



UNIFIED FIRE AUTHORITY

ANNUAL FINANCIAL REPORT

June 30, 2024

UNIFIED FIRE AUTHORITY ANNUAL FINANCIAL REPORT

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CERTIFIED PUBLIC
ACCOUNTANTS

Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise UFA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of UFA, as of June 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UFA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UFA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance

and therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UFA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UFA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 2024, on our consideration of UFA's internal control over financial reporting and 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.

K&C, CPAs

K&C, Certified Public Accountants
Woods Cross, Utah
December 3, 2024

UNIFIED FIRE AUTHORITY ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

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, 2024. 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, 2024, was \$97,204,245. Net position increased \$15,747,121 in 2024 over the previous year's numbers (see table on page 7).

UFA reported combined ending fund balance for governmental funds of \$24,580,054 as of June 30, 2024, (7% increase compared to \$23,005,351 in 2023). The increase is primarily due to excess ambulance and investment revenues as well as cost savings, offset by budgeted use of committed fund balances for capital replacement cash purchases. The total *spendable fund balance* on June 30, 2024, was \$23,381,748, which represents 27% of total fund expenditures. Of the total spendable fund balance, \$14,199,424 is available for appropriation and spending (*unassigned fund balance*), \$1,898,425 is assigned for future purchases, \$5,453,071 is committed, and \$1,830,828 is restricted. Unassigned fund balance includes \$4,276,693 (5% of fiscal year 2024 general fund revenues) required by the State of Utah to be retained as fund balance, leaving a balance of \$9,922,731 available for appropriation. Total unassigned fund balance in 2024 increased \$1,228,924 (18%). 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, 2024, UFA station crews responded to 11,561 fire-related calls and 24,386 medical calls, for a total of 35,947 calls (compared to 35,859 total calls in prior year). The average number of calls per station decreased from 1,559 in 2023 to 1,508 in 2024.

UFA's 24,386 medical calls generated 12,702 billable ambulance transports, compared to 12,705 in 2023. Actual ambulance call volume during the year resulted in gross billings of \$28 million (12% increase from \$25 million in 2023). The increase primarily resulted from an increase in transport base rates. Transport base rates are adjusted annually as allowed by the State of Utah (9% increase compared to prior year). Earned revenues, net of adjustments and allowances, increased 10% to more than \$12 million in the fiscal year ended June 30, 2024. As of year-end, net receivables related to ambulance service were approximately \$2.5 million.

UFA's Wildland Fund reported wildland fee revenues of \$3 million as of June 30, 2024 (26% increase over 2023). Net increase in net position totaled \$490,144 (29%). Wildfire suppression crews worked in Utah, Arizona, California, Colorado, Idaho, New Mexico, Oregon, and Texas during the 2024 season.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of UFA's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS**June 30, 2024**

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 427 field firefighter allocations and operating from 24 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 46-47) 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 48-53).

UNIFIED FIRE AUTHORITY ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

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, 2024, assets and deferred outflows exceeded liabilities and deferred inflows by \$97,204,245 (an increase of \$15,747,121 over 2023).

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

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | | Total \$ Change | Total % Change |
|--|----------------------------|---------------|-----------------------------|--------------|-----------------------------|---------------|--------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | | |
| Assets | | | | | | | | |
| Current and other assets | \$ 82,674,411 | \$ 68,029,529 | \$ 2,115,118 | \$ 1,365,829 | \$ 84,789,529 | \$ 69,395,358 | \$ 15,394,171 | 22% |
| Capital assets | 29,059,530 | 29,876,340 | 286,961 | 404,458 | 29,346,491 | 30,280,798 | (934,307) | -3% |
| Total Assets | 111,733,941 | 97,905,869 | 2,402,079 | 1,770,287 | 114,136,020 | 99,676,156 | 14,459,864 | 15% |
| Deferred Outflows of Resources | 14,224,802 | 14,608,798 | 104,544 | 110,327 | 14,329,346 | 14,719,125 | (389,779) | -3% |
| Liabilities | | | | | | | | |
| Current and other liabilities | 5,235,375 | 5,275,772 | 314,131 | 182,070 | 5,549,506 | 5,457,842 | 91,664 | 2% |
| Long-term liabilities | 25,534,950 | 27,143,475 | 15,773 | 10,698 | 25,550,723 | 27,154,173 | (1,603,450) | -6% |
| Total Liabilities | 30,770,325 | 32,419,247 | 329,904 | 192,768 | 31,100,229 | 32,612,015 | (1,511,786) | -5% |
| Deferred Inflows of Resources | 159,719 | 323,698 | 1,173 | 2,444 | 160,892 | 326,142 | (165,250) | -51% |
| Net Position | | | | | | | | |
| Invested in capital assets, net of related debt | 16,879,969 | 10,997,461 | 284,748 | 399,856 | 17,164,717 | 11,397,317 | 5,767,400 | 51% |
| Restricted | 3,029,134 | 4,821,727 | - | - | 3,029,134 | 4,821,727 | (1,792,593) | -37% |
| Unrestricted | 75,119,596 | 63,952,534 | 1,890,798 | 1,285,546 | 77,010,394 | 65,238,080 | 11,772,314 | 18% |
| Total Net Position | \$ 95,028,699 | \$ 79,771,722 | \$ 2,175,546 | \$ 1,685,402 | \$ 97,204,245 | \$ 81,457,124 | \$ 15,747,121 | 19% |

Current assets increased 8% during the fiscal year ended June 30, 2024. Cash increased over \$1.3 million primarily due to revenues exceeding estimates (ambulance fees and investment income) as well as cost savings. Other current assets increased over \$1.1 million (receivables increased over \$1 million primarily related to higher ambulance billings and wildland fees receivable as well as personnel costs receivable from a related party, prepaid increased \$13,025, and inventory increased \$137,512).

Other assets increased nearly \$12.9 million in 2024, resulting from UFA's net pension asset reported as part of UFA's application of GASB 68 (\$51,821,248 compared to \$38,928,358 in 2023). For more information on pension plans, see Note 7.

Capital assets, net of depreciation, decreased \$934,307 (3%) compared to 2023 because depreciation expense (\$4,236,820) and disposals (\$34,178) exceeded capital additions (\$3,276,257) during fiscal year 2024. For more information on UFA's capital assets, see note 4 on page 28.

As a result of the application of GASB 68, UFA recognizes deferred outflows and inflows of resources related to pensions. Deferred outflows of resources decreased from 2023 to 2024 by \$389,779. Deferred inflows of resources related to pensions decreased \$165,250 as of June 30, 2024.

Current liabilities on June 30, 2024, increased \$91,664 (2%) compared to balances on June 30, 2023. Total accounts payable decreased \$850,125 (39%) due to outstanding amounts due in 2023 to subrecipients related to State flood mitigation funding and capital outlay purchases. Accrued liabilities increased \$941,789 (29%) from 2023 to 2024, primarily due to delays in processing June after-payroll checks in following UFA's transition in payroll software systems.

UNIFIED FIRE AUTHORITY ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

Total long-term liabilities decreased from 2023 to 2024 by nearly \$1.6 million (6%). The net pension liability increased by \$1,045,326 from 2023 to 2024. Other post-employment benefits (OPEB) liability decreased \$87,786 (6%). Compensated absence liability obligations increased \$419,129 (7%) compared to June 30, 2023. Financed purchase obligations decreased by UFA's principal payments made totaling \$3,230,961 (19%) during the fiscal year ending June 30, 2024. Lease liability obligations increased \$8,597 from 2023 to 2024 related to a new lease agreement for Emergency Management copier equipment, offset by lease payments made. Software-based information technology arrangements (SBITAs) increased \$376,409 due to subscription payments made (\$341,069) offset by a new software subscription arrangement for its payroll software (\$717,477). See Notes 5, 6, 7, 8, 9, and 11 for more information regarding long-term liabilities.

UFA's net investment in capital assets is \$17,164,717 (18% of total net position). Net investment in capital assets increased \$5,767,400 (51%) in 2024 due to capital acquisitions and debt payments exceeding net asset disposals and depreciation/amortization. Although UFA's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position decreased \$1,792,593 (37%) from 2023 to 2024. The decrease resulted primarily from usage of funds from UFA's October 2021 and 2022 debt issuances. Restricted amounts are related to capital acquisitions (\$1,830,828), supplies and equipment inventory (\$1,125,829) held at UFA's warehouse, and funds paid to vendors prior to receipt of good and/or services (\$72,477).

Unrestricted net position may be used to meet UFA's ongoing financial obligations to citizens and creditors. As of June 30, 2024, unrestricted net position was \$77,010,394 (18% increase over 2023). The increase is mainly due to recognition of GASB 68 activity related to pension obligations (\$11.6 million), excess ambulance and investment revenues, as well as cost savings.

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

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | | Total % Change |
|------------------------------|----------------------------|----------------------|-----------------------------|---------------------|-----------------------------|----------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | |
| Program Revenues | | | | | | | |
| Charges for services | \$ 87,709,369 | \$ 83,044,255 | \$ 3,548,917 | \$ 2,764,720 | \$ 91,258,286 | \$ 85,808,975 | 6% |
| Grants and contributions | 418,506 | 787,630 | 134,348 | 282,575 | 552,854 | 1,070,205 | -48% |
| General Revenues | | | | | | | |
| Unrestricted net | | | | | | | |
| investment earnings | 1,257,153 | 792,576 | 34,274 | 18,996 | 1,291,427 | 811,572 | 59% |
| Other | 5,298,858 | 5,230,824 | 36,997 | 495 | 5,335,855 | 5,231,319 | 2% |
| Member contributions | - | 3,076,600 | - | - | - | 3,076,600 | -100% |
| Total revenues | <u>94,683,886</u> | <u>92,931,885</u> | <u>3,754,536</u> | <u>3,066,786</u> | <u>98,438,422</u> | <u>95,998,671</u> | 3% |
| Program Expenses | | | | | | | |
| Fire protection services | 76,040,115 | 75,570,767 | - | - | 76,040,115 | 75,570,767 | 1% |
| Emergency management | 2,763,324 | 3,425,296 | - | - | 2,763,324 | 3,425,296 | -19% |
| Wildfire protection services | - | - | 3,632,390 | 3,192,899 | 3,632,390 | 3,192,899 | 14% |
| Interest on long-term debt | 392,988 | 375,089 | - | - | 392,988 | 375,089 | 5% |
| Total expenses | <u>79,196,427</u> | <u>79,371,152</u> | <u>3,632,390</u> | <u>3,192,899</u> | <u>82,828,817</u> | <u>82,564,051</u> | 0% |
| Excess (deficiency) | | | | | | | |
| before transfers | 15,487,459 | 13,560,733 | 122,146 | (126,113) | 15,609,605 | 13,434,620 | 16% |
| Transfers | (367,997) | (322,416) | 367,997 | 322,416 | - | - | 100% |
| Change in net assets | <u>15,119,462</u> | <u>13,238,317</u> | <u>490,143</u> | <u>196,303</u> | <u>15,609,605</u> | <u>13,434,620</u> | 16% |
| Net position - beginning | 79,771,725 | 66,534,767 | 1,685,403 | 1,489,100 | 81,457,128 | 68,023,867 | 20% |
| Restatement for change in | | | | | | | |
| accounting principle | - | 63,151 | - | - | - | 63,151 | -100% |
| Increase in inventory | 137,512 | (64,508) | - | - | 137,512 | (64,508) | -313% |
| Net position - ending | <u>\$ 95,028,699</u> | <u>\$ 79,771,727</u> | <u>\$ 2,175,546</u> | <u>\$ 1,685,403</u> | <u>\$ 97,204,245</u> | <u>\$ 81,457,130</u> | 19% |

UNIFIED FIRE AUTHORITY

ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

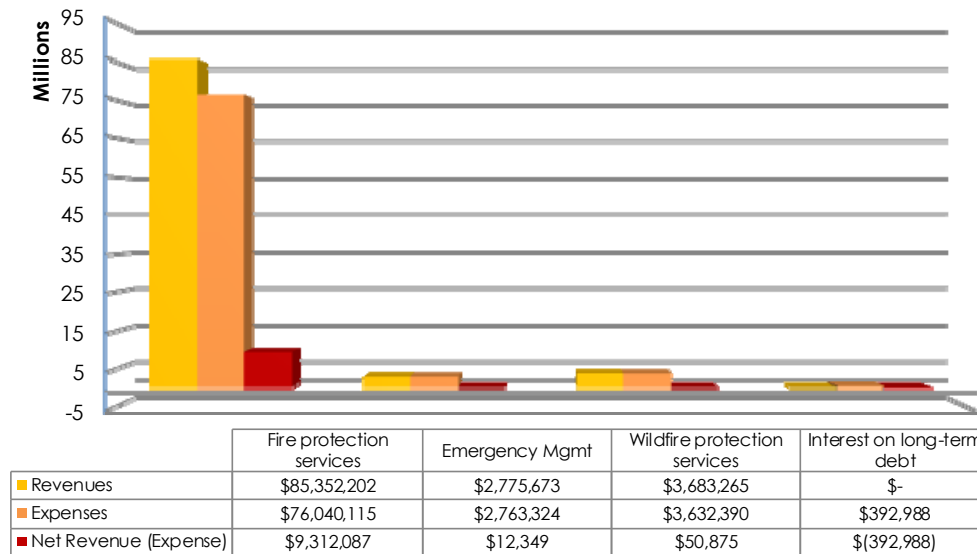
Program revenues consist of charges for services as well as grants and contributions. Total combined program revenue in 2024 increased \$4.9 million from 2023. Charges for services include amounts received from those who purchase, use, or directly benefit from or are affected by a program, such as member fees, as well as fees paid for ambulance transport, emergency management, wildland firefighting, etc. Member fees, which account for approximately 74% of UFA's charges for services, rose \$4 million (6%) largely as a result of an increase in fees as well as the full year impact of UFA's December 2022 increase in staffing at three stations approved by the UFA Board. Increases in member fees, ambulance service revenues (discussed in detail below), reimbursements (\$485,786), and wildland protection fees due to a busy wildfire season (\$773,605) were offset by a decrease in intergovernmental (\$939,978) primarily related to flood mitigation and bomb squad task force funding received from the State of Utah in 2023, not in 2024. Grant revenue decreased \$517,352 due to a drop in grant Wildland mitigation project work performed during 2024 as well as changes in Emergency Management grant projects from 2023 to 2024.

Ambulance service revenues are the second largest source of revenue for UFA (13% of UFA charges for services in 2024) 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 \$1,048,603 (10%) mainly due to increased base rates set by the State of Utah.

Ambulance Service Activity for the Fiscal Years Ended

| | Transports | | Collections | |
|-----------|------------|----------|--------------|----------|
| | Annual # | % Change | Annual \$ | % Change |
| 6/30/2024 | 12,702 | 0% | \$12,065,837 | 10% |
| 6/30/2023 | 12,705 | 6% | \$11,017,234 | 6% |
| 6/30/2022 | 11,964 | 8% | \$10,358,070 | 10% |
| 6/30/2021 | 11,039 | 6% | \$ 9,402,171 | 6% |
| 6/30/2020 | 10,453 | 1% | \$ 8,855,369 | 16% |

Program Expense and Revenue by Activity
For the Fiscal Year Ended June 30, 2024



Program expenses increased \$264,766 (<1%) compared to the prior year, due primarily to the net effect of:

- Net personnel cost increases of nearly \$2.7 million resulting from new full-time allocations, merit raises, and cost of living increase (CPI) offset by vacancies.
- Nearly \$2.9 million further reduction in benefit costs related to GASB 68 reporting requirements for pensions (reduction of \$6.6 million compared to \$3.8 million reduction in 2023)
- Increase in compensated absences obligation costs (\$196,916) and change in OPEB cost savings (\$87,786 reduction compared to \$443,966 in 2023)

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 \$2.5 million (27%) compared to the previous fiscal year, resulting primarily from investment income generated by rising income (\$479,855) and increased gain on capital asset disposals (\$236,437), offset by UFSA's 2023 transfer of \$3,076,600 training property to UFA.

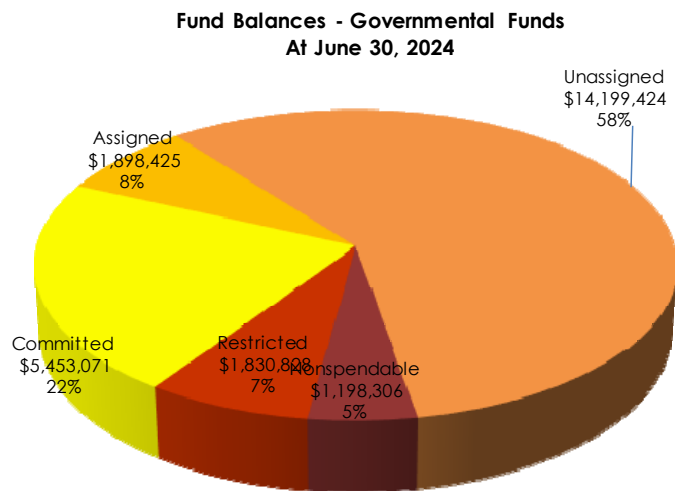
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

FINANCIAL ANALYSIS OF UFA'S FUNDS

Governmental Funds: As of June 30, 2024, the aggregate fund balance of UFA's governmental funds increased \$1,574,703 (7%) to \$24,580,054. The increase is primarily due to actual ambulance fee and investment income revenues exceeding budgeted estimates as well as cost savings in personnel and non-personnel.

Approximately 58% of the aggregate fund balance, or \$14,199,424, is unassigned and is available for appropriation by the UFA Board. Unassigned fund balance on June 30, 2024, increased \$1,228,924 (18%) compared to 2023. Unassigned fund balance includes \$4,276,693 required by the State of Utah to be retained as fund balance (5% of fiscal year 2024 general fund revenues), leaving a balance of \$9,922,731 available for appropriation.



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

Restricted:

- Capital Acquisition \$1,830,828

Assigned:

- Encumbrances \$615,666
- Special revenue \$1,282,759

Committed:

- Compensated absences \$728,870
- Retirement contributions \$103,220
- Capital acquisitions \$4,620,981

Nonspendable:

- Inventory \$1,125,829
- Prepaid \$72,477

Business-Type Funds: As of June 30, 2024, UFA's business-type fund net position increased \$490,143 (29%) over 2023. The increase in net position resulted from the combination of a busy wildfire season and higher deployment reimbursement rates. The Wildland program plans to utilize existing net assets for expenses associated with starting up the 2025 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:**

- Actual ambulance transport fees exceeded budget by \$640,900 due to higher billing rates set by the State of Utah.
- Actual investment income exceeded budget by \$523,121 (131%) due higher interest rates.
- Grant and reimbursement revenues were below budget by \$386,956 due to delays in completing behavioral health and security grant projects as well as delays in reimbursements payments for search and rescue programs
- Staffing vacancies, offset by excess overtime to retain staffing levels, provided savings in actual salaries and benefits expenditures of \$3.5 million compared to budget.
- Efficient management of operational needs as well as delays in operational and administrative spending resulted in cost savings compared to budget totaling over \$1 million: IT/communications software and equipment (\$212,000), travel and training (\$230,000), fuel (\$127,000), professional fees and medical services (\$197,000), and telephone and internet service (\$137,000), small equipment (\$98,000).

Significant differences between the original budget and the final budget:

- \$223,978 increase in grant revenue and expenditures for awards received for warehouse security and EMS training
- Increases in reimbursements related to USAR deployments and related personnel and support costs (\$152,443)

For detailed budgetary comparison schedules, see the Required Supplementary Information section, beginning on page 46.

UNIFIED FIRE AUTHORITY ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: UFA's investment in capital assets on June 30, 2024, was \$29,346,491 (net of \$54,753,649 depreciation/amortization). Capital assets decreased approximately \$1 million (3%) over the prior fiscal year, due to the fact that 2024 depreciation/amortization (\$4,236,820) and disposals (\$34,178) exceeded net additions (\$3,276,257).

Capital Assets, Net of Depreciation As of June 30,

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------------|-------------------------|----------------------|--------------------------|-------------------|----------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Right to use property & equipment | \$ 111,895 | \$ 100,697 | \$ 2,176 | \$ 4,549 | \$ 114,071 | \$ 105,246 |
| Right to use software subscriptions | 1,242,323 | 759,173 | - | - | 1,242,323 | 759,173 |
| Building and improvements | 3,238,697 | 3,320,892 | 1,131 | 1,446 | 3,239,828 | 3,322,338 |
| Computer software & equipment | 790,247 | 1,126,286 | - | - | 790,247 | 1,126,286 |
| Construction in progress | 7,470,646 | 11,969,518 | - | - | 7,470,646 | 11,969,518 |
| Furniture & equipment | 4,322,349 | 2,889,049 | - | - | 4,322,349 | 2,889,049 |
| Land & improvements | 2,744,841 | 2,759,510 | - | - | 2,744,841 | 2,759,510 |
| Transportation equipment | 9,138,532 | 6,951,216 | 283,654 | 398,463 | 9,422,186 | 7,349,679 |
| | <u>\$ 29,059,530</u> | <u>\$ 29,876,341</u> | <u>\$ 286,961</u> | <u>\$ 404,458</u> | <u>\$ 29,346,491</u> | <u>\$ 30,280,799</u> |

Major capital assets for Governmental activities put in service during the year ended June 30, 2024, included:

- Deposits on Battalion Chief trucks and other light fleet totaling \$324,362
- Light fleet purchased having a total cost of \$541,508
- Refurbishment of two ambulances and one Type I engine totaling \$459,240
- Medical equipment totaling \$461,089
- Station equipment (including extrication equipment and breathing air compressors) totaling \$221,124
- Communications equipment, including alerting systems and radios, totaling \$138,923
- Right to use assets related to GASB 96 with aggregate book value of \$845,963 (payroll software)

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

Long-term Debt: UFA entered into a new lease agreement for copier equipment as well as a software-based information technology arrangement (SBITA) with an aggregate right to use obligation of \$775,923. Amortization of these liabilities totaled \$388,528 in 2024.

During the year, UFA made principal and interest payments on long-term debt totaling \$3,365,125. OPEB obligations decreased by \$87,786 and compensated absence obligations increased \$390,917 in 2024. For more information on UFA's long-term debt, see 5, 6, 7, 8, 9, and 11.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Economic factors continue to impact UFA and the areas we serve. 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 remains in a strong economic position even though some challenges remain. Concerns about elevated inflation and interest rates persist and may lead to decelerating growth, but Utah should avoid a recession. Continued housing challenges and high interest rates do create an economic challenge for residents and impact new growth. Geopolitical instability also leads to strained consumer confidence.

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.

UNIFIED FIRE AUTHORITY ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

UFA is the largest fire department in the State of Utah. As of June 30, 2024, UFA responds from 25 operating stations serving an estimated 474,000 residents in fifteen municipalities and unincorporated Salt Lake County. UFA has 695 total employees, 493 full-time sworn firefighters and 58 full-time civilian staff.

A complete and updated strategic plan was adopted in December 2017. UFA is now on its third iteration of the plan that was adopted in January 2024. The latest plan covers 2024-2026.

The Sustaining Goals are:

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

The Key Initiatives are:

- Enhanced Leadership
- Improved Emergency Services Delivery
- Improved Community Involvement
- Improve Behavioral Health
- Improve Internal and External Communication

The fiscal year 2024/2025 budget has been approved and includes an average increase of 5.5% to each of the entities' member fee. The member fee increase is being used mainly to cover wages for cost-of-living and market adjustments to meet the Board's target of being in the "top three" for sworn employees; to cover increased health insurance rates and liability insurance; an additional ambulance to provide better EMS coverage; to improve staffing levels in Logistics, Operations, and Administration; to provide funding for a second recruit camp; and to procure a feasibility study for our fire training facility. UFA continues to work to gain efficiencies in support services.

UFA approved the purchase of \$1.27 million of capital replacement fund assets. This will be used to purchase a mechanic vehicle, improvements to our training props, as well as Technology and Logistics equipment.

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

UFA's Finance Committee, Benefits & 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.

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

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

June 30, 2024

| | Primary Government | | |
|--|--------------------|---------------|---------------|
| | Governmental | Business-Type | Total |
| | Activities | Activities | 2024 |
| ASSETS | | | |
| Cash and cash equivalents | \$ 24,936,544 | \$ 978,953 | \$ 25,915,497 |
| Restricted cash and cash equivalents | 1,843,341 | - | 1,843,341 |
| Receivables | 3,246,522 | 758,088 | 4,004,610 |
| Inventory | 1,125,829 | - | 1,125,829 |
| Prepaid expense | 72,477 | - | 72,477 |
| Due from other funds | 6,527 | - | 6,527 |
| Capital assets, net of depreciation | 29,059,530 | 286,961 | 29,346,491 |
| Net pension asset | 51,443,171 | 378,077 | 51,821,248 |
| TOTAL ASSETS | 111,733,941 | 2,402,079 | 114,136,020 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows of resources related to pensions | 14,224,802 | 104,544 | 14,329,346 |
| LIABILITIES | | | |
| Accounts payable | 1,282,253 | 46,579 | 1,328,832 |
| Restricted accounts payable | 12,513 | - | 12,513 |
| Accrued liabilities | 3,940,609 | 261,025 | 4,201,634 |
| Due to other funds | - | 6,527 | 6,527 |
| Noncurrent liabilities | | | |
| Due within one year | 5,976,519 | 2,214 | 5,978,733 |
| Due in more than one year | 17,713,494 | - | 17,713,494 |
| Net pension liability | 1,844,937 | 13,559 | 1,858,496 |
| TOTAL LIABILITIES | 30,770,325 | 329,904 | 31,100,229 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources related to pensions | 159,719 | 1,173 | 160,892 |
| NET POSITION | | | |
| Net investment in capital assets | 16,879,969 | 284,748 | 17,164,717 |
| Restricted for capital acquisitions | 1,830,828 | - | 1,830,828 |
| Restricted for inventory | 1,125,829 | - | 1,125,829 |
| Restricted for prepaid expense | 72,477 | - | 72,477 |
| Unrestricted | 75,119,596 | 1,890,798 | 77,010,394 |
| TOTAL NET POSITION | \$ 95,028,699 | \$ 2,175,546 | \$ 97,204,245 |

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

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

STATEMENT OF ACTIVITIES Year ended June 30, 2024

| 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 | \$ 76,040,115 | \$ 85,151,271 | \$ 129,788 | \$ 71,143 | \$ 9,312,087 |
| Emergency management | 2,763,324 | 2,558,098 | 217,575 | - | 12,349 |
| Interest on long-term debt | 392,988 | - | - | - | (392,988) |
| Total governmental activities | 79,196,427 | 87,709,369 | 347,363 | 71,143 | 8,931,448 |
| BUSINESS-TYPE ACTIVITIES: | | | | | |
| Wildland protection services | 3,632,390 | 3,548,917 | 134,348 | - | 50,875 |
| Total business-type activities | 3,632,390 | 3,548,917 | 134,348 | - | 50,875 |
| TOTAL PRIMARY GOVERNMENT | \$ 82,828,817 | \$ 91,258,286 | \$ 481,711 | \$ 71,143 | \$ 8,982,323 |

| | PRIMARY GOVERNMENT | | |
|---|----------------------------|-----------------------------|---------------|
| | Governmental Activities | Business-Type Activities | Total 2024 |
| Changes in net assets: | | | |
| Net (expense) revenue | \$ 8,931,448 | \$ 50,875 | \$ 8,982,323 |
| General Revenues: | | | |
| Unrestricted net investment earnings | 1,257,153 | 34,274 | 1,291,427 |
| Miscellaneous | 4,933,239 | 647 | 4,933,886 |
| Rent | 99,296 | - | 99,296 |
| Gain/(loss) on disposal of capital assets | 266,323 | 36,350 | 302,673 |
| Transfers | (367,997) | 367,997 | - |
| Total general revenues | 6,188,014 | 439,268 | 6,627,282 |
| Changes in net position | 15,119,462 | 490,143 | 15,609,605 |
| Net position - beginning | 79,771,725 | 1,685,403 | 81,457,128 |
| Increase/(decrease) in inventory | 137,512 | - | 137,512 |
| Net position - ending | \$ 95,028,699 | \$ 2,175,546 | \$ 97,204,245 |

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

UNIFIED FIRE AUTHORITY

BASIC FINANCIAL STATEMENTS

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2024

| | MAJOR FUNDS | | | | |
|--|---------------|----------------------|----------------------------|----------------------------|---------------|
| | General Fund | Special Revenue Fund | Fire Capital Projects Fund | Nonmajor Governmental Fund | Total 2024 |
| CURRENT ASSETS | | | | | |
| Cash & cash equivalents | \$ 18,566,172 | \$ 1,705,169 | \$ 4,484,083 | \$ 181,120 | \$ 24,936,544 |
| Restricted cash & cash equivalents | - | - | 1,843,341 | - | 1,843,341 |
| Receivables | 2,607,384 | 111,474 | - | 45,360 | 2,764,218 |
| Related party receivables | 482,304 | - | - | - | 482,304 |
| Inventory | 1,125,829 | - | - | - | 1,125,829 |
| Prepaid expense | 68,296 | 4,181 | - | - | 72,477 |
| Due from other funds | 82,050 | - | - | - | 82,050 |
| TOTAL ASSETS | 22,932,035 | 1,820,824 | 6,327,424 | 226,480 | 31,306,763 |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | 1,078,719 | 107,593 | 47,841 | 41,738 | 1,275,891 |
| Restricted accounts payable | - | - | 12,513 | - | 12,513 |
| Related party payable | 6,257 | 105 | - | - | 6,362 |
| Accrued liabilities | 3,631,722 | 87,689 | - | - | 3,719,411 |
| Due to other funds | - | 75,523 | - | - | 75,523 |
| TOTAL LIABILITIES | 4,716,698 | 270,910 | 60,354 | 41,738 | 5,089,700 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | 1,637,005 | - | - | - | 1,637,005 |
| TOTAL DEFERRED INFLOWS | 1,637,005 | - | - | - | 1,637,005 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS | 6,353,703 | 270,910 | 60,354 | 41,738 | 6,726,705 |
| FUND BALANCES | | | | | |
| Nonspendable: | | | | | |
| Inventory | 1,125,829 | - | - | - | 1,125,829 |
| Prepaid expense | 68,296 | 4,181 | - | - | 72,477 |
| Spendable: | | | | | |
| Restricted for capital acquisition | - | - | 1,830,828 | - | 1,830,828 |
| Committed for: | | | | | |
| Compensated absences | 728,870 | - | - | - | 728,870 |
| Retirement contributions | 82,131 | 21,089 | - | - | 103,220 |
| Capital acquisitions | - | - | 4,436,239 | 184,742 | 4,620,981 |
| Assigned | 373,780 | 1,524,645 | - | - | 1,898,425 |
| Unassigned - 5% State requirement | 4,276,693 | - | - | - | 4,276,693 |
| Unassigned | 9,922,731 | - | - | - | 9,922,731 |
| TOTAL FUND BALANCES | 16,578,330 | 1,549,915 | 6,267,067 | 184,742 | 24,580,054 |
| TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES | \$ 22,932,033 | \$ 1,820,825 | \$ 6,327,421 | \$ 226,480 | \$ 31,306,759 |

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, 2024

Total Fund Balances - Governmental Funds \$ 24,580,054

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 | 82,057,881 | |
| Accumulated depreciation | <u>(52,998,353)</u> | 29,059,528 |

| | | |
|--|--|-----------|
| Some 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. | | 1,637,005 |
|--|--|-----------|

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 | 51,443,171 | |
| Deferred outflows of resources relating to pensions | 14,224,802 | |
| Net pension liability | (1,844,937) | |
| Deferred inflows of resources relating to pensions | <u>(159,719)</u> | 63,663,317 |

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:

| | | |
|------------------------------------|--------------------|--------------|
| Lease obligations | (112,689) | |
| SBITA obligations | (1,033,936) | |
| Accrued interest on capital leases | (221,198) | |
| Capital leases | (13,653,793) | |
| Related party note payable | (1,274,314) | |
| Compensated absences | (6,308,036) | |
| Net OPEB obligation | <u>(1,307,244)</u> | (23,911,210) |

| | | |
|---|--|-----------------------------|
| Net Position of Governmental Activities | | \$ <u><u>95,028,699</u></u> |
|---|--|-----------------------------|

UNIFIED FIRE AUTHORITY

BASIC FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS Year ended June 30, 2024

| | MAJOR FUNDS | | | | |
|--|---------------|----------------------|----------------------------|----------------------------|---------------|
| | General Fund | Special Revenue Fund | Fire Capital Projects Fund | Nonmajor Governmental Fund | Total 2024 |
| REVENUES | | | | | |
| Member fees | \$ 67,222,967 | \$ - | \$ - | \$ - | \$ 67,222,967 |
| Ambulance operations | 11,733,900 | - | - | - | 11,733,900 |
| Fees - Emergency services | - | 2,479,560 | - | - | 2,479,560 |
| Fees - Other | 3,535,639 | - | - | - | 3,535,639 |
| Grants and contributions | 357,378 | 342,575 | - | - | 699,953 |
| Intergovernmental revenues | 824,914 | 78,538 | - | - | 903,452 |
| Reimbursements | 764,960 | - | 532,579 | - | 1,297,539 |
| Rent income | 99,296 | - | - | - | 99,296 |
| Investment income | 923,121 | 108,450 | 225,582 | - | 1,257,153 |
| Other income | 71,694 | 2,909 | - | - | 74,603 |
| TOTAL REVENUES | 85,533,869 | 3,012,032 | 758,161 | - | 89,304,062 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Salaries and benefits | 67,597,117 | 1,378,759 | - | - | 68,975,876 |
| Operations | 9,267,497 | 1,120,529 | 881,154 | - | 11,269,180 |
| General and administrative | 1,388,463 | 9,286 | - | - | 1,397,749 |
| Capital outlay | 120,263 | - | 2,187,346 | 41,738 | 2,349,347 |
| Debt service | 188,061 | - | 3,619,161 | - | 3,807,222 |
| TOTAL EXPENDITURES | 78,561,401 | 2,508,574 | 6,687,661 | 41,738 | 87,799,374 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 6,972,468 | 503,458 | (5,929,500) | (41,738) | 1,504,688 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from issuance of long-term debt | - | - | - | - | - |
| Proceeds from sale of assets | - | - | 211,581 | 88,920 | 300,501 |
| Transfers in | 181,854 | - | 5,483,081 | - | 5,664,935 |
| Transfers out | (5,851,078) | (181,854) | - | - | (6,032,932) |
| Total other financing sources (uses) | (5,669,224) | (181,854) | 5,694,662 | 88,920 | (67,496) |
| Net change in fund balances | 1,303,244 | 321,604 | (234,838) | 47,182 | 1,437,192 |
| Fund balances - beginning | 15,137,574 | 1,228,311 | 6,501,905 | 137,560 | 23,005,350 |
| Decrease in inventory | 137,512 | - | - | - | 137,512 |
| Fund balances - ending | \$ 16,578,330 | \$ 1,549,915 | \$ 6,267,067 | \$ 184,742 | \$ 24,580,054 |

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, 2024

Net Change in Fund Balances - Total Governmental funds \$ 1,437,192
 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 | 2,349,347 | |
| Depreciation/amortization expense | (4,036,390) | |
| Disposition of capital assets | <u>(34,178)</u> | (1,721,221) |

Net revenues in the Statement of Activities that do not provide
 current financial resources are not reported as revenues in the
 funds. 254,864

Pension liabilities do not require current financial resources and
 therefore are not recorded in governmental funds. 11,548,721

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 | 49,108 | |
| Repayment of long-term debt | <u>3,365,125</u> | 3,414,233 |

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 lease & SBITA obligations | 517,014 | |
| Decrease in OPEB liabilities | 87,786 | |
| Increase in compensated absences | <u>(419,129)</u> | 185,671 |

Changes in Net Position of Governmental Activities \$ 15,119,462

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION PROPRIETARY FUND June 30, 2024

| | Wildland Enterprise Fund |
|--|---|
| ASSETS | |
| CURRENT ASSETS | |
| Cash and cash equivalents | \$ 978,953 |
| Receivables | 758,088 |
| Current assets | <u>1,737,041</u> |
| NONCURRENT ASSETS | |
| Capital assets, net of depreciation | 286,961 |
| Net pension asset | 378,077 |
| TOTAL ASSETS | <u>\$ 2,402,079</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows of resources related to pensions | <u>\$ 104,544</u> |
| LIABILITIES | |
| CURRENT LIABILITIES | |
| Accounts payable | \$ 46,579 |
| Related party payable | - |
| Accrued liabilities | 261,025 |
| Due to other funds | 6,527 |
| NONCURRENT LIABILITIES | |
| Due within one year | 2,214 |
| Due in more than one year | - |
| Net pension liability | 13,559 |
| TOTAL LIABILITIES | <u>\$ 329,904</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows of resources related to pensions | <u>\$ 1,173</u> |
| NET POSITION | |
| Net investment in capital assets | 284,748 |
| Unrestricted | <u>1,890,798</u> |
| TOTAL NET POSITION | <u><u>\$ 2,175,546</u></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, 2024

| | Wildland Enterprise Fund |
|--|---|
| OPERATING REVENUES | |
| Wildland fees, net of discounts and allowances of \$64,253 | \$ 2,899,034 |
| Intergovernmental contract fees | 649,883 |
| Fuels mitigation grants | 134,348 |
| Sale of materials | 647 |
| | <u>3,683,912</u> |
| OPERATING EXPENSES | |
| Salaries and benefits | 3,022,706 |
| Operations | 462,160 |
| General and administrative | 7,527 |
| Depreciation and amortization | 139,997 |
| | <u>3,632,390</u> |
| TOTAL OPERATING EXPENSES | |
| | <u>3,632,390</u> |
| | |
| LOSS FROM OPERATIONS | <u>51,522</u> |
| NONOPERATING REVENUE (EXPENSE) | |
| Gain on disposal of capital assets | 36,350 |
| Interest income | 34,274 |
| | <u>70,624</u> |
| TOTAL NONOPERATING REVENUE/(EXPENSE) | |
| | <u>70,624</u> |
| | |
| Income before contributions and transfers | 122,146 |
| | |
| Transfers in | <u>367,997</u> |
| | |
| CHANGE IN NET POSITION | 490,143 |
| | |
| NET POSITION - BEGINNING | <u>1,685,403</u> |
| | |
| NET POSITION - ENDING | <u><u>\$ 2,175,546</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, 2024

| | <u>Wildland Enterprise Fund</u> |
|--|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from customers | \$ 3,242,322 |
| Payments to vendors | (473,799) |
| Payments for general and administrative expenses | (7,527) |
| Payments to employees | (2,457,759) |
| Employee benefits paid | (502,089) |
| | <hr/> |
| NET CASH USED BY OPERATING ACTIVITIES | (198,852) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfers from other fund | 367,997 |
| NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES | 374,524 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Loss on disposal of capital projects | 36,350 |
| Payments for acquisition and construction of capital assets | (22,500) |
| ET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES | <hr/> 11,461 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest received | 34,274 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | <hr/> 34,274 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | 221,407 |
| CASH AND CASH EQUIVALENTS - BEGINNING | <hr/> 757,546 |
| CASH AND CASH EQUIVALENTS - ENDING | <hr/> <u>\$ 978,953</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES: | |
| Operating income | \$ 51,522 |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Depreciation and amortization | 139,997 |
| (Increase) decrease in assets: | |
| Accounts receivable | (441,590) |
| Net pension asset and deferred outflows | (80,508) |
| Increase (decrease) in liabilities: | |
| Accounts payable | (11,639) |
| Accrued expenses | 137,173 |
| Net pension liability and deferred inflows | 6,193 |
| Net cash used by operating activities | <hr/> <u>\$ (198,852)</u> |

NONCASH ACTIVITY

Depreciation for the year ended June 30, 2024, was \$139,997.

NOTES TO BASIC FINANCIAL STATEMENTS**June 30, 2024****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, 2024, UFA members included Unified Fire Service Area (Eagle Mountain, Midvale, Millcreek, Taylorsville, Alta, Brighton, Copperton, Emigration Canyon, Kearns, Magna, White City, and unincorporated areas of Salt Lake County), Cottonwood Heights, Herriman, Holladay, and Riverton.

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.

NOTES TO BASIC FINANCIAL STATEMENTS**June 30, 2024****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, 2024

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 2024). 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.

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.

NOTES TO BASIC FINANCIAL STATEMENTS**June 30, 2024****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/judgments are recorded only when payment is due. Capital asset acquisitions are reported as expenditures and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Net Position/Fund Balances

The difference between assets and 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, 2024, UFA was required to maintain \$4,276,693 (5% of fiscal year 2024 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.

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at June 30, 2024:

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| Unrestricted cash - net of outstanding checks | \$ 3,484,531 | \$ - | \$ 3,484,531 |
| Public Treasurer's Investment Fund | 21,452,013 | 978,953 | 22,430,966 |
| Restricted cash and cash equivalents | 1,843,341 | - | 1,843,341 |
| Total cash and cash equivalents | <u>\$ 26,779,885</u> | <u>\$ 978,953</u> | <u>\$ 27,758,838</u> |

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the Utah Money Management Act that relate to the deposit and investment of public funds.

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

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the local government's deposits may not be recovered. UFA's deposits are insured up to \$250,000 per institution by the Federal Deposit Insurance Corporation. Deposits above \$250,000 are exposed to credit risk. As of June 30, 2024, UFA's deposits had a bank balance of \$3,589,367, of which \$250,000 is insured and \$3,339,367 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/>.

NOTES TO BASIC FINANCIAL STATEMENTS**June 30, 2024****NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)**

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The participant's balance is their investment deposited in the PTIF plus their share of income, gains, and losses net of administration fees which is allocated to each participant on the ratio of each participant's share to the total funds in the PTIF. The participant's monthly investment amount is based upon their average daily balance.

At June 30 and December 31 each year, the fair value of the investments is determined to enable participants (public entities having those year ends) to adjust their investments in the pool. As of June 30, 2024, UFA had \$22,430,966 invested in PTIF which had a fair value of \$22,464,691. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. The fair value of the PTIF investments is measured using Level 2 inputs as noted below.

Fair Value of Investments

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

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

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

Custodial Credit Risk for investments is the risk that, in the event of a failure of the counterparty, UFA will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. UFA's policy for limiting the credit risk of investments is to comply with the Money Management Act, as previously discussed. All of UFA's investments at June 30, 2024, 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.

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 3 - RECEIVABLES

Accounts receivable as of June 30, 2024, consist of the following:

| | General Fund | Special Revenue Fund | EM Capital Projects Fund | Total Governmental Activities | Wildland Enterprise Fund |
|--------------------------------------|---------------------|----------------------|--------------------------|-------------------------------|--------------------------|
| Accounts receivable | | | | | |
| Due from other governments | \$ 32,458 | \$ - | \$ - | \$ 32,458 | \$ 756,163 |
| Ambulance services | 7,265,519 | - | - | 7,265,519 | - |
| Accrued revenues | 9,743 | - | 45,360 | 55,103 | - |
| Related party receivable | 482,304 | - | - | 482,304 | - |
| Miscellaneous | 24,426 | - | - | 24,426 | - |
| Total accounts receivable | 7,814,450 | - | 45,360 | 7,859,810 | 756,163 |
| Grants receivable | 76,543 | 111,474 | - | 188,017 | 1,925 |
| Allowance for uncollectible accounts | (4,801,305) | - | - | (4,801,305) | - |
| Total Receivables | <u>\$ 3,089,688</u> | <u>\$ 111,474</u> | <u>\$ 45,360</u> | <u>\$ 3,246,522</u> | <u>\$ 758,088</u> |

NOTE 4 - CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2024, are as follows:

| | July 1, 2023 | Additions/ Transfers In | Disposals/ Transfers Out | June 30, 2024 |
|---|----------------------|-------------------------|--------------------------|----------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$ 11,969,518 | \$ 334,840 | \$ (4,833,712) | \$ 7,470,646 |
| Land | 2,686,877 | - | - | 2,686,877 |
| Total capital assets not being depreciated | <u>14,656,395</u> | <u>334,840</u> | <u>(4,833,712)</u> | <u>10,157,523</u> |
| Capital assets being depreciated/amortized: | | | | |
| Right to use property and equipment | 207,279 | 58,446 | (67,343) | 198,382 |
| Right to use software subscriptions | 1,121,265 | 845,963 | (146,011) | 1,821,217 |
| Building and improvements | 4,596,899 | 72,793 | - | 4,669,692 |
| Computer software and equipment | 4,465,842 | - | - | 4,465,842 |
| Furniture and equipment | 9,890,392 | 2,324,849 | (223,516) | 11,991,725 |
| Land improvements | 294,250 | - | - | 294,250 |
| Transportation equipment | 45,824,138 | 4,450,578 | (1,815,464) | 48,459,252 |
| Total assets being depreciated/amortized | <u>66,400,065</u> | <u>7,752,629</u> | <u>(2,252,334)</u> | <u>71,900,360</u> |
| Less accumulated depreciation/amortization for: | | | | |
| Right to use property and equipment | (106,582) | (47,248) | 67,343 | (86,487) |
| Right to use software subscriptions | (362,092) | (362,813) | 146,011 | (578,894) |
| Building and improvements | (1,276,007) | (154,988) | - | (1,430,995) |
| Computer software and equipment | (3,339,556) | (336,039) | - | (3,675,595) |
| Furniture and equipment | (7,001,343) | (891,549) | 223,516 | (7,669,376) |
| Land improvements | (221,617) | (14,669) | - | (236,286) |
| Transportation equipment | (38,872,922) | (2,229,084) | 1,781,286 | (39,320,720) |
| Total accumulated depreciation | <u>(51,180,119)</u> | <u>(4,036,390)</u> | <u>2,218,156</u> | <u>(52,998,353)</u> |
| Total capital assets being depreciated, net | <u>15,219,946</u> | <u>3,716,239</u> | <u>(34,178)</u> | <u>18,902,007</u> |
| Total capital assets, net | <u>\$ 29,876,341</u> | <u>\$ 4,051,079</u> | <u>\$ (4,867,890)</u> | <u>\$ 29,059,530</u> |

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 4 - CAPITAL ASSETS (CONTINUED)

| | July 1, 2023 | Additions/ Transfers In | Disposals/ Transfers Out | June 30, 2024 |
|---|-----------------|----------------------------|-----------------------------|------------------|
| Business-Type activities: | | | | |
| Capital assets being depreciated/amortized: | | | | |
| Right to use equipment | 9,295 | - | - | 9,295 |
| Building and improvements | 3,152 | - | - | 3,152 |
| Furniture and equipment | 17,000 | - | (17,000) | - |
| Transportation equipment | 2,004,581 | 82,933 | (57,704) | 2,029,810 |
| Total assets being depreciated/amortized | 2,034,028 | 82,933 | (74,704) | 2,042,257 |
| Less accumulated depreciation/amortization for: | | | | |
| Right to use equipment | (4,746) | (2,373) | - | (7,119) |
| Building and improvements | (1,706) | (315) | - | (2,021) |
| Furniture and equipment | (17,000) | - | 17,000 | - |
| Transportation equipment | (1,606,118) | (197,742) | 57,704 | (1,746,156) |
| Total accumulated depreciation/amortization | (1,629,570) | (200,430) | 74,704 | (1,755,296) |
| Total capital assets, net | \$ 404,458 | \$ (117,497) | \$ - | \$ 286,961 |

Depreciation and amortization charged for the year ended June 30, 2024:

| | Governmental Activities | Business-Type Activities |
|--------------------------|----------------------------|-----------------------------|
| Fire protection services | \$ 3,795,406 | \$ - |
| Emergency services | 240,984 | - |
| Wildland services | - | 200,430 |
| | <u>\$ 4,036,390</u> | <u>\$ 200,430</u> |

NOTE 5 - LEASES

UFA is lessee under multiple lease agreements involving property and equipment. Rent payments during the fiscal year ended June 30, 2024, totaled \$49,321. The following is a summary of transactions affecting lease obligations for the fiscal year ended June 30, 2024:

| | Beginning | Increases | (Decreases) | Ending |
|-------------------------|-------------------|------------------|--------------------|-------------------|
| Governmental | \$ 101,703 | \$ 58,446 | \$ (47,460) | \$ 112,689 |
| Business-Type | 4,603 | - | (2,389) | 2,214 |
| Total Lease Obligations | <u>\$ 106,306</u> | <u>\$ 58,446</u> | <u>\$ (49,849)</u> | <u>\$ 114,903</u> |

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 5 - LEASES (CONTINUED)

Payments remaining as of June 30, 2024, are:

| | <u>Governmental</u> | <u>Business-Type</u> |
|--|---------------------|----------------------|
| Lease to use postage equipment with payments through March 2025 | \$ 1,360 | \$ - |
| Lease to use copy equipment with payments through May 2025 | 20,987 | 2,214 |
| Lease to use copy equipment with payments through June 2024 | 58,446 | - |
| Lease to use property for placement of communications tower equipment with payments through May 2031 | 31,896 | - |
| | <u>\$ 112,689</u> | <u>\$ 2,214</u> |

As of June 30, 2024, assets recorded under the outstanding leases include equipment and property having value of \$207,677, with \$93,606 of accumulated amortization. Amortization, included with depreciation on the financial statements, was \$49,621 for the year ended June 30, 2024.

The following is a schedule by years of future minimum payments required under the leases together with their present value as of June 30, 2024:

| | <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> |
| 2025 | \$ 37,530 | \$ 5,112 | \$ 42,642 | \$ 2,214 | \$ 14 | \$ 2,228 |
| 2026 | 15,701 | 2,088 | 17,789 | - | - | - |
| 2027 | 16,240 | 1,549 | 17,789 | - | - | - |
| 2028 | 16,801 | 988 | 17,789 | - | - | - |
| 2029 | 17,390 | 399 | 17,789 | - | - | - |
| 2030-2031 | 9,027 | 473 | 9,500 | - | - | - |
| Total minimum lease payments | <u>\$ 112,689</u> | <u>\$ 10,609</u> | <u>123,298</u> | <u>\$ 2,214</u> | <u>\$ 14</u> | <u>2,228</u> |
| Less amount representing interest | | | <u>(10,609)</u> | | | <u>(14)</u> |
| Present value of minimum lease payments (including \$39,744 classified as current) | | | <u>\$ 112,689</u> | | | <u>\$ 2,214</u> |

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 6 - SOFTWARE-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

UFA has entered into multiple software-based information technology agreements (SBITAs). Subscription payments during the fiscal year ended June 30, 2024, totaled \$377,238. The following is a summary of transactions affecting SBITA obligations for the fiscal year ended June 30, 2024:

| | <u>Beginning</u> | <u>Increases</u> | <u>(Decreases)</u> | <u>Ending</u> |
|-------------------------|-------------------|-------------------|---------------------|---------------------|
| Governmental | \$ 657,527 | \$ 717,477 | \$ (341,068) | \$ 1,033,936 |
| Business-Type | - | - | - | - |
| Total SBITA Obligations | <u>\$ 657,527</u> | <u>\$ 717,477</u> | <u>\$ (341,068)</u> | <u>\$ 1,033,936</u> |

Payments remaining at June 30, 2024, are:

| | <u>Governmental</u> |
|--|---------------------|
| Software subscription for incident reporting with payments through December 2026 | \$ 309,411 |
| Software subscription for telephones with payments through March 2027 | 140,441 |
| Software subscription for payroll/HR with payments through September 2028 | 584,084 |
| | <u>\$ 1,033,936</u> |

As of June 30, 2024, assets recorded under the outstanding SBITAs have value of \$1,821,217 with \$578,894 of accumulated amortization. Amortization, included with depreciation on the financial statements, was \$221,334 for the year ended June 30, 2024.

The following is a schedule by years of future minimum payments required under the SBITAs together with their present value as of June 30, 2024:

| | <u>Governmental</u> | | |
|--|---------------------|-----------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ 285,673 | \$ 392 | \$ 286,065 |
| 2026 | 293,239 | 215 | 293,454 |
| 2027 | 301,057 | 176 | 301,233 |
| 2028 | 153,967 | 800 | 154,767 |
| Total minimum | | | |
| subscription payments | <u>\$ 1,033,936</u> | <u>\$ 1,583</u> | 1,035,519 |
| Less amount representing interest | | | (1,583) |
| Present value of minimum subscription payments | | | |
| (including \$285,673 classified as current) | | | <u>\$ 1,033,936</u> |

NOTE 7 - COMPENSATED ABSENCES

The changes in compensated absences for the year ended June 30, 2024, are as follows:

| | <u>Beginning</u> | <u>Increases</u> | <u>(Decreases)</u> | <u>Ending</u> |
|---|---------------------|---------------------|-----------------------|---------------------|
| Vacation | \$ 5,266,536 | \$ 3,946,902 | \$ (3,618,157) | \$ 5,595,281 |
| Sick leave | 622,371 | 2,202,041 | (2,111,657) | 712,755 |
| Total compensated absences | | | | |
| (including \$2,236,904 classified as current) | <u>\$ 5,888,907</u> | <u>\$ 6,148,943</u> | <u>\$ (5,729,814)</u> | <u>\$ 6,308,036</u> |

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - FINANCED PURCHASES

The following is a summary of transactions affecting capital lease obligations for the fiscal year ended June 30, 2024:

| | Beginning | Increases | (Decreases) | Ending |
|---------------------------------|----------------------|-------------|-----------------------|----------------------|
| Governmental | \$ 16,884,755 | \$ - | \$ (3,230,961) | \$ 13,653,794 |
| Business-Type | - | - | - | - |
| Total Capital Lease Obligations | <u>\$ 16,884,755</u> | <u>\$ -</u> | <u>\$ (3,230,961)</u> | <u>\$ 13,653,794</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, 2024 is:

| | |
|---|----------------------|
| 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 | \$ 778,112 |
| Capital lease collateralized by a station equipment, medical equipment, stretchers, light fleet and apparatus, communications equipment, and a building improvement, bearing interest at 0.85% with annual principal and interest payments of \$1,583,544 through October 2027 | 6,201,873 |
| Capital lease collateralized by a station equipment, medical equipment, stretchers, light fleet and apparatus, communications equipment, and a building improvement, bearing interest at 0.85% with annual principal and interest payments of \$286,041 through October 2027 | 1,046,894 |
| Capital lease collateralized by communications equipment bearing interest at 0.85% with annual principal and interest payments of \$925,443 through October 2030 | 5,626,913 |
| | <u>\$ 13,653,792</u> |

As of June 30, 2024, assets recorded under the outstanding leases include transportation equipment, machinery & equipment, and improvements (including construction in progress) having original cost of \$33,376,251, with \$15,129,185 of accumulated amortization. Amortization, included with depreciation on the financial statements, was \$2,507,158 for the year ended June 30, 2024. Interest on capital leases charged to expense for the year ended June 30, 2024, was \$339,091. The following is a schedule by years of future minimum payments required under the leases together with their present value as of June 30, 2024:

| | Principal | Interest | Total |
|--|----------------------|---------------------|----------------------|
| 2025 | \$ 3,276,782 | \$ 330,740 | \$ 3,607,522 |
| 2026 | 2,547,012 | 248,015 | 2,795,027 |
| 2027 | 2,596,756 | 198,272 | 2,795,028 |
| 2028 | 2,647,947 | 147,080 | 2,795,027 |
| 2029 | 831,054 | 94,389 | 925,443 |
| 2030 | 861,396 | 64,047 | 925,443 |
| 2031 | 892,845 | 32,598 | 925,443 |
| Total minimum lease payments | <u>\$ 13,653,792</u> | <u>\$ 1,115,141</u> | 14,768,933 |
| Less amount representing interest | | | (1,115,141) |
| Present value of minimum lease payments (including \$3,276,782 classified as current) | | | <u>\$ 13,653,792</u> |

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - 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/general/publications.

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, 2024

NOTE 9 - 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, 2024, are as follows:

| | Employee Paid | Paid by Employer for Employee | Employer Contribution Rates | Employer Rate for 401(k) Plan |
|---|------------------|-------------------------------------|-----------------------------------|----------------------------------|
| Noncontributory System | | | | |
| Local Governmental Division Tier 1 | N/A | N/A | 17.97% | N/A |
| Local Governmental Division Tier 2 | N/A | N/A | 16.01% | 0.18% |
| Public Safety Retirement System | | | | |
| Tier 2 DB Hybrid Public Safety | N/A | 2.59% | 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% | 6.34% | N/A |
| Tier 2 DB Hybrid Firefighters | N/A | 2.59% | 14.08% | N/A |
| Tier 2 DC Only | | | | |
| Local Government | N/A | N/A | 6.19% | 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, 2024, the employer and employee contributions to the Systems were as follows:

| | Employer Contributions | Employee Contributions |
|--|---------------------------|---------------------------|
| Noncontributory System | \$ 511,022 | N/A |
| Public Safety System | 33,608 | - |
| Firefighters System | 5,749,368 | - |
| Tier 2 Public Employees System | 210,771 | - |
| Tier 2 Public Safety & Firefighter System | 1,599,844 | - |
| Tier 2 DC Only System | 30,860 | N/A |
| Tier 2 DC Public Safety and Firefighter System | 1,835 | N/A |
| | <u>\$ 8,137,308</u> | <u>\$ -</u> |

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - PENSION PLAN (CONTINUED)

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

At June 30, 2024, we reported a net pension asset of \$51,821,248 and a net pension liability of \$1,858,496.

| | 12/31/2023 Measurement Date | | | Proportionate Share | |
|---|-----------------------------|----------------------|---------------------|---------------------|-------------|
| | Net Pension Liability | Net Pension Asset | Proportionate Share | 12/31/2021 | Change |
| Noncontributory System | \$ 673,764 | \$ - | 0.2904700% | 0.2851438% | 0.0053262% |
| Public Safety System | 88,378 | - | 0.0617957% | 0.0512641% | 0.0105316% |
| Firefighters System | - | 51,821,248 | 30.5098448% | 30.9275887% | -0.4177439% |
| Tier 2 Public Employees System | 95,101 | - | 0.0488603% | 0.0440139% | 0.0048464% |
| Tier 2 Public Safety & Firefighter System | 1,001,253 | - | 2.6580150% | 2.5241441% | 0.1338709% |
| Total Net Pension Asset/Liability | <u>\$ 1,858,496</u> | <u>\$ 51,821,248</u> | | | |

The net pension asset and liability was measured as of December 31, 2023. The total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2023, 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, 2024, we recognized pension expense of \$(7,676,565).

At June 30, 2024, 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 | \$ 4,380,109 | \$ 69,907 |
| Changes in assumptions | 2,193,576 | 20,620 |
| Net difference between projected and actual earnings on pension plan investments | 4,796,392 | - |
| Change in proportion and differences between contributions and proportionate share of contributions | 982,302 | 70,366 |
| Contributions subsequent to the measurement date | 1,976,968 | - |
| | <u>\$ 14,329,347</u> | <u>\$ 160,893</u> |

Deferred outflows of resources related to pensions (\$1,976,968) results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023.

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:

| | Net Deferred |
|--------------|-----------------------|
| Year Ended | Outflows/(Inflows) of |
| December 31, | Resources |
| 2024 | \$ 788,066 |
| 2025 | 2,795,052 |
| 2026 | 9,655,451 |
| 2027 | (1,967,257) |
| 2028 | 104,914 |
| Thereafter | 815,262 |

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2024, we recognized pension expense of \$457,641. At June 30, 2024, 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 | \$ 471,777 | \$ - |
| Changes in assumptions | 202,182 | - |
| Net difference between projected and actual earnings on pension plan investments | 219,102 | - |
| Change in proportion and differences between contributions and proportionate share of contributions | - | 9,368 |
| Contributions subsequent to the measurement date | 252,260 | - |
| | <u>\$ 1,145,321</u> | <u>\$ 9,368</u> |

Deferred outflows of resources related to pensions (\$252,260) results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31, | Net Deferred Outflows/(Inflows) of Resources |
|------------------------------------|---|
| 2024 | \$ 286,527 |
| 2025 | 277,264 |
| 2026 | 411,927 |
| 2027 | (92,024) |
| 2028 | - |
| Thereafter | - |

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

For the year ended June 30, 2024, we recognized pension expense of (\$26,409). At June 30, 2024, 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 | \$ 15,400 | \$ - |
| Changes in assumptions | 7,766 | - |
| Net difference between projected and actual earnings on pension plan investments | 12,650 | - |
| Change in proportion and differences between contributions and proportionate share of contributions | 4,756 | - |
| Contributions subsequent to the measurement date | 16,080 | - |
| | <u>\$ 56,652</u> | <u>\$ -</u> |

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - PENSION PLAN (CONTINUED)

Deferred outflows of resources related to pensions (\$16,080) results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023. 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:

| | Net Deferred | |
|---------------------|------------------------------|---------|
| Year Ended | Outflows/(Inflows) of | |
| December 31, | Resources | |
| 2024 | \$ | 19,150 |
| 2025 | | 2,218 |
| 2026 | | 24,708 |
| 2027 | | (5,503) |
| 2028 | | - |
| Thereafter | | - |

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

For the year ended June 30, 2024, we recognized pension expense of \$(9,563,759). At June 30, 2024, 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 | \$ 3,327,062 | \$ - |
| Changes in assumptions | 1,199,673 | - |
| Net difference between projected and actual earnings on pension plan investments | 4,449,126 | - |
| Change in proportion and differences between contributions and proportionate share of contributions | 865,625 | 30,965 |
| Contributions subsequent to the measurement date | 760,518 | - |
| | <u>\$ 10,602,004</u> | <u>\$ 30,965</u> |

Deferred outflows of resources related to pensions (\$760,518) results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023. 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:

| | Net Deferred | |
|---------------------|------------------------------|-------------|
| Year Ended | Outflows/(Inflows) of | |
| December 31, | Resources | |
| 2024 | \$ | 376,276 |
| 2025 | | 2,378,873 |
| 2026 | | 8,997,918 |
| 2027 | | (1,942,547) |
| 2028 | | - |
| Thereafter | | - |

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2024, we recognized pension expense of \$124,372. At June 30, 2024, 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 | \$ 30,460 | \$ 1,557 |
| Changes in assumptions | 54,435 | 75 |
| Net difference between projected and actual earnings on pension plan investments | 10,739 | - |
| Change in proportion and differences between contributions and proportionate share of contributions | 16,147 | 5,834 |
| Contributions subsequent to the measurement date | 115,637 | - |
| | <u>\$ 227,418</u> | <u>\$ 7,466</u> |

Deferred outflows of resources related to pensions (\$115,637) results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023. 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 |
|----------------------------|--|
| 2024 | \$ 9,136 |
| 2025 | 12,924 |
| 2026 | 22,054 |
| 2027 | 7,242 |
| 2028 | 9,816 |
| Thereafter | 43,142 |

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

For the year ended June 30, 2024, we recognized pension expense of \$1,278,771. At June 30, 2024, 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 | \$ 535,409 | \$ 68,349 |
| Changes in assumptions | 729,519 | 20,544 |
| Net difference between projected and actual earnings on pension plan investments | 104,775 | - |
| Change in proportion and differences between contributions and proportionate share of contributions | 95,774 | 24,199 |
| Contributions subsequent to the measurement date | 832,473 | - |
| | <u>\$ 2,297,950</u> | <u>\$ 113,092</u> |

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - PENSION PLAN (CONTINUED)

Deferred outflows of resources related to pensions (\$832,473) results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023. 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 |
|----------------------------|--|
| 2024 | \$ 96,977 |
| 2025 | 123,773 |
| 2026 | 198,843 |
| 2027 | 65,574 |
| 2028 | 95,098 |
| Thereafter | 772,120 |

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.5% |
| Salary | 3.25 – 9.25%, average, including inflation |
| Investment rate of return | 6.85%, net of pension plan investment expense, including inflation |

Mortality rates were developed from actual experience dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based on gender, occupation and age, as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale 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, 2023, valuation were based on an experience study of for the period ending December 31, 2022.

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 | 35.00% | 6.87% | 2.40% |
| Debt securities | 20.00% | 1.54% | 0.31% |
| Real assets | 18.00% | 5.43% | 0.98% |
| Private equity | 12.00% | 9.80% | 1.18% |
| Absolute return | 15.00% | 3.86% | 0.58% |
| Cash and cash equivalents | 0% | 0.24% | 0.00% |
| Totals | 100.00% | | 5.45% |
| Inflation | | | 2.50% |
| Expected arithmetic nominal return | | | 7.95% |

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - PENSION PLAN (CONTINUED)

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.5%, a real return of 4.35% that is net of investment expense.

Discount rate

The discount rate used to measure the total pension liability was 6.85%. 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.

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85%, 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 (5.85 %) or one percentage point higher (7.85%) than the current rate:

| | 1% Decrease (5.85%) | Discount Rate (6.85%) | 1% Increase (7.85%) |
|---------------------------------------|------------------------|--------------------------|------------------------|
| Noncontributory System | \$ 3,496,799 | \$ 673,764 | \$ (1,690,336) |
| Public Safety System | 277,306 | 88,378 | (65,587) |
| Firefighters System | 356,773 | (51,821,248) | (94,746,635) |
| Tier 2 Public Employees System | 326,753 | 95,101 | (84,545) |
| Tier 2 Public Safety and Firefighters | 3,226,069 | 1,001,253 | (778,639) |
| Total | \$ 7,683,700 | \$ (49,962,752) | \$ (97,365,742) |

Pension Plan Fiduciary Net Position

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

NOTE 10 - 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:

| | 2024 | 2023 | 2022 |
|--|------------|------------|------------|
| Employer contributions - 401(k) | \$ 816,010 | \$ 692,163 | \$ 656,760 |
| Employee contributions - 401(k) | 566,023 | 543,018 | 579,322 |
| Employer contributions - 457 | - | - | - |
| Employee contributions - 457 | 2,893,024 | 2,824,910 | 2,599,463 |
| Employer contributions - Roth IRA | N/A | N/A | N/A |
| Employee contributions - Roth IRA | 568,040 | 551,972 | 564,112 |
| Employer contributions - Traditional IRA | N/A | N/A | N/A |
| Employee contributions - Traditional IRA | 7,739 | 5,015 | 5,368 |

UNIFIED FIRE AUTHORITY

BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 11 - 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, 2024, UFA pays 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, 2024, UFA paid retiree health care and dental premiums of \$79,560.

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, 2024, the following employees were covered by the benefit terms:

| | |
|---|----|
| Inactive employees or beneficiaries currently receiving benefits | 36 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active employees | - |
| Total Plan Members | 36 |

Total OPEB Liability

UFA's total OPEB liability of \$1,307,244 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2024, 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 | 3.97% |
| 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, 2024, valuation were based on assumptions developed for the Utah Retirement System (URS) in which UFA participates.

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

| | |
|---|---------------------|
| Balance at 6/30/2023 | \$ 1,395,030 |
| Changes for the year: | |
| Interest | 51,420 |
| Difference between expected and actual experience | - |
| Changes in assumptions or other inputs | (13,387) |
| Benefit payments | (125,819) |
| Net changes | <u>(87,786)</u> |
| Balance at 6/30/2024 | <u>\$ 1,307,244</u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.86% as of June 30, 2023, to 3.97% as of June 30, 2024, 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 3.97%, as well as what UFA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-lower (2.97%) or 1-percentage-point higher (4.97%) than the current discount rate:

| | 1% Decrease 2.97% | Discount Rate 3.97% | 1% Increase 4.96% |
|----------------------|----------------------|------------------------|----------------------|
| Total OPEB liability | \$ 1,437,690 | \$ 1,307,244 | \$ 1,195,189 |

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 | \$ 1,183,976 | \$ 1,307,244 | \$ 1,448,591 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2024, UFA recognized OPEB expense of \$(87,786).

At June 30, 2024, 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 | - | - |
| | <u>\$ -</u> | <u>\$ -</u> |

Because the measurement date of the total OPEB liability is equal to the last day of the employer's fiscal year, there is no deferred outflow related to contributions made subsequent to the measurement date.

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 12 - RELATED PARTY TRANSACTIONS

Unified Fire Service Area (UFSA)

Unified Fire Authority received operating fees from its members in the amount of \$67,222,967 during the fiscal year ending June 30, 2024, which represents approximately 75.3% of total UFA governmental revenues. Of these fees, \$48,553,278 was received from the UFSA, which represents approximately 72.2% of total member fees for the fiscal year. UFSA also paid UFA \$475,008 and \$6,443 for financial management/administrative services and reimbursements, respectively, during the fiscal year ended June 30, 2024. As of June 30, 2024, UFA's accounts receivable included \$1,707 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 \$134,164 principal and \$53,897 interest to UFSA during the fiscal year ended June 30, 2024. The following is a schedule by years of future minimum payments required under the agreement as of June 30, 2024:

| | |
|-----------|---------------------|
| 2025 | \$ 139,630 |
| 2026 | 145,319 |
| 2027 | 151,239 |
| 2027 | 157,401 |
| 2029 | 163,814 |
| 2030-2032 | 516,911 |
| | <u>\$ 1,274,314</u> |

Salt Lake County (SLCo)

UFA received operating fees restricted for emergency management from SLCo totaling \$2,479,560, as well as \$3,175,714 to provide fire protection to the Canyon Recreational areas for the year ended June 30, 2024. In an effort to reduce its fund balance in UFA's Emergency Services Special Revenue Fund, UFA paid \$150,000 to SLCo during the fiscal year ended June 30, 2024.

Unified Fire Authority operates under a cooperative agreement with SLCo for telephone services and maintenance of buildings. UFA paid SLCo for building maintenance and improvements totaling \$14,271 in fiscal year 2024, as well as professional services totaling \$3,184. UFA's accounts payable at June 30, 2024, included \$330 due to SLCo.

The interlocal agreement organizing Unified Fire Authority provides for a sublease of the Emergency Coordination Center from SLCo effective July 1, 2004. Payments calculated under that lease continued through October 2023. Payments for the year ended June 30, 2024, under the lease totaled \$182,928. Effective November 2023, UFA and SLCo negotiated a new lease agreement for use of the facility, cancellable by both parties with notice. The following is a schedule by years of future minimum payments required under the agreement as of June 30, 2024:

| | |
|-----------|---------------------|
| 2025 | \$ 182,928 |
| 2026 | 182,928 |
| 2027 | 182,928 |
| 2028 | 182,928 |
| 2029 | 182,928 |
| 2030-2033 | 640,248 |
| | <u>\$ 1,554,888</u> |

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 12 - RELATED PARTY TRANSACTIONS (CONTINUED)

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. Participating agencies include Salt Lake City, Park City, Draper City, West Valley City, West Jordan City, and South Jordan City. USAR's Board of Directors consists of four officers from UFA. USAR's staffing and daily management is primarily provided by UFA employees. During the fiscal year ended June 30, 2024, USAR reimbursed \$742,636 to UFA for salaries and benefits related to daily operations of the task force. Additionally, USAR reimbursed for training and deployment personnel costs of \$162,885.

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 at UFA's logistics warehouse (storage and office space, office equipment, and utilities). USAR leases approximately 19,000 square feet of space in UFA's facility. USAR paid \$94,896 during the fiscal year ended June 30, 2024. The existing agreement terminated August 2023 but has been renewed for one year (cancellable by either party with notice).

During the fiscal year ended June 30, 2024, USAR reimbursed UFA for reimbursements including utilities, improvements, maintenance, equipment costs and miscellaneous purchases (\$59,148). UFA also billed USAR for reimbursement of a vehicle purchased on its behalf totaling \$189,706. Total rent and reimbursements included in related party accounts receivable due from USAR to UFA were \$424,130 at June 30, 2024.

Unified Fire Authority Health & Welfare Trust (VEBA)

UFA established a defined contribution health and welfare VEBA trust for eligible employees in November 2012 to provide for reimbursement of post-retirement and post-termination out-of-pocket medical expenses, including health insurance premiums. UFA funds the plan primarily through employer contributions, including sick leave buyouts, as well as some elective deferrals made by employees at the time of termination/retirement. Beginning in January 2022, UFA's Board approved contributing 2% of salary to the VEBA plan each pay period for all full-time employees.

Total contributions remitted to the VEBA during the fiscal year ended June 30, 2024, were \$978,765 (\$18,959 elective employee deferrals, \$138,968 sick leave buyouts, \$820,838 employer contributions). UFA also contributed \$5,200 to cover the cost of VEBA audit and tax preparation services.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Purchase orders (encumbrances) as of June 30, 2024, for items ordered but not received during the fiscal year are as follows:

| Year-end Encumbrances | Governmental Activities | Business-Type Activities |
|----------------------------|----------------------------|-----------------------------|
| General Fund | \$ 373,780 | \$ - |
| Wildland Enterprise Fund | - | 290,492 |
| Special Revenue Fund | 241,886 | - |
| Fire Capital Projects Fund | 2,313,118 | - |
| | <u>\$ 2,928,784</u> | <u>\$ 290,492</u> |

UNIFIED FIRE AUTHORITY BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 14 - 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, 2024:

| | Transfers Out | | |
|----------------------------|---------------------|----------------------|---------------------|
| | General Fund | Special Revenue Fund | Total |
| Transfers In | | | |
| General Fund | \$ - | \$ 181,854 | \$ 181,854 |
| Fire Capital Projects Fund | 5,483,081 | - | 5,483,081 |
| Proprietary Fund | 367,997 | - | 367,997 |
| Total | \$ 5,851,078 | \$ 181,854 | \$ 6,032,932 |

Transfers from the General Fund to the Fire Capital Projects Fund include contributions to offset debt service payments (\$3,979,385) as well as funding to smooth debt service cost impact to the fund and purchase equipment that cannot be a part of long-term debt financing arrangements (\$1,503,696). Transfers from the General Fund to the Proprietary Fund include contribution to offset some costs for Wildland Division staff (\$100,000) as well as the fuels crew as part of UFA's participation commitment to the State of Utah Catastrophic Wildland Fire Reduction Policy (\$267,997). The transfer from the Special Revenue Fund to the General fund are for General Fund staff that provide administrative and support services to Emergency Management.

At June 30, 2024, the General Fund reported an interfund receivable from the Emergency Management Special Revenue Fund totaling \$75,523 for payroll-related costs and the transfer of noncapital computer equipment originally purchased by General Fund. An interfund receivable of \$6,527 from Wildland Proprietary funds was also reported for payroll-related costs originally paid by General Fund on its behalf. Funds were transferred in September and October 2024 to reimburse the General Fund.

UNIFIED FIRE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
June 30, 2024**

| | MAJOR FUNDS | | Actual | Variance with |
|--|----------------------|----------------------|----------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Member fees | \$ 67,222,967 | \$ 67,222,967 | \$ 67,222,967 | \$ - |
| Ambulance operations | 11,000,000 | 11,093,000 | 11,733,900 | 640,900 |
| Fees - Other | 3,561,013 | 3,548,661 | 3,535,639 | (13,022) |
| Grants and contributions | 280,000 | 503,978 | 357,378 | (146,600) |
| Reimbursements | 852,873 | 1,005,316 | 764,960 | (240,356) |
| Rent income | 94,896 | 94,896 | 99,296 | 4,400 |
| Investment income | 400,000 | 400,000 | 923,121 | 523,121 |
| Other income | 85,750 | 86,617 | 71,694 | (14,923) |
| TOTAL REVENUES | 84,394,069 | 84,815,411 | 85,533,869 | 718,458 |
| EXPENDITURES | | | | |
| Current | | | | |
| Salaries and benefits | 70,917,345 | 71,150,688 | 67,597,117 | 3,553,571 |
| Operations | 9,882,490 | 10,119,851 | 9,363,188 | 756,663 |
| General and administrative | 1,683,453 | 1,750,820 | 1,415,318 | 335,502 |
| Capital outlay | 80,000 | 101,705 | 120,263 | (18,558) |
| Debt service | 188,061 | 188,061 | 188,061 | - |
| TOTAL EXPENDITURES | 82,751,349 | 83,311,125 | 78,683,947 | 4,627,178 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 1,642,720 | 1,504,286 | 6,849,922 | 5,345,636 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 181,854 | 181,854 | 181,854 | - |
| Transfers out | (5,851,078) | (5,851,078) | (5,851,078) | - |
| Total other financing sources (uses) | (5,669,224) | (5,669,224) | (5,669,224) | - |
| Net change in fund balances | (4,026,504) | (4,164,938) | 1,180,698 | 5,345,636 |
| Fund balances - beginning | 15,137,574 | 15,137,574 | 15,137,574 | - |
| Increase in inventory | - | - | 137,512 | 137,512 |
| Fund balances - ending | \$ 11,111,070 | \$ 10,972,636 | \$ 16,455,784 | \$ 5,483,148 |

UNIFIED FIRE AUTHORITY**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
June 30, 2024**

| | MAJOR FUNDS | | Actual | Variance |
|--|---------------------|---------------------|---------------------|------------------------------|
| | Original | Final | Amounts | with Final Budget |
| REVENUES | | | | |
| Fees - Emergency services | \$ 2,568,610 | \$ 2,479,560 | \$ 2,479,560 | \$ - |
| Grants and contributions | 406,897 | 605,140 | 342,575 | (262,565) |
| Reimbursements | - | - | - | - |
| Investment income | 40,000 | 40,000 | 108,450 | 68,450 |
| Other income | 3,000 | 3,000 | 2,909 | (91) |
| TOTAL REVENUES | <u>3,027,829</u> | <u>3,215,560</u> | <u>3,012,032</u> | <u>(203,528)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Salaries and benefits | 1,763,034 | 1,725,704 | 1,378,759 | 346,945 |
| Operations | 941,218 | 1,386,799 | 1,088,438 | 298,361 |
| General and administrative | 15,500 | 15,500 | 9,286 | 6,214 |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | <u>2,719,752</u> | <u>3,128,003</u> | <u>2,476,483</u> | <u>651,520</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 308,077 | 87,557 | 535,549 | 447,992 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (228,854) | (181,854) | (181,854) | - |
| Total other financing sources (uses) | <u>(228,854)</u> | <u>(181,854)</u> | <u>(181,854)</u> | <u>-</u> |
| Net change in fund balances | 79,223 | (94,297) | 353,695 | 447,992 |
| Fund balances - beginning | 1,228,311 | 1,228,311 | 1,228,311 | - |
| Fund balances - ending | <u>\$ 1,307,534</u> | <u>\$ 1,134,014</u> | <u>\$ 1,582,006</u> | <u>\$ 447,992</u> |

UNIFIED FIRE AUTHORITY REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN UFA'S TOTAL OPEB LIABILITY AND RELATED RATIOS
June 30, 2024

| Total OPEB liability | 2024 |
|--|----------------------------|
| Beginning balance | \$ 1,395,030 |
| Service cost | - |
| Interest | 51,420 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | - |
| Change of assumptions or other inputs | (13,387) |
| Benefit payments | (125,819) |
| Net change in total OPEB liability | <u>\$ (87,786)</u> |
| Ending balance | <u><u>\$ 1,307,244</u></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:

| | |
|------|-------|
| 2024 | 3.97% |
| 2023 | 3.86% |
| 2022 | 3.69% |
| 2021 | 1.92% |
| 2020 | 2.45% |
| 2019 | 3.13% |
| 2018 | 3.62% |
| 2017 | 3.56% |

UNIFIED FIRE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
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, 2023 | | | | | |
| Proportion of the net pension liability (asset) | 0.0029047 % | 0.0617957 % | 30.5098448 % | 0.0488603 % | 2.6580150 % |
| Proportionate share of the net pension liability (asset) | \$ 673,764 | \$ 88,378 | \$ (51,821,248) | \$ 95,101 | \$ 1,001,253 |
| Covered employee payroll | \$ 2,878,594 | \$ 92,433 | \$ 26,089,243 | \$ 1,263,206 | \$ 10,071,337 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 23.41 % | 95.61 % | -198.63 % | 7.53 % | 9.94 % |
| Plan fiduciary net position as a percentage of the total pension liability | 96.90 % | 93.44 % | 113.31 % | 89.58 % | 89.10 % |
| December 31, 2022 | | | | | |
| Proportion of the net pension liability (asset) | 0.2851438 % | 0.0512641 % | 30.9275887 % | 0.0440139 % | 2.5241441 % |
| Proportionate share of the net pension liability (asset) | \$ 488,380 | \$ 66,288 | \$ (38,928,359) | \$ 47,926 | \$ 210,575 |
| Covered employee payroll | \$ 2,731,657 | \$ 88,334 | \$ 26,182,616 | \$ 958,327 | \$ 7,766,245 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 17.9 % | 75.0 % | -148.7 % | 5.0 % | 2.7 % |
| Plan fiduciary net position as a percentage of the total pension liability | 97.5 % | 93.6 % | 110.3 % | 92.3 % | 96.4 % |
| December 31, 2021 | | | | | |
| Proportion of the net pension liability (asset) | 0.3113191 % | 0.0510875 % | 31.1924324 % | 0.0495779 % | 2.7085730 % |
| Proportionate share of the net pension liability (asset) | \$ (1,782,958) | \$ (41,490) | \$ (84,373,167) | \$ (20,983) | \$ (136,898) |
| Covered employee payroll | \$ 2,772,262 | \$ 81,384 | \$ 26,259,318 | \$ 921,030 | \$ 6,477,217 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | -64.3 % | -51.0 % | -321.3 % | -2.3 % | -2.1 % |
| Plan fiduciary net position as a percentage of the total pension liability | 108.7 % | 104.2 % | 122.9 % | 103.8 % | 102.8 % |
| 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 | 5.9 % | 52.6 % | -158.6 % | 0.9 % | 4.5 % |
| Plan fiduciary net position as a percentage of the total pension liability | 99.2 % | 95.5 % | 112.0 % | 98.3 % | 93.1 % |

UNIFIED FIRE AUTHORITY**REQUIRED SUPPLEMENTARY INFORMATION****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, 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 | 44.2 % | 104.6 % | -74.0 % | 1.6 % | 5.7 % |
| 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 % |
| 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 % |

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, 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.

UNIFIED FIRE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
Utah Retirement Systems
June 30, 2024

| | 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 | 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% |
| | 2022 | 479,226 | 479,226 | 2,699,294 | 17.75% |
| | 2023 | 484,811 | 484,811 | 2,829,033 | 17.14% |
| | 2024 | 511,022 | 511,022 | 2,969,831 | 17.21% |
| Public Safety System | 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% |
| | 2022 | 29,207 | 29,207 | 81,791 | 35.71% |
| | 2023 | 32,420 | 32,420 | 90,788 | 35.71% |
| | 2024 | 33,608 | 33,608 | 94,166 | 35.69% |
| Firefighters System | 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% |
| | 2022 | 1,813,631 | 1,813,631 | 25,799,344 | 7.03% |
| | 2023 | 1,599,171 | 1,599,171 | 26,431,980 | 6.05% |
| | 2024 | 1,566,555 | 1,566,555 | 25,778,522 | 6.08% |
| Tier 2 Public Employees System* | 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% |
| | 2022 | 139,903 | 139,903 | 870,583 | 16.07% |
| | 2023 | 179,569 | 179,569 | 1,121,606 | 16.01% |
| | 2024 | 210,771 | 210,771 | 1,319,409 | 15.97% |

SCHEDULE OF CONTRIBUTIONS (Continued)**Utah Retirement Systems****June 30, 2024**

| | 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 Safety & Firefighter System | 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% |
| | 2022 | 987,767 | 987,767 | 7,015,414 | 14.08% |
| | 2023 | 1,245,499 | 1,245,499 | 8,845,879 | 14.08% |
| | 2024 | 1,594,763 | 1,594,763 | 11,154,838 | 14.30% |
| Tier 2 Public Employees DC Only | 2015 | 8,781 | 8,781 | 130,663 | 6.72% |
| | 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% |
| | 2022 | 31,808 | 31,808 | 475,499 | 6.69% |
| | 2023 | 24,187 | 24,187 | 390,748 | 6.19% |
| | 2024 | 30,860 | 30,860 | 501,891 | 6.15% |
| Tier 2 Public Safety & Firefighter DC Only | 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% |
| | 2022 | 1,130 | 1,130 | 1,412,121 | 0.08% |
| | 2023 | 1,358 | 1,358 | 1,695,057 | 0.08% |
| | 2024 | 1,835 | 1,835 | 2,295,740 | 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, 2024

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, 2024, are as follows:

| | General Fund | Special Revenue Fund |
|--|-------------------------|-------------------------------------|
| Budgetary Fund Balances | \$ 16,455,784 | \$ 1,582,006 |
| 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 | 373,780 | 241,886 |
| Encumbrances for goods and services not received until after the prior fiscal year excluded as expenditures for budgetary purposes, not GAAP | (251,235) | (273,977) |
| Total Fund Balances | <u>\$ 16,578,330</u> | <u>\$ 1,549,915</u> |

UNIFIED FIRE AUTHORITY REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2024

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: | | | |
| Capital | \$0-\$25,000 allowed; Disclose to Finance Committee | \$25,000.01 - \$100,000 Finance Committee approves. Disclose to UFA Board | Above \$100,000 requires UFA Board approval |
| General & Administrative Operations | | | |
| Long-term debt | None | Recommends to Board | Approves |
| Personnel | | | |
| Transfers between divisions: | | | |
| Same Category | \$0-\$10,000 allowed; Disclose to Finance Committee | \$25,000.01 - \$100,000 Finance Committee approves. Disclose to UFA Board | Above \$100,000 requires UFA Board approval |
| Different category | | | |

NOTE 2 - CHANGES IN ASSUMPTIONS

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



CERTIFIED PUBLIC
ACCOUNTANTS

Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

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

Board of Trustees
Unified Fire Authority
Salt Lake City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Unified Fire Authority (UFA), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise UFA's basic financial statements, and have issued our report thereon dated December 3, 2024.

Report on 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) as a basis for designing 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. 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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.

K&C, CPAs

K&C, Certified Public Accountants
Woods Cross, Utah
December 3, 2024



CERTIFIED PUBLIC
ACCOUNTANTS

Gary K. Keddington, 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, 2024.

State compliance requirements were tested for the year ended June 30, 2024, in the following areas:

Budgetary Compliance
Fraud Risk Assessment
Open and Public Meetings Act
Cash Management

Fund Balance
Government Fees
Public Treasurer's Bond

Opinion on Compliance

In our opinion, UFA complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2024.

Basis for Opinion

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

We are required to be independent of UFA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of UFA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to UFA's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on UFA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material

noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about UFA's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding UFA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of UFA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide* but not for the purpose of expressing an opinion on the effectiveness of UFA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in the accompanying schedule of findings and responses as item 2024-001. Our opinion on compliance is not modified with respect to this matter.

Government Auditing Standards require the auditor to perform limited procedures on UFA's response to the noncompliance finding identified in our audit described in the accompanying *Schedule of Findings and Recommendations*. UFA's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report On Internal Control over Compliance

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

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

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

We noted a matter involving internal control over compliance which we are submitting for your consideration. This matter is described in the accompanying schedule of findings and responses as item 2024-001.

Government Auditing Standards requires the auditor to perform limited procedures on UFA's response to the noncompliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Recommendations. UFA's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

K&C, CPAs

K&C, Certified Public Accountants
Woods Cross, Utah
December 3, 2024

**UNIFIED FIRE AUTHORITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For The Year Ended June 30, 2024**

2024-001: Open and Public Meetings Act – State Compliance

Condition: During our testing of State Compliance K&C noted that one of the Board Members did not attend the annual Open and Public Meetings Act training, as required by Utah State Code.

Criteria: Utah State Code 52-4-104 (1) states that: “The presiding officer of the public body shall ensure that the members of the public body are provided with annual training on the requirements of this chapter.”

Cause: The presiding officer of the public body failed to ensure that the Board received their required annual training.

Effect: The entity did not follow Utah State Code.

Recommendation: We recommend that the entity establish policies that work to help ensure that all applicable personnel receive their required training in a timely manner.

Response: We have added to our training process to follow-up with all absent board members to obtain documentation they’ve received the training in a different setting. We were unable to obtain proof from one Board member of attending such training in 2024.