



METRO CITIES FIRE AUTHORITY

Basic Financial Statements and Supplementary Information

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

METRO CITIES FIRE AUTHORITY

Table of Contents

	Page(s)
Independent Auditors' Report	1-2
Basic Financial Statements:	
Statements of Net Position	3
Statements of Revenue, Expenses, and Changes in Net Position	4
Statements of Cash Flows	5
Notes to Basic Financial Statements	6-13
Supplementary Information:	
Schedule of Proportionate Share of Capital Assets by Member Cities	14



KPMG LLP
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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, 2023 and 2022, 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, 2023 and 2022, 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 audit was 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 22, 2023

METRO CITIES FIRE AUTHORITY

Statements of Net Position

June 30, 2023 and 2022

Assets	2023	2022
Current assets:		
Investments	\$ 2,310,949	2,393,193
Accounts receivable	2,753	9,386
Interest receivable	12,713	13,977
Prepaid assets	18,362	51,849
Total current assets	<u>2,344,777</u>	<u>2,468,405</u>
Noncurrent assets:		
Prepaid assets	—	6,180
Capital assets:		
Machinery and equipment	4,364,911	4,348,030
Total capital assets	4,364,911	4,348,030
Less accumulated depreciation	<u>(2,621,585)</u>	<u>(2,751,374)</u>
Capital assets, net	<u>1,743,326</u>	<u>1,596,656</u>
Total noncurrent assets	<u>1,743,326</u>	<u>1,602,836</u>
Total assets	<u>4,088,103</u>	<u>4,071,241</u>
Liabilities		
Current liabilities:		
Accounts payable	347,179	66,342
Accrued payroll	57,001	114,724
Interest payable	39,896	42,712
Current portion of long-term debt	94,043	90,287
Member-specific component deposits	419,306	304,333
Total current liabilities	<u>957,425</u>	<u>618,398</u>
Noncurrent liability:		
Long-term debt, net of current portion	1,184,792	1,278,835
Total noncurrent liability	<u>1,184,792</u>	<u>1,278,835</u>
Total liabilities	<u>2,142,217</u>	<u>1,897,233</u>
Net Position		
Net investment in capital assets	181,209	191,186
Unrestricted	1,764,677	1,982,822
Total net position	<u>\$ 1,945,886</u>	<u>2,174,008</u>

See accompanying notes to basic financial statements.

METRO CITIES FIRE AUTHORITY

Statements of Revenue, Expenses, and Changes in Net Position

Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenue:		
Member agency contributions	\$ 7,082,319	6,646,118
Fire assistance reimbursements	—	34,238
Other revenues	—	893
Total operating revenue	<u>7,082,319</u>	<u>6,681,249</u>
Operating expenses:		
Salaries and wages reimbursements	5,285,954	4,663,139
Communication fees	680,729	631,100
Administration and overhead	746,982	700,248
Meetings and seminars	8,766	6,191
Office supplies and maintenance	52,174	25,709
Other operating	80,992	74,029
Depreciation	253,200	278,059
Total operating expenses	<u>7,108,797</u>	<u>6,378,475</u>
Operating (loss) income	<u>(26,478)</u>	<u>302,774</u>
Nonoperating revenue (expense):		
Investment income (loss)	51,223	(50,856)
Interest expense	(54,133)	(57,851)
Member agency distributions	(198,734)	(301,251)
Total nonoperating expense	<u>(201,644)</u>	<u>(409,958)</u>
Change in net position	<u>(228,122)</u>	<u>(107,184)</u>
Net position at beginning of year	<u>2,174,008</u>	<u>2,281,192</u>
Net position at end of year	<u>\$ 1,945,886</u>	<u>2,174,008</u>

See accompanying notes to basic financial statements.

METRO CITIES FIRE AUTHORITY
Statements of Cash Flows
Years ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Receipts from member agencies	\$ 7,082,319	6,689,850
Receipts from fire assistance reimbursements	—	34,238
Receipts from other revenue	—	3,367
Payments for wages and other benefits reimbursements	(5,343,677)	(4,662,251)
Payments to suppliers for goods and services	(742,458)	(651,734)
Payments to City of Anaheim for administration and overhead	(746,982)	(700,248)
Net cash provided by operating activities	<u>249,202</u>	<u>713,222</u>
Cash flows from capital and related financing activities:		
Principal payment	(90,287)	(86,682)
Interest payment	(56,949)	(60,556)
Capital purchases	(152,936)	(12,376)
Net cash used for capital and related financing activities	<u>(300,172)</u>	<u>(159,614)</u>
Cash flows from noncapital financing activities:		
Payments on behalf of member agencies for equipment purchases	(57,357)	(99,307)
Member agency fair-share distributions	(34,918)	(46,302)
Net cash used for noncapital financing activities	<u>(92,275)</u>	<u>(145,609)</u>
Cash flows from investing activities:		
Purchase of investment securities	(942,000)	(738,261)
Proceeds from sale and maturity of investment securities	999,256	278,000
Interest received	85,989	52,262
Net cash provided by (used for) investing activities	<u>143,245</u>	<u>(407,999)</u>
Change in cash	—	—
Cash at beginning of year	<u>—</u>	<u>—</u>
Cash at end of year	<u>\$ —</u>	<u>—</u>
Reconciliation of operating (loss) income to net cash provided by operating activities:		
Operating (loss) income	\$ (26,478)	302,774
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation	253,200	278,059
Changes in assets and liabilities:		
Accounts receivable	6,633	9,921
Member contribution receivable	—	43,732
Prepaid and other assets	39,667	65,091
Accounts payable	33,903	12,757
Accrued payroll	(57,723)	888
Net cash provided by operating activities	<u>\$ 249,202</u>	<u>713,222</u>
Schedule of noncash investing activity:		
Decrease in fair value of investments	\$ (24,988)	(99,628)
Increase in accounts payable for capital purpose	246,934	36,348
Increase in member-specific component deposits	163,816	256,949

See accompanying notes to basic financial statements.

METRO CITIES FIRE AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(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, 2023 and 2022, the Authority paid the City \$1,142,065 and \$863,785, respectively, for pension; \$177,306 and \$155,737, respectively, for retiree medical; and \$115,998 and \$115,159, respectively, for workers' compensation costs, and these amounts 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 government 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 revenue is the revenue that is generated from the Authority's primary operations. All other revenue is reported as nonoperating revenue. Operating expenses are those expenses that are essential to the Authority's primary operations. All other expenses are reported as nonoperating 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

METRO CITIES FIRE AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

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 is 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 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

METRO CITIES FIRE AUTHORITY
Notes to Basic Financial Statements
June 30, 2023 and 2022

the above purpose were \$57,357 and \$99,307 for the fiscal years ended June 30, 2023 and 2022, respectively. The member-specific components consisted of the following at June 30, 2023 and 2022:

	2023	2022
Communication equipment replacement:		
City of Anaheim	\$ 65,395	2,208
City of Fountain Valley	71,889	62,814
City of Fullerton	89,489	61,986
City of Huntington Beach	89,295	93,535
City of Orange	103,238	83,790
Total member-specific components	\$ 419,306	304,333

For the fiscal years ended June 30, 2023 and 2022, changes in member-specific component deposits include \$163,816 and \$254,949, respectively, budget surplus distributions (see note 5 for additional information); for \$8,514 and \$3,281, respectively, for interest earnings; and offsetting equipment purchase disbursements of \$57,357 and \$99,307, 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, 2023 and 2022, the Authority had \$181,209 and \$191,186, respectively, 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, 2023 and 2022, 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, 2023 and 2022, the Authority had \$1,764,677 and \$1,982,822, respectively, 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.

METRO CITIES FIRE AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(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, 2022, the Authority adopted GASB Statement No. 96, *Subscription-based Information technology arrangements*. Subscription-based information technology arrangements (SBITAS) are arrangements that governments enter into vendor-provided information technology (IT) software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets. GASB Statement No. 96 establishes accounting and financial reporting for SBITAS. The requirements of GASB Statement No. 96 are effective for reporting periods starting with the fiscal year that ends June 30, 2023.

The requirements of GASB Statement No. 96 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, 2023 and 2022, the Authority had \$2,310,949 and \$2,393,193, respectively, invested in the City's pooled investment fund. 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; Local Agency Investment Fund; repurchase agreements; reverse repurchase agreements; and money market mutual funds. The City's treasurer investment portfolio rating at June 30, 2023 and 2022 was AAf/S1. The treasurer's investment portfolio has a weighted average maturity of 1.59 and 1.41 years at June 30, 2023 and 2022, respectively.

(4) Accounts Receivable

Accounts receivable at June 30, 2023 and 2022 consisted of the following:

	2023	2022
City of Huntington Beach	\$ 1,279	—
City of Newport Beach	1,474	—
Miscellaneous expense reimbursements	—	9,386
Total	\$ 2,753	9,386

METRO CITIES FIRE AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(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, 2023 and 2022 by member agencies:

	2023		2022	
	Amount	Percentage	Amount	Percentage
City of Anaheim	\$ 2,424,277	34.23 %	\$ 2,215,816	33.34 %
City of Brea	298,166	4.21	290,435	4.37
City of Fountain Valley	376,071	5.31	336,958	5.07
City of Fullerton	900,163	12.71	858,678	12.92
City of Huntington Beach	1,367,596	19.31	1,327,230	19.97
City of Newport Beach	781,180	11.03	739,713	11.13
City of Orange	934,866	13.20	877,288	13.20
Total	\$ 7,082,319	100.00 %	\$ 6,646,118	100.00 %

On January 6, 2023 and January 27, 2022, the Board unanimously approved the fiscal year 2022 and 2021 budget surplus distributions of \$198,734 and \$301,251, 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.

	2023		2022	
	Credited to member-specific account	Disbursed	Credited to member-specific account	Disbursed
City of Anaheim	\$ 66,258	—	100,618	—
City of Brea	—	8,685	—	12,381
City of Fountain Valley	10,076	—	16,237	—
City of Fullerton	25,676	—	38,470	—
City of Huntington Beach	39,687	—	57,509	—
City of Newport Beach	—	26,233	—	33,921
City of Orange	22,119	—	42,115	—
Total	\$ 163,816	34,918	254,949	46,302

METRO CITIES FIRE AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(6) Fire Assistance Reimbursements

The Authority provided fire assistance to the California Office of Emergency. There was no reimbursement during fiscal year ended June 30, 2023. The reimbursement for labor and other costs during the fiscal year ended June 30, 2022 was \$34,238.

(7) Other Revenues

The Authority received labor cost reimbursements from Anaheim Municipal Employee Association (AMEA) for employees attending meetings related to union matters. There was no reimbursement during the fiscal year ended June 30, 2023. The reimbursement amount for fiscal the year ended June 30, 2022 was \$893.

(8) Capital Assets

Capital asset activities for the year ended June 30, 2023 were as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions/ transfers</u>	<u>Ending balance</u>
Depreciable assets:				
Machinery and equipment	\$ 4,348,030	399,870	(382,989)	4,364,911
Less accumulated depreciation	<u>(2,751,374)</u>	<u>(253,200)</u>	<u>382,989</u>	<u>(2,621,585)</u>
Total depreciable assets, net	<u>1,596,656</u>	<u>146,670</u>	<u>—</u>	<u>1,743,326</u>
Total capital assets, net	\$ <u><u>1,596,656</u></u>	<u><u>146,670</u></u>	<u><u>—</u></u>	<u><u>1,743,326</u></u>

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><u>1,825,991</u></u>	<u><u>(229,335)</u></u>	<u><u>—</u></u>	<u><u>1,596,656</u></u>

METRO CITIES FIRE AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(9) Long-Term Liability

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2023:

	<u>Beginning balance</u>	<u>Additions/ proceeds</u>	<u>Reductions/ payments</u>	<u>Ending balance</u>	<u>Due within one year</u>
Loan payable	\$ 1,369,122	—	(90,287)	1,278,835	94,043
Total	\$ <u>1,369,122</u>	<u>—</u>	<u>(90,287)</u>	<u>1,278,835</u>	<u>94,043</u>

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>

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 15 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>
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	110,694	36,543	147,237
2029–2033	626,485	109,700	736,185
2034–2037	141,357	5,880	147,237
	\$ <u>1,278,835</u>	<u>340,772</u>	<u>1,619,607</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, 2023 and 2022, administration fees (amounts other than payments for pension and workers' compensation costs discussed in note 1 of this report) paid to the City were \$746,982 and \$700,248, respectively, per the JPA Agreement.

METRO CITIES FIRE AUTHORITY

Notes to Basic Financial Statements

June 30, 2023 and 2022

(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, 2023 and 2022, 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, 2023.

SUPPLEMENTARY INFORMATION

METRO CITIES FIRE AUTHORITY

Schedule of Proportionate Share of Capital Assets by Member Cities

Years ended June 30, 2023 and 2022

(Unaudited)

The proportional share of the capital assets allocable to each of the member cities consisted of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Communication equipment:		
City of Anaheim	\$ 1,494,109	1,449,633
City of Brea	183,763	190,009
City of Fountain Valley	231,777	220,445
City of Fullerton	554,780	561,765
City of Huntington Beach	842,864	868,302
City of Newport Beach	481,450	483,936
City of Orange	576,168	573,940
Total	4,364,911	4,348,030
Less accumulated depreciation	<u>(2,621,585)</u>	<u>(2,751,374)</u>
Total capital assets	<u>\$ 1,743,326</u>	<u>1,596,656</u>

See accompanying independent auditors' report.