



**METRO CITIES FIRE AUTHORITY**

Basic Financial Statements and Supplementary Information

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

# METRO CITIES FIRE AUTHORITY

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## Independent Auditors' Report

The Board of Directors  
Metro Cities Fire Authority:

### *Opinion*

We have audited the financial statements of the Metro Cities Fire Authority (the Authority) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 the Authority'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.

### *Auditors' 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 auditors' report that includes our opinion. 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 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 GAAS, 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 the Authority'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 the Authority'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*

Management has omitted management's discussion and analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of proportionate share of capital assets by member cities is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**KPMG LLP**

Los Angeles, California  
December 23, 2022

**METRO CITIES FIRE AUTHORITY**

Statements of Net Position

June 30, 2022 and 2021

Assets	2022	2021
Current assets:		
Investments	\$ 2,393,193	2,032,560
Accounts receivable	9,386	63,039
Interest receivable	13,977	14,186
Prepaid assets	51,849	56,125
Total current assets	2,468,405	2,165,910
Noncurrent assets:		
Prepaid assets	6,180	66,995
Capital assets:		
Machinery and equipment	4,348,030	4,313,138
Total capital assets	4,348,030	4,313,138
Less accumulated depreciation	(2,751,374)	(2,487,147)
Capital assets, net	1,596,656	1,825,991
Total noncurrent assets	1,602,836	1,892,986
Total assets	4,071,241	4,058,896
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	66,342	17,237
Accrued payroll	114,724	113,836
Interest payable	42,712	45,417
Current portion of long-term debt	90,287	86,682
Member-specific component deposits	304,333	145,410
Total current liabilities	618,398	408,582
Noncurrent liability:		
Long-term debt, net of current portion	1,278,835	1,369,122
Total noncurrent liability	1,278,835	1,369,122
Total liabilities	1,897,233	1,777,704
<b>Net Position</b>		
Net investment in capital assets	191,186	370,187
Unrestricted	1,982,822	1,911,005
Total net position	\$ 2,174,008	2,281,192

See accompanying notes to basic financial statements.

**METRO CITIES FIRE AUTHORITY**

Statements of Revenue, Expenses, and Changes in Net Position

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating revenue:		
Member agency contributions	\$ 6,646,118	6,661,198
Fire assistance reimbursements	34,238	—
Other revenues	893	10,204
Total operating revenue	<u>6,681,249</u>	<u>6,671,402</u>
Operating expenses:		
Salaries and wages reimbursements	4,663,139	4,716,935
Communication fees	631,100	584,226
Administration and overhead	700,248	687,935
Meetings and seminars	6,191	4,598
Office supplies and maintenance	25,709	24,640
Other operating	74,029	76,558
Depreciation	278,059	280,253
Total operating expenses	<u>6,378,475</u>	<u>6,375,145</u>
Operating income	<u>302,774</u>	<u>296,257</u>
Nonoperating revenue (expense):		
Investment income (loss)	(50,856)	32,425
Interest expense	(57,851)	(61,421)
Member agency distributions	(301,251)	(180,823)
Total nonoperating expense	<u>(409,958)</u>	<u>(209,819)</u>
Change in net position	(107,184)	86,438
Net position at beginning of year	<u>2,281,192</u>	<u>2,194,754</u>
Net position at ending of year	<u>\$ 2,174,008</u>	<u>2,281,192</u>

See accompanying notes to basic financial statements.

**METRO CITIES FIRE AUTHORITY**

Statements of Cash Flows

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Receipts from member agencies	\$ 6,689,850	6,617,466
Receipts from fire assistance reimbursements	34,238	—
Receipts from other revenue	3,367	7,730
Payments for wages and other benefits reimbursements	(4,662,251)	(4,697,890)
Payments to suppliers for goods and services	(651,734)	(669,682)
Payments to City of Anaheim for administration and overhead	<u>(700,248)</u>	<u>(687,935)</u>
Net cash provided by operating activities	<u>713,222</u>	<u>569,689</u>
Cash flows from capital and related financing activities:		
Principal payment	(86,682)	(83,219)
Interest payment	(60,556)	(64,017)
Capital purchases	<u>(12,376)</u>	<u>(50,133)</u>
Net cash used for capital and related financing activities	<u>(159,614)</u>	<u>(197,369)</u>
Cash flows from noncapital financing activities:		
Payments on behalf of member agencies for equipment purchases	(99,307)	(81,295)
Member agency fair share distributions	<u>(46,302)</u>	<u>(27,720)</u>
Net cash used for noncapital financing activities	<u>(145,609)</u>	<u>(109,015)</u>
Cash flows from investing activities:		
Purchase of investment securities	(738,261)	(393,421)
Proceeds from sale and maturity of investment securities	278,000	77,000
Interest received	<u>52,262</u>	<u>53,116</u>
Net cash used for investing activities	<u>(407,999)</u>	<u>(263,305)</u>
Change in cash	—	—
Cash at beginning of year	<u>—</u>	<u>—</u>
Cash at end of year	\$ <u><u>—</u></u>	\$ <u><u>—</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 302,774	296,257
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation	278,059	280,253
Changes in assets and liabilities:		
Accounts receivable	9,921	(8,109)
Member contribution receivable	43,732	(43,732)
Prepaid and other assets	65,091	37,089
Accounts payable	12,757	(11,114)
Accrued payroll	<u>888</u>	<u>19,045</u>
Net cash provided by operating activities	\$ <u><u>713,222</u></u>	\$ <u><u>569,689</u></u>
Schedule of noncash investing activity:		
Decrease in fair value of investments	\$ (99,628)	(20,592)
Increase in accounts payable for capital purpose	36,348	—
Increase in member-specific component deposits	158,923	73,913

See accompanying notes to basic financial statements.

## **METRO CITIES FIRE AUTHORITY**

### Notes to Basic Financial Statements

June 30, 2022 and 2021

#### **(1) Summary of Accounting Policies**

##### **(a) Organization**

On July 1, 1996, the Metro Cities Fire Authority (the Authority) was created by a Joint Exercise of Powers Agreement (JPA) for the purposes of providing fire suppression, emergency medical assistance, rescue service, and related services to the members to support a central communication network and record-keeping systems. The Authority commenced operation on July 1, 1996.

The following entities are members of the Authority at June 30, 2022: City of Anaheim (the City), City of Brea, City of Fountain Valley, City of Fullerton, City of Huntington Beach, City of Newport Beach, and the City of Orange. Members of the Board of Directors (the Board) consist of one voting Board member for each city and an alternate appointed by their governing body.

Public entities within the County of Orange, California (the County) may receive services from the Authority by executing an agreement and paying a "fair share" contribution determined annually. Each year, the Board adopts a budget in order to determine the cost of services to the participating agencies.

All personnel of the Authority are employees of the City. The Authority and the City have entered into an agreement whereby the Authority is responsible for all costs relating to the City employees who perform functions on behalf of the Authority. In addition to salary costs, the Authority is contractually responsible for the cost of benefits for the City employees who work with the Authority. For the years ended June 30, 2022 and 2021, the Authority paid the City \$863,785 and \$850,790 for pension, \$155,737 and \$186,991 for retiree medical, and \$115,159 and \$91,782 for workers' compensation costs, respectively, and are included in Salaries and wage reimbursements on the Statements of Revenues, Expenses, and Changes in Net Position.

##### **(b) Basis of Presentation**

The Authority's financial statements are prepared in conformity with U.S. generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

The financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statements of net position. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when incurred.

Operating revenues are the revenues that are generated from the Authority's primary operations. All other revenue is reported as non-operating revenue. Operating expenses are those expenses that are essential to the Authority's primary operations. All other expenses are reported as non-operating expenses.

##### **(c) Fair Value Measurements**

The Authority uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between



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### Notes to Basic Financial Statements

June 30, 2022 and 2021

market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the Authority's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Authority groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation. The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

#### **(d) Investments**

The Authority participates in the investment pool managed by the City, which is an external investment pool and is not registered with the Securities and Exchange Commission. The Authority's investment in the pool is carried at fair value based on the value of each participating unit and are accordingly not leveled in the fair value hierarchy.

#### **(e) Capital Assets**

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost. Donated assets are valued at fair value on the date they were contributed. The costs of normal maintenance and repairs that do not add value to the assets or materially extend the useful life are not capitalized. Capital assets are depreciated using the straight-line method over a useful life ranging from 5 to 10 years.

#### **(f) Member-Specific Component Deposits**

Member-specific component deposits were established by the Authority to assist members to defray future replacement costs of member specific communication equipment. As a condition to receiving emergency communication services, each member is required to install and maintain, at the member(s)'s own costs, certain communication equipment, in each fire station, rescue facility, or related mobile unit as maintained by the member(s). Member(s) may make deposits to and request disbursements from the Member-specific component deposits account. Payments made on behalf of member agencies for the above purpose were \$99,307 and \$81,295 for fiscal year ended June 30,

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Notes to Basic Financial Statements

June 30, 2022 and 2021

2022 and 2021, respectively. The member-specific components consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Communication equipment replacement:		
City of Anaheim	\$ 2,208	612
City of Fountain Valley	62,814	45,763
City of Fullerton	61,986	22,982
City of Huntington Beach	93,535	35,216
City of Orange	<u>83,790</u>	<u>40,837</u>
Total member-specific components	<u>\$ 304,333</u>	<u>145,410</u>

For the years ended June 30, 2022 and 2021, Member-Specific Component Deposits include \$254,949 and \$153,103 budget surplus distributions (see note 5 for additional information), \$3,281 and 2,105 for interest earnings and offsetting equipment purchase disbursements of \$99,307 and \$81,295 respectively, on behalf of specific member cities.

**(g) Net Position**

Net position represents the difference between all other elements in the statements of net position and should be displayed in the following three components:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets. At June 30, 2022 and 2021, the Authority had \$191,186 and \$370,187 in net investment in capital assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. At June 30, 2022 and 2021, there was no restricted net position for the Authority. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resource first, and then unrestricted resources when they are needed.

Unrestricted – This component of net position is the amount the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. At June 30, 2022 and 2021, the Authority had \$1,982,822 and \$1,911,005 in unrestricted net position.

When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first, and then unrestricted resources when they are needed.

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### Notes to Basic Financial Statements

June 30, 2022 and 2021

#### (h) Use of Estimates

The preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

#### (2) New Accounting Pronouncement

On July 1, 2021, the Authority adopted the following new accounting pronouncements issued by the GASB:

Statement No. 87, *Leases*. The Statement establishes accounting and financial reporting standards focuses on certain lease liabilities that currently are not reported. Comparability of financial statements among governments will be enhanced by requiring leases and lessors to report leases under a single model. Decision-usefulness will also be enhanced by requiring notes to financial statements related to the timing, significance, and purpose of leasing arrangements. The requirements of this Statement are effective for reporting periods with the fiscal year that ends June 30, 2022.

The requirements of GASB No. 87 had no material effect on amounts reported in the Authority's financial statements.

#### (3) Investments

The Authority's investment policy allows all funds to be invested with the City. As of June 30, 2022 and 2021, the Authority had \$2,393,193 and \$2,032,560 invested in the City's pooled investment fund, respectively. The City's investment policy limits the permitted investments in the investment pool to the following: obligations of the U.S. government, federal agencies, and government-sponsored enterprises; medium-term corporate notes; certificates of deposit; bankers' acceptances; commercial paper; supranational; LAIF; repurchase agreements; reverse repurchase agreements; and money market mutual funds. The City's treasurer investment portfolio rating at June 30, 2022 and 2021 was AAf/S1. The treasurer's investment portfolio has a weighted average maturity of 1.41 and 1.40 years at June 30, 2022 and 2021.

#### (4) Accounts Receivable

Accounts receivable at June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
City of Brea	\$ —	43,732
Anaheim Municipal Employee Association	—	1,958
Miscellaneous expense reimbursements	<u>9,386</u>	<u>17,349</u>
Total	<u>\$ 9,386</u>	<u>63,039</u>

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Notes to Basic Financial Statements

June 30, 2022 and 2021

**(5) Member Agency Contributions**

The Authority collects fair share contributions from its member agencies. The contribution amount for member agencies is calculated each year based upon the number of recorded incidents attributed to each member, divided by the recorded incidents attributable to all members, during the calendar year proceeding the fiscal year for which that member's fair share percentage is being calculated. Once determined for any fiscal year, the member's fair share percentage shall remain unchanged. Each member's fair share contribution shall be determined by multiplying the member's fair share percentage by the amount of the budget or budgetary component. The percentages and amounts of the member agency contributions consisted of the following for the fiscal years ended June 30, 2022 and 2021 by member agencies:

	2022		2021	
	Amount	Percentage	Amount	Percentage
City of Anaheim	\$ 2,215,816	33.34 %	\$ 2,224,840	33.40 %
City of Brea	290,435	4.37	273,775	4.11
City of Fountain Valley	336,958	5.07	359,039	5.39
City of Fullerton	858,678	12.92	850,635	12.77
City of Huntington Beach	1,327,230	19.97	1,271,623	19.09
City of Newport Beach	739,713	11.13	750,051	11.26
City of Orange	877,288	13.20	931,235	13.98
<b>Total</b>	<b>\$ 6,646,118</b>	<b>100.00 %</b>	<b>\$ 6,661,198</b>	<b>100.00 %</b>

On January 27, 2022 and January 28, 2021, the Board unanimously approved the fiscal year 2021 and 2020 budget surplus distributions of \$301,251 and \$180,823, respectively, to member Cities. Per the Metro Cities Fire Authority, Fourth Amended, Joint Power Agreement, member Cities may elect to receive payment or to apply the credit to the Member agency's Member-Specific Component Deposits account.

	2022		2021	
	Credited to Member Specific Account	Disbursed	Credited to Member Specific Account	Disbursed
City of Anaheim	100,618	—	61,317	—
City of Brea	—	12,381	—	7,414
City of Fountain Valley	16,237	—	9,873	—
City of Fullerton	38,470	—	22,838	—
City of Huntington Beach	57,509	—	34,573	—
City of Newport Beach	—	33,921	—	20,306
City of Orange	42,115	—	24,502	—
<b>Total</b>	<b>254,949</b>	<b>46,302</b>	<b>153,103</b>	<b>27,720</b>

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Notes to Basic Financial Statements

June 30, 2022 and 2021

**(6) Fire Assistance Reimbursements**

The Authority provided fire assistance to the California Office of Emergency (Cal OES). The reimbursement for labor and other costs during the fiscal year ended June 30, 2022 was \$34,238. No such services were provided for the fiscal year ended June 30, 2021.

**(7) Other Revenues**

The Authority received labor cost reimbursements from Anaheim Municipal Employee Association (AMEA) for employees attending meetings related to Union matters. The reimbursement amount for fiscal year ended June 30, 2022 and June 30, 2021 were \$893 and \$10,204 respectively.

**(8) Capital Assets**

Capital asset activities for the year ended June 30, 2022 were as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions/ transfers</u>	<u>Ending balance</u>
Depreciable assets:				
Machinery and equipment	\$ 4,313,138	48,724	(13,832)	4,348,030
Less accumulated depreciation	<u>(2,487,147)</u>	<u>(278,059)</u>	<u>13,832</u>	<u>(2,751,374)</u>
Total depreciable assets, net	<u>1,825,991</u>	<u>(229,335)</u>	<u>—</u>	<u>1,596,656</u>
Total capital assets, net	\$ <u>1,825,991</u>	<u>(229,335)</u>	<u>—</u>	<u>1,596,656</u>

Capital asset activities for the year ended June 30, 2021 were as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions/ transfers</u>	<u>Ending balance</u>
Depreciable assets:				
Machinery and equipment	\$ 4,263,005	50,133	—	4,313,138
Less accumulated depreciation	<u>(2,206,894)</u>	<u>(280,253)</u>	<u>—</u>	<u>(2,487,147)</u>
Total depreciable assets, net	<u>2,056,111</u>	<u>(230,120)</u>	<u>—</u>	<u>1,825,991</u>
Total capital assets, net	\$ <u>2,056,111</u>	<u>(230,120)</u>	<u>—</u>	<u>1,825,991</u>

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Notes to Basic Financial Statements

June 30, 2022 and 2021

**(9) Long-Term Liability**

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2022:

	<u>Beginning balance</u>	<u>Additions/ proceeds</u>	<u>Reductions/ payments</u>	<u>Ending balance</u>	<u>Due within one year</u>
Loan payable	\$ 1,455,804	—	(86,682)	1,369,122	90,287
Total	\$ <u>1,455,804</u>	<u>—</u>	<u>(86,682)</u>	<u>1,369,122</u>	<u>90,287</u>

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2021:

	<u>Beginning balance</u>	<u>Additions/ proceeds</u>	<u>Reductions/ payments</u>	<u>Ending balance</u>	<u>Due within one year</u>
Loan payable	\$ 1,539,023	—	(83,219)	1,455,804	86,682
Total	\$ <u>1,539,023</u>	<u>—</u>	<u>(83,219)</u>	<u>1,455,804</u>	<u>86,682</u>

On September 25, 2018, the Authority and Motorola Solutions, Inc. entered into an Equipment Lease-Purchase Agreement for the financing of the 800 MHz radio communications and the related hardware and software acquisitions. The loan amount is \$1,618,359 at an annual interest rate of 4.16%, payable over fifteen years. Total debt service to maturity is \$2,208,554. Annual principal and interest of \$147,237 began on October 1, 2019 payable from the unrestricted resources of annual member contributions. Debt service requirements to maturity are as follows:

<u>Fiscal years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 90,287	56,950	147,237
2024	94,043	53,194	147,237
2025	97,954	49,283	147,237
2026	102,029	45,208	147,237
2027	106,273	40,964	147,237
2028–2032	601,467	134,718	736,185
2033–2036	277,069	17,405	294,474
	\$ <u>1,369,122</u>	<u>397,722</u>	<u>1,766,844</u>

**(10) Administration of the JPA**

Administrative services required for the operation of the Communications Center, management, and administration of the personnel are administered by the City. For the fiscal years ended June 30, 2022 and 2021, administration fees (amounts other than payments for pension and worker's compensation costs discussed in note 1 of this report) paid to the City were \$700,248 and \$687,935, respectively, per the JPA Agreement.

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### Notes to Basic Financial Statements

June 30, 2022 and 2021

#### **(11) Risk Management**

The Authority is self-insured for general liability claims. The amount of claims paid out is distributed among each member for reimbursement. In the event an unfunded liability arises, the contribution of each member shall be in an amount equal to the total unfunded liability multiplied by that member's percentage of budget. At June 30, 2022 and 2021, the Authority did not have any claims outstanding nor did the Authority pay any claims during the years then ended.

#### **(12) Commitments and Contingencies**

##### **(a) *Lawsuits***

In the ordinary course of business, the Authority is subject to various claims, investigations, proceedings, tax assessments, and legal actions from time to time arising out of the conduct of the Authority's business. Management believes that, based on current knowledge, the outcome of any such pending matters will not have a material adverse effect on the Authority's financial position.

##### **(b) *Commitments***

The Authority does not have any major contractual commitments or contingencies as of June 30, 2022 and 2021.

## **SUPPLEMENTARY INFORMATION**



**METRO CITIES FIRE AUTHORITY**

Schedule of Proportionate Share of Capital Assets by Member Cities

Years ended June 30, 2022 and 2021

(Unaudited)

The proportional share of the capital assets allocable to each of the member cities consisted of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Communication equipment:		
City of Anaheim	\$ 1,449,633	1,440,588
City of Brea	190,009	177,270
City of Fountain Valley	220,445	232,478
City of Fullerton	561,765	550,788
City of Huntington Beach	868,302	823,378
City of Newport Beach	483,936	485,659
City of Orange	573,940	602,977
Total	4,348,030	4,313,138
Less accumulated depreciation	<u>(2,751,374)</u>	<u>(2,487,147)</u>
Total capital assets	<u>\$ 1,596,656</u>	<u>1,825,991</u>

See accompanying independent auditors' report.