



**METRO CITIES FIRE AUTHORITY**

Basic Financial Statements and Supplementary Information

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

# METRO CITIES FIRE AUTHORITY

## Table of Contents

	<b>Page(s)</b>
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  
Suite 1500  
550 South Hope Street  
Los Angeles, CA 90071-2629

## 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, 2024 and 2023, 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, 2024 and 2023, 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 US 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 12 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 in fraud is higher than for one resulting in 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 US 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 which 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, 2024

**METRO CITIES FIRE AUTHORITY**

Statements of Net Position

June 30, 2024 and 2023

<b>Assets</b>	<b>2024</b>	<b>2023</b>
Current assets:		
Investments	\$ 2,613,837	2,310,949
Accounts receivable	50,045	2,753
Interest receivable	27,159	12,713
Prepaid assets	17,109	18,362
Total current assets	2,708,150	2,344,777
Noncurrent assets:		
Capital assets:		
Machinery and equipment	4,364,911	4,364,911
Total capital assets	4,364,911	4,364,911
Less accumulated depreciation	(2,825,795)	(2,621,585)
Capital assets, net	1,539,116	1,743,326
Total noncurrent assets	1,539,116	1,743,326
Total assets	4,247,266	4,088,103
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	86,987	347,179
Accrued payroll	99,614	57,001
Interest payable	36,962	39,896
Current portion of long-term debt	97,955	94,043
Member-specific component deposits	337,737	419,306
Total current liabilities	659,255	957,425
Noncurrent liability:		
Long-term debt, net of current portion	1,086,837	1,184,792
Total noncurrent liability	1,086,837	1,184,792
Total liabilities	1,746,092	2,142,217
<b>Net Position</b>		
Net investment in capital assets	354,324	181,209
Unrestricted	2,146,850	1,764,677
Total net position	\$ 2,501,174	1,945,886

See accompanying notes to basic financial statements.

**METRO CITIES FIRE AUTHORITY**

Statements of Revenue, Expenses, and Changes in Net Position

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenue:		
Member agency contributions	\$ 7,637,849	7,082,319
Fire assistance reimbursements	139,982	—
Total operating revenue	<u>7,777,831</u>	<u>7,082,319</u>
Operating expenses:		
Salaries and wages reimbursements	5,198,479	5,285,954
Communication fees	978,409	680,729
Administration and overhead	806,502	746,982
Meetings and seminars	20,478	8,766
Office supplies and maintenance	20,145	52,174
Other operating	71,514	80,992
Depreciation	204,210	253,200
Total operating expenses	<u>7,299,737</u>	<u>7,108,797</u>
Operating income (loss)	<u>478,094</u>	<u>(26,478)</u>
Nonoperating revenue (expense):		
Investment income	127,454	51,223
Interest expense	(50,260)	(54,133)
Member agency distributions	—	(198,734)
Total nonoperating income (expense)	<u>77,194</u>	<u>(201,644)</u>
Change in net position	555,288	(228,122)
Net position at beginning of year	<u>1,945,886</u>	<u>2,174,008</u>
Net position at end of year	<u>\$ 2,501,174</u>	<u>1,945,886</u>

See accompanying notes to basic financial statements.

**METRO CITIES FIRE AUTHORITY**

Statements of Cash Flows

Years ended June 30, 2024 and 2023

	<b>2024</b>	<b>2023</b>
Cash flows from operating activities:		
Receipts from member agencies	\$ 7,637,849	7,082,319
Receipts from fire assistance reimbursements	92,098	—
Payments for wages and other benefits reimbursements	(5,155,866)	(5,343,677)
Payments to suppliers for goods and services	(1,065,611)	(742,458)
Payments to City of Anaheim for administration and overhead	(806,502)	(746,982)
	<u>701,968</u>	<u>249,202</u>
Net cash provided by operating activities		
Cash flows from capital and related financing activities:		
Principal payment	(94,043)	(90,287)
Interest payment	(53,194)	(56,949)
Capital purchases	(283,282)	(152,936)
	<u>(430,519)</u>	<u>(300,172)</u>
Net cash used in capital and related financing activities		
Cash flows from noncapital financing activities:		
Payments on behalf of member agencies for equipment purchases	(94,388)	(57,357)
Member agency fair share distributions	—	(34,918)
	<u>(94,388)</u>	<u>(92,275)</u>
Net cash used for noncapital financing activities		
Cash flows from investing activities:		
Purchase of investment securities	(767,000)	(942,000)
Proceeds from sale and maturity of investment securities	484,534	999,256
Interest received	105,405	85,989
	<u>(177,061)</u>	<u>143,245</u>
Net cash (used in) provided by investing activities		
Change in cash	—	—
Cash at beginning of year	—	—
Cash at end of year	\$ —	—
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 478,094	(26,478)
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation	204,210	253,200
Changes in assets and liabilities:		
Accounts receivable	(47,292)	6,633
Prepaid and other assets	1,253	39,667
Accounts payable	23,090	33,903
Accrued payroll	42,613	(57,723)
	<u>701,968</u>	<u>249,202</u>
Net cash provided by operating activities	\$ 701,968	249,202
Schedule of cash and noncash reconciliation of investing and noncapital financing activities:		
Increase (decrease) in fair value of investments	\$ 20,422	(24,988)
(Decrease) increase in accounts payable for capital purpose	(283,282)	246,934
(Decrease) increase in member-specific component deposits	(81,569)	163,816

See accompanying notes to basic financial statements.

## METRO CITIES FIRE AUTHORITY

### Notes to Basic Financial Statements

June 30, 2024 and 2023

#### (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's 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's employees who work with the Authority. For the years ended June 30, 2024 and 2023, the Authority paid the City \$1,058,873 and \$1,142,065, respectively, for pension; \$180,800 and \$177,306, respectively, for retiree medical; and \$109,400 and \$115,998, respectively, for workers' compensation costs, and these amounts are included in salaries and wage reimbursements in the statements of revenue, 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 in 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



## METRO CITIES FIRE AUTHORITY

### Notes to Basic Financial Statements

June 30, 2024 and 2023

that would be received to sell an asset or paid to transfer a liability in an orderly transaction between 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, 2024 and 2023

the above purpose were \$94,388 and \$57,357 for the fiscal years ended June 30, 2024 and 2023, respectively. The member-specific components consisted of the following at June 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Communication equipment replacement:		
City of Anaheim	\$ 5,119	65,395
City of Fountain Valley	74,377	71,889
City of Fullerton	92,592	89,489
City of Huntington Beach	92,388	89,295
City of Orange	73,261	103,238
Total member-specific components	\$ 337,737	419,306

For the fiscal years ended June 30, 2024 and 2023, changes in member-specific component deposits consisted of the following:

	<b>2024</b>	<b>2023</b>
Beginning balance	\$ 419,306	304,333
Interest earned	12,819	8,514
Member deposit from budget surplus distributions	—	163,816
Disbursements on behalf of member cities	(94,388)	(57,357)
Ending balance	\$ 337,737	419,306

**(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, 2024 and 2023, the Authority had \$354,324 and \$181,209, 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, 2024 and 2023, 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.

## METRO CITIES FIRE AUTHORITY

### Notes to Basic Financial Statements

June 30, 2024 and 2023

- *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, 2024 and 2023, the Authority had \$2,146,850 and \$1,764,677, 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.

#### **(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**

The Authority adopted the following new accounting pronouncements issued by the GASB during the current fiscal year that ended June 30, 2024:

- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements. The Authority adopted this statement during the year ended June 30, 2024 and determined it did not have a material impact to the financial statements.
- GASB Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but has not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The Authority adopted this statement during the year ended June 30, 2024 and determined it did not have a material impact to the financial statements.

#### **(3) Investments**

The Authority's investment policy allows all funds to be invested with the City. As of June 30, 2024 and 2023, the Authority had \$2,613,837 and \$2,310,949, 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, 2024 and 2023 was AAf/S1. The treasurer's investment portfolio has a weighted average maturity of 1.67 and 1.59 years at June 30, 2024 and 2023, respectively.

**METRO CITIES FIRE AUTHORITY**

Notes to Basic Financial Statements

June 30, 2024 and 2023

**(4) Accounts Receivable**

Accounts receivable at June 30, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
City of Brea	\$ 810	—
City of Huntington Beach	—	1,279
City of Newport Beach	1,351	1,474
California Office of Emergency Services	<u>47,884</u>	<u>—</u>
Total	\$ <u>50,045</u>	<u>2,753</u>

**(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, 2024 and 2023 by member agencies:

	<u>2024</u>		<u>2023</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
City of Anaheim	\$ 2,683,940	35.14 %	\$ 2,424,277	34.23 %
City of Brea	305,514	4.00	298,166	4.21
City of Fountain Valley	389,530	5.10	376,071	5.31
City of Fullerton	966,952	12.66	900,163	12.71
City of Huntington Beach	1,464,939	19.18	1,367,596	19.31
City of Newport Beach	824,888	10.80	781,180	11.03
City of Orange	<u>1,002,086</u>	<u>13.12</u>	<u>934,866</u>	<u>13.20</u>
Total	\$ <u>7,637,849</u>	<u>100.00 %</u>	\$ <u>7,082,319</u>	<u>100.00 %</u>

There was no budget surplus distribution to member cities during fiscal year 2024. On January 6, 2023, the Board unanimously approved the fiscal year 2022 budget surplus distributions of \$198,734 to member cities. Per the Metro Cities Fire Authority, Fourth Amended, Joint Power Agreement, member cities may

**METRO CITIES FIRE AUTHORITY**

Notes to Basic Financial Statements

June 30, 2024 and 2023

elect to receive payment or to apply the credit to the Member agency's Member-Specific Component Deposits account.

	<b>2023</b>	
	<b>Credited to member- specific account</b>	<b>Disbursed</b>
City of Anaheim	66,258	—
City of Brea	—	8,685
City of Fountain Valley	10,076	—
City of Fullerton	25,676	—
City of Huntington Beach	39,687	—
City of Newport Beach	—	26,233
City of Orange	22,119	—
Total	<u>163,816</u>	<u>34,918</u>

**(6) Fire Assistance Reimbursements**

The Authority provided fire assistance to the California Office of Emergency. The reimbursement for labor and other costs for the fiscal year ended June 30, 2024 was \$139,982. There was no reimbursement during fiscal year 2023.

**(7) Capital Assets**

Capital asset activities for the year ended June 30, 2024 were as follows:

	<b>Beginning balance</b>	<b>Additions</b>	<b>Deletions/ retirements</b>	<b>Ending balance</b>
Depreciable assets:				
Machinery and equipment	\$ 4,364,911	—	—	4,364,911
Less accumulated depreciation	<u>(2,621,585)</u>	<u>(204,210)</u>	<u>—</u>	<u>(2,825,795)</u>
Total depreciable assets, net	<u>1,743,326</u>	<u>(204,210)</u>	<u>—</u>	<u>1,539,116</u>
Total capital assets, net	<u>\$ 1,743,326</u>	<u>(204,210)</u>	<u>—</u>	<u>1,539,116</u>

**METRO CITIES FIRE AUTHORITY**

Notes to Basic Financial Statements

June 30, 2024 and 2023

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

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions/ retirements</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>1,596,656</u>	<u>146,670</u>	<u>—</u>	<u>1,743,326</u>

**(8) Long-Term Liability**

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2024:

	<u>Beginning balance</u>	<u>Additions/ proceeds</u>	<u>Reductions/ payments</u>	<u>Ending balance</u>	<u>Due within one year</u>
Loan payable	\$ 1,278,835	—	(94,043)	1,184,792	97,955
Total	\$ <u>1,278,835</u>	<u>—</u>	<u>(94,043)</u>	<u>1,184,792</u>	<u>97,955</u>

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>

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

**METRO CITIES FIRE AUTHORITY**

Notes to Basic Financial Statements

June 30, 2024 and 2023

\$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>
2025	\$ 97,955	49,282	147,237
2026	102,029	45,208	147,237
2027	106,273	40,964	147,237
2028	110,694	36,543	147,237
2029	115,298	31,939	147,237
2030–2034	652,543	83,640	736,183
	<u>\$ 1,184,792</u>	<u>287,576</u>	<u>1,472,368</u>

**(9) 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, 2024 and 2023, administration fees (amounts other than payments for pension and workers' compensation costs discussed in note 1 of this report) paid to the City were \$806,502 and \$746,982, respectively, per the JPA Agreement

**(10) 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, 2024 and 2023, the Authority did not have any claims outstanding nor did the Authority pay any claims during the years then ended.

**(11) 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, 2024.

## **SUPPLEMENTARY INFORMATION**



**METRO CITIES FIRE AUTHORITY**

Schedule of Proportionate Share of Capital Assets by Member Cities

Years ended June 30, 2024 and 2023

(Unaudited)

The proportional share of the capital assets allocable to each of the member cities consisted of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Communication equipment:		
City of Anaheim	\$ 1,533,830	1,494,109
City of Brea	174,597	183,763
City of Fountain Valley	222,610	231,777
City of Fullerton	552,598	554,780
City of Huntington Beach	837,190	842,864
City of Newport Beach	471,410	481,450
City of Orange	572,676	576,168
Total	4,364,911	4,364,911
Less accumulated depreciation	<u>(2,825,795)</u>	<u>(2,621,585)</u>
Total capital assets	<u>\$ 1,539,116</u>	<u>1,743,326</u>

See accompanying independent auditors' report.