UNIFIED FIRE SERVICE AREA

ANNUAL FINANCIAL REPORT

December 31, 2015

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Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
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Marcus K. Arbuckle, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Unified Fire Service Area (UFSA) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise UFSA's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of UFSA, as of December 31, 2015 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Salt Lake City, Utah 84119

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund budgetary comparison information, and notes to required supplementary information as noted on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial 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 operation, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise UFSA's basic financial statements. The budgetary comparison schedules are not a required part of the basic financial statements of UFSA. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

In accordance with *Government Auditing Standards*, we have also issued other reports dated May 11, 2016 located on pages 26 and 28 on our consideration of UFSA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations, contracts, grant agreements, and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

Keddington & Christensen, LLC

May 11, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

As management of Unified Fire Service Area (UFSA), we offer readers of UFSA's financial statements this narrative overview and analysis of the financial activities of UFSA for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the notes to the financial statements.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

UFSA's *government-wide net position* (the amount by which assets exceeded its liabilities) as of December 31, 2015 was $22,475,372. This amount decreased by five percent over the previous year primarily due increased member fees and management fees paid to UFA, offset by property taxes and impact fees received in excess of budget and efficient management of budgeted funds. *Unrestricted net position,* the portion of net position which represents the amount UFSA can use to meet ongoing financial obligations, was $10,279,842 at December 31, 2015. *Net position invested in capital assets, net of related debt* was $12,185,385 at December 31, 2015.

UFSA reported combined ending fund balance for governmental funds of $8,405,214 as of December 31, 2015. Combined fund balance decreased by $2,514,806 (23%) from 2014 to 2015. This decrease was principally due to release and appropriation of restricted fund balance for capital projects and increased operating costs. The total spendable fund balance at December 31, 2015 was $8,395,069, which represented 17% of total fund expenditures. Of the total spendable fund balance, $122 was assigned for future debt service and $8,394,947 was actually available for appropriation and spending (*unassigned fund balance*). Management believes the current unassigned fund balance to be a good indicator of UFSA's positive financial position.

For information on upcoming changes, see the "Economic Factors and Next Year's Budget" section beginning on page 8.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of UFSA's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of UFSA's assets, deferred outflows of resources, and liabilities, with the difference between them reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of UFSA 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 UFSA 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*. UFSA currently does not have any business-type activities.

The Local Building Authority of Unified Fire Service Area (LBA) is chartered under Utah law as a separate governmental entity. However, the government-wide financial statements include the financial statements of this entity since UFSA's Board is the appointed board for the LBA and it is financially accountable to UFSA.

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. UFSA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of UFSA's funds are governmental funds.

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.*

UFSA maintains one major governmental fund, the General fund, and the LBA maintains two major governmental funds, the Capital Projects fund and the Debt Service 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.

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: UFSA adopts an annual appropriated budget for its funds. A budgetary comparison statement (page 23) has been provided for the General Fund to demonstrate compliance with the budget.

FINANCIAL ANALYSIS OF UFSA AS A WHOLE

Current and other assets decreased 20% from 2014 largely due to the usage of cash for capital outlay and debt service payments. UFSA's related party long-term note receivable also decreased four percent in 2015 as a result of payments received from Unified Fire Authority. Capital assets, net of accumulated depreciation, increased $386,643 (1%) due to a combination of asset acquisitions and depreciation in 2015.

Current liabilities increased nearly 76% over the previous year primarily due to construction in progress on a new station in Taylorsville. Long-term liabilities decreased three percent as a result of bond principal payments of $955,000 during the year.

As noted earlier, net position may serve over time as a useful measurement to assist with understanding the financial position of UFSA. As of December 31, 2015, assets exceeded liabilities by $22,475,372, a decrease of $1,253,785 (five percent) from the previous year. The decrease in net position during the year is primarily due to increased member fees and management fee reimbursements paid to UFA offset by increased property taxes and impact fees as well as the efficient management of UFSA's budgeted funds.

UFSA's net position invested in capital assets, net of related debt, totaled $12,185,385, or 54% of total net position. Although UFSA'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 ($10,145 for prepaid expenses) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position ($10,279,842) may be used to meet general, ongoing financial obligations without constraints established by debt covenants or other legal requirements.

Summary of Statement of Net Position
As of December 31,

	2015	2014	% Change
Assets			
Current and other assets	$ 8,742,157	$ 10,934,706	-20%
Long-term note receivable	2,260,759	2,356,307	-4%
Capital assets, net of accumulated depreciation	41,345,385	40,958,742	1%
Total Assets	52,348,301	54,249,755	-4%
Liabilities			
Current and other liabilities	712,929	405,600	76%
Long-term liabilities	29,160,000	30,115,000	-3%
Total Liabilities	$ 29,872,929	$ 30,520,600	-2%
Net Position			
Invested in capital assets, net of related debt	12,185,385	13,434,753	-9%
Restricted	10,145	2,600,549	-100%
Unrestricted	10,279,842	7,693,853	34%
Total Net Position	$ 22,475,372	$ 23,729,155	-5%

Taxes and motor vehicle fees, which were $43,581,728 for 2015, increased $163,117 from 2014 to 2015 due to new growth. General government expenses totaled more than $45 million in 2015 and increased six percent over 2014 primarily due to higher member fees paid to UFA. Interest on long-term debt decreased approximately three percent in 2015 as a result of decreased interest portion of long-term debt payments.

Summary of Statement of Activities
For the Fiscal Year Ended December 31,

	2015	2014	% Change
Program revenues			
Capital grants and contributions	$ 1,855,819	$ 1,072,781	73%
General revenues			
Property taxes and motor vehicle fees	43,581,728	43,418,611	0%
Unrestricted investment earnings	148,475	151,286	-2%
Loss on disposal of assets	-	250	-100%
Total revenues	45,586,022	44,642,928	2%
Program expenses			
General government	45,316,840	42,667,266	6%
Interest on long-term debt	1,522,967	1,569,077	-3%
Total expenses	46,839,807	44,236,343	6%
Change in net position	(1,253,785)	406,585	-408%
Net position - beginning	23,729,157	23,322,572	2%
Net position - ending	$ 22,475,372	$ 23,729,157	-5%

FINANCIAL ANALYSIS OF UFSA'S FUNDS

Governmental Funds: As of December 31, 2015, the aggregate fund balance of UFSA's governmental funds was $8,405,214. Unassigned fund balance, which was available for appropriation by the UFSA Board, was $8,394,947. The remainder of the fund balance was nonspendable ($10,145 for prepaid expense) or assigned ($122 for debt service) and was not available for new spending because it had already been committed for spending.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: UFSA's investment in capital assets, net of accumulated depreciation, was $41,345,385 at December 31, 2015. Capital assets increased $386,641 (1%) from 2014 to 2015 as a result of net additions ($1,328,692) offset by depreciation ($942,051).

Capital Assets, Net of Depreciation
As of December 31,

	2015	2014	% Change
Construction in progress	$ 697,725	$ 51,728	1249%
Land	9,855,360	9,551,862	3%
Building and improvements	29,826,858	30,365,237	-2%
Land improvements	766,765	772,207	-1%
Machinery and equipment	198,677	217,710	-9%
	$ 41,345,385	$ 40,958,744	1%

Major capital asset additions during 2015 included:

- Land preparation ($127,123) and construction in progress ($636,047) for a replacement station in Taylorsville
- Acquisition and renovation of two Eagle Mountain stations totaling $501,375

Additional information on UFSA's capital assets is available in the notes to the financial statements.

Long-term Debt: UFSA issued Lease Revenue bonds in the amount of $32,950,000 in 2008 for the acquisition of land for, and construction of, fire stations in Millcreek Township, Herriman City, Magna Township, and Riverton City. UFSA's bonds are rated Aa3 by Moody's and AA- by Fitch. There were no long-term debt issuances in 2015. Payments on the 2008 bonds in 2015 totaled $2,496,970 ($955,000 principal and $1,537,895 interest). Additional information about UFSA's long-term liabilities is available in the notes to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- $1.4 million decrease in property taxes based on the certified tax rate, offset by an anticipated judgement levy
- $2 million increase in operating costs predominantly to cover the increase in member fees paid to UFA and a change in reporting for tax increment payments withheld by Salt Lake County on behalf of redevelopment agencies
- $267,000 increase in administrative costs due to a reimbursement of UFA management services for 2011-2014 and fees resulting from UFSA's release of bond reserve funds
- $1.4 million increase in capital outlay principally for construction of a new station in Taylorsville as well as for the purchase and renovation of two Eagle Mountain stations

Significant variations in actual results over final budget in the general fund can be summarized as follows:

- New growth within UFSA resulted in taxes, motor vehicle fees, and impact fee revenues higher than anticipated (combined overage is more than $2.3 million)
- Delays in construction resulted in lower capital outlay than anticipated

For a detailed budgetary comparison schedule, see the Required Supplementary Information section, beginning on page 23.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Unified Fire Service Area saw continued growth in 2015. In January 2014, the city of Taylorsville was annexed into the Service Area and land was purchased later than year to build a future fire station in the city. That station is now under construction with a finish date in spring 2017.

Impact Fee collections continue to be strong, reflecting the high growth of new residential and commercial developments.

Future plans include the purchase of land for a replacement Olympus Cove station and the remodeling of some existing stations.

On April 19, 2016, Moody's Investors Service assigned an Aa2 rating for the Service Area's refunding of the 2008 lease revenue bonds, with an implied GO bond rating of Aa1. Key rating drivers were the solid local economy and a sound debt profile.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
December 31, 2015

ASSETS		
Cash and cash equivalents	$	7,709,723
Cash and cash equivalents held by fiscal agent		122
Receivables		1,022,167
Prepaid expense		10,145
Long term related party note receivable		2,260,759
Capital assets, net of accumulated depreciation		41,345,385
Total Assets		52,348,301
LIABILITIES		
Accounts payable		332,554
Accrued liabilities		380,375
Lease revenue bonds payable		
Due within one year		1,000,000
Due in more than one year		28,160,000
Total Liabilities		29,872,929
NET POSITION		
Net Investment in Capital Assets		12,185,385
Restricted for prepaid expense		10,145
Unrestricted		10,279,842
Total Net Position	$	22,475,372

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

STATEMENT OF ACTIVITIES
Year ended December 31, 2015

Function/Programs	Expenses	Program Revenues: Capital Grants and Contributions	Net Expense and Net Position
GOVERNMENTAL ACTIVITIES:			
General government	$ 45,316,840	$ 1,855,819	$ (43,461,021)
Interest on long-term debt	1,522,967	-	(1,522,967)
Total	$ 46,839,807	$ 1,855,819	(44,983,988)
GENERAL REVENUES			
Real property taxes			41,082,444
Motor vehicle fees			2,499,284
Unrestricted investment earnings			148,475
Total general revenues			43,730,203
Change in net position			(1,253,785)
Net position - beginning			23,729,157
Net position - ending			$ 22,475,372

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

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015

	MAJOR FUNDS			
	General Fund	Debt Service Fund	Nonmajor Governmental Fund	Total Governmenta Funds
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 7,709,723	$ -	$ -	$ 7,709,723
Cash and cash equivalents held by fiscal agent	-	122	-	122
Receivables:				
Taxes receivable	995,266	-	-	995,266
Accounts receivable	11,229	-	-	11,229
Due from related parties	15,672	-	-	15,672
Net receivables	1,022,167	-	-	1,022,167
Prepaid expense	10,145	-	-	10,145
Total Assets	$ 8,742,035	$ 122	$ -	$ 8,742,157
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable	$ 332,554	$ -	$ -	$ 332,554
Accrued liabilities	4,389	-	-	4,389
Total Liabilities	336,943	-	-	336,943
FUND BALANCES				
Nonspendable - prepaid expense	10,145	-	-	10,145
Assigned for:				
Debt service	-	122	-	122
Unassigned	8,394,947	-	-	8,394,947
Total Fund Balances	8,405,092	122	-	8,405,214
Total Liabilities and Fund Balances	$ 8,742,035	$ 122	$ -	$ 8,742,157

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

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

December 31, 2015

Total Fund Balances - Governmental Funds		$ 8,405,214
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets in governmental activities are not financial resources and therefore are not reported in the funds.		41,345,385
Related party note receivable		2,260,759
Long-term liabilities, including lease revenue bonds, are not due and payable in the current period and, therefore, are not reported in the funds .		
Accrued interest on long term debt	$ (375,986)	
Lease revenue bonds	(29,160,000)	
		(29,535,986)
Net Position of Governmental Activities		$ 22,475,372

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended December 31, 2015

	MAJOR FUNDS			
	General Fund	Debt Service Fund	Nonmajor Governmental Fund	Total Governmental Funds
REVENUES				
Real property taxes	$ 41,082,444	$ -	$ -	$ 41,082,444
Motor vehicle fees	2,499,284	-	-	2,499,284
Impact fees	1,855,819	-	-	1,855,819
Lease revenue	-	2,478,825	-	2,478,825
Investment earnings	140,978	7,494	-	148,472
Total Revenues	45,578,525	2,486,319	-	48,064,844
EXPENDITURES				
Current				
Salaries and benefits	36,018	-	-	36,018
Operations	45,811,113	-	-	45,811,113
General and administrative	883,874	-	-	883,874
Capital outlay	1,328,692	-	-	1,328,692
Debt service				
Principal	-	955,000	-	955,000
Interest	82,839	1,537,895	-	1,620,734
Debt issuance cost and fees	39,770	-	-	39,770
Total Expenditures	48,182,306	2,492,895	-	50,675,201
Deficiency of Revenues Under Expenditures	(2,603,781)	(6,576)	-	(2,610,357)
OTHER FINANCING SOURCES (USES)				
Principal payments received from related party	95,548	-	-	95,548
Transfers in	2,592,771	631	-	2,593,402
Transfers out	-	(2,592,771)	(631)	(2,593,402)
Total other financing sources	2,688,319	(2,592,140)	(631)	95,548
Net change in fund balances	84,538	(2,598,716)	(631)	(2,514,809)
Fund balances at beginning of year	8,320,554	2,598,838	631	10,920,023
Fund balances at end of year	$ 8,405,092	$ 122	$ -	$ 8,405,214

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

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

Year ended December 31, 2015

Total Net Change in Fund Balances - Governmental Funds		$ (2,514,809)
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:		
Depreciation expense	(942,051)	
Capital outlay	1,328,692	
		386,641
Principal payments received on long-term related party note receivable		(95,548)
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but deferred and amortized throughout the period during which the related debt is outstanding. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Repayment of long-term debt		955,000
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 governmental funds. These activities consist of the following:		
Accrued interest on long-term debt		14,931
Change in Net Position of Governmental Activities		$ (1,253,785)

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

NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Salt Lake Valley Fire Service Area (SLVFSA) was created effective in 2004 to manage and provide fire protection services. The fire service area was created to provide fire protection and emergency medical services to the unincorporated areas of Salt Lake County. Effective January 1, 2008, SLVFSA assessed and recorded its own property taxes apart from Salt Lake County. Also beginning January 1, 2008, Unified Fire Authority (UFA) assumed management and administrative support for SLVFSA. Prior to these two changes, Salt Lake County reported SLVFSA as a blended component unit of its primary government. Midvale City and Eagle Mountain City joined SLVFSA to provide fire protection and emergency medical services to its citizens in July 2011 and January 2013, respectively. In March 2013, the Board approved changing SLVFSA's entity name to Unified Fire Service Area. The City of Taylorsville joined UFSA in January 1, 2014. UFSA is a separate legal entity, with an eight member board of elected officials, three of which represent unincorporated areas of Salt Lake County and five of which represent the cities of Eagle Mountain, Herriman, Midvale, Riverton, and Taylorsville.

Blended Component Unit

The Local Building Authority of the Salt Lake Valley Fire Service Area (LBA) was created in 2008. In March 2013, the Board approved changing the LBA's entity name to the Local Building Authority of the Unified Fire Service Area. The LBA is governed by the Board of UFSA. Although it is legally separate from UFSA, it is reported as if it were part of the primary government. The LBA was created solely for the benefit of UFSA with a purpose to acquire, improve, construct, and finance capital facilities within the fire service area. It should be noted that the LBA currently has one capital projects fund and one debt service fund.

Government-Wide and Fund Financial Statements

Government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of UFSA. 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 or applicants 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. UFSA 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 60 days of the end of the current fiscal period. Property taxes and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Property taxes are recognized as revenues in the year for which they are levied.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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, deferred outflows of resources, and liabilities is reported as fund balance. UFSA has presented the following major governmental funds:

- *General Fund* – the general fund is the main operating fund of UFSA, 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 the General Fund.

- *Debt Service Fund* – the LBA's debt service fund is used to account for the accumulation of resources for and the payment of long-term debt principal, interest, and related costs.

The LBA's nonmajor governmental fund is a capital projects fund used to account for funds received and expended for the acquisition and construction of capital equipment and facilities throughout UFSA's jurisdiction.

Cash Equivalents

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

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by UFSA as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. If purchased, such assets are recorded at historical cost. Assets are recorded at fair value at the date of gift, if donated. Assets transferred from other governmental entities are recorded at the net book value removed from the conveying government's books.

Major additions are capitalized while maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense. No depreciation is recognized on construction in progress until the asset is placed in service. UFSA does not possess any infrastructure.

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

Building and improvements	5 – 40 years
Land improvements	2 – 31 years
Machinery and equipment	5 – 15 years

Restricted Assets

Certain proceeds of UFSA's 2008 lease revenue bonds, as well as certain resources set aside for their repayment, are maintained in separate bank accounts and are classified as restricted assets because their use is limited by bond covenants. The "reserve fund" accounts, with a balance of $122 at December 31, 2015, are used to report resources set aside for the payment of principal and interest on the lease revenue bonds.

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

Expenditure Recognition

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to 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. When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, UFSA generally uses restricted resources first, then unrestricted resources.

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.

Nonexchange transactions, in which UFSA receives value without directly giving value in return, include grants 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 UFSA must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to UFSA on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

Net Position/Fund Balances

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

- *Invested in capital assets, net of related debt* – This component of net position consists of UFSA'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 invested in capital assets, net of related debt.
- *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 items of net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the governmental fund statements, fund balances are classified as nonspendable, restricted, committeed, 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 UFSA 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. When an expenditure is incurred for purposes which restricted, committed, assigned and unassigned resources are available, UFSA generally uses restricted resources first, followed by committed and assigned resources before unassigned resources are used.

NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

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

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

UFSA 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. There were no significant reductions in coverage from prior year, and settlement claims resulting from these risks have not exceeded commercial insurance coverage.

Reclassifications

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

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents, and investments consisted of the following at December 31, 2015:

Cash and cash equivalents:	
Cash - net of outstanding checks	$ 408,567
Public Treasurer's Investment Fund (PTIF)	7,301,156
Total unrestricted cash and cash equivalents	7,709,723
Cash and cash equivalents held by fiscal agent (invested in PTIF)	122
Total cash, cash equivalents, and investments	$ 7,709,845

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.

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

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the local government's deposits may not be recovered. UFSA's deposits are insured up to $250,000 per institution by the Federal Depository Insurance Corporation (FDIC). Deposits above $250,000 are exposed to credit risk. As of December 31, 2015, UFSA's depository bank balance was $448,186, of which $198,186 is uninsured. Utah State Law does not require deposits to be insured or collateralized. UFSA does not have a formal deposit policy for custodial credit risk.

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

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

These statutes authorize UFSA 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 and 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. 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 December 31, 2015, UFSA had $7,301,156 invested in PTIF. Additionally, $122 held by a fiscal agent was invested in PTIF at December 31, 2015. The entire balance had a maturity of less than one year. The PTIF pool has not been rated. The PTIF is reported as a fiduciary fund by the State of Utah in its Comprehensive Annual Financial Report. A copy of the report may be obtained online at http://www.utah.gov/treasurer/investor-cafr.html.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. UFSA 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. UFSA'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 UFSA's investment portfolio will remain sufficiently liquid to enable UFSA 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, UFSA will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. UFSA's policy for limiting the credit risk of investments is to comply with the Money Management Act, as previously discussed. All of UFSA's investments at December 31, 2015 were with the PTIF and therefore are unrated and are not categorized as to custodial credit risk. *Concentration of credit risk* is the risk of loss attributed to the magnitude of a government's investment in a single issuer. UFSA'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.

NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 3 - PROPERTY TAXES

Property taxes attach an enforceable lien on property as of January 1 in the year in which due and are assessed in July through billing to the property owner. All unpaid taxes are due and become delinquent on November 30. Property tax revenues are recognized by UFSA when they are collected. Property taxes are billed and collected by Salt Lake County and Utah County on behalf of UFSA and remitted monthly. Property taxes received by UFSA within 60 days after year end are recorded as revenue as of year-end. The 2015 Certified Tax Rate for UFSA is .002000 (.001997 for general operations and .000003 for discharge of judgement).

NOTE 4 - CAPITAL ASSETS

The changes in capital assets for the year ended December 31, 2015 are as follows:

	January 1, 2015	Additions/ Transfers In	Disposals/ Transfers Out	December 31, 2015
Capital assets not being depreciated:				
Construction in progress	$ 51,728	$ 970,997	$ (325,000)	$ 697,725
Land	9,551,862	303,498		9,855,360
Total capital assets not being depreciated	9,603,590	1,274,495	(325,000)	10,553,085
Capital assets being depreciated:				
Building and improvements	34,352,878	332,872		34,685,750
Land improvements	946,708	46,325		993,033
Machinery and equipment	288,276	-		288,276
Total capital assets being depreciated	35,587,862	379,197	-	35,967,059
Less accumulated depreciation for:				
Building and improvements	(3,987,641)	(871,251)		(4,858,892)
Land improvements	(174,501)	(51,767)		(226,268)
Machinery and equipment	(70,566)	(19,033)		(89,599)
Total accumulated depreciation	(4,232,708)	(942,051)	-	(5,174,759)
Total capital assets being depreciated, net	31,355,154	(562,854)	-	30,792,300
Total capital assets, net	$ 40,958,744	$ 711,641	$ (325,000)	$ 41,345,385

Depreciation charged for governmental activities for the year ended December 31, 2015, was $942,051.

NOTE 5 - SHORT-TERM DEBT

In April 2015, UFSA issued Tax and Revenue Anticipation Notes, Series 2015, in the amount of $21 million at a .45% interest rate for a short-term basis until tax revenue was received. Issuance costs related to the TRAN were $24,270. Principal and interest totaling $21,064,575 were paid on December 22, 2015.

NOTE 6 - LONG-TERM DEBT

Lease revenue bonds are issued by the LBA of Unified Fire Service Area, a blended component unit of UFSA. These bonds are not considered general obligation bonds of UFSA, but are special obligations payable from the lease revenues derived from the assets acquired or constructed with bond proceeds. The following is a summary of transactions affecting lease revenue bonds for the year ended December 31, 2015:

	Beginning	Increases	(Decreases)	Ending
Local Building Authority Lease Revenue				
Bonds, series 2008 (issued August 14, 2008)	$ 30,115,000	$ -	$ (955,000)	$ 29,160,000

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of future maturities on lease revenue bonds in the LBA as of December 31, 2015:

Maturity Date	Total	Principal	Interest	Interest Rates
2016	$ 2,491,407	$ 1,000,000	$ 1,491,407	5.00%
2017	2,497,258	1,060,000	1,437,258	5.50%
2018	2,492,445	1,115,000	1,377,445	5.50%
2019	2,490,939	1,175,000	1,315,939	5.25%
2020	2,502,282	1,250,000	1,252,282	5.25%
2021	2,485,345	1,300,000	1,185,345	5.25%
2022	2,491,845	1,375,000	1,116,845	5.00%
2023	2,496,220	1,450,000	1,046,220	5.00%
2024	2,496,845	1,525,000	971,845	5.00%
2025	2,503,470	1,610,000	893,470	5.00%
2026	2,500,970	1,690,000	810,970	5.00%
2027	2,482,960	1,760,000	722,960	5.20%
2028	2,479,100	1,850,000	629,100	5.20%
2029	2,474,944	1,945,000	529,944	5.25%
2030	2,479,944	2,055,000	424,944	5.25%
2031	2,522,435	2,210,000	312,435	5.30%
2032	2,522,125	2,330,000	192,125	5.30%
2033	2,525,190	2,460,000	65,190	5.30%
	$ 44,935,724	$ 29,160,000	$ 15,775,724	

The bond sinking fund requirements to maturity for the long-term debt, as of December 31, 2015, are as follows:

Maturity Date	Principal
2025	$ 1,610,000
2026	1,690,000
2027	1,760,000
2028	1,850,000
2029	1,945,000
2030	2,055,000
2031	2,210,000
2032	2,330,000
2033	2,460,000

Bond covenants require a reserve fund to be used only for the payment of principal and interest on the lease revenue bonds. In 2015, UFSA released reserved funds totaling $2,592,771 for capital purchases and operating costs. The UFSA Board and the lender approved the release of funds, contingent upon purchase of required insurance.

NOTE 7 - INTERFUND ACTIVITY

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. There were two transfers during 2015:

- $631 from the Capital Projects fund to the Debt Service fund to offset long-term debt payments
- $2,592,771 from the Debt Service fund to the General fund for capital purchases and operating costs

Debt service on the Local Building Authority Lease Revenue Bonds, series 2008, is payable from lease payments by UFSA to the LBA for the use of fire stations. During 2015, lease payments of $2,478,825 were paid by the General fund to the LBA's Debt Service fund. Future lease payments will be equal to the required debt service payments. Assets recorded under this operating lease are land, buildings, and equipment having original cost of $24,528,498, with $2,183,986 of accumulated depreciation.

NOTE 8 - RELATED PARTY TRANSACTIONS

UFSA has been a member of UFA since its inception in July 2004. Beginning in January 2008, UFA assumed management of UFSA from Salt Lake County. UFSA paid member fees and interest of $42,558,075 and $18,261, respectively, to UFA during 2015. UFA provides fire protection service and staffing, equipment, and station maintenance for the fees it receives from UFSA. UFSA paid management fees to UFA for its services totaling $664,000 for the year ended December 31, 2015 ($350,000 for 2015 management services and $264,000 reimbursement for additional 2011-2014 management fees).

In February 2012, UFSA entered into an interlocal agreement with UFA to finance the purchase of a warehouse in West Jordan, Utah. In March 2012, UFSA loaned $2.5 million to UFA for purchase of the building. The agreement requires UFA to pay 228 monthly payments of $15,672 beginning 30 days following the termination of its current warehouse lease. Prior to the commencement of payments, UFA paid interest monthly at the Utah PTIF rate. Upon commencement of payments, the agreement bears 4% interest. UFA paid $95,548 in principal and $92,513 in interest to UFSA, including $15,672 ($8,109 principal and $7,563 interest) accrued as of December 31, 2015. The following is a schedule by years of future minimum payments required under the agreement as of December 31, 2015:

2016	$ 99,441
2017	103,492
2018	107,708
2019	112,097
2020	116,664
2020-2024	658,608
2025-2029	804,158
2030-2032	258,591
	$ 2,260,759

NOTE 9 - SUBSEQUENT EVENTS

UFSA issued a Tax and Revenue Anticipation Note of $23 million in March 2016.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Commitments for major construction projects totaled $5,766,210 at December 31, 2015.

As of December 31, 2015, UFSA did not have any pending litigation or potential nondisclosed liabilities.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year ended December 31, 2015

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
REVENUES				
Real property taxes	$ 41,047,240	$ 39,601,162	$ 41,082,444	$ 1,481,282
Motor vehicle fees	2,200,000	2,200,000	2,499,284	299,284
Impact fees	1,300,000	1,300,000	1,855,819	555,819
Interest income	150,000	150,000	140,978	(9,022)
Total Revenues	44,697,240	43,251,162	45,578,525	2,327,363
EXPENDITURES				
Current				
Salaries and benefits	37,000	37,000	36,018	982
Operations	43,756,240	45,828,970	45,811,113	17,857
General and administrative	644,000	910,600	883,874	26,726
Capital outlay	100,000	1,522,886	1,328,692	194,194
Debt service				
Interest	100,000	100,000	82,839	17,161
Debt issuance costs and fees	60,000	41,000	39,770	1,230
Total Expenditures	44,697,240	48,440,455	48,182,306	258,149
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(5,189,293)	(2,603,781)	2,585,512
OTHER FINANCING SOURCES				
Loan payments from related party	-	-	95,548	95,548
Transfers in	-	2,590,380	2,592,771	2,391
Total other financing sources	-	2,590,380	2,688,319	97,939
Net change in fund balance	-	(2,598,913)	84,538	$ 2,683,451
Fund balance at beginning of year	8,320,554	8,320,554	8,320,554	
Fund balance at end of year	$ 8,320,554	$ 5,721,641	$ 8,405,091	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

NOTE 1 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Unified Fire Service Area (UFSA) adopts an "appropriated budget" for all of its funds. UFSA is required to present the adopted and final amended budgeted revenue and expenditures for each of these funds.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

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

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

- By December 22, the proposed tax rate and budget is adopted by resolution. If there is no increase in the certified tax rate, a final budget is adopted by December 22. If UFSA sets a proposed tax rate which exceeds the certified tax rate, it shall not adopt its final budget until public hearings to adopt proposed increases are held. Until the hearings are held and a final budget and tax rate are adopted, UFSA may expend monies based on: (1) its tentative budget after adoption, or (2) its prior year's adopted final budget as amended, which must be re-adopted by resolution at a regular meeting of the governing body.

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

- Each budget is prepared and controlled by the budget officer at the revenue and 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.

Budgets are prepared on a modified accrual basis of accounting according to generally accepted accounting principles for governmental funds.

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES
SUPPLEMENTAL REPORTS

BUDGETARY COMPARISON SCHEDULES
Year ended December 31, 2015

LOCAL BUILDING AUTHORITY – CAPITAL PROJECTS FUND

	Budgeted Amounts		Actual	
	Original	**Final**	**Amounts**	**Variance**
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(631)	(631)	-
Net change in fund balance	-	(631)	(631)	$ -
Fund balance at beginning of year	631	631	631	
Fund balance at end of year	$ 631	$ -	$ -	

LOCAL BUILDING AUTHORITY – DEBT SERVICE FUND

	Budgeted Amounts		Actual	
	Original	**Final**	**Amounts**	**Variance**
REVENUES				
Rent income	$ 2,476,000	$ 2,476,000	$ 2,478,825	$ 2,825
Interest income	11,000	11,000	7,494	(3,506)
Total Revenues	2,487,000	2,487,000	2,486,319	(681)
EXPENDITURES				
Debt service				
Principal	955,000	955,000	955,000	-
Interest	1,545,000	1,545,000	1,537,895	7,105
Total Expenditures	2,500,000	2,500,000	2,492,895	7,105
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,000)	(13,000)	(6,576)	6,424
OTHER FINANCING SOURCES (USES)				
Transfers in	-	631	631	(0)
Transfers out	-	(2,590,380)	(2,592,771)	(2,391)
Total other financing sources (uses)	-	(2,589,749)	(2,592,140)	(2,391)
Net change in fund balance	(13,000)	(2,602,749)	(2,598,716)	$ 4,033
Fund balance at beginning of year	2,598,838	2,598,838	2,598,838	
Fund balance at end of year	$ 2,585,838	$ (3,911)	$ 122	

K&C

Keddington & Christensen, LLC
Certified Public Accountants

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

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

Board of Trustees
Unified Fire Service Area
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 and each major fund of Unified Fire Service Area (UFSA), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise UFSA's basic financial statements, and have issued our report thereon dated May 11, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered UFSA'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 UFSA's internal control. Accordingly, we do not express an opinion on the effectiveness of UFSA'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 UFSA's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

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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 UFSA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UFSA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keddington & Christensen, LLC

May 11, 2016

K&C

Keddington & Christensen, LLC
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE STATE COMPLIANCE AUDIT GUIDE ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS AND ON INTERNAL CONTROLS OVER COMPLIANCE

Board of Trustees
Unified Fire Authority
Salt Lake City, Utah

REPORT ON COMPLIANCE

We have audited Unified Fire Service Area's (UFSA) compliance with the applicable general 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 UFSA for the year ended December 31, 2015.

General state compliance requirements were tested for the year ended December 31, 2015 in the following areas:

- Budgetary Compliance
- Fund Balance
- Tax Levy Revenue Recognition
- Open and Public Meetings Act
- Cash Management
- Special and Local Service District Board Members

UFSA did not have any state funding classified as a major program during the year ended December 31, 2015.

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

Auditor's Responsibility
Our responsibility is to express an opinion on UFSA'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 UFSA. An audit includes examining, on a test basis, evidence about UFSA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on General State Compliance Requirements
In our opinion, Unified Fire Service Area complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on UFSA for the year ended December 31, 2015.

Other Matters
The results of our auditing procedures did not disclose instances of noncompliance.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

Keddington & Christensen, LLC

May 11, 2016