



METRO CITIES FIRE AUTHORITY

Basic Financial Statements and Supplementary Information

June 30, 2020 and 2019

(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
Suite 1500
550 South Hope Street
Los Angeles, CA 90071-2629

Independent Auditors' Report

The Board of Directors
Metro Cities Fire Authority:

We have audited the accompanying financial statements of the Metro Cities Fire Authority (the Authority) as of and for the years ended June 30, 2020 and 2019, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Metro Cities Fire Authority as of June 30, 2020 and 2019, 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.



Other Matters

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 the 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 proportional 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.

The 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of proportional share of capital assets by member cities is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

KPMG LLP

Los Angeles, California
November 19, 2020

METRO CITIES FIRE AUTHORITY

Statements of Net Position

June 30, 2020 and 2019

Assets	2020	2019
Current assets:		
Investments	\$ 1,736,731	1,234,460
Accounts receivable	11,198	20,737
Interest receivable	12,180	9,231
Prepaid assets	32,904	22,642
Restricted other assets	38,130	38,130
Total current assets	1,831,143	1,325,200
Noncurrent assets:		
Prepaid assets	12,915	19,109
Restricted other assets	76,260	114,391
Capital assets:		
Machinery and equipment	4,263,005	4,214,994
Total capital assets	4,263,005	4,214,994
Less accumulated depreciation	(2,206,894)	(1,889,327)
Capital assets, net	2,056,111	2,325,667
Total noncurrent assets	2,145,286	2,459,167
Total assets	3,976,429	3,784,367
Liabilities		
Current liabilities:		
Accounts payable	28,351	41,467
Accrued payroll	94,791	89,223
Interest payable	48,013	51,159
Current portion of long-term debt	83,220	79,336
Member-specific component deposits	71,497	70,028
Total current liabilities	325,872	331,213
Noncurrent liability:		
Long-term debt, less current portion	1,455,803	1,539,023
Total noncurrent liability	1,455,803	1,539,023
Total liabilities	1,781,675	1,870,236
Net Position		
Net investment in capital assets	517,088	707,308
Restricted	114,390	152,521
Unrestricted	1,563,276	1,054,302
Total net position	\$ 2,194,754	1,914,131

See accompanying notes to basic financial statements.

METRO CITIES FIRE AUTHORITY

Statements of Revenue, Expenses, and Changes in Net Position

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenue:		
Member agency contributions	\$ 6,679,303	6,559,666
Charges for service	86,934	—
Fire assistance reimbursements	97,377	—
Other revenues	15,443	10,199
Total operating revenue	<u>6,879,057</u>	<u>6,569,865</u>
Operating expenses:		
Salaries and wages reimbursements	4,907,898	4,878,890
Communication fees	568,697	535,060
Administration and overhead	703,787	676,159
Meetings and seminars	15,230	25,478
Office supplies and maintenance	37,216	27,266
Other operating	92,707	118,671
Depreciation	317,567	304,478
Total operating expenses	<u>6,643,102</u>	<u>6,566,002</u>
Operating income	<u>235,955</u>	<u>3,863</u>
Nonoperating revenue (expense):		
Grant	9,499	513,000
Investment income	99,925	65,425
Interest expense	(64,756)	(51,159)
Total nonoperating revenue	<u>44,668</u>	<u>527,266</u>
Change in net position	280,623	531,129
Net position at beginning of year	<u>1,914,131</u>	<u>1,383,002</u>
Net position at ending of year	<u>\$ 2,194,754</u>	<u>1,914,131</u>

See accompanying notes to basic financial statements.

METRO CITIES FIRE AUTHORITY

Statements of Cash Flows

Years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Receipts from member agencies	\$ 6,679,303	6,559,666
Receipts from services provided	86,934	—
Receipts from fire assistance reimbursements	97,377	—
Receipts from other revenue	15,106	6,445
Payments for wages and other benefits reimbursements	(4,902,330)	(4,873,961)
Payments to suppliers for goods and services	(681,558)	(743,216)
Payments to City of Anaheim for administration and overhead	(703,787)	(676,159)
	<u>591,045</u>	<u>272,775</u>
Cash flows from capital and related financing activities:		
Receipt of grant	9,499	—
Proceeds from loan	—	1,618,359
Principal payment	(79,336)	—
Interest payment	(67,902)	—
Capital purchases	(48,011)	(1,684,977)
	<u>(185,750)</u>	<u>(66,618)</u>
Cash flows from investing activities:		
Purchase of investment securities	(507,215)	(503,000)
Proceeds from sale and maturity of investment securities	57,000	262,222
Interest received	44,920	34,621
	<u>(405,295)</u>	<u>(206,157)</u>
Change in cash	—	—
Cash at beginning of year	—	—
Cash at end of year	\$ —	—
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 235,955	3,863
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation	317,567	304,478
Changes in assets and liabilities:		
Accounts receivable	9,539	(14,201)
Prepaid and other assets	34,063	(9,007)
Accounts payable	(13,116)	27,907
Accrued payroll	5,568	4,929
Member-specific component deposits	1,469	(45,194)
Net cash provided by operating activities	\$ 591,045	272,775
Schedule of noncash investing activity:		
Increase in fair value of investments	\$ 52,056	25,922

See accompanying notes to basic financial statements.

METRO CITIES FIRE AUTHORITY

Notes to Basic Financial Statements

June 30, 2020 and 2019

(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, 2020: 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.

At June 30, 2019, the City of Garden Grove was a member. On December 20, 2018, the City of Garden Grove provided its notice of intent to withdraw from the JPA Agreement as a member agency effective the end of the fiscal year ending June 30, 2019. Pursuant to section 9.2 of the JPA Agreement, the withdrawal of a member, however, shall not relieve the withdrawing member its proportionate share of any debts or other liabilities incurred by the Authority prior to the effective date of such withdrawal, or any liabilities imposed upon or incurred by the member pursuant to this Agreement prior to the effective date of such withdrawal, and such withdrawal shall result in the forfeiture of all rights and claims of the withdrawing member to any repayment of contributions or advances or other distribution of funds or property after withdrawal, including distribution in the event of termination of the Authority, except Member Specific Communication Equipment, provided the withdrawing member pays all costs of removal.

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 that are personnel 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, 2020 and 2019, the Authority paid the City \$842,226 and \$762,315 for pension, \$199,498 and \$201,119 for retiree medical, and \$52,536 and \$57,168 for workers' compensation costs, respectively.

(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.

METRO CITIES FIRE AUTHORITY

Notes to Basic Financial Statements

June 30, 2020 and 2019

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. Capital contributions are reported as other changes in net position. 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 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 or estimated 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.

METRO CITIES FIRE AUTHORITY

Notes to Basic Financial Statements

June 30, 2020 and 2019

(f) Member-Specific Component Deposits

Member-specific component deposits were established by the Authority to assist members to defray future costs. They represent amounts deposited by the members to be used for specific purposes. A “Member-Specific Communications Equipment Replacement” component was established to defray future replacement costs of member-specific communication equipment. The member-specific components consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Communication equipment replacement:		
City of Anaheim	\$ 439	423
City of Fountain Valley	36,665	35,858
City of Fullerton	36	36
City of Garden Grove	—	109
City of Huntington Beach	18,471	18,065
City of Orange	<u>15,886</u>	<u>15,537</u>
Total member-specific components	<u>\$ 71,497</u>	<u>70,028</u>

(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, 2020 and 2019, the Authority had \$517,088 and \$707,308 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, 2020 and 2019, the Authority had \$114,390 and \$152,521 in restricted net position of unamortized prepaid equipment maintenance from the resources provided by state grants.

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, 2020 and 2019, the Authority had \$1,563,276 and \$1,054,302 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, 2020 and 2019

(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) Investments

The Authority's investment policy allows all funds to be invested with the City. As of June 30, 2020 and 2019, the Authority had \$1,736,731 and \$1,234,460 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, 2020 and 2019 was AAf/S1. The treasurer's investment portfolio has a weighted average maturity of 1.92 years at June 30, 2020 and 2019.

(3) Accounts Receivable

Accounts receivable at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Anaheim Municipal Employee Association	\$ 6,202	5,865
Miscellaneous	4,996	14,872
Total	<u>\$ 11,198</u>	<u>20,737</u>

(4) Restricted Other Assets

Restricted other assets consists of the unamortized balance of a prepaid 5-year equipment maintenance for the 9-1-1 system provided by restricted resources from a state grant.

	<u>2020</u>	<u>2019</u>
Current Portion	\$ 38,130	38,130
Non-current	76,260	114,391
	<u>\$ 114,390</u>	<u>152,521</u>

METRO CITIES FIRE AUTHORITY

Notes to Basic Financial Statements

June 30, 2020 and 2019

(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. The percentages and amounts of the member agency contributions consisted of the following for the fiscal years ended June 30, 2020 and 2019 by member agencies:

	<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
City of Anaheim	\$ 2,264,951	33.91 %	\$ 1,971,836	30.06 %
City of Brea	273,851	4.10	245,987	3.75
City of Fountain Valley	364,690	5.46	317,488	4.84
City of Fullerton	843,596	12.63	737,307	11.24
City of Garden Grove	—	—	757,641	11.55
City of Huntington Beach	1,277,083	19.12	1,102,680	16.81
City of Newport Beach	750,086	11.23	642,191	9.79
City of Orange	905,046	13.55	784,536	11.96
Total	<u>\$ 6,679,303</u>	<u>100.00 %</u>	<u>\$ 6,559,666</u>	<u>100.00 %</u>

(6) Charges for Service

The Authority provided dispatch services to former Member City - City of Garden Grove during the period from July 1, 2019 to August 16, 2019 in the amount of \$86,934 as they transitioned to Orange County Fire Authority.

(7) 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, 2020 was \$97,377.

METRO CITIES FIRE AUTHORITY
Notes to Basic Financial Statements
June 30, 2020 and 2019

(8) Capital Assets

Capital asset activities for the year ended June 30, 2020 were as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions/ transfers</u>	<u>Ending balance</u>
Depreciable assets:				
Machinery and equipment	\$ 4,214,994	48,011	—	4,263,005
Less accumulated depreciation	<u>(1,889,327)</u>	<u>(317,567)</u>	<u>—</u>	<u>(2,206,894)</u>
Total depreciable assets, net	<u>2,325,667</u>	<u>(269,556)</u>	<u>—</u>	<u>2,056,111</u>
Total capital assets, net	<u>\$ 2,325,667</u>	<u>(269,556)</u>	<u>—</u>	<u>2,056,111</u>

Capital asset activities for the year ended June 30, 2019 were as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions/ transfers</u>	<u>Ending balance</u>
Depreciable assets:				
Machinery and equipment	\$ 2,169,538	2,045,456	—	4,214,994
Less accumulated depreciation	<u>(1,584,849)</u>	<u>(304,478)</u>	<u>—</u>	<u>(1,889,327)</u>
Total depreciable assets, net	<u>584,689</u>	<u>1,740,978</u>	<u>—</u>	<u>2,325,667</u>
Total capital assets, net	<u>\$ 584,689</u>	<u>1,740,978</u>	<u>—</u>	<u>2,325,667</u>

(9) Long-Term Liability

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2020:

	<u>Beginning balance</u>	<u>Additions/ proceeds</u>	<u>Reductions/ payments</u>	<u>Ending balance</u>	<u>Due within one year</u>
Loan payable	\$ 1,618,359	—	(79,336)	1,539,023	83,220
Total	<u>\$ 1,618,359</u>	<u>—</u>	<u>(79,336)</u>	<u>1,539,023</u>	<u>83,220</u>

METRO CITIES FIRE AUTHORITY

Notes to Basic Financial Statements

June 30, 2020 and 2019

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2019:

	<u>Beginning balance</u>	<u>Additions/ proceeds</u>	<u>Reductions/ payments</u>	<u>Ending balance</u>	<u>Due within one year</u>
Loan payable	\$ —	1,618,359	—	1,618,359	79,336
Total	\$ —	1,618,359	—	1,618,359	79,336

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>
2021	\$ 83,220	64,017	147,237
2022	86,681	60,556	147,237
2023	90,287	56,950	147,237
2024	94,043	53,194	147,237
2025	97,954	49,282	147,236
2026–2030	554,387	181,798	736,185
2031–2034	532,451	56,497	588,948
	\$ <u>1,539,023</u>	<u>522,294</u>	<u>2,061,317</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, 2020 and 2019, 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 \$703,787 and \$676,159, respectively, per the JPA Agreement.

(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, 2020 and 2019, the Authority did not have any claims outstanding nor did the Authority pay any claims during the years then ended.

METRO CITIES FIRE AUTHORITY

Notes to Basic Financial Statements

June 30, 2020 and 2019

(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, 2020 and 2019.

SUPPLEMENTARY INFORMATION

METRO CITIES FIRE AUTHORITY

Schedule of Proportionate Share of Capital Assets by Member Cities

Years ended June 30, 2020 and 2019

(Unaudited)

The proportional share of the capital assets allocable to each of the member cities consisted of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Communication equipment:		
City of Anaheim	\$ 1,445,585	1,267,027
City of Brea	174,783	158,062
City of Fountain Valley	232,760	204,006
City of Fullerton	538,418	473,765
City of Garden Grove	—	486,832
City of Huntington Beach	815,087	708,541
City of Newport Beach	478,735	412,648
City of Orange	577,637	504,113
Total	<u>4,263,005</u>	<u>4,214,994</u>
Less accumulated depreciation	<u>(2,206,894)</u>	<u>(1,889,327)</u>
Total capital assets	<u>\$ 2,056,111</u>	<u>2,325,667</u>

See accompanying independent auditors' report.