



UNIFIED FIRE SERVICE AREA BOARD FINANCE COMMITTEE AGENDA

June 8, 2021, 3:00 p.m.

NOTICE IS HEREBY GIVEN THAT THE UNIFIED FIRE SERVICE AREA FINANCE COMMITTEE SHALL ASSEMBLE FOR
A MEETING AT 3380 South 900 West, Salt Lake City, UT 84119

THE PUBLIC MAY ATTEND PHYSICALLY OR ELECTRONICALLY VIA ZOOM WEBINAR AT:

<https://zoom.us/j/99444016944?pwd=VGt0VWRDWXlFano2ODJFQ0diSGZqdz09>

Passcode: 077703

1. Call to Order – District Administrator Anderson
2. Public Comments
Please limit comments to three minutes each
There are three options for comments during this meeting:
 - a. In-Person.
 - b. Live during the Webinar by logging in as described above. If you wish to make a comment, select the “Raise Hand” button at the bottom of the screen. You will then be added to the queue and invited to speak.
 - c. EMAIL: Public comments will be accepted prior to the meeting via email at publiccomment@unifiedfire.org until 7:00 a.m. June 7, 2021. Emailed comments submitted prior to 7:00 a.m. June 7, 2021, will be read or summarized into the record, comments received after the deadline will be forwarded to the UFA Board, but not read into the meeting record or addressed during the meeting.
3. Selection of Finance Committee Chair – District Administrator Anderson
4. Review and Approval of the 2020 Fiscal Year Financial Report – CFO Hill
5. Possible Closed Session
The Board may consider a motion to enter into Closed Session. A closed meeting described under Utah Code Section 52-4-205 may be held for specific purposes including, but not limited to:
 - a. discussion of the character, professional competence, or physical or mental health of an individual;
 - b. strategy sessions to discuss pending or reasonably imminent litigation;
 - c. strategy sessions to discuss the purchase, exchange, or lease of real property;
 - d. discussion regarding deployment of security personnel, devices, or systems; and
 - e. investigative proceedings regarding allegations of criminal misconduct.*A closed meeting may also be held for attorney-client matters that are privileged pursuant to Utah Code § 78B-1-137, and for other lawful purposes that satisfy the pertinent requirements of the Utah Open and Public Meetings Act.*

Re-Opening the Meeting

6. Adjournment - Chair

THE PUBLIC IS INVITED TO PARTICIPATE IN ALL UFA MEETINGS.

In accordance with the Americans with Disabilities Act, UFA will make reasonable accommodation for participation in the meetings. Please call the clerk at least three working days prior to the meeting at 801-743-7213. Motions relating to any of the foregoing, including final action, may be taken at the meeting. This meeting may be held electronically to allow a member of the UFSA Finance Committee to participate. This agenda is subject to change with a minimum 24-hour notice.

CERTIFICATE OF POSTING

The undersigned, does hereby certify that the above agenda notice was posted on this 4th Day of June, 2021 on the UFSA bulletin boards, the UFSA website www.unifiedfireservicearea.org , posted on the Utah State Public Notice website <http://www.utah.gov/pmn/index.html> and was emailed to at least one newspaper of general circulation with the jurisdiction of the public body.

Cyndee Young, UFSA Board Clerk

UNIFIED FIRE SERVICE AREA

ANNUAL FINANCIAL REPORT

December 31, 2020

UNIFIED FIRE SERVICE AREA ANNUAL FINANCIAL REPORT

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MANAGEMENT'S DISCUSSION AND ANALYSIS

UNIFIED FIRE SERVICE AREA ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2020

As management of Unified Fire Service Area (UFSA), we offer readers of UFSA's financial statements this narrative overview and analysis of the financial activities of UFSA for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the notes to the financial statements.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

UFSA's *government-wide net position* (the amount by which assets and deferred outflows of resources exceeded its liabilities) as of December 31, 2020 was \$26,781,752. This amount increased by over \$2.4 million (10%) over the previous year, primarily due to property taxes and fees that exceeded expectation as well as delays in capital projects and the efficient management of UFSA's budgeted funds. *Unrestricted net position*, the portion of net position which represents the amount UFSA can use to meet ongoing financial obligations, was \$15,149,301 at December 31, 2020. *Net position invested in capital assets, net of related debt*, was \$11,632,241 at December 31, 2020.

UFSA reported combined ending fund balance for governmental funds of \$13,286,054 as of December 31, 2020. Combined fund balance increased by \$1,062,026 (9%) from 2019 to 2020. The total spendable fund balance at December 31, 2020 was \$13,286,054, which represented 22% of total fund expenditures. Of the total spendable fund balance, \$12,622,453 was actually available for appropriation and spending (*unassigned fund balance*). Management believes the current unassigned fund balance to be a good indicator of UFSA's positive financial position.

For information on upcoming changes, see the "Economic Factors and Next Year's Budget" section beginning on page 10.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The *statement of net position* presents information on all of UFSA's assets, deferred outflows of resources, and liabilities, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of UFSA is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement on an accrual basis. Cash flow from such transactions could impact future fiscal periods.

The government-wide financial statements identify functions of UFSA that are principally supported by taxes and intergovernmental revenues, as *governmental activities*. Revenues designed to recover all or a significant portion of the activity costs are identified as *business-type activities*. UFSA currently does not have any business-type activities.

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

UNIFIED FIRE SERVICE AREA ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2020

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

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* in the fund financial statements with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

UFSA maintains one major governmental fund, the General fund, and the LBA maintains two major governmental funds, the Capital Projects fund and the Debt Service fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds.

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

Required Supplementary Information: UFSA adopts an annual appropriated budget for its funds. A budgetary comparison statement (page 29) has been provided for the General Fund to demonstrate compliance with the budget.

FINANCIAL ANALYSIS OF UFSA AS A WHOLE

Current and other assets increased 9% (\$1.1 million) in 2020 primarily due to higher cash balances resulting from increased tax and fee collections in addition to more than \$800,000 increase in taxes receivable. UFSA's related party long-term note receivable decreased six percent in 2020 as a result of payments received from Unified Fire Authority. Capital assets, net of accumulated depreciation, decreased \$221,373 (1%) due to depreciation exceeding acquisitions in 2020.

Current liabilities increased 24% (\$77,287) over the previous year primarily due to construction management services and capital improvements in process at year end. Long-term liabilities decreased 5% as a result of bond principal payments of \$1,575,000 and amortization of bond premium during the year.

As noted earlier, net position may serve over time as a useful measurement to assist with understanding the financial position of UFSA. As of December 31, 2020, assets and deferred outflows of resources exceeded liabilities by \$26,781,752, an increase of \$2,447,098 (10%) from the previous year. The increase in net position during the year is primarily due to property taxes and fees that exceeded expectation due to new growth as well as delays in construction progress and the efficient management of UFSA's budgeted funds.

UNIFIED FIRE SERVICE AREA ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2020

UFSA's net position invested in capital assets, net of related debt, totaled \$11,632,241, or 43% of total net position. Although UFSA's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position (\$210 for debt service) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position (\$15,149,301) may be used to meet general, ongoing financial obligations without constraints established by debt covenants or other legal requirements.

Summary of Statement of Net Position As of December 31,

	2020	2019	% Change
Assets			
Current and other assets	\$ 13,441,432	\$ 12,297,750	9%
Long-term note receivable	1,721,357	1,838,021	-6%
Capital assets, net of accumulated depreciation	43,096,832	43,318,205	-1%
Total Assets	<u>58,259,621</u>	<u>57,453,976</u>	1%
Deferred Outflows of Resources			
Deferred charge on refunding	\$ 71,482	\$ 76,521	-7%
Total Assets and Deferred Outflows of Resources	<u>\$ 58,331,103</u>	<u>\$ 57,530,497</u>	1%
Liabilities			
Current and other liabilities	404,245	326,958	24%
Long-term liabilities	31,145,106	32,868,886	-5%
Total Liabilities	<u>\$ 31,549,351</u>	<u>\$ 33,195,844</u>	-5%
Net Position			
Invested in capital assets, net of related debt	11,632,241	10,526,600	11%
Restricted	210	759	-72%
Unrestricted	15,149,301	13,807,294	10%
Total Net Position	<u>\$ 26,781,752</u>	<u>\$ 24,334,653</u>	10%

Charges for services (impact fees) increased 24% in 2020 compared to the prior year due to several large developments and growth in multiple areas. Taxes and motor vehicle fees, which were \$55,944,234 for 2020, increased \$2,118,907 (4%) from 2019 due to new growth. General government expenses exceeded \$55.2 million in 2020 and increased 5% (over \$2.5 million) over 2019 primarily due to higher member fees paid to UFA and increased tax increment payments.

UNIFIED FIRE SERVICE AREA ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2020

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

	2020	2019	% Change
Program revenues			
Charges for services	\$ 2,409,251	\$ 1,942,830	24%
General revenues			
Property taxes and motor vehicle fees	55,944,234	53,825,327	4%
Unrestricted investment earnings	222,605	427,404	-48%
Miscellaneous revenue	12,415	115,002	-89%
Total revenues	<u>58,588,505</u>	<u>56,305,856</u>	4%
Program expenses			
General government	55,281,015	52,736,710	5%
Interest on long-term debt	860,390	885,431	-3%
Total expenses	<u>56,141,405</u>	<u>53,622,141</u>	5%
Change in net position	2,447,100	2,683,715	-9%
Net position - beginning	24,334,652	21,650,939	12%
Net position - ending	<u>\$ 26,781,752</u>	<u>\$ 24,334,654</u>	10%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: UFSA's investment in capital assets, net of accumulated depreciation, was \$43,096,832 at December 31, 2020. Capital assets decreased \$221,374 (1%) from 2019 to 2020 as a result of net additions (\$950,128) offset by depreciation (\$1.17 million).

Capital Assets, Net of Depreciation As of December 31,

	2020	2019	% Change
Construction in progress	\$ 326,862	\$ -	100%
Land	10,471,633	10,114,030	4%
Building and improvements	31,483,445	32,333,937	-3%
Land improvements	523,489	561,493	-7%
Machinery and equipment	291,403	308,746	-6%
	<u>\$ 43,096,832</u>	<u>\$ 43,318,206</u>	-1%

Major capital asset additions during 2020 included a residence to use as a temporary station during reconstruction of #112 in Millcreek (\$561,827), HVAC equipment replacements, preconstruction work for five stations to be funded with bond proceeds in 2021, as well as various station remodels and capital maintenance projects. Additional information on UFSA's capital assets is available in the notes to the financial statements.

UNIFIED FIRE SERVICE AREA ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2020

Long-term Debt: In June 2016, the Local Building Authority (LBA) of UFSA issued Lease Revenue & Refunding Bonds Series 2016A in to refund its 2008 Lease Revenue bonds and gain additional funding of \$6 million to complete Station #117 in Taylorsville. UFSA's bonds are rated Aa2 by Moody's. Principal owed for the 2016A bonds is \$30,600,000. Debt payments totaling \$2,583,500 (\$1,575,000 principal and \$1,008,500 interest) were made during the year on the 2016A series bonds. Unamortized premium on the 2016A bonds is \$2,120,108. Amortization of premium on the 2016A bonds was \$148,779. Additional information about UFSA's long-term liabilities is available in the notes to the financial statements.

FINANCIAL ANALYSIS OF UFSA'S FUNDS

Governmental Funds: As of December 31, 2020, the aggregate fund balance of UFSA's governmental funds was \$13,286,054. Unassigned fund balance, which was available for appropriation by the UFSA Board, was \$12,622,453. The remainder of the fund balance was not available for new spending because it had already been committed for spending (\$663,391 committed for capital outlay and \$210 restricted for debt service).

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- \$204,101 increase to property taxes due to new growth
- \$499,798 decrease in operating costs predominantly due to a more modest increase in member fees from Unified Fire Authority than anticipated in UFSA's original 2020 budget
- \$580,000 increase in capital outlay for the purchase of a residence to serve as a temporary station during reconstruction of #112 in Millcreek (Olympus Hills)
- \$732,691 increase in transfers out to the Capital Projects fund for preconstruction costs to be reimbursed by 2021 bond issuance proceeds

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

- New growth within UFSA resulted in property tax and impact fee revenues higher than anticipated (combined overage exceeded \$1.2 million)
- Budgeted grant revenue (\$1.1 million) and related capital outlay expenditures (\$1.5 million) were not recognized due to related construction projects not beginning until 2021
- Budget exceeded actual operations and general & administrative expenditures by \$167,029 due to savings and delays in planning and preparation for station construction and improvement projects, offset by increased tax increment payments

For a detailed budgetary comparison schedule, see the Required Supplementary Information section, beginning on page 29.

UNIFIED FIRE SERVICE AREA ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

At the end of 2020, Unified Fire Service Area's economic condition remained strong. A key indicator to UFSA of the strong economic condition in the service area are the continued high level of impact fee collections that show high growth of new residential and commercial developments in the service area.

The effects of the coronavirus pandemic caused economic turmoil in Salt Lake/Utah County, the State of Utah, and the United States throughout 2020. The pandemic is widespread and has caused major volatility with employment and with the stock market, leading to a general global economic slowdown, though both have recovered nicely since the beginning of the pandemic. The entities that make up UFSA have widely developed and diverse economic sectors that aided in a quick recovery. Though UFSA did not receive any of the federal stimulus directly that was designed to aid in the recovery, many residents, businesses, and municipalities within the service area did which has also helped in the recovery.

UFSA continues to focus on its need to maintain fire stations and has developed capital plans, including the purchase of land for new stations, replacement of aging stations, and remodeling of some existing stations. The 2021 budget includes issuance of \$34,905,000 in lease revenue bonds to build one new station in Eagle Mountain and to rebuild four stations (Magna, Millcreek, Midvale, and Eagle Mountain). UFSA received a bond rating from Moody's Investors Service for the 2021 lease revenue bonds of Aa2 with an affirmed rating of Aa1. The bonds were competitively bid in March 2021 and were sold with a true interest cost of 1.82%. Architectural design has begun on each of the 5 stations.

UFSA was also awarded a \$2.06M FEMA Pre-disaster mitigation grant to help retrofit stations identified for needed upgrades in a recently completed seismic evaluation. The grant will also provide an emergency generator at 3 UFA stations. The March 2020 earthquake in Magna, as well as the ensuing aftershocks, reinforced the importance of the seismic work we have completed and UFSA will continue to evaluate the safety of the stations within the service area.

Herriman City and Riverton City withdrew from UFSA as of January 2021. As part of the withdrawal agreement with each entity, UFSA will distribute each entities' share of UFSA's minimum reserve fund balance (\$1,076,293 for Riverton and \$789,576 for Herriman). In turn, both cities will pay their portion of the 2016 outstanding bond debt (\$4,152,344 from Riverton and \$6,318,778 from Herriman). Payments made to and from UFSA will be made annually over the remaining life of the 2016 bonds through 2035. The town of Alta joined UFSA as of January 2021 which will help streamline the fire and emergency medical services throughout Little Cottonwood Canyon.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

UNIFIED FIRE SERVICE AREA BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

December 31, 2020

ASSETS

Cash and cash equivalents	\$ 11,522,997
Cash and cash equivalents held by fiscal agent	210
Receivables	1,918,225
Long term related party note receivable	1,721,357
Capital assets, net of accumulated depreciation	43,096,832
Total Assets	<u>58,259,621</u>

DEFERRED OUTFLOWS OF RESOURCES

Loss on refunding	<u>71,482</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 58,331,103</u>

LIABILITIES

Accounts payable	\$ 155,378
Accrued liabilities	248,867
Lease revenue bonds payable	
Due within one year	1,600,000
Due in more than one year	29,545,106
Total Liabilities	<u>31,549,351</u>

NET POSITION

Net Investment in Capital Assets	11,632,241
Restricted for debt service	210
Unrestricted	15,149,301
Total Net Position	<u>\$ 26,781,752</u>

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

UNIFIED FIRE SERVICE AREA BASIC FINANCIAL STATEMENTS

STATEMENT OF ACTIVITIES Year ended December 31, 2020

Function/Programs	Expenses	PROGRAM REVENUES	NET EXPENSE AND NET POSITION
		Charges for Services	
GOVERNMENTAL ACTIVITIES:			
General government	\$ 55,281,015	\$ 2,409,251	\$ (52,871,764)
Interest on long-term debt	860,390	-	(860,390)
Total	<u>\$ 56,141,405</u>	<u>\$ 2,409,251</u>	<u>(53,732,154)</u>
GENERAL REVENUES			
Real property taxes			53,120,707
Motor vehicle fees			2,823,527
Rental income			11,394
Unrestricted investment earnings			222,605
Miscellaneous income			<u>1,021</u>
Total general revenues			<u>56,179,254</u>
Change in net position			2,447,100
Net position - beginning			<u>24,334,652</u>
Net position - ending			\$ 26,781,752

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

UNIFIED FIRE SERVICE AREA BASIC FINANCIAL STATEMENTS

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2020

	MAJOR FUNDS			
	General Fund	Capital Improvement Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 10,831,031	\$ 691,966	\$ -	\$ 11,522,997
Cash and cash equivalents held by fiscal agent	-	-	210	210
Receivables:				
Taxes receivable	1,902,551	-	-	1,902,551
Due from related parties	15,674	-	-	15,674
Net receivables	1,918,225	-	-	1,918,225
Total Assets	<u>\$ 12,749,256</u>	<u>\$ 691,966</u>	<u>\$ 210</u>	<u>\$ 13,441,432</u>
Total Assets and Deferred Outflows	<u>\$ 12,749,256</u>	<u>\$ 691,966</u>	<u>\$ 210</u>	<u>\$ 13,441,432</u>
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable	\$ 126,803	\$ 28,575	\$ -	\$ 155,378
Total Liabilities	<u>126,803</u>	<u>28,575</u>	<u>-</u>	<u>155,378</u>
FUND BALANCES				
Spendable:				
Restricted for Debt Service	-	-	210	210
Committed for Capital Outlay		663,391		663,391
Unassigned	12,622,453	-	-	12,622,453
Total Fund Balances	<u>12,622,453</u>	<u>663,391</u>	<u>210</u>	<u>13,286,054</u>
Total Liabilities and Fund Balances	<u>\$ 12,749,256</u>	<u>\$ 691,966</u>	<u>\$ 210</u>	<u>\$ 13,441,432</u>

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

UNIFIED FIRE SERVICE AREA BASIC FINANCIAL STATEMENTS

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

December 31, 2020

Total Fund Balances - Governmental Funds	\$	13,286,054
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets in governmental activities are not financial resources and therefore are not reported in the funds.		43,096,832
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Related party note receivable		1,721,357
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Long-term liabilities, including lease revenue bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest on long term debt	\$	(248,867)	
Loss on bond refunding		71,482	
Lease revenue bonds		(31,145,106)	
			(31,322,491)

Net Position of Governmental Activities	\$	26,781,752
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The accompanying notes are an integral part of the financial statements.

UNIFIED FIRE SERVICE AREA BASIC FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year ended December 31, 2020

	MAJOR FUNDS			Total
	General	Capital	Debt	Governmental
	Fund	Improvement	Service	Funds
		Fund	Fund	
REVENUES				
Real property taxes	\$ 53,120,707	\$ -	\$ -	\$ 53,120,707
Motor vehicle fees	2,823,527	-	-	2,823,527
Impact fees	2,409,251	-	-	2,409,251
Lease/rent revenue	11,394	-	2,580,673	2,592,067
Investment earnings	220,576	-	2,029	222,605
Other income	1,021	-	-	1,021
Total Revenues	58,586,476	-	2,582,702	61,169,178
EXPENDITURES				
Current				
Operations	55,831,486	-	-	55,831,486
General and administrative	562,131	-	-	562,131
Capital outlay	880,828	69,300	-	950,128
Debt service				
Principal	-	-	1,575,000	1,575,000
Interest	279,069	-	1,008,500	1,287,569
Debt issuance cost and fees	17,500	-	-	17,500
Total Expenditures	57,571,014	69,300	2,583,500	60,223,814
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	1,015,462	(69,300)	(798)	945,364
OTHER FINANCING SOURCES				
Principal payments received from related party	116,664	-	-	116,664
Transfers in	-	732,691	759	733,450
Transfers out	(732,691)	(759)	-	(733,450)
Total other financing sources	(616,027)	731,932	759	116,664
Net change in fund balances	399,435	662,632	(39)	1,062,028
Fund balances at beginning of year	12,223,019	759	249	12,224,027
Fund balances at end of year	\$ 12,622,454	\$ 663,391	\$ 210	\$ 13,286,055

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

UNIFIED FIRE SERVICE AREA 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 December 31, 2020

Total Net Change in Fund Balances - Governmental Funds	\$	1,062,028
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Amounts reported for governmental activities in the Statement of
Activities are different because:

Capital outlays are reported as expenditures in governmental funds.
However, in the Statement of Activities, the cost of capital assets is
allocated over their estimated useful lives as depreciation expense.
In the current year, these amounts were as follows:

Depreciation expense	\$	(1,171,502)	
Capital outlay		950,128	
			(221,374)

Principal payments received on long-term related party note receivable		(116,664)
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The issuance of long-term debt provides current financial resources
to governmental funds, but issuing debt increases long-term liabilities
in the statement of net position. Costs associated with the issuance of
long-term debt are reported as expenditures in the governmental funds,
but deferred and amortized throughout the period during which the
related debt is outstanding. Repayment of bond principal is an
expenditure in the governmental funds, but the repayment reduces long-
term liabilities in the statement of net position.

Repayment of long-term debt		1,575,000
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Some expenses reported in the Statement of Activities do not require the
use of current financial resources and therefore are not reported as ex-
penditures in governmental funds. These activities consist of the following:

Amortization of refunding bond premium	\$	80,589	
Amortization of loss on bond refunding		63,152	
Accrued interest on long-term debt		4,369	
			148,110

Change in Net Position of Governmental Activities	\$	2,447,100
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The accompanying notes are an integral part of the financial statements.

UNIFIED FIRE SERVICE AREA BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended December 31, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Salt Lake Valley Fire Service Area (SLVFSA) was created effective in 2004 to manage and provide fire protection services. The fire service area was created to provide fire protection and emergency medical services to the unincorporated areas of Salt Lake County. Effective January 1, 2008, SLVFSA assessed and recorded its own property taxes apart from Salt Lake County. Also beginning January 1, 2008, Unified Fire Authority (UFA) assumed management and administrative support for SLVFSA. Prior to these two changes, Salt Lake County reported SLVFSA as a blended component unit of its primary government. Midvale City and Eagle Mountain City joined SLVFSA to provide fire protection and emergency medical services to its citizens in July 2011 and January 2013, respectively. In March 2013, the Board approved changing SLVFSA's entity name to Unified Fire Service Area. The City of Taylorsville joined UFSA in January 1, 2014. UFSA is a separate legal entity, with a fourteen member board of elected officials, three of which represent unincorporated areas of Salt Lake County and eleven of which represent the cities of Eagle Mountain, Herriman, Midvale, Millcreek, Riverton, and Taylorsville, as well as metro townships of Copperton, Emigration Canyon, Kearns, Magna, and White City. The Town of Brighton incorporated and joined UFSA on January 1, 2020.

Blended Component Unit

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

Government-Wide and Fund Financial Statements

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

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

UNIFIED FIRE SERVICE AREA BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended December 31, 2020

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Property taxes are recognized as revenues in the year for which they are levied.

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

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

- General Fund – the general fund is the main operating fund of UFSA, used for all financial resources not accounted for in other funds. All general revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.
- Capital Improvements Fund – a capital projects fund used to account for funds received and expended for the acquisition and construction of capital equipment and facilities throughout UFSA's jurisdiction.
- Debt Service Fund – the LBA's debt service fund is used to account for the accumulation of resources for and the payment of long-term debt principal, interest, and related costs.

Cash Equivalents

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

UNIFIED FIRE SERVICE AREA BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended December 31, 2020

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

Capital Assets

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

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

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

Building and improvements	5 – 40 years
Land improvements	15 – 31 years
Machinery and equipment	5 – 30 years

Restricted Assets

Certain proceeds of UFSA's 2016 lease revenue bonds, as well as certain resources set aside for their repayment, are maintained in separate bank accounts and are classified as restricted assets because their use is limited by bond covenants. The "reserve fund" accounts, with a balance of \$210 at December 31, 2020, are used to report resources set aside for the payment of principal and interest on the lease revenue bonds.

Revenues – Exchange and Non-Exchange Transactions

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

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

UNIFIED FIRE SERVICE AREA BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended December 31, 2020

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

Net Position/Fund Balances

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

- Net investment in capital assets – This component of net position consists of UFSA's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.
- Restricted for debt service – This component of net position consists of net position related to funds held in escrow that are restricted for debt service payments.
- Unrestricted – This component of net position consists of items of net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the governmental fund statements, fund balances are classified as nonspendable, restricted, 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 UFSA Board, such as an appropriation. Assigned fund balance is constrained by the Board's intent to be used for specific purposes, by directive of the Board. When an expenditure is incurred for purposes which restricted, committed, assigned and unassigned resources are available, UFSA generally uses restricted resources first, followed by committed and assigned resources before unassigned resources are used.

Expenditure Recognition

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures, and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, UFSA generally uses restricted resources first, then unrestricted resources.

UNIFIED FIRE SERVICE AREA BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended December 31, 2020

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

Use of Estimates in the Preparation of Financial Statements

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

Risk Management

UFSA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which it carries commercial insurance. There were no significant reductions in coverage from prior year, and settlement claims resulting from these risks have not exceeded commercial insurance coverage.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents, and investments consisted of the following at December 31, 2020:

Cash and cash equivalents:

Cash - net of outstanding checks	\$ 142,178
Public Treasurer's Investment Fund (PTIF)	11,380,819
Total unrestricted cash and cash equivalents	11,522,997
Cash and cash equivalents held by fiscal agent (invested in PTIF)	210
Total cash, cash equivalents, and investments	<u>\$ 11,523,207</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.

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

UNIFIED FIRE SERVICE AREA BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended December 31, 2020

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

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the local government's deposits may not be recovered. UFSA's deposits are insured up to \$250,000 per institution by the Federal Depository Insurance Corporation (FDIC). Deposits above \$250,000 are exposed to credit risk. As of December 31, 2020, UFSA's depository bank balance was \$156,782, of which \$0 is uninsured. Utah State Law does not require deposits to be insured or collateralized. UFSA does not have a formal deposit policy for custodial credit risk. To date, we have not experienced uninsured losses, and we believe the risk of future loss is negligible.

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

Investments

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

The Utah State Treasurer's Office operates the PTIF and is available for investment of funds administered by any Utah public treasurer. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The participant's balance is their investment deposited in the PTIF plus their share of income, gains, and losses net of administration fees which is allocated to each participant on the ratio of each participant's share to the total funds in the PTIF. The participant's monthly investment amount is based upon their average daily balance.

UNIFIED FIRE SERVICE AREA BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended December 31, 2020

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

At June 30 and December 31 each year, the fair value of the investments is determined to enable participants (public entities having those year ends) to adjust their investments in the pool. As of December 31, 2020, UFSA had \$11,380,819 invested in PTIF. Additionally, \$210 held by a fiscal agent was invested in PTIF at December 31, 2020. The entire balance had a maturity of less than one year. The PTIF pool has not been rated. The PTIF is reported as a fiduciary fund by the State of Utah in its Comprehensive Annual Financial Report. A copy of the report may be obtained online at <https://treasurer.utah.gov/investor-information/comprehensive-annual-financial-report-cafr>.

Fair Value of Investments

UFSA measures and records its investments using fair value measurement guidelines established by GAAP. These guidelines recognize a three-tiered fair value hierarchy, as follows:

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

At December 31, 2020, UFSA had the following cash and investments:

	Carrying Value	Fair Value Factor	Fair Value	Credit Rating	Weighted Average Maturity
Cash on deposit:					
Cash on deposit	\$ 142,178	1.000000	\$ 142,178	N/A	N/A
Utah State Treasurer's investment pool accounts	11,381,029	1.003836	11,424,686	N/A	N/A
Total cash on deposit	<u>\$ 11,523,207</u>		<u>\$ 11,566,864</u>		

The fair value measurement of UFSA's PTIF investments is considered Level 2.

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

UNIFIED FIRE SERVICE AREA BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended December 31, 2020

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

Custodial Credit Risk for investments is the risk that, in the event of a failure of the counterparty, UFSA will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. UFSA's policy for limiting the credit risk of investments is to comply with the Money Management Act, as previously discussed. All of UFSA's investments at December 31, 2020, were with the PTIF and therefore are unrated and are not categorized as to custodial credit risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. UFSA's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council, as applicable. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

NOTE 3 -PROPERTY TAXES

Property taxes attach an enforceable lien on property as of January 1 in the year in which due and are assessed in July through billing to the property owner. All unpaid taxes are due and become delinquent on November 30. Property tax revenues are recognized by UFSA when they are collected. Property taxes are billed and collected by Salt Lake County and Utah County on behalf of UFSA and remitted monthly. Property taxes received by UFSA within 60 days after year end are recorded as revenue as of year-end. The 2020 Certified Tax Rate for UFSA is .001717 (.001715 for general operations and .000002 for discharge of judgement).

In addition to various taxes UFSA levies for its own purposes, it levies taxes for other governments; those taxes are forwarded to those other governments as the taxes are collected. Taxes levied in 2020 for other governments are recorded as revenue with an equivalent amount of expenditure totaling \$2,571,250. Incremental taxes forwarded during 2020 to various redevelopment agencies within the service area for the purposes of financing urban renewal, economic development, and community development projects by earmarking property tax revenue from increases in assessed values within the project areas are as follows:

Project	Taxes Abated During Year	
	Percentage	Amount
Herriman Anthem Town Center	75%	\$ 114,900
Herriman Business Center Community Development	75%	238,615
Herriman Towne Center Community Development	80%	483,918
Magna Arbor Park	90%	44,095
Magna Main Street	80%	81,191
Midvale Bingham Junction	80%	1,007,443
Midvale Jordan Bluffs	80%	108,077
Millcreek City Center	80%	5,532
West Millcreek	80%	145,233
Taylorsville 5400 S Bangerter Highway	75%	33,526
Taylorsville 6200 S Redwood Road	75%	44,778
Taylorsville Bennion Point	75%	122,214
Utah Inland Port Authority	75%	114,014
Other		27,714
		<u>\$ 2,571,250</u>

UNIFIED FIRE SERVICE AREA BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended December 31, 2020

NOTE 4 - CAPITAL ASSETS

The changes in capital assets for the year ended December 31, 2020 are as follows:

	January 1, 2020	Additions/ Transfers In	Disposals/ Transfers Out	December 31, 2020
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 326,862		\$ 326,862
Land	10,114,030	357,603		10,471,633
Total capital assets not being depreciated	10,114,030	684,465	-	10,798,495
Capital assets being depreciated:				
Building and improvements	41,414,596	231,860		41,646,456
Land improvements	1,024,467	22,368		1,046,835
Machinery and equipment	503,360	11,435		514,795
Total capital assets being depreciated	42,942,423	265,663	-	43,208,086
Less accumulated depreciation for:				
Building and improvements	(9,080,659)	(1,082,352)		(10,163,011)
Land improvements	(462,974)	(60,372)		(523,346)
Machinery and equipment	(194,614)	(28,778)		(223,392)
Total accumulated depreciation	(9,738,247)	(1,171,502)	-	(10,909,749)
Total capital assets being depreciated, net	33,204,176	(905,839)	-	32,298,337
Total capital assets, net	\$ 43,318,206	\$ (221,374)	\$ -	\$ 43,096,832

Depreciation charged for governmental activities for the year ended December 31, 2020, was \$1,171,502.

NOTE 5 - SHORT-TERM DEBT

In March 2020, UFSA issued Tax and Revenue Anticipation Notes, Series 2020 (TRAN), in the amount of \$25 million at a 1.42% interest rate for a short-term basis until tax revenue was received. Issuance costs related to the TRAN were \$17,500. Principal and interest totaling \$25,279,069 were paid on December 18, 2020.

NOTE 6 - LONG-TERM DEBT

	Beginning	Increases	(Decreases)	Ending
Local Building Authority Lease Revenue and Refunding Bonds, series 2016 (issued June 2016)	\$ 30,600,000	\$ -	\$ (1,575,000)	\$ 29,025,000
Local Building Authority Lease Revenue and Refunding Bonds, series 2016 premium (issued June 2016)	2,268,885	-	(148,779)	2,120,106

UNIFIED FIRE SERVICE AREA BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended December 31, 2020

NOTE 6 - LONG-TERM DEBT

Local Building Authority Lease Revenue and Refunding bonds, series 2016A, were issued on June 14, 2016, in the amount of \$32,375,000 to refund the 2008 LBA Lease Revenue Bonds originally issued in the aggregate principal amount of \$32,950,000. The new bonds bear interest from 2.00% to 4.00% and are due in annual installments ranging from \$1,282,500 to \$2,595,500 through April 1, 2035. These bonds are not considered general obligation bonds of UFSA but are special obligations payable

from the lease revenues derived from the assets acquired or constructed with bond proceeds. The new issue provided \$6,000,000 in additional funding to build a fire station in Taylorsville City. The bond refunding reduces debt service payments by \$7,032,548 through 2033.

The following is a schedule of future maturities on lease revenue and refunding bonds in the LBA as of December 31, 2020:

Maturity Date	Total	Principal	Interest	Interest Rates
2021	2,576,750	1,600,000	976,750	2.00%
2022	2,577,750	1,650,000	927,750	4.00%
2023	2,585,250	1,725,000	860,250	4.00%
2024	2,589,750	1,800,000	789,750	4.00%
2025	2,591,250	1,875,000	716,250	4.00%
2026	2,589,750	1,950,000	639,750	4.00%
2027	2,595,375	2,025,000	570,375	3.00%
2028	2,583,875	2,075,000	508,875	3.00%
2029	2,595,500	2,150,000	445,500	3.00%
2030	2,580,250	2,200,000	380,250	3.00%
2031	2,588,125	2,275,000	313,125	3.00%
2032	2,582,000	2,350,000	232,000	4.00%
2033	2,586,000	2,450,000	136,000	4.00%
2034	1,490,625	1,425,000	65,625	3.00%
2035	1,497,125	1,475,000	22,125	3.00%
	<u>\$ 36,609,375</u>	<u>\$ 29,025,000</u>	<u>\$ 7,584,375</u>	

NOTE 7 - INTERFUND ACTIVITY

During the course of operations, UFSA has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated.

Debt service on the LBA Lease Revenue Bonds, series 2016, is payable from lease payments by UFSA to the LBA for the use of fire stations. During 2020, lease payments of \$2,580,673 were paid by the General fund to the LBA's Debt Service fund. Future lease payments will be equal to the required debt service payments. Assets recorded under this operating lease are land, buildings, and equipment having original cost of \$30,130,314 with \$5,179,921 of accumulated depreciation.

UNIFIED FIRE SERVICE AREA BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended December 31, 2020

NOTE 8 -RELATED PARTY TRANSACTIONS

UFSA has been a member of UFA since its inception in July 2004. Beginning in January 2008, UFA assumed management of UFSA from Salt Lake County. UFSA paid member fees of \$49,708,495 to UFA during 2020. UFA provides fire protection service and staffing, equipment, and station maintenance for the fees it receives from UFSA. UFSA paid management fees to UFA for its services totaling \$339,653 for the year ended December 31, 2020. Accounts receivable (\$15,674) and accounts payable (\$92) existing December 31, 2020.

In February 2012, UFSA entered into an interlocal agreement with UFA to finance the purchase of a warehouse in West Jordan, Utah. In March 2012, UFSA loaned \$2.5 million to UFA for purchase of the building. The agreement requires UFA to pay 228 monthly payments of \$15,672 beginning 30 days following the termination of its current warehouse lease. Prior to the commencement of payments, UFA paid interest monthly at the Utah PTIF rate. Upon commencement of payments, the agreement bears 4% interest. UFA paid \$116,664 in principal and \$71,397 in interest to UFSA in 2020. The following is a schedule by years of future minimum payments required under the agreement as of December 31, 2020:

2021	\$	121,417
2022		126,363
2023		131,512
2024		136,870
2025		142,446
2026-2030		804,158
2031-2032		258,592
	\$	<u>1,721,358</u>

NOTE 9 -SUBSEQUENT EVENTS

Management has made an evaluation for subsequent events for occurrence of events that require adjustments to, or disclosure in, the financial statements through the date the financial statements were available to be issued, and none were identified except as disclosed below.

The Town of Alta voted to join UFSA effective January 2021. Herriman City and Riverton City terminated participation in Unified Fire Service Area as of January 1, 2021. As part of the withdrawal agreements with each entity, UFSA will distribute each entities' share of UFSA minimum reserve fund balance (\$1,076,293 for Riverton and \$789,576 for Herriman). In turn, both cities will pay their portion of the 2016 outstanding bond debt (\$4,152,344 from Riverton and \$6,318,778 from Herriman). Payments made to and from UFSA will be made annually over the remaining life of the 2016A Bonds through 2035.

UFSA issued Lease Revenue Bonds of \$34,905,000 in March 2021 for the construction and purchase of related land for five fire stations located in Eagle Mountain, Magna, Midvale, and Millcreek. The bonds bear interest from 2.00% to 5.00% and are due in annual installments ranging from \$1,200,750 to \$2,398,625 through April 2041.

UFSA issued a Tax and Revenue Anticipation Note of \$19.5 million in April 2021.

UNIFIED FIRE SERVICE AREA BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended December 31, 2020

NOTE 10 - COMMITMENTS AND CONTINGENCIES

As of December 31, 2020, UFSA did not have any pending litigation or potential nondisclosed liabilities.

NOTE 11 - RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations. UFSA does not expect to realize a material effect on its operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, UFSA is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

On March 27, 2020, the "Coronavirus Aid, Relief, and Economic Security (CARES) Act" was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. We continue to examine the impact that the CARES Act may have on our business. Currently, we are unable to determine the impact that the CARES Act will have on our financial condition, results of operations, or liquidity.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year ended December 31, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
REVENUES				
Real property taxes	\$ 52,304,787	\$ 52,508,888	\$ 53,120,707	\$ 611,819
Motor vehicle fees	2,900,000	2,900,000	2,823,527	(76,473)
Impact fees	1,800,000	1,800,000	2,409,251	609,251
Grants and donations	1,128,288	1,128,288	-	(1,128,288)
Rent income	-	-	11,394	11,394
Interest income	360,000	360,000	220,576	(139,424)
Other income	-	-	1,021	1,021
Total Revenues	<u>58,493,075</u>	<u>58,697,176</u>	<u>58,586,476</u>	<u>(110,700)</u>
EXPENDITURES				
Current				
Operations	56,380,441	55,880,643	55,831,486	49,157
General and administrative	680,003	680,003	562,131	117,872
Capital outlay	2,029,460	2,547,237	880,828	1,666,409
Debt service				
Interest	500,000	500,000	279,069	220,931
Debt issuance costs and fees	35,000	35,000	17,500	17,500
Total Expenditures	<u>59,624,904</u>	<u>59,642,883</u>	<u>57,571,014</u>	<u>2,071,869</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,131,829)	(945,707)	1,015,462	1,961,169
OTHER FINANCING SOURCES				
Loan payments from related party	116,664	116,664	116,664	-
Transfers out	-	(732,691)	(732,691)	-
Total other financing sources	<u>116,664</u>	<u>(616,027)</u>	<u>(616,027)</u>	<u>-</u>
Net change in fund balance	(1,015,165)	(1,561,734)	399,435	<u>\$ 1,961,169</u>
Fund balance at beginning of year	<u>12,223,019</u>	<u>12,223,019</u>	<u>12,223,019</u>	
Fund balance at end of year	<u>\$ 11,207,854</u>	<u>\$ 10,661,285</u>	<u>\$ 12,622,454</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2020

NOTE 1 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

- By the first regularly scheduled Board meeting in November, UFSA prepares a tentative budget for the next succeeding fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
- The UFSA budget for any calendar year must be adopted by Board Resolution, following a public hearing, before the end of December of the prior calendar year, subject to later amendment as provided by law. The budget includes anticipated property tax revenue to be received during the budget year, which serves as the basis for determining the property tax levy to be set by the Board of Trustees, subject to applicable statutory limitations. Subject to possible “truth in taxation” statutory procedures that are required if the Board determines to exceed the certified tax rate, the Board generally will establish the property tax levy by June 22 of the current tax year.
- Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, as reflected in the official minutes of the Board, and are not made after fiscal year end.
- Each budget is prepared and controlled by the budget officer at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board of Trustees.
- The budgets for all funds must be filed with the Utah State Auditor within 30 days of adoption.

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

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES
SUPPLEMENTAL REPORTS

UNIFIED FIRE SERVICE AREA

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

Year ended December 31, 2020

LOCAL BUILDING AUTHORITY – DEBT SERVICE FUND

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
REVENUES				
Rent income	\$ 2,583,500	\$ 2,583,500	\$ 2,580,673	\$ (2,827)
Interest income	3,000	3,000	2,029	(971)
Total Revenues	<u>2,586,500</u>	<u>2,586,500</u>	<u>2,582,702</u>	<u>(3,798)</u>
EXPENDITURES				
Debt service				
Principal	1,575,000	1,575,000	1,575,000	-
Interest	1,008,500	1,008,500	1,008,500	-
Total Expenditures	<u>2,583,500</u>	<u>2,583,500</u>	<u>2,583,500</u>	<u>-</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>3,000</u>	<u>3,000</u>	<u>(798)</u>	<u>(3,798)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	760	759	(1)
Total other financing				
sources (uses)	<u>-</u>	<u>760</u>	<u>759</u>	<u>(1)</u>
Net change in fund balance	<u>3,000</u>	<u>3,760</u>	<u>(39)</u>	<u>\$ (3,799)</u>
Fund balance at beginning of year	<u>249</u>	<u>249</u>	<u>249</u>	
Fund balance at end of year	<u>\$ 3,249</u>	<u>\$ 4,009</u>	<u>\$ 210</u>	