)	14,326,649	10,958,724
Transfers	(148,100)	(151,302)	257,273	151,302	109,173	-
Change in net assets	14,037,386	10,974,857	398,436	(16,133)	14,435,822	10,958,724
Net position - beginning	29,856,245	18,910,301	912,868	929,001	30,769,113	19,839,302
Increase in inventory	133,420	(28,913)	-	-	133,420	(28,913)
Net position - ending	\$ 44,027,051	\$ 29,856,245	\$ 1,311,304	\$ 912,868	\$ 45,338,355	\$ 30,769,113

UNIFIED FIRE AUTHORITY ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

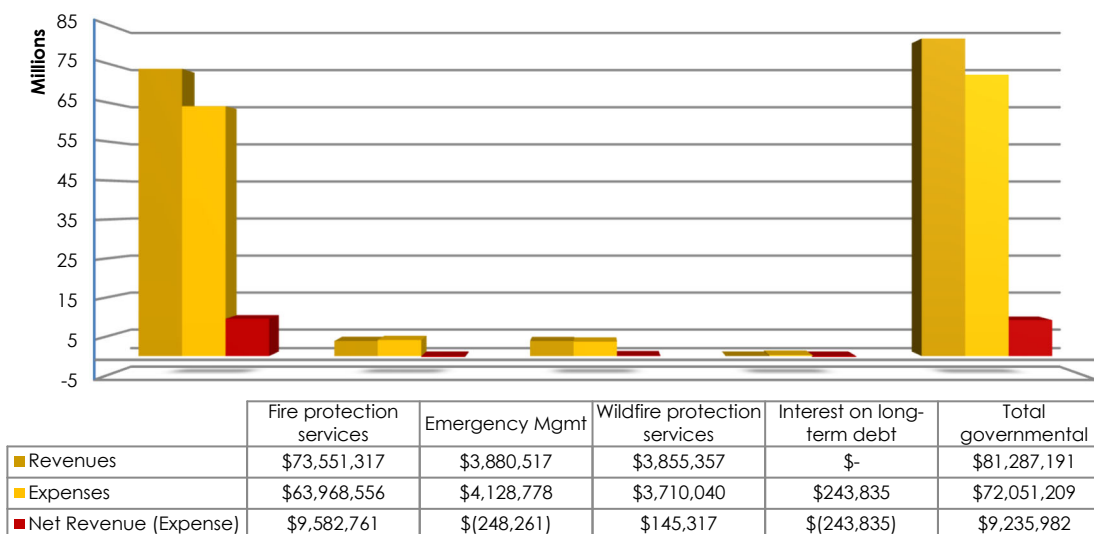
June 30, 2021

Program revenues consist of charges for services as well as grants and contributions. Total combined program revenue in 2021 increased \$4,441,234 (6%) from 2020 to 2021. Charges for services include amounts received from those who purchase, use or directly benefit from or are affected by a program, such as member fees, as well as fees paid for ambulance transport, emergency management, wildland firefighting, etc. Member fees, which account for approximately 70% of UFA's charges for services, rose \$1,043,377 (2%) as a result of an increase in fees approved by the UFA Board. Reimbursements increased by \$2,458,872 primarily due to greater reimbursements for EMAC and USAR deployments, increased reimbursements from Salt Lake County and UFA members for COVID-19 response, and member reimbursements for emergency management planner services than were received in 2020. Wildland fees increased \$1,322,682 (72%) due to a busy 2020 wildfire season. These increases were offset by a decrease in emergency management fees (\$530,000) due to budget cuts by Salt Lake County, other fees (\$209,592), and grants (\$190,907).

Ambulance service revenues are the second largest source of revenue for UFA (12% of UFA charges for services in 2021) and continue to provide a significant contribution to UFA's budget. The adjacent table shows ambulance activity for the past five years. Ambulance transport fee collections increased \$546,802 (6%) due to increased base rates set by the State of Utah and ambulance staffing changes during the fiscal year.

	Transports		Collections	
	Annual #	% Change	Annual \$	% Change
6/30/2021	11,039	6%	\$ 9,402,171	6%
6/30/2020	10,453	1%	\$ 8,855,369	16%
6/30/2019	10,310	-1%	\$ 7,648,224	9%
6/30/2018	10,393	-7%	\$ 7,006,776	-17%
6/30/2017	11,194	-2%	\$ 8,398,626	8%

**Program Expense and Revenue - Governmental Activities
For the Fiscal Year Ended June 30, 2021**



Program expenses decreased \$3,731,207 (5%) compared to the prior year, due primarily to the net effect of:

- Net operational personnel cost increases of more than \$5.8 million including new full-time allocations, USAR and EMAC deployments, staffing for increased response to COVID-19 activation, merit raises and cost of living increase (CPI), and increased overtime to maintain minimum staffing levels.
- More than \$8.9 million decrease in benefit costs related to GASB 68 reporting requirements for pensions
- Decrease in other post-employment benefit (OPEB) obligations of approximately \$750,000 compared to an increase of \$33,000 in 2020

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 decreased \$4,804,516 (49%) compared to the previous fiscal year. This decrease is mainly due to decreased nonemployee contributions recognized in connection with GASB 68 reporting (\$4.6 million in 2021 compared to \$9.1 million in 2020).

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

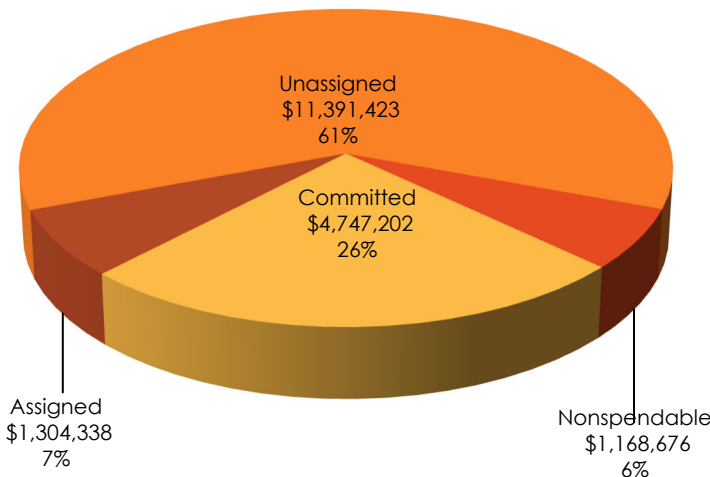
FINANCIAL ANALYSIS OF UFA'S FUNDS

Governmental Funds: As of June 30, 2021, the aggregate fund balance of UFA's governmental funds decreased \$370,102 (2%) to \$18,611,639. The decrease is primarily due to budgeted use of committed fund balances for capital replacement cash purchases.

Approximately 61% of the aggregate fund balance, or \$11,391,423, is unassigned and is available for appropriation by the UFA Board. Unassigned fund balance on June 30, 2021, decreased \$1,448,855 (22%) compared to 2020. Unassigned fund balance includes \$3,658,330 required by the State of Utah to be retained as fund balance (5% of fiscal year 2021 general fund revenues), leaving a balance of \$7,733,093 available for appropriation.

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

**Fund Balances - Governmental Funds
At June 30, 2021**



Assigned \$1,304,338:

- Encumbrances \$245,005
- Special revenue \$1,058,333

Committed \$4,747,202:

- Compensated absences \$785,940
- Retirement contributions \$103,220
- Capital acquisitions \$3,858,042

Nonspendable \$1,168,676:

- Inventory \$1,022,833
- Prepaid \$145,843

Business-Type Funds: As of June 30, 2021, UFA's business-type fund net position decreased \$398,437 (44%) from 2020. The increase in net position resulted from a busy 2021 wildfire season. The Wildland program plans to utilize existing net assets for expenses associated with starting up the 2022 wildfire season and reserving funds for vehicle replacement. The division continues to focus on action-oriented and meaningful solutions to mitigate the threat of wildfire. Division resources engage in wildfire prevention and mitigation strategies that improve the resiliency of our communities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Significant variations in actual results compared to final budget:

- Budget exceeded actual grants due to a delay of the Assistance to Firefighters (AFG) grant program resulting from the COVID-19 pandemic (\$266,873). The grant performance period has been extended through March 2022.
- Budget exceeded actual member pass-through contributions by \$779,670 due to a delay in revenue recognition. UFA billed its members directly, for their portion of UFA's additional COVID-19 costs but elected to defer the revenues until the following fiscal year (FY21/22).
- Budget exceeded actual investment income due primarily due to low interest rates
- Staffing vacancies, offset by excess overtime to retain staffing levels, provided savings in actual salaries and benefits expenditures of nearly \$2.6 million compared to budget.
- Delays in administrative spending due to COVID-19 resulted in cost savings: travel and training (\$114,743), professional fees (\$88,018), and AFG behavioral health and wellness grant program costs (\$167,680)
- Operating costs savings over \$930,000 resulted primarily from delay of purchases including maintenance, education and training, and the CCTA grant program as well as efficient management of operational needs.

UNIFIED FIRE AUTHORITY ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Significant differences between the original budget and the final budget:

- \$628,481 increase in ambulance revenue and personnel costs due to a mid-year market adjustment for sworn staff
- \$406,784 increase in grants and donations, including \$18,305 of donations from local businesses and community members as well as multiple grants, including: AFG grant program for behavioral health and wellness postponed from 2020 due to COVID-19 (\$328,186), EMS equipment and training (\$24,374), an explosive detection canine and tactical gear for Special Enforcement (\$22,000), and rescue task force (RTF) equipment purchases (\$13,919)
- \$3,304,539 increase in reimbursements: member contributions (\$1,278,839) related to UFA's COVID-19 pandemic response (reimbursement of staffing, supplies, and equipment), EMAC wildfire deployments (\$1,265,765) and related equipment and personnel costs, as well as USAR deployments and related personnel and support costs (\$759,935)
- \$250,000 increase in transfers in to replenish fund balance for a repayment from Wildland for funds loaned in 2020
- \$408,227 increase in transfers out for EMAC equipment reimbursements including transfers to Fire Capital Replacement, Emergency Management Capital Replacement, and Wildland Funds

For detailed budgetary comparison schedules, see the Required Supplementary Information section, beginning on page 43.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: UFA's investment in capital assets on June 30, 2021, was \$17,153,824 (net of \$46,432,201 depreciation). Capital assets decreased over \$4.1 million (20%) over the prior fiscal year, due to the fact that depreciation (\$4,412,869) and net disposals (\$188,858) outweighed 2021 net additions (\$422,581).

**Capital Assets, Net of Depreciation
As of June 30,**

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2021	2020	2021	2020	2021	2020	
Building and improvements	\$ 2,644,412	\$ 2,749,956	\$ 2,077	\$ 2,392	\$ 2,646,489	\$ 2,752,348	-4%
Computer software & equipment	602,375	912,104	-	-	602,375	912,104	-34%
Construction in progress	-	192,440	-	-	-	192,440	-100%
Furniture & equipment	3,706,600	4,356,136	-	-	3,706,600	4,356,136	-15%
Land & improvements	519,349	536,221	-	-	519,349	536,221	-3%
Transportation equipment	9,031,451	11,777,659	647,560	806,061	9,679,011	12,583,720	-23%
	<u>\$ 16,504,187</u>	<u>\$ 20,524,516</u>	<u>\$ 649,637</u>	<u>\$ 808,453</u>	<u>\$ 17,153,824</u>	<u>\$ 21,332,969</u>	-20%

Major capital assets for Governmental activities put in service during the year ended June 30, 2021, included:

- Medium and heavy apparatus capital maintenance totaling \$61,238
- Light fleet purchased having a total cost of \$112,311
- Breathing air compressors with net book value of \$109,173 transferred from Unified Fire Service Area

For more information on capital assets and depreciation, see Note 4, on page 28.

Long-term Debt: During the year, UFA made principal and interest payments on long-term debt totaling \$3,800,556. For more information on UFA's long-term debt, see Notes 6 and 10.

UNIFIED FIRE AUTHORITY ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Like most organizations, UFA's economic condition has been stressed by the effects of the continuing global coronavirus pandemic. The entities that make up UFA have widely developed and diverse economic sectors with solid growth in taxable sales, construction activity, and household income with a low unemployment rate. Because of this, UFA was able to withstand the pandemic well and remain in a strong economic position. UFA is the largest fire department in the State of Utah. As of June 30, 2021, UFA responds from 24 operating stations serving an estimated 430,000 residents in fifteen municipalities and unincorporated Salt Lake County. UFA has 694 total employees, 443 full-time sworn firefighters and 57 full-time civilian staff. In 2020, UFA responded to 34,029 emergency incidents.

A complete and updated strategic plan was adopted in December 2017. The three-year plan covered 2018-2020. In January 2021, UFA adopted an updated plan cover 2021-2023.

The Sustaining Goals are:

- Best Practices
- Community and Partner Involvement
- Resilient Culture
- Professional Development
- Well-being of our People

The Key Initiatives are:

- Enhanced Leadership
- Improved Emergency Services Delivery
- Improved Community Involvement
- Improve Behavioral Health

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

The fiscal year 21/22 budget has been approved and includes an average increase of 3.50% to each of the entities' member fee. The member fee increase is being used mainly to cover the full year wages for the market adjustment approved by the Board in FY20/21 to meet the Board's adopted goal of being in the "top 3", to provide 2% of base pay in a VEBA contribution for all employees, and to improve our ambulance deployment in Taylorsville and Eagle Mountain. UFA continues to work to gain efficiencies in support services.

The COVID-19 pandemic has caused stress on the FY20/21 budget, but we identified funding through our members that was used to offset additional costs incurred combatting the pandemic. Most of these additional costs were to provide "COVID leave" for staff who were infected with coronavirus. This leave was also available to care for family members with COVID. Finally, we used these funds to purchase additional PPE needed to protect our firefighters as they responded to many calls involving COVID.

UFA approved the purchase of \$11.8M of capital replacement purchases. This will be used to replace three type-1 engines, four type-6 engines, two ladder trucks, five ambulances, twelve staff vehicles, and other equipment.

UFA continues to support our neighboring states by sending our staff on EMAC and USAR deployments. These employees help fight the wildfires and other natural disasters in these states.

During the FY20/21 fiscal year, Riverton and Herriman City made the decision to separate from UFA and become direct UFA members. The Town of Alta voted to join UFA instead of being a direct UFA member. These changes in UFA membership will not have an effect of UFA operations.

UFA's Finance Committee, Benefits and Compensation Committee, Local 1696 of the International Association of Firefighters, and UFA Administration, are continually working on the long-term plan for wages and benefits of UFA employees. This plan will impact budget outcomes in the future. Wages and benefits comprise approximately 80% of the overall budget.



BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements
Governmental Fund Financial Statements
Proprietary Fund Financial Statements
Notes to Financial Statements

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total 2021
ASSETS			
Cash and cash equivalents	\$ 19,116,475	\$ 311,581	\$ 19,428,056
Receivables	4,909,783	738,820	5,648,603
Inventory	1,022,833	-	1,022,833
Prepaid expense	145,843	-	145,843
Capital assets, net of depreciation	16,504,187	649,637	17,153,824
Net pension asset	42,353,997	188,657	42,542,654
TOTAL ASSETS	84,053,118	1,888,695	85,941,813
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	8,395,854	37,398	8,433,252
LIABILITIES			
Accounts payable	1,025,720	91,712	1,117,432
Accrued liabilities	3,040,404	260,308	3,300,712
Noncurrent liabilities			
Due within one year	5,305,532	138,397	5,443,929
Due in more than one year	10,130,085	-	10,130,085
Net pension liability	483,220	2,153	485,373
TOTAL LIABILITIES	19,984,961	492,570	20,477,531
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	27,438,257	122,218	27,560,475
NET POSITION			
Net investment in capital assets	10,825,609	511,240	11,336,849
Restricted for inventory	1,022,833	-	1,022,833
Restricted for prepaid expense	145,843	-	145,843
Unrestricted	33,031,469	800,065	33,831,534
TOTAL NET POSITION	\$ 45,025,754	\$ 1,311,305	\$ 46,337,059

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

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

STATEMENT OF ACTIVITIES Year ended June 30, 2021

Functions/Programs	Expenses	PROGRAM REVENUES			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
Fire protection services	\$ 63,968,556	\$ 74,386,185	\$ 255,513	\$ 17,495	\$ 10,690,637
Emergency management	4,128,778	3,647,506	233,011	-	(248,261)
Interest on long-term debt	239,681	-	-	-	(239,681)
Total governmental activities	<u>68,337,015</u>	<u>78,033,691</u>	<u>488,524</u>	<u>17,495</u>	<u>10,202,695</u>
BUSINESS-TYPE ACTIVITIES:					
Wildland protection services	3,710,040	3,764,699	90,658	-	145,317
Interest on long-term debt	4,154	-	-	-	(4,154)
Total business-type activities	<u>3,714,194</u>	<u>3,764,699</u>	<u>90,658</u>	<u>-</u>	<u>141,163</u>
TOTAL PRIMARY GOVERNMENT	<u><u>\$ 72,051,209</u></u>	<u><u>\$ 81,798,390</u></u>	<u><u>\$ 579,182</u></u>	<u><u>\$ 17,495</u></u>	<u><u>\$ 10,343,858</u></u>

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total 2021
Changes in net assets:			
Net (expense) revenue	\$ 10,202,695	\$ 141,163	\$ 10,343,858
General Revenues:			
Unrestricted net investment earnings	72,873	-	72,873
Miscellaneous	4,818,823	-	4,818,823
Rent	94,896	-	94,896
Gain/(loss) on disposal of capital assets	(5,098)	-	(5,098)
Member contributions	109,173	-	109,173
Transfers	(257,273)	257,273	-
Total general revenues	<u>4,833,394</u>	<u>257,273</u>	<u>5,090,667</u>
Changes in net position	15,036,089	398,436	15,434,525
Net position - beginning	29,856,245	912,869	30,769,114
Decrease in inventory	133,420	-	133,420
Net position - ending	<u><u>\$ 45,025,754</u></u>	<u><u>\$ 1,311,305</u></u>	<u><u>\$ 46,337,059</u></u>

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

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2021

	MAJOR FUNDS				Total 2021
	General Fund	Special Revenue Fund	Fire Capital Projects Fund	Nonmajor Governmental Fund	
CURRENT ASSETS					
Cash & cash equivalents	\$ 14,601,261	\$ 621,979	\$ 3,797,291	\$ 95,944	\$ 19,116,475
Receivables	2,490,476	99,107	-	-	2,589,582
Related party receivables	1,720,647	599,553	-	-	2,320,201
Inventory	1,022,833	-	-	-	1,022,833
Prepaid expense	142,324	3,519	-	-	145,843
TOTAL ASSETS	19,977,541	1,324,158	3,797,291	95,944	25,194,934
CURRENT LIABILITIES					
Accounts payable	881,397	100,225	35,193	-	1,016,815
Related party payable	6,405	2,500	-	-	8,905
Accrued liabilities	2,821,458	127,404	-	-	2,948,862
TOTAL LIABILITIES	3,709,260	230,129	35,193	-	3,974,582
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	2,597,625	11,088	-	-	2,608,713
TOTAL LIABILITIES AND DEFERRED INFLOWS	6,306,885	241,217	35,193	-	6,583,295
FUND BALANCES					
Nonspendable:					
Inventory	1,022,833	-	-	-	1,022,833
Prepaid expense	142,324	3,519	-	-	145,843
Spendable:					
Committed for:					
Compensated absences	785,940	-	-	-	785,940
Retirement contributions	82,131	21,089	-	-	103,220
Capital acquisitions	-	-	3,762,098	95,944	3,858,042
Assigned	246,005	1,058,333	-	-	1,304,338
Unassigned - 5% State requirement	3,658,330	-	-	-	3,658,330
Unassigned	7,733,093	-	-	-	7,733,093
TOTAL FUND BALANCES	13,670,656	1,082,941	3,762,098	95,944	18,611,639
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 19,977,541	\$ 1,324,158	\$ 3,797,291	\$ 95,944	\$ 25,194,934

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

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION Year ended June 30, 2021

Total Fund Balances - Governmental Funds \$ 18,611,639

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	61,590,571	
Accumulated depreciation	<u>(45,086,385)</u>	16,504,186

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.

2,608,713

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	42,353,997	
Deferred outflows of resources relating to pensions	8,395,854	
Net pension liability	(483,220)	
Deferred inflows of resources relating to pensions	<u>(27,438,257)</u>	22,828,374

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	(91,541)	
Capital leases	(5,634,973)	
Related party note payable	(1,661,255)	
Compensated absences	(5,813,280)	
Net OPEB obligation	<u>(2,326,109)</u>	(15,527,158)

Net Position of Governmental Activities \$ 45,025,754

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS Year ended June 30, 2021

	MAJOR FUNDS				Total 2021
	General Fund	Special Revenue Fund	Fire Capital Projects Fund	Nonmajor Governmental Fund	
	Fund	Fund	Fund	Fund	
REVENUES					
Member fees	\$ 56,738,664	\$ -	\$ -	\$ -	\$ 56,738,664
Ambulance operations	8,643,732	-	-	-	8,643,732
Fees - Emergency services	-	1,888,703	-	-	1,888,703
Fees - Other	3,254,736	-	-	-	3,254,736
Grants and contributions	273,008	233,011	-	-	506,019
Reimbursements	3,882,738	1,758,803	-	-	5,641,541
Rent income	94,896	-	-	-	94,896
Investment income	56,199	3,653	13,021	-	72,873
Other income	222,626	6,135	(20,000)	-	208,761
TOTAL REVENUES	73,166,599	3,890,305	(6,979)	-	77,049,925
EXPENDITURES					
Current					
Salaries and benefits	60,472,648	2,910,292	-	-	63,382,940
Operations	7,547,857	876,633	300,919	-	8,725,409
General and administrative	1,381,407	17,405	-	-	1,398,812
Capital outlay	113,739	8,926	87,358	103,385	313,408
Debt service	3,659,364	-	-	-	3,659,364
TOTAL EXPENDITURES	73,175,015	3,813,256	388,277	103,385	77,479,933
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,416)	77,049	(395,256)	(103,385)	(430,008)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of assets	-	-	183,760	-	183,760
Transfers in	165,000	-	1,268,417	120,070	1,553,487
Transfers out	(1,542,375)	(268,385)	-	-	(1,810,760)
Total other financing sources (uses)	(1,377,375)	(268,385)	1,452,177	120,070	(73,513)
Net change in fund balances	(1,385,791)	(191,336)	1,056,921	16,685	(503,521)
Fund balances - beginning	14,923,027	1,274,277	2,705,177	79,259	18,981,740
Decrease in inventory	133,420	-	-	-	133,420
Fund balances - ending	\$ 13,670,656	\$ 1,082,941	\$ 3,762,098	\$ 95,944	\$ 18,611,639

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

UNIFIED FIRE AUTHORITY BASIC 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, 2021

Net Change in Fund Balances - Total Governmental funds \$ (503,521)
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	313,408	
Depreciation expense	(4,254,053)	
Capital asset transfer from member, net of accumulated depreciation	109,173	
Disposition of capital assets	<u>(188,858)</u>	(4,020,330)

Net revenues in the Statement of Activities that do not provide
current financial resources are not reported as revenues in the
funds. 1,866,315

Pension liabilities do not require current financial resources and
therefore are not recorded in governmental funds. 14,053,647

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.

Accrued interest on long-term debt	41,143	
Repayment of long-term debt	<u>3,378,540</u>	3,419,683

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	750,815	
Decrease in compensated absences	<u>(530,520)</u>	<u>220,295</u>

Changes in Net Position of Governmental Activities \$ 15,036,089

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION PROPRIETARY FUND June 30, 2021

	<u>Wildland Enterprise Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 311,581
Receivables	738,820
Current assets	<u>1,050,401</u>
NONCURRENT ASSETS	
Capital assets, net of depreciation	649,637
Net pension asset	188,657
TOTAL ASSETS	<u>1,888,695</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>37,398</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	91,712
Accrued liabilities	260,308
NONCURRENT LIABILITIES	
Due within one year	138,397
Due in more than one year	-
Net pension liability	2,153
TOTAL LIABILITIES	<u>492,570</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>122,218</u>
NET POSITION	
Net investment in capital assets	511,240
Unrestricted	<u>800,065</u>
TOTAL NET POSITION	<u>\$ 1,311,305</u>

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

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUND June 30, 2021

	Wildland Enterprise Fund
OPERATING REVENUES	
Wildland fees, net of discounts and allowances of \$69,989	\$ 3,146,534
Fuels mitigation grants	90,558
Intergovernmental contract fees	<u>618,165</u>
	<u>3,855,257</u>
OPERATING EXPENSES	
Salaries and benefits	3,002,578
Operations	543,096
General and administrative	5,550
Depreciation and amortization	158,816
	<u>3,710,040</u>
	TOTAL OPERATING EXPENSES
	<u>3,710,040</u>
	LOSS FROM OPERATIONS
	<u>145,217</u>
NONOPERATING REVENUE (EXPENSE)	
Grants and donations	100
Interest on long-term debt	<u>(4,154)</u>
	Income before contributions and transfers
	141,163
	Transfers in
	<u>257,273</u>
CHANGE IN NET POSITION	398,436
NET POSITION - BEGINNING	<u>912,869</u>
NET POSITION - ENDING	<u><u>\$ 1,311,305</u></u>

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

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS PROPRIETARY FUND June 30, 2021

	<u>Wildland Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 3,630,437
Payments to vendors	(490,701)
Payments for general and administrative expenses	(5,550)
Payments to employees	(2,197,875)
Employee benefits paid	(809,887)
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	126,424
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from donors	100
Transfers from other fund	257,273
Short-term loans from other fund	(250,000)
	<hr/>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	7,373
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on long-term debt	(135,657)
Interest paid on long-term debt	(4,154)
	<hr/>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(139,811)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,014)
CASH AND CASH EQUIVALENTS - BEGINNING	<hr/>
	317,595
CASH AND CASH EQUIVALENTS - ENDING	<hr/> <hr/>
	\$ 311,581
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating income	\$ 145,217
Adjustments to reconcile operating loss to net cash used by op	
Depreciation and amortization	158,816
(Increase) decrease in assets:	
Accounts receivable	(224,820)
Increase (decrease) in liabilities:	
Accounts payable	52,395
Accrued expenses	65,071
Net pension obligations	(70,255)
	<hr/>
Net cash provided by operating activities	<hr/> <hr/>
	\$ 126,424
NONCASH ACTIVITY	
Depreciation for the year ended June 30, 2019, was \$158,816.	

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

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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 seventeen-member board of elected officials, fourteen of which represent the Unified Fire Service Area and three 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. In January 2021, Herriman and Riverton cities left Unified Fire Service Area and joined UFA as direct members. As of June 30, 2021, UFA members included Unified Fire Service Area (Eagle Mountain, Midvale, Millcreek, Taylorsville, Brighton Township, Copperton Township, Emigration Canyon Township, Kearns Township, Magna Township, White City Township, and unincorporated areas of Salt Lake County); the cities of Cottonwood Heights, Herriman, Holladay, and Riverton; 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 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.

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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.
- **Special Revenue Fund** – the special revenue fund is used to account for funds received and expended for the operation of the Emergency Management function for Salt Lake County.
- **Fire Capital Projects Fund** – this fund is a capital projects fund used to account for funds received and expended for capital replacement for the fire protection divisions of Unified Fire Authority.

UFA's nonmajor governmental fund is a capital projects fund used to account for financial resources to be used for capital replacement for the Emergency Management division of UFA.

UFA also reports the following major proprietary fund:

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

Cash and Cash Equivalents

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

Investments

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

Accounts Receivable

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

Inventory

Inventory consists principally of items for use within fire stations and ambulances including: cleaning, kitchen, and medical supplies; motor vehicle parts and supplies; personal protective equipment; and small tools. Inventory is valued at replacement cost.

Deferred Outflows/Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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, including vehicles	2 – 20 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 2021). 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.

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.

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

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. UFA determines funds to be available of received within 60 days of year end (90 days for intergovernmental revenues).

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

Expenditure Recognition

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

Risk Management

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

Audit Services

Unified Fire Authority does not have a policy in place requiring mandatory auditor rotation. Auditor rotation can provide a "fresh perspective" with respect to an entity's internal controls, accounting processes, and financial reporting practices. Guidance from the Government Finance Officers Association (GFOA) Blue Book states that although mandatory auditor rotation is common in the private sector, the "high level of expertise needed to perform a quality audit of a state or local government often limits competition, which means that a requirement to change audit firms at the end of the audit contract could have the unintended effect of forcing a government to engage the services of a less qualified firm."

In 2020, UFA held a competitive request for proposals (RFP) process to select an auditor. The selection committee consisted of two Board members and one UFA staff. Two proposals were submitted for consideration, including one from the existing audit firm. The committee decided to keep the existing firm in place due to cost and positive history but requested a change in engagement partner to provide for staff rotation and a new perspective. The engagement was awarded for one year, with four one-year renewals.

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

Net Position/Fund Balances

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

- **Net investment in capital assets** – This component of net position consists of UFA's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- **Restricted for inventory**– This component of net position consists of net position related to inventory on hand.
- **Restricted for prepaid expense**– This component of net position consists of net position related to funds paid to vendors prior to receipt of goods and/or services.
- **Unrestricted**– This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets". Utah code 10-6-116(4) requires that entities maintain 5% of total general fund revenues as a minimum fund balance. As of June 30, 2021, UFA was required to maintain \$3,658,330 (5% of fiscal year 2021 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.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at June 30, 2021:

	Governmental Activities	Business-Type Activities	Total
Unrestricted cash - net of outstanding checks	\$ 3,031,641	\$ -	\$ 3,031,641
Public Treasurer's Investment Fund	16,084,834	311,581	16,396,415
Restricted cash and cash equivalents	-	-	-
Total cash and cash equivalents	\$ 19,116,475	\$ 311,581	\$ 19,428,056

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.

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

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, 2021, UFA's deposits had a bank balance of \$3,280,044, of which \$250,000 is insured and \$3,030,044 is uninsured and uncollateralized. Utah State Law does not require deposits to be insured or collateralized. UFA does not have a formal policy for custodial credit risk.

Investments

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

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

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

The entire balance has 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/>.

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, 2021, UFA had \$16,396,415 invested in PTIF which had a fair value of \$16,451,382. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. The fair value of the PTIF investments is measured using Level 2 inputs as noted below.

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

Fair Value of Investments

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

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

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

Custodial Credit Risk for investments is the risk that, in the event of a failure of the counterparty, UFA will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. UFA's policy for limiting the credit risk of investments is to comply with the Money Management Act, as previously discussed. All of UFA's investments at June 30, 2021, 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, 2021, consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Activities	Wildland Enterprise Fund
Accounts receivable					
Due from other governments	\$ 55,790	\$ -	\$ -	\$ 55,790	\$ 690,441
Ambulance services	5,036,714	-	-	5,036,714	-
Accrued revenues	23,155	-	-	23,155	-
Related party receivable	1,720,647	599,553	-	2,320,201	48,378
Miscellaneous	19,522	-	-	19,522	-
Total accounts receivable	6,855,828	599,553	-	7,455,382	738,820
Grants receivable	200,052	99,107	-	299,159	-
Allowance for uncollectible accounts	(2,844,757)	-	-	(2,844,757)	-
 Total Receivables	 <u>\$ 4,211,123</u>	 <u>\$ 698,660</u>	 <u>\$ -</u>	 <u>\$ 4,909,783</u>	 <u>\$ 738,820</u>

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 4 - CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2021, are as follows:

	July 1, 2020	Additions/ Transfers In	Disposals/ Transfers Out	June 30, 2021
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 192,440	\$ -	\$ (192,440)	\$ -
Land	416,277	-	-	416,277
Total capital assets not being depreciated	<u>608,717</u>	<u>-</u>	<u>(192,440)</u>	<u>416,277</u>
Capital assets being depreciated:				
Building and improvements	3,703,902	-	-	3,703,902
Computer software and equipment	3,593,257	-	(323,228)	3,270,029
Furniture and equipment	8,999,352	425,655	(425,575)	8,999,432
Land improvements	294,250	-	-	294,250
Transportation equipment	46,030,796	173,549	(1,297,662)	44,906,683
Total capital assets being depreciated	<u>62,621,557</u>	<u>599,204</u>	<u>(2,046,465)</u>	<u>61,174,296</u>
Less accumulated depreciation for:				
Building and improvements	(953,946)	(105,544)	-	(1,059,490)
Computer software and equipment	(2,681,153)	(309,729)	323,228	(2,667,654)
Furniture and equipment	(4,643,216)	(1,067,833)	418,217	(5,292,832)
Land improvements	(174,306)	(16,872)	-	(191,178)
Transportation equipment	(34,253,137)	(2,919,757)	1,297,662	(35,875,232)
Total accumulated depreciation	<u>(42,705,758)</u>	<u>(4,419,735)</u>	<u>2,039,107</u>	<u>(45,086,386)</u>
Total capital assets being depreciated, net	<u>19,915,799</u>	<u>(3,820,531)</u>	<u>(7,358)</u>	<u>16,087,910</u>
Total capital assets, net	<u>\$ 20,524,516</u>	<u>\$ (3,820,531)</u>	<u>\$ (199,798)</u>	<u>\$ 16,504,187</u>
Business-Type activities:				
Capital assets being depreciated:				
Building and improvements	3,152	-	-	3,152
Computer software and equipment	6,694	-	(6,694)	-
Furniture and equipment	17,000	-	-	17,000
Transportation equipment	1,975,300	-	-	1,975,300
Total assets being depreciated	<u>2,002,146</u>	<u>-</u>	<u>(6,694)</u>	<u>1,995,452</u>
Less accumulated depreciation for:				
Building and improvements	(760)	(315)	-	(1,075)
Computer software and equipment	(6,694)	-	6,694	-
Furniture and equipment	(17,000)	-	-	(17,000)
Transportation equipment	(1,169,239)	(158,501)	-	(1,327,740)
Total accumulated depreciation	<u>(1,193,693)</u>	<u>(158,816)</u>	<u>6,694</u>	<u>(1,345,815)</u>
Total capital assets, net	<u>\$ 808,453</u>	<u>\$ (158,816)</u>	<u>\$ -</u>	<u>\$ 649,637</u>

Depreciation and amortization charged for the year ended June 30, 2021:

	Governmental Activities	Business-Type Activities
Fire protection services	\$ 3,970,582	\$ -
Emergency services	283,471	-
Wildland services	-	158,816
	<u>\$ 4,254,053</u>	<u>\$ 158,816</u>

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 5 - COMPENSATED ABSENCES

The changes in compensated absences for the year ended June 30, 2021, are as follows:

	<u>Beginning</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending</u>
Vacation	\$ 4,717,495	\$ 3,380,401	\$ (2,858,891)	\$ 5,239,005
Sick leave	565,265	1,650,679	(1,641,669)	574,275
Total compensated absences (including \$1,850,238 classified as current)	<u>\$ 5,282,760</u>	<u>\$ 5,031,080</u>	<u>\$ (4,500,560)</u>	<u>\$ 5,813,280</u>

NOTE 6 - CAPITAL LEASES

The following is a summary of transactions affecting capital lease obligations for the fiscal year ended June 30, 2021:

	<u>Beginning</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending</u>
Governmental	\$ 8,894,496	\$ -	\$ (3,259,523)	\$ 5,634,973
Business-Type	274,053	-	(135,656)	138,397
Total Capital Lease Obligations	<u>\$ 9,168,549</u>	<u>\$ -</u>	<u>\$ (3,395,179)</u>	<u>\$ 5,773,370</u>

UFA's outstanding capital leases from direct borrowings contain a provision that in event of default, outstanding amounts become immediately due if UFA is unable to make payment. Under the terms of all leases, UFA will gain ownership at the time of its last lease payment. Principal remaining at June 30, 2021 is:

	<u>Governmental</u>	<u>Business-Type</u>
Capital lease collateralized by SCBA equipment, communications equipment, multiple fire apparatus, and ambulances; bearing interest at 2.02% with annual principal and interest payments of \$2,800,000 through December 2021	\$ 2,606,163	\$ 138,397
Capital lease collateralized by a bomb suit, medical equipment, thermal imaging cameras, stretchers, light fleet and apparatus, IT equipment, and a building improvement, bearing interest at 2.88% with annual principal and interest payments of \$812,495 through October 2024	<u>\$ 3,028,810</u>	<u>\$ -</u>
	<u>\$ 5,634,973</u>	<u>\$ 138,397</u>

As of June 30, 2021, assets recorded under the outstanding leases include transportation equipment and information technology/communications equipment having original cost of \$17,900,346, with \$5,999,768 of accumulated amortization. Amortization, included with depreciation on the financial statements, was \$2,445,645 for the year ended June 30, 2021. Interest on capital leases charged to expense for the year ended June 30, 2021, was \$176,172. The following is a schedule by years of future minimum payments required under the leases together with their present value as of June 30, 2021:

	<u>Governmental</u>			<u>Business-Type</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	3,331,428	139,875	3,471,303	138,397	2,795	141,192
2023	746,153	66,342	812,495	-	-	-
2024	767,642	44,853	812,495	-	-	-
2025	789,750	22,745	812,495	-	-	-
Total minimum lease payments	<u>\$ 5,634,973</u>	<u>\$ 273,815</u>	5,908,788	<u>\$ 138,397</u>	<u>\$ 2,795</u>	141,192
Less amount representing interest			<u>(273,815)</u>			<u>(2,795)</u>
Present value of minimum lease payments (including \$3,469,825 classified as current)			<u>\$ 5,634,973</u>			<u>\$ 138,397</u>

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 7 - 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 defined benefit pension trust funds:

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits Provided

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

System	Final Average Salary	Year of service required and/or age eligible for benefit	Benefit % per year of service	COLA **
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending on the employer
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year to June 2020; 2.0% per year July 2020 to present	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.

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 7 - 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 as of June 30, 2021, are as follows:

	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employer Contribution Rates</u>	<u>Employer Rate for 401(k) Plan</u>
Contributory System				
Local Governmental Division Tier 2	N/A	N/A	15.80%	89.00%
Noncontributory System				
Local Governmental Division Tier 1	N/A	N/A	18.47%	N/A
Public Safety Retirement System				
Tier 2 DB Hybrid Public Safety	N/A	2.27%	26.99%	N/A
Other Division A Noncontributory Tier 1	N/A	N/A	35.71%	N/A
Firefighters System				
Division B Tier 1	N/A	16.71%	7.24%	N/A
Tier 2 DB Hybrid Firefighters	N/A	2.27%	14.08%	N/A
Tier 2 DC Only				
Local Government	N/A	N/A	6.69%	10.00%
Public Safety	N/A	N/A	12.99%	14.00%
Firefighters	N/A	N/A	0.08%	14.00%

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

Contributions reported are the URS Board-approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 System. For the fiscal year ended June 30, 2021, the employer and employee contributions to the Systems were as follows:

	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 489,834	N/A
Public Safety System	43,376	-
Firefighters System	6,175,001	-
Tier 2 Public Employees System	165,545	-
Tier 2 Public Safety & Firefighter System	930,295	-
Tier 2 DC Only System	27,112	N/A
Tier 2 DC Public Safety and Firefighter System	833	N/A
	<u>\$ 7,831,996</u>	<u>\$ -</u>

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

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

At June 30, 2021, we reported a net pension asset of \$42,542,654 and a net pension liability of \$485,374.

	12/31/2020 Measurement Date			Proportionate Share	
	Net Pension Asset	Net Pension Liability	Proportionate Share	12/31/2019	Change
Noncontributory System	\$ -	\$ 162,786	0.3173565%	0.2876441%	0.0297124%
Public Safety System	-	89,249	0.1074971%	0.1086923%	-0.0011952%
Firefighters System	42,542,654	-	31.5750705%	30.3516842%	1.2233863%
Tier 2 Public Employees System	-	10,238	0.0711800%	0.0586519%	0.0125281%
Tier 2 Public Safety & Firefighter System	-	223,101	2.4873380%	2.1378496%	0.3494884%
Total Net Pension Asset/Liability	<u>\$ 42,542,654</u>	<u>\$ 485,374</u>			

The net pension asset and liability was measured as of December 31, 2020. The total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2021, we recognized pension expense of \$(10,731,292).

At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred	
	Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 1,784,883	\$ 1,484,854
Changes in assumptions	4,717,363	48,106
Net difference between projected and actual earnings on pension plan investments	-	25,723,129
Change in proportion and differences between contributions and proportionate share of contributions	210,169	304,386
Contributions subsequent to the measurement date	<u>1,720,837</u>	<u>-</u>
	<u>\$ 8,433,252</u>	<u>\$ 27,560,475</u>

Deferred outflows of resources related to pensions (\$1,720,837) results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020. 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,	Net Deferred Outflows/ (Inflows) of Resources
2021	(5,595,437)
2022	(2,989,249)
2023	(8,489,631)
2024	(3,952,350)
2025	\$ 18,210
Thereafter	160,397

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2021, we recognized pension expense of \$225,999. At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 218,388	\$ -
Changes in assumptions	-	21,293
Net difference between projected and actual earnings on pension plan investments	-	1,188,671
Change in proportion and differences between contributions and proportionate share of contributions	111,413	19,481
Contributions subsequent to the measurement date	240,961	-
	\$ 570,762	\$ 1,229,445

Deferred outflows of resources related to pensions (\$240,961) results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020. 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,	Net Deferred Outflows/ (Inflows) of Resources
2020	\$ (220,458)
2021	(79,138)
2022	(402,983)
2023	(197,065)
2024	-
Thereafter	-

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, we recognized pension expense of \$30,244. At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,427	\$ 86
Changes in assumptions	-	2,538
Net difference between projected and actual earnings on pension plan investments	-	115,328
Change in proportion and differences between contributions and proportionate share of contributions	2,956	1,480
Contributions subsequent to the measurement date	14,459	-
	\$ 33,842	\$ 119,432

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Deferred outflows of resources related to pensions (\$14,459) results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2020	\$ (24,535)
2021	(14,887)
2022	(41,511)
2023	(19,115)
2024	-
Thereafter	-

Firefighters System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, we recognized pension expense of \$(11,769,326). At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,425,286	\$ 1,480,009
Changes in assumptions	4,652,568	-
Net difference between projected and actual earnings on pension plan investments	-	24,246,627
Change in proportion and differences between contributions and proportionate share of contributions	6,028	283,425
Contributions subsequent to the measurement date	931,876	-
	<u>\$ 7,015,758</u>	<u>\$ 26,010,061</u>

Deferred outflows of resources related to pensions (\$931,876) results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2020	\$ (5,320,737)
2021	(2,876,478)
2022	(8,005,178)
2023	(3,723,786)
2024	-
Thereafter	-

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2021, we recognized pension expense of \$100,315. At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,424	\$ 4,688
Changes in assumptions	12,949	372
Net difference between projected and actual earnings on pension plan investments	-	29,925
Change in proportion and differences between contributions and proportionate share of contributions	17,588	-
Contributions subsequent to the measurement date	89,613	-
	\$ 129,574	\$ 34,985

Deferred outflows of resources related to pensions (\$89,613) results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020. 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,	Net Deferred Outflows/ (Inflows) of Resources
2020	\$ (5,024)
2021	(2,921)
2022	(6,866)
2023	(1,942)
2024	3,576
Thereafter	18,155

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Tier 2 Public Safety and Firefighter System Pension Expense, and Deferred Outflows and Inflows of Resources
 For the year ended June 30, 2021, we recognized pension expense of \$681,477. At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 115,358	\$ 71
Changes in assumptions	51,846	23,903
Net difference between projected and actual earnings on pension plan investments	-	142,578
Change in proportion and differences between contributions and proportionate share of contributions	72,183	-
Contributions subsequent to the measurement date	443,929	-
	\$ 683,316	\$ 166,552

Deferred outflows of resources related to pensions (\$443,929) results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020. 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,	Net Deferred Outflows/ (Inflows) of Resources
2020	\$ (24,682)
2021	(15,824)
2022	(33,092)
2023	(10,441)
2024	14,635
Thereafter	142,242

Actuarial Assumptions

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%	
Salary	3.25 – 9.75%, average, including inflation	
Investment rate of return	6.95%, net of pension plan investment expense, including inflation	

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

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. 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	37.00%	6.30%	2.33%
Debt securities	20.00%	0.00%	0.00%
Real assets	15.00%	6.19%	0.93%
Private equity	12.00%	9.50%	1.14%
Absolute return	16.00%	2.75%	0.44%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100.00%		4.84%
	Inflation		2.50%
	Expected arithmetic nominal return		7.34%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.5%, a real return of 4.45% that is net of investment expense.

Discount rate

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

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95%, 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 (5.95 %) or one percentage point higher (7.95%) than the current rate:

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 2,822,221	\$ 162,786	\$ (2,054,254)
Public Safety System	376,794	89,249	(144,238)
Firefighters System	5,585,246	(42,542,654)	(82,048,698)
Tier 2 Public Employees System	172,269	10,238	(113,712)
Tier 2 Public Safety and Firefighters	1,051,846	223,101	(437,877)
Total	\$ 10,008,376	\$ (42,057,280)	\$ (84,798,779)

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.

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 8 - DEFINED CONTRIBUTION SAVINGS PLAN

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

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

	2021	2020	2019
Employer contributions - 401(k)	\$ 515,211	\$ 659,277	\$ 538,501
Employee contributions - 401(k)	554,381	489,785	345,410
Employer contributions - 457	-	-	-
Employee contributions - 457	2,539,724	2,113,816	1,844,245
Employer contributions - Roth IRA	N/A	N/A	N/A
Employee contributions - Roth IRA	445,173	352,486	288,570
Employer contributions - Traditional IRA	N/A	N/A	N/A
Employee contributions - Traditional IRA	4,392	4,100	600

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

Premiums are shared by the retiring eligible employee and UFA. As of June 30, 2021, UFA paid up to 80% of the retiree's health care and dental premiums through SelectHealth and Public Employees Health Program, respectively, on a pay-as-you-go basis. The remainder is paid by the retiree. The benefits, employee and UFA contributions are governed by UFA policy and can be amended at any time. During the year ending June 30, 2021, UFA paid retiree health care and dental premiums of \$105,115.

Employees Covered by Benefit Terms

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.

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	39
Inactive employees entitled to but not yet receiving benefit	-
Active employees	-
Total Plan Members	39

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability

UFA's total OPEB liability of \$2,326,109 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	No explicit inflation assumption used
Salary increases	Not applicable, all members are inactive
Discount rate	1.92%
Healthcare cost trend rates	Initial rate of 7.00%, declining to an ultimate rate of 4.25% after 13 years
Retirees' share of benefit-related costs	20% of projected health insurance premiums for retirees

The discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date.

Mortality rates were based on the 2020 PR Utah Retiree Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA from 2020.

The actuarial assumptions used in the June 30, 2020, valuation were based on assumptions developed for the Utah Retirement System (URS) in which UFA participates.

Changes in the Total OPEB Liability

Balance at 6/30/2020	\$ 3,076,924
Changes for the year:	
Interest	72,903
Difference between expected and actual experience	(757,227)
Changes in assumptions or other inputs	136,064
Benefit payments	(202,555)
Net changes	<u>(750,815)</u>
Balance at 6/30/2021	<u>\$ 2,326,109</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.45% in 2020 to 1.92% in 2021 and updated mortality rates consistent with the most recent valuation of the Utah Retirement System.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of UFA calculated using a discount rate of 1.92%, as well as what UFA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-lower (.92%) or 1-percentage-point higher (2.92%) than the current discount rate:

	1% Decrease 0.92%	Discount Rate 1.92%	1% Increase 2.92%
Total OPEB liability	\$ 2,597,996	\$ 2,326,109	\$ 2,098,337

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of UFA calculated using the assumed trend rates, as well as what UFA's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 2,084,401	\$ 2,326,109	\$ 2,609,345

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, UFA recognized OPEB expense of \$(548,260). At June 30, 2021, UFA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	-
	\$ -	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

	Net Deferred Outflows/ (Inflows)
2022	\$ -
2023	-
2024	-
2025	-
2026	-
Thereafter	-
Total	\$ -

NOTE 10 - RELATED PARTY TRANSACTIONS

Unified Fire Service Area (UFSA)

Unified Fire Authority received operating fees from its members in the amount of \$56,738,664 during the fiscal year ending June 30, 2021, which represents approximately 73.6% of total UFA governmental revenues. Of these fees, \$45,347,636 was received from the UFSA, which represents approximately 80% of total member fees for the fiscal year. UFSA also paid UFA \$355,202 and \$3,650 for financial management and administrative services and reimbursements, respectively, during the fiscal year ended June 30, 2021. As of June 30, 2021, UFA's accounts receivable included \$4,495 due from UFSA for reimbursements.

In February 2012, UFA entered into an interlocal agreement with UFSA to finance the purchase of a warehouse in West Jordan, Utah. UFSA loaned \$2.5 million to UFA for purchase of the building. The remaining funds (\$1 million) for purchase, relocation, and renovation were provided by UFA. The agreement requires UFA to pay 228 monthly payments of \$15,672. Upon commencement of payments in June 2013, the agreement bears 4% interest. UFA paid \$119,017 principal and \$69,045 interest to UFSA during the fiscal year ended June 30, 2021.

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - RELATED PARTY TRANSACTIONS (CONTINUED)

The following is a schedule by years of future minimum payments required under the agreement as of June 30, 2021:

2022	\$	123,865
2023		128,912
2024		134,164
2025		139,630
2026		145,319
2027-2031		820,375
2032		168,990
	\$	<u>1,661,255</u>

Salt Lake County (the County)

UFA received operating fees restricted for emergency management from the County totaling \$1,888,703, as well as \$2,927,212 to provide fire protection to the Canyon Recreational areas for the year ended June 30, 2021. UFA also received payments from the County to reimburse costs related to COVID-19 (Coronavirus) response totaling \$1,753,011. Unified Fire Authority operates under a cooperative agreement with the County for telephone services and maintenance of buildings. UFA paid the County for building maintenance and improvements totaling \$11,124 as well as miscellaneous reimbursements of \$103,385 in fiscal year 2021. UFA's accounts payable at June 30, 2021 included \$5,000 due to the County.

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 for the year ended June 30, 2021, under the lease totaled \$146,669. UFA is currently in discussions with the County regarding lease terms.

Salt Lake Urban Search and Rescue (USAR)

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.

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 leases approximately 19,000 square feet of warehouse and office space in UFA's new warehouse facility. As of June 30, 2021, future minimum lease receipts under the agreement are \$94,896 for the fiscal year. During the fiscal year ended June 30, 2021, USAR reimbursed UFA for reimbursements including utilities, improvements, maintenance, equipment costs and miscellaneous purchases (\$47,281).

USAR's staffing and daily management is primarily provided by UFA employees. During the fiscal year ended June 30, 2021, USAR reimbursed \$610,535 to UFA for salaries and benefits related to daily operations of the task force. Additionally, USAR reimbursed for training and deployment personnel costs of \$751,634.

Total rent and reimbursements included in related party accounts receivable due from USAR to UFA were \$589,003 at June 30, 2021.

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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, 2021:

Transfers In	Transfers Out		
	General Fund	Special Revenue Fund	Total
General Fund	\$ -	\$ 165,000	\$ 165,000
Fire Capital Projects Fund	1,268,417	-	1,268,417
Emergency Services Capital Projects Fund	-	103,385	103,385
Proprietary Fund	257,273	-	257,273
Total	\$ 1,525,690	\$ 268,385	\$ 1,794,075

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Purchase orders (encumbrances) as of June 30, 2021, for items ordered but not received during the fiscal year are as follows:

Year-end Encumbrances	Governmental Activities	Business-Type Activities
General Fund	\$ 246,005	\$ -
Wildland Enterprise Fund	-	2,563
Special Revenue Fund	250,156	-
	\$ 496,161	\$ 2,563

NOTE 12 - SUBSEQUENT EVENT

In October 2021, UFA entered into a long-term debt agreement for conduit financing through Unified Fire Service Area with Bank of America to finance the purchase of various equipment and improvements with an aggregate cost of \$10,808,525. The financing agreement bears 0.8497% interest with annual principal and interest payments of \$1,583,544, beginning October 2021 through October 2027.



REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules
Other Post-Employment Benefit Plan Schedules
Notes to Required Supplementary Information

UNIFIED FIRE AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
June 30, 2021**

	MAJOR FUNDS		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Member fees	\$ 56,738,665	\$ 56,738,665	\$ 56,738,664	\$ (1)
Ambulance operations	8,025,000	8,653,481	8,643,732	(9,749)
Fees - Other	3,324,173	3,327,728	3,254,736	(72,992)
Grants and contributions	134,200	540,984	273,008	(267,976)
Reimbursements	1,328,838	4,668,442	3,882,738	(785,704)
Rent income	94,896	94,896	94,896	-
Investment income	250,000	250,000	56,199	(193,801)
Other income	25,500	124,925	222,626	97,701
TOTAL REVENUES	69,921,272	74,399,121	73,166,599	(1,232,522)
EXPENDITURES				
Current				
Salaries and benefits	59,283,490	63,071,385	60,472,648	2,598,737
Operations	8,057,410	8,517,088	7,583,754	933,334
General and administrative	1,479,440	1,905,930	1,420,556	485,374
Capital outlay	131,740	140,332	113,739	26,593
Debt service	3,659,367	3,659,367	3,659,364	3
TOTAL EXPENDITURES	72,611,447	77,294,102	73,250,061	4,044,041
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,690,175)	(2,894,981)	(83,462)	2,811,519
OTHER FINANCING SOURCES (USES)				
Transfers in	165,000	415,000	165,000	(250,000)
Transfers out	(1,151,517)	(1,809,744)	(1,542,375)	267,369
Total other financing sources (uses)	(986,517)	(1,394,744)	(1,377,375)	17,369
Net change in fund balances	(3,676,692)	(4,289,725)	(1,460,837)	2,828,888
Fund balances - beginning	14,923,027	14,923,027	14,923,027	-
Increase in inventory	-	-	133,420	133,420
Fund balances - ending	\$ 11,246,335	\$ 10,633,302	\$ 13,595,610	\$ 2,962,308

UNIFIED FIRE AUTHORITY**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
Year ended June 30, 2021**

	MAJOR FUNDS		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Fees - Emergency services	\$ 2,083,566	\$ 1,888,703	\$ 1,888,703	\$ -
Grants and contributions	335,316	469,778	233,011	(236,767)
Reimbursements	-	1,757,343	1,758,803	1,460
Investment income	20,000	20,000	3,653	(16,347)
Other income	-	-	6,135	6,135
TOTAL REVENUES	2,438,882	4,135,824	3,890,305	(245,519)
EXPENDITURES				
Current				
Salaries and benefits	1,361,237	3,070,568	2,910,292	160,276
Operations	1,110,834	1,339,421	932,162	407,259
General and administrative	23,510	23,510	17,405	6,105
Capital outlay	-	8,926	8,926	-
TOTAL EXPENDITURES	2,495,581	4,442,425	3,868,785	573,640
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(56,699)	(306,601)	21,520	328,121
OTHER FINANCING SOURCES (USES)				
Transfers out	(165,000)	(268,385)	(268,385)	-
Total other financing sources (uses)	(165,000)	(268,385)	(268,385)	-
Net change in fund balances	(221,699)	(574,986)	(246,865)	328,121
Fund balances - beginning	1,274,277	1,274,277	1,274,277	-
Fund balances - ending	\$ 1,052,578	\$ 699,291	\$ 1,027,412	\$ 328,121

UNIFIED FIRE AUTHORITY REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN UFA'S TOTAL OPEB LIABILITY AND RELATED RATIOS
June 30, 2021

Total OPEB liability	2021
Beginning balance	\$ 3,076,924
Service cost	-
Interest	72,903
Changes of benefit terms	-
Differences between expected and actual experience	(757,227)
Change of assumptions or other inputs	136,064
Benefit payments	<u>(202,355)</u>
Net change in total OPEB liability	<u>\$ (750,615)</u>
Ending balance	<u>\$ 2,326,309</u>
Covered-employee payroll	\$ -
Total OPEB liability as a percentage of covered-employee payroll	N/A

Notes to Schedule:

The table represents data available since the implementation of GASB Statement 75 and will increase to ten years over time.

Because all of UFA's OPEB participants are inactive (retired) members, there is no covered payroll associated with the plan.

Changes of benefit terms

No changes were made to participant benefits.

Changes of assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2021	1.92%
2020	2.45%
2019	3.13%
2018	3.62%
2017	3.56%

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

	Noncontrib- utory Retirement	Public Safety	Firefighters Retirement	Tier 2 Public Employees Retirement	Tier 2 Public Safety and Firefighter Retirement
December 31, 2020					
Proportion of the net pension liability (asset)	0.3173565 %	0.1074971 %	31.5750705 %	0.0711800 %	2.4873380 %
Proportionate share of the net pension liability (asset)	\$ 162,786	\$ 89,249	\$ (42,542,654)	\$ 10,238	\$ 223,101
Covered employee payroll	\$ 2,736,380	\$ 169,742	\$ 26,820,702	\$ 1,138,124	\$ 4,950,500
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.95 %	52.58 %	-158.62 %	0.90 %	4.51 %
Plan fiduciary net position as a percentage of the total pension liability	99.2 %	95.5 %	112.0 %	98.3 %	93.1 %
December 31, 2019					
Proportion of the net pension liability (asset)	0.2876441 %	0.1086923 %	30.3516842 %	0.0586519 %	2.1378496 %
Proportionate share of the net pension liability (asset)	\$ 1,084,093	\$ 174,518	\$ (18,979,316)	\$ 13,191	\$ 201,095
Covered employee payroll	\$ 2,454,252	\$ 166,821	\$ 25,661,905	\$ 815,239	\$ 3,523,778
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	44.17 %	104.61 %	-73.96 %	1.62 %	5.71 %
Plan fiduciary net position as a percentage of the total pension liability	93.7 %	90.9 %	105.8 %	96.5 %	89.6 %
December 31, 2018					
Proportion of the net pension liability (asset)	0.296771 %	0.103337 %	30.129190 %	0.055854 %	1.792058 %
Proportionate share of the net pension liability (asset)	\$ 2,185,337	\$ 265,843	\$ 12,176,773	\$ 23,921	\$ 44,901
Covered employee payroll	\$ 2,542,874	\$ 154,559	\$ 25,438,473	\$ 651,566	\$ 2,397,295
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	85.9 %	172.0 %	47.9 %	3.7 %	1.9 %
Plan fiduciary net position as a percentage of the total pension liability	87.0 %	84.7 %	96.1 %	90.8 %	95.6 %
December 31, 2017					
Proportion of the net pension liability (asset)	0.281594 %	0.099592 %	30.262730 %	0.048644 %	2.278416 %
Proportionate share of the net pension liability (asset)	\$ 1,233,747	\$ 156,226	\$ (6,788,998)	\$ 4,289	\$ (26,363)
Covered employee payroll	\$ 2,364,618	\$ 148,270	\$ 26,281,982	\$ 475,673	\$ 2,405,602
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.2 %	105.4 %	-25.8 %	0.9 %	-1.1 %
Plan fiduciary net position as a percentage of the total pension liability	91.9 %	90.2 %	102.3 %	97.4 %	103.0 %

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(Continued)
Utah Retirement Systems
For the Years Ended

	Noncontrib- utory Retirement System	Public Safety System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighter Retirement
December 31, 2016					
Proportion of the net pension liability (asset)	0.263211 %	0.097058 %	30.064901 %	0.050897 %	2.343604 %
Proportionate share of the net pension liability (asset)	\$ 1,690,136	\$ 196,958	\$ 4,447,122	\$ 5,678	\$ (20,344)
Covered employee payroll	\$ 2,337,782	\$ 141,938	\$ 26,880,461	\$ 417,396	\$ 1,936,343
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	72.3 %	138.8 %	16.5 %	1.4 %	-1.1 %
Plan fiduciary net position as a percentage of the total pension liability	87.3 %	86.5 %	98.4 %	95.1 %	103.6 %
December 31, 2015					
Proportion of the net pension liability (asset)	0.266277 %	0.093959 %	30.411293 %	0.062906 %	2.534847 %
Proportionate share of the net pension liability (asset)	\$ 1,506,722	\$ 168,304	\$ 5,174,732	\$ (137)	\$ (37,051)
Covered employee payroll	\$ 2,339,319	\$ 214,998	\$ 26,540,703	\$ 406,336	\$ 1,507,543
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	64.4 %	78.3 %	19.5 %	0.0 %	-2.5 %
Plan fiduciary net position as a percentage of the total pension liability	87.8 %	87.1 %	98.1 %	100.2 %	110.7 %
December 31, 2014					
Proportion of the net pension liability (asset)	0.245985 %	0.093707 %	30.151651 %	0.067884 %	2.553639 %
Proportionate 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
Proportionate 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 %

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

SCHEDULE OF CONTRIBUTIONS

Utah Retirement Systems

June 30, 2021

	As of Fiscal Year Ended June 30	Actuarial Determined Contributions	Contributions in Relation to Contractually Required Contribution	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
Noncontributory System	2014	338,745	338,745	2,199,923	15.40%
	2015	380,302	380,302	2,251,699	16.89%
	2016	409,735	409,735	2,386,711	17.17%
	2017	419,022	419,022	2,313,368	18.11%
	2018	435,864	435,864	2,505,049	17.40%
	2019	448,531	448,531	2,446,070	18.34%
	2020	464,170	464,170	2,613,972	17.76%
	2021	489,834	489,834	2,760,431	17.74%
Public Safety System	2014	43,034	43,034	204,676	21.03%
	2015	48,188	48,188	213,112	22.61%
	2016	49,499	49,499	177,146	27.94%
	2017	51,795	51,795	145,044	35.71%
	2018	54,085	54,085	151,456	35.71%
	2019	58,788	58,788	164,627	35.71%
	2020	60,512	60,512	169,455	35.71%
	2021	43,376	43,376	121,467	35.71%
Firefighters System	2014	1,114,704	1,114,704	25,836,524	4.31%
	2015	1,674,942	1,674,942	26,268,788	6.38%
	2016	1,744,093	1,744,093	26,667,191	6.54%
	2017	1,728,540	1,728,540	26,864,103	6.43%
	2018	1,660,240	1,660,240	25,705,564	6.46%
	2019	1,784,621	1,784,621	25,305,754	7.05%
	2020	1,873,949	1,873,949	26,664,146	7.03%
	2021	1,866,688	1,866,688	26,470,616	7.05%
Tier 2 Public Employees System*	2014	35,970	35,970	257,114	13.99%
	2015	60,747	60,747	406,610	14.94%
	2016	61,734	61,734	414,045	14.91%
	2017	60,984	60,984	409,014	14.91%
	2018	84,831	84,831	561,424	15.11%
	2019	117,121	117,121	753,675	15.54%
	2020	153,004	153,004	977,036	15.66%
	2021	165,545	165,545	1,047,751	15.80%
Tier 2 Public Safety & Firefighter System	2014	714	714	647,726	0.11%
	2015	145,904	145,904	1,350,959	10.80%
	2016	180,905	180,905	1,680,947	10.76%
	2017	245,430	245,430	2,283,069	10.75%
	2018	251,864	251,864	2,336,349	10.78%
	2019	337,188	337,188	2,973,450	11.34%
	2020	482,171	482,171	4,236,981	11.38%
	2021	801,134	801,134	5,689,862	14.08%

SCHEDULE OF CONTRIBUTIONS (Continued)
Utah Retirement Systems
June 30, 2020

	As of Fiscal Year Ended June 30	Actuarial Determined Contributions	Contributions in Relation to Contractually Required Contribution	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
Tier 2 Public	2014	5,894	5,894	105,623	5.58%
Employees DC Only	2015	8,781	8,781	130,663	6.72%
System*	2016	11,926	11,926	178,266	6.69%
	2017	13,566	13,566	202,778	6.69%
	2018	18,240	18,240	272,398	6.70%
	2019	18,348	18,348	274,263	6.69%
	2020	21,124	21,124	315,759	6.69%
	2021	27,112	27,112	405,266	6.69%
Tier 2 Public Safety & Firefighter DC Only System*	2014	-	-	-	0.00%
	2015	30	30	37,405	0.08%
	2016	149	149	186,320	0.08%
	2017	222	222	277,879	0.08%
	2018	404	404	505,351	0.08%
	2019	560	560	700,580	0.08%
	2020	635	635	793,108	0.08%
	2021	833	833	1,041,188	0.08%

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

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Table represents data available since implementation of GASB Statement 68 and will increase to ten years over time. Amounts presented were determined as of calendar year January 1 - December 31. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative practices.

UNIFIED FIRE AUTHORITY REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

NOTE 1 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Unified Fire Authority adopts an "appropriated budget" for 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:

- During the month of April, the Finance Committee meets to review management's proposed budget.
- By the first regularly scheduled Board meeting in May, UFA presents a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. At this meeting, The Board of Trustees adopts a tentative budget.
- 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 majority approval 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 Division Manager 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, 2021, are as follows:

	General Fund	Special Revenue Fund
Budgetary Fund Balances	\$ 13,595,610	\$ 1,027,412
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	246,005	250,156
Encumbrances for goods and services not received until after the prior fiscal year excluded as expenditures for budgetary purposes, not GAAP	(170,959)	(194,627)
Total Fund Balances	\$ 13,670,656	\$ 1,082,941

UNIFIED FIRE AUTHORITY REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

NOTE 1 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Policies

The UFA Board approved a Budget Process policy outlining procedures for developing and approving an annual budget, budget monitoring and reporting, as well as budget amendments. The policy outlines the types of increases and transfers require certain levels of authorization, as shown below:

Budget Amendment Type	Fire Chief	Finance Committee	UFA Board
Increase to budget (new grants, use of fund balance, etc.)	None	Recommends to Board	Approves
Interfund transfers	None	Recommends to Board	Approves
Transfers between categories within the same division:		\$25,000.01 - \$100,000	
Capital	\$0-\$25,000 allowed;	Finance Committee approves.	Above \$100,000 requires UFA Board approval
General & Administrative	Disclose to Finance Committee	Disclose to UFA Board	
Operations			
Long-term debt	None	Recommends to Board	Approves
Personnel			
Transfers between divisions:		\$25,000.01 - \$100,000	
Same Category	\$0-\$10,000 allowed;	Finance Committee approves.	Above \$100,000 requires UFA Board approval
Different category	Disclose to Finance Committee	Disclose to UFA Board	

NOTE 2 - CHANGES IN ASSUMPTIONS

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020, actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability of as December 31, 2019, for all systems combined. The Actuarial Experience Study report as of December 31, 2019, provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the "Retirement Office" column using the "Reports and Stats" tab.



SUPPLEMENTARY INFORMATION

Supplemental Reports



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

Board of Trustees
Unified Fire Authority
Salt Lake City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Unified Fire Authority (UFA), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise UFA's basic financial statements, and have issued our report thereon dated December 8, 2021.

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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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

Salt Lake City, Utah

December 8, 2021



KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

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

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 state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor that could have a direct and material effect on UFA for the year ended June 30, 2021.

State compliance requirements were tested for the year ended June 30, 2021 in the following areas:

Budgetary Compliance	Fund Balance
Fraud Risk Assessment	Cash Management
Treasurer's Bond	

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on General State Compliance Requirements

In our opinion, UFA complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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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 state compliance requirement a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Keddington & Christensen, LLC

Salt Lake City, Utah
December 8, 2021