



Marin Emergency Radio Authority [MERA]

**FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED JUNE 30, 2017**

DRY-FET (NOV 6)

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INDEPENDENT AUDITORS' REPORT

To the Governing Board Members and Alternates of
Marin Emergency Radio Authority

We have audited the accompanying financial statements of the Marin Emergency Radio Authority (the Authority) as of and for the year ended June 30, 2017, which collectively comprise the Authority's basic financial statements 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 accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 auditor's 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, as listed in the table of contents, be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The budgetary comparison schedules, schedule of member operating and service payments, and schedule of future debt service requirements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules, schedule of member operating and service payments, and schedule of future debt service requirements (the Schedules) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Maher Accountancy

November 8, 2017

MARIN EMERGENCY RADIO AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis provides an overview of the Marin Emergency Radio Authority (MERA) financial activities for the fiscal year ended June 30, 2017. Please read it along with the Authority's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

The Authority's net position increased by \$2,560,000 during the year. Total revenues increased by \$454,000 and total operating expenses increased by \$164,000 and non-operating expenses decreased by \$76,000 as compared to fiscal year 2015-16.

Budgetary comparison schedules are included in the supplemental information section. Below is a summary of variances when comparing actual activity with budgeted activity:

	Revenue	Expenses
	Actual	Actual
	Over (Under)	(Over) Under
	Budget	Budget
Operating Fund (70030)	\$ 5,923	\$ 200,939
New Project Financing Fund (70032)	\$ 1,322	\$ 17,026
Refunding Revenue Bonds Fund (70035)	\$ 15,159	\$ 36,300
Replacement Fund (70036)	*	\$ 46,719
Emergency Fund (70037)	*	\$ -
Next Gen Project Fund (70038)	*	\$ (56,302)
2016 Bonds (70039)	*	\$ (543,498)

* Budget not prepared

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to MERA's basic financial statements. MERA's basic financial statements comprise two components: (1) government-wide financial statements and (2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

MARIN EMERGENCY RADIO AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how MERA's net position changed during the fiscal year. All changes in net position are recognized at the date the underlying event that gives rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows presents information about MERA's cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities. This statement shows the sources and uses of cash, as well as the change in the cash balances during the fiscal years.

Management of MERA is a single-purpose entity that has elected to account for its activity as a proprietary fund type under governmental accounting standards. Accordingly, MERA presents only government-wide financial statements.

Changes in MERA's net position follows:

	<u>2017</u>	<u>2016</u>	<u>Increase (decrease)</u>
Current assets	\$ 2,830,699	\$ 6,115,561	\$ (3,284,862)
Noncurrent assets	5,886,458	6,413,602	(527,144)
Restricted assets	40,226,061	35,008,669	5,217,392
Total assets	48,943,218	47,537,832	1,405,386
Deferred outflows of resources	20,523	31,174	(10,651)
Total assets and deferred outflows of resources	48,963,741	47,569,006	1,394,735
Current liabilities	3,064,827	2,164,768	900,059
Noncurrent liabilities	42,023,154	44,088,719	(2,065,565)
Total liabilities	45,087,981	46,253,487	(1,165,506)
Net position:			
Net investment in capital assets	-	-	-
Restricted for Next Gen System Project	6,702,136	2,138,860	4,563,276
Unrestricted (deficit)	(2,826,376)	(823,341)	(2,003,035)
Total net position	<u>\$ 3,875,760</u>	<u>\$ 1,315,519</u>	<u>\$ 2,560,241</u>

The largest component of current assets consists of cash held in the County of Marin pooled investment fund which decreased as a result of planned expenditures for capital improvements.

MARIN EMERGENCY RADIO AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Noncurrent assets decreased since annual depreciation of \$2,725,000 exceeded capital expenditures of \$2,198,000.

Restricted assets increased primarily as a result of Measure A parcel taxes collected and retained.

Current liabilities increased compared to 2016 as a result of additional accounts payable related to the Next Generation System Project and additional accrued interest on the 2016 Special Parcel Tax Revenue Bond.

Noncurrent liabilities decreased as a result of the scheduled debt payments of the 2010 revenue bonds and Citizen's Bank promissory note.

Changes in MERA's revenues and expenses were as follows:

	<u>2017</u>	<u>2016</u>	<u>Increase (decrease)</u>
Revenues:			
Operating revenues			
Member operating payments	\$ 1,888,142	\$ 1,811,251	\$ 76,891
Nonoperating revenues			
Member service payments	2,349,625	2,347,025	2,600
Parcel taxes	3,583,476	3,588,092	(4,616)
Investment income	436,925	57,715	379,210
Total revenues	<u>8,258,168</u>	<u>7,804,083</u>	<u>454,085</u>
Expenses:			
Operating expenses	4,613,675	4,449,711	163,964
Non-operating expenses			
Debt issuance costs	-	642,249	(642,249)
Interest expense	1,084,252	517,782	566,470
Total expenses	<u>5,697,927</u>	<u>5,609,742</u>	<u>88,185</u>
Increase (decrease) in net position	<u>\$ 2,560,241</u>	<u>\$ 2,194,341</u>	<u>\$ 365,900</u>

Member operating payments increased from 2015-16 as authorized in the budget.

The 2016 Special Parcel Tax Revenue Bonds were outstanding and the related proceeds invested for the first full year in 2016-17, resulting in increases in investment income and interest expense over fiscal year 2015-16.

Debt issuance costs were unique in 2015-16 as they related to the issuance of the 2016 Special Parcel Tax Revenue Bonds.

MARIN EMERGENCY RADIO AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

MERA owns various communication systems and equipment. More information about capital assets is shown in Note 4 to the financial statements.

As scheduled, MERA paid principal of \$1,685,000 and interest of approximately \$403,000 towards the 2010 Revenue Bond. Principal and interest related to our loan from Citizen's Bank amounted to \$161,000 and \$48,000, respectively.

During 2015-16, MERA issued 2016 Special Parcel Tax Revenue Bonds for \$33,000,000. The first principal payment of \$1,625,000 will be due in August 2019. An interest payment of \$554,000 was made during 2016-17.

The statement of revenues, expenses and changes in net position report the interest payments adjusted for accruals and amortization.

THE FUTURE OF THE AUTHORITY

A contract with Motorola Systems, Inc. was approved by the MERA Governing Board on February 22, 2017, to implement the Next Generation System project.

The total contract cost is \$34.34 million for the base system and extended warranty of system upgrades to prolong useful life. Completion of the project is scheduled for Summer 2021.

The Authority continues to seek grants, through the County of Marin, to assist with project costs.

Authority members have committed funding for ongoing Next Generation System operating costs.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Authority's finances and to demonstrate MERA's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to 95 Rowland Way, Novato, CA 94945.

Respectfully submitted,

Maureen Cassingham

Executive Officer

BASIC FINANCIAL STATEMENTS

DRAFT (Nov 6)

MARIN EMERGENCY RADIO AUTHORITY

**STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

ASSETS

Current assets:	
Cash	\$ 2,656,289
Interest and taxes receivable	66,669
Prepaid expenses	<u>107,741</u>
Total current assets	2,830,699
Noncurrent assets:	
Land	160,000
Construction in progress	2,660,670
Capital assets, net of depreciation	<u>3,065,788</u>
Total noncurrent assets	5,886,458
Restricted assets:	
Cash and cash equivalents in Marin County Treasury	3,280,778
Cash and cash equivalents with fiscal agent	5,963,037
Investments with fiscal agent	<u>30,982,246</u>
Total restricted assets	<u>40,226,061</u>
Total assets	<u>48,943,218</u>

DEFERRED OUTFLOWS OF RESOURCES

Bond redemption premium, less accumulated amortization of \$169,827	<u>20,523</u>
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**TOTAL ASSETS AND DEFERRED
OUTFLOWS OF RESOURCES**

48,963,741

LIABILITIES

Current liabilities:	
Accounts payable	16,491
Payable to related parties	641,662
Accrued interest	483,802
Note principal payable within one year	167,872
Bond principal payable within one year	<u>1,755,000</u>
Total current liabilities	3,064,827
Noncurrent liabilities:	
Note payable after one year	749,222
Bonds payable after one year	<u>41,273,932</u>
Total noncurrent liabilities	<u>42,023,154</u>
Total liabilities	<u>45,087,981</u>

NET POSITION

Net investment in capital assets	-
Restricted	6,702,136
Unrestricted (deficit)	<u>(2,826,376)</u>
TOTAL NET POSITION	<u>\$ 3,875,760</u>

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

MARIN EMERGENCY RADIO AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2017

OPERATING REVENUES:

Member operating payments	\$ 1,888,142
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OPERATING EXPENSES:

Contract services	336,898
County system maintenance	512,529
County technical services	202,472
County communication engineer	206,872
Site rentals and leases	407,353
Site utilities	87,363
Site maintenance	11,375
Insurance	46,105
Audit services	34,525
Legal services	40,323
Miscellaneous expenses	2,690
Depreciation	<u>2,725,170</u>
Total operating expenses	<u>4,613,675</u>
Operating income (loss)	(2,725,533)

NONOPERATING REVENUES (EXPENSES):

Member service payments	2,349,625
Parcel taxes	3,583,476
Investment income	436,925
Interest expense	<u>(1,084,252)</u>
Total nonoperating revenues (expenses)	<u>5,285,774</u>

INCREASE (DECREASE) IN NET POSITION

	2,560,241
Net position at beginning of the year	<u>1,315,519</u>
Net position at end of the year	<u><u>\$ 3,875,760</u></u>

MARIN EMERGENCY RADIO AUTHORITY

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES:

Member contributions	\$ 1,888,142
Operating expenses	<u>(1,407,916)</u>
Net cash provided by (used for) operating activities	<u>480,226</u>

**CASH FLOWS FROM NON-CAPITAL
FINANCING ACTIVITIES**

Parcel taxes	3,581,794
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**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Member service payments	2,349,625
Acquisition of capital assets	(2,052,075)
Bond principal payments	(1,685,000)
Note principal payments	(160,751)
Interest payments	<u>(1,005,405)</u>
Net cash (used) by capital activities and related financing activities	<u>(2,553,606)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Transfers from restricted investments	1,882,836
Interest income	<u>421,909</u>
Net cash provided (used) by investing activities	<u>2,304,745</u>

Net increase (decrease) in cash and cash equivalents	3,813,159
Cash and cash equivalents at beginning of year	<u>8,086,945</u>
Cash and cash equivalents at end of year	<u><u>\$ 11,900,104</u></u>

MARIN EMERGENCY RADIO AUTHORITY

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017
(CONTINUED)**

**RECONCILIATION OF OPERATING INCOME
(LOSS) TO NET CASH PROVIDED (USED)
BY OPERATING ACTIVITIES**

Operating income (loss)	\$ (2,725,533)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation, an expense not requiring the use of cash	2,725,170
(Increase) decrease in prepaid expenses	14,491
Increase (decrease) in accounts payable	466,098
	<hr/>
Net cash provided by operating activities	\$ 480,226
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MARIN EMERGENCY RADIO AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Marin Emergency Radio Authority (MERA) is a joint powers authority created on February 28, 1998 by and among the County of Marin and certain public agencies within the County (collectively, the “Members”). MERA was formed to plan, finance, implement, manage, own and operate a multi-jurisdictional and countywide public safety and emergency radio system. This radio system will be used by member agencies in the law enforcement, fire management, emergency medical, road maintenance, transit, public works, local government and other county-based entities in Marin County. MERA is governed by a Governing Board comprised of one appointed official from each participating member

INTRODUCTION

MERA’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations.).

BASIS OF ACCOUNTING

The Authority’s operations are accounted for as a governmental enterprise fund. GAAP requires that enterprise funds use the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned and expenses are recognized at the time liabilities are incurred.

MARIN EMERGENCY RADIO AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

The Authority distinguishes between operating and nonoperating activities. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an entity's principal ongoing operation. The principal operating revenues of the Authority are budgeted member payments. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition, including member contributions made to service debt (service payments), are reported as non-operating revenues and expenses.

FINANCIAL STATEMENT AMOUNTS

Cash and cash equivalents:

For purpose of the statement of cash flows, MERA has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments within the County of Marin Treasurer's Pooled Investment Fund that are not restricted as to use.

Investments:

Investments with fiscal agents are stated at fair value. These investments consist of cash, money market funds and a Guaranteed Investment Contract held by US Bank in connection with the Marin Emergency Radio Authority 2010 Revenue Bonds and 2016 Special Parcel Tax Revenue Bonds

Capital Assets:

MERA capitalized all costs directly associated with the acquisition, development and construction of the public safety and emergency radio system (the "Project"). Costs include the backbone system, user equipment, fire station alerting equipment, improvements to communications centers and construction-period interest and other project development costs. Depreciation is computed on the straight-line basis over estimated useful lives of the assets, depending on the nature of the assets. The original estimated lives were:

Buildings and improvements	10-20 years
Equipment, radio and other	5-20 years

Based on an analysis of capital assets currently in place, management has determined that the useful lives of the majority of MERA's assets do not extend past 2018. Accordingly, depreciation expense on most assets has been accelerated to match this timeline.

MARIN EMERGENCY RADIO AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL STATEMENT AMOUNTS (continued)

Member payments:

Each member agrees to pay the cost of financing the acquisition of certain public safety radio equipment (“Service Payments”) and the cost of annual operations (“Operating Payments”) in an amount determined by the MERA Board for each operating period. All service payments have been assigned by MERA to the trustee in trust; pursuant to its bond indenture (see Note 5).

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Cash and cash equivalents consist of the following as of June 30, 2017:

Cash with County Treasurer - unrestricted	\$ 2,656,289
Cash with County Treasurer - restricted	3,280,778
Money market accounts with US Bank - restricted	<u>5,963,037</u>
Total	<u><u>\$ 11,900,104</u></u>

MERA also holds an investment in a Guaranteed Investment Contract agreement with Natixis Funding Corporation in the amount of \$30,982,246 which bears interest at 1.191% through November 30, 2018.

MERA maintains most of its cash in the County of Marin pooled investment fund for the purpose of increasing interest earnings through pooled investment activities. Interest earned on the investment pool is allocated quarterly to the participating funds using the daily cash balance of each fund. This pool, which is available for use by all funds, is displayed in the financial statements as “Cash.” There are no limitations or restrictions on withdrawals from the pool.

The County Pool includes both voluntary and involuntary participation from external entities. State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

MARIN EMERGENCY RADIO AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

2. CASH AND INVESTMENTS (continued)

The County's investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the types of investments in the pool, maturity dates, par value, actual costs and fair value.

Under MERA's investment policy, and in accordance with Section 53601 of the California Government Code, MERA may invest in the following:

- Securities of the U.S. government or its agencies
- Bankers acceptances
- Commercial paper
- Medium term corporate notes
- California Local Agency Investment Fund ("LAIF")
- Passbook savings account demand deposits
- Guaranteed investment contracts
- Mutual funds
- Repurchase agreements (not to exceed 30 days)
- Collateralized mortgage obligations

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates. MERA has not adopted a policy to manage interest rate risk.

In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment pool to 540 days, or 1.5 years. At June 30, 2017, the County's investment pool had a weighted average maturity of 231 days.

For purposes of computing weighted average maturity, the maturity date of variable rate notes is the length of time until the next reset date rather than the stated maturity date.

MARIN EMERGENCY RADIO AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

2. CASH AND INVESTMENTS (continued)

CREDIT RISK

State law and the County's Investment Policy limits investments in commercial paper, corporate bonds, and medium-term notes to the rating of "A" or higher as provided by Moody's Investors Service or Standard & Poor's Corporation. The County's Investment Policy limits investments purchased by Financial Institution Investment Accounts, a type of mutual fund, to United States Treasury and Agency obligations with a credit quality rating of "AAA."

MERA has cash and investments held by US Bank as trustee relating to its outstanding bonds. Investments include money market funds.

CONCENTRATION OF CREDIT RISK

This is the risk of loss attributed to the concentration of MERA's investment in a single issuer.

Following is a summary of the concentration of credit risk by investment type of the Marin County Investment Pool as a percentage of fair value at June 30, 2017.

Investments in Investment Pool	<u>Percent of Portfolio</u>
Federal agency issues - coupon	28%
Federal agency issues - discount	70%
Money market funds	<u>2%</u>
	100%

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that in the event of a financial institution's failure, MERA would not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. MERA's deposits are not exposed to custodial credit risk as its deposits are eligible for and covered by "pass-through insurance" in accordance with applicable law and FDIC rules and regulations.

MARIN EMERGENCY RADIO AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

2. CASH AND INVESTMENTS (continued)

CUSTODIAL CREDIT RISK (continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, MERA would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in MERA's name, and held by the counterparty. MERA's investment securities are not exposed to custodial credit risk because all securities are held by MERA's custodial bank in MERA's name.

3. RESTRICTED ASSETS

MEMBER CONTRIBUTIONS DESIGNATED FOR DEBT SERVICE

Member contributions designated for debt service are considered restricted for debt service that are to be paid in the subsequent twelve months. Cash and cash equivalents on hand are included in the current assets section of the statement of net position.

PROCEEDS OF BONDED DEBT

MERA is responsible to limit the use of cash received from issuance of bonded debt to only debt service payments and capital expenditures. During 2014-15 MERA replaced the requirement for a cash balance as a debt service reserve related to the 2010 Bonds with a surety bond, providing cash available for debt service or capital expenditures of \$1,896,408. MERA issued 2016 Special Parcel Tax Revenue bonds during 2015-16 (see Note 5) providing restricted cash of \$31,378,150 as of June 30, 2017.

MEASURE A PARCEL TAX PROCEEDS

Marin County voters approved Measure A in November 2014 to assess a real property parcel tax to be used for *obtaining, furnishing, operating and maintaining a public safety and emergency radio communication system*. Fiscal year 2015-16 was the first year Measure A parcel taxes were collected and, as required by Measure A, restricted for use for the Next Generation System Project (NextGen Project).

MARIN EMERGENCY RADIO AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

3. RESTRICTED ASSETS (continued)

SUMMARY OF RESTRICTED CASH, CASH EQUIVALENTS, AND INVESTMENTS

Balances of restricted cash, cash equivalents and investments held for the following purposes as of June 30, 2017:

Capital outlay or debt service	\$ 1,894,235
Bonded debt	2,127,187
NextGen Project - from bond proceeds	31,378,150
NextGen Project - from Measure A parcel taxes	4,826,489
Total restricted	<u>\$ 40,226,061</u>

Restricted amounts were held as follows:

Cash and cash equivalents in County of Marin treasury	\$ 3,280,778
Cash and cash equivalents with fiscal agent	5,963,037
Investments with Fiscal Agents	30,982,246
Total restricted	<u>\$ 40,226,061</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning balance	Additions	Ending Balance
Nondepreciable assets:			
Land	\$ 160,000		\$ 160,000
Construction in progress	472,059	\$ 2,188,611	2,660,670
	<u>\$ 632,059</u>	<u>\$ 2,188,611</u>	<u>\$ 2,820,670</u>
Depreciable capital assets:			
Motorola communications system	\$ 25,255,701		\$ 25,255,701
Other capitalized services	3,254,314		3,254,314
Equipment	723,283	\$ 9,415	732,698
Buildings and improvements	127,208		127,208
Radio frequencies	562,500		562,500
Capitalized interest costs, net	3,140,797		3,140,797
Totals at historical cost	<u>33,063,803</u>	<u>9,415</u>	<u>33,073,218</u>
Less: Accumulated depreciation			
Motorola communications system	21,566,400	1,844,649	23,411,049
Other capitalized services	2,594,603	329,861	2,924,464
Equipment	379,582	174,993	554,575
Buildings and improvements	60,285	33,462	93,747
Radio frequencies	168,750	28,125	196,875
Capitalized interest costs, net	2,512,640	314,080	2,826,720
Total accumulated depreciation	<u>27,282,260</u>	<u>2,725,170</u>	<u>30,007,430</u>
Depreciable capital assets, net	<u>\$ 5,781,543</u>	<u>\$ (2,715,755)</u>	<u>\$ 3,065,788</u>

MARIN EMERGENCY RADIO AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

5. BONDS PAYABLE

MERA's debt issues and transactions for the year ended June 30, 2017, are summarized below and discussed in detail subsequently:

	Beginning			Ending
	Balance	Additions	Reductions	Balance
2010 Revenue Bonds	\$ 11,145,000		\$ 1,685,000	\$ 9,460,000
2016 Special Parcel Tax Revenue Bonds	33,000,000			33,000,000
Unamortized premium-2010 bonds	140,740		49,607	91,133
Unamortized premium-2016 bonds	570,885		93,086	477,799
	44,856,625	-	1,827,693	43,028,932
Less current portion	1,685,000	1,755,000	1,685,000	1,755,000
Bonds payable after one year	<u>\$ 43,171,625</u>	<u>\$ (1,755,000)</u>	<u>\$ 142,693</u>	<u>\$ 41,273,932</u>

2010 REFUNDING REVENUE BONDS

In February 2010 MERA re-financed its 1999 Revenue Bonds (Bonds) that were originally issued to finance the acquisition public safety radio equipment. The 2010 bonds were issued at a premium of \$934,382 above their nominal value of \$18,575,000. Issuance and related costs totaled \$409,249. These serial bonds mature annually from 2012 to 2021 and bear interest from 2.0% to 4.0%.

Principal payments are payable annually on August 15th. Interest is payable semiannually on August 15 and February 15. Bonds maturing after August 15, 2021, may be early redeemed at face value after August 2020. The Bonds are special obligations of MERA and are secured by the Members' Service Payments (see Note 1) which are remitted directly from members to the bond trustee. The annual schedule for debt service payments is as follows: Member agency Service Payments are due by August 1 of each year. The Trustee holds the Service Payments until payments are due for interest on the following February 15 and principal and interest the following August 15.

MARIN EMERGENCY RADIO AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

5. BONDS PAYABLE (continued)

2016 SPECIAL PARCEL TAX REVENUE BONDS

In May 2016 MERA issued 2016 Special Parcel Tax Revenue Bonds for \$33,000,000, to plan, finance and build the Next Generation Radio System. These bonds were issued at a premium of \$581,596 above their nominal value of \$33,000,000. Issuance and related costs totaled \$642,249. These bonds mature annually from 2019 to 2035 and bear interest from 2.0% to 3.0%.

Principal payments are payable annually on August 1st, beginning in 2019. Interest is also paid semi-annually in February and August. The Bonds are special obligations of MERA and are secured by a lien on the revenues derived by MERA.

In accordance with the bond indenture agreement, the MERA has purchased a surety bond for \$2,404,600 to satisfy a reserve requirement until all bonds are retired.

Minimum future obligations for debt service for the 2010 and 2016 bonds are as follows:

Year ended June 30,	Principal	Interest	Total
2017	\$ 1,685,000	\$ 403,325	\$ 2,088,325
2018	1,755,000	1,289,193	3,044,193
2019	1,815,000	1,063,800	2,878,800
2020	3,515,000	989,700	4,504,700
2021	3,620,000	880,200	4,500,200
2022-2026	10,855,000	3,326,300	14,181,300
2027-2031	9,745,000	2,367,800	12,112,800
2032-2036	11,155,000	1,023,750	12,178,750
	<u>\$44,145,000</u>	<u>\$11,344,068</u>	<u>\$55,489,068</u>

The premium of the 2010 and 2016 bonds will be amortized over the terms of the 2010 and 2016 bonds. The unamortized premium and discounts of the 2010 bonds will be amortized over the remaining term of the original 1999 bond issue.

MARIN EMERGENCY RADIO AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

6. NOTE PAYABLE

On February 1, 2007, the Authority borrowed \$2,250,000 from Citizens Business Bank. The note is being amortized over 14 ½ years at an interest rate of 4.43% per year. Interest is due each February and August and principal is due in February of each year. The loan agreement provides that early payment of the note, in part or in whole, may be made at par commencing August 15, 2011. Debt service payments will be funded by member operating payments.

Changes during the year were as follows:

Balance as of June 30, 2016	\$ 1,077,845
Principal paid	<u>(160,751)</u>
Balance as of June 30, 2017	917,094
Less current portion	<u>167,872</u>
Note payable due after one year	<u><u>\$ 749,222</u></u>

Minimum future obligations for debt service for notes payable are as follows:

Year ended June 30,	Principal	Interest	Total
2018	\$ 167,872	\$ 40,628	\$ 208,500
2019	175,309	33,190	208,499
2020	183,075	25,424	208,499
2021	191,185	17,314	208,499
2022	<u>199,653</u>	<u>8,844</u>	<u>208,497</u>
	<u><u>\$ 917,094</u></u>	<u><u>\$ 125,400</u></u>	<u><u>\$ 1,042,494</u></u>

MARIN EMERGENCY RADIO AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

7. NET POSITION RESTRICTIONS

Net position is the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources. Some of MERA's net assets are subject to restrictions imposed by contract or statute.

As discussed in Note 3, Measure A provides parcel tax revenue to be used for the Next Generation System Project. Net assets restricted for Measure A are indicated below.

Certain funds, originally obtained when the 2010 Bonds were issued, formerly were reserved to service those bonds. MERA substituted a surety bond in place of the reserve deposits, freeing up the money to be used only for capital expenditures or debt service.

The restricted portion of MERA's Net Assets was as follows as of June 30, 2017:

Measure A	\$4,807,901
Debt service or capital outlay	<u>1,894,235</u>
	<u>\$6,702,136</u>

8. RISK MANAGEMENT

MERA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year, MERA purchased liability and property insurance as part of a group of municipalities. Coverage for general liability, errors and omissions and non-owned automobile was \$4,000,000. Property coverage was purchased with a limit of \$350,000,000.

MARIN EMERGENCY RADIO AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

9. COMMITMENTS AND CONTINGENCIES

At June 30, 2017, MERA has lease commitments for various site communication facilities. The leases have terms ranging from five to twenty years and provide for various rental payment requirements including some at little or no cost. Certain of the leases contain options to extend for additional five year periods. Certain lessors that are Members of MERA have waived any lease fees under their agreements. Rental expense was \$407,000 for 2017.

Future minimum lease payments under the leases are as follows:

Year ended June 30,	
2018	\$ 247,956
2019	259,183
2020	260,055
2021	260,226
2022	271,896
2023-2027	1,163,377
2028-2032	710,418
2033-2037	775,251
2038-2041	330,803
	<u>\$ 4,279,165</u>

In addition to the lease commitments above, MERA has the following commitments as of June 30, 2017:

<u>Contractor</u>	<u>Purpose</u>	<u>Amount</u>
County of Marin	Maintenance Agreement	\$ 468,613
County of Marin	Technical Services	257,923
County of Marin	System Analysis Agreement	18,000
County of Marin	Communications Engineer	214,319
County of Marin	Next Generation radio system implementation	1,810,965
Federal Engineering	Next Generation radio system implementation	857,350
Motorola Solutions	Next Generation equipment contract	32,622,089
Various	Professional Services	140,502
		<u>\$ 36,389,761</u>

MARIN EMERGENCY RADIO AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

11. RELATED PARTY TRANSACTIONS

The County of Marin, which is a member of MERA, was paid \$3,017,000 for maintenance and technical services and reimbursement of payments to unrelated parties during 2016-17. Novato Fire Protection District, which is also a member of MERA, was paid \$58,000 for accounting and administrative services and office space rent.

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SUPPLEMENTAL INFORMATION

DRAFT (Nov 6)

MARIN EMERGENCY RADIO AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
OPERATING FUND (70030)
YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Member contributions	\$1,888,142	\$1,888,142	\$1,888,142	\$ -
Interest			5,923	5,923
Total revenues	<u>1,888,142</u>	<u>1,888,142</u>	<u>1,894,065</u>	<u>5,923</u>
EXPENDITURES				
Current:				
Contract services	191,880	214,880	189,092	25,788
County system maintenance	545,779	545,779	512,529	33,250
County technical services	301,810	301,810	202,472	99,338
County communications engineer	206,872	206,872	206,872	-
Site rentals and leases	416,301	416,301	407,353	8,948
Site utilities	84,500	98,400	87,363	11,037
Site maintenance	15,000	15,000	11,375	3,625
Insurance	42,000	38,000	36,197	1,803
Auditing services	17,500	25,000	19,850	5,150
Legal services	25,000	20,000	13,785	6,215
Miscellaneous expenses	1,500	1,500	315	1,185
General contingencies	40,000	4,600	-	4,600
Total expenditures	<u>1,888,142</u>	<u>1,888,142</u>	<u>1,687,203</u>	<u>200,939</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>206,862</u>	<u>206,862</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (200,000)</u>	<u>6,862</u>	<u>\$ 206,862</u>
Fund balance at beginning of year			<u>212,404</u>	
Fund balance at end of year			<u>\$ 219,266</u>	

MARIN EMERGENCY RADIO AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
NEW PROJECT FINANCING – 2007 BANK NOTE FUND (70032)
YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Member contributions	\$ -	\$ 225,000	\$ 225,000	\$ -
Interest	-	-	1,322	1,322
Total revenues	-	225,000	226,322	1,322
EXPENDITURES				
Financial advisors	-	3,200	3,175	25
Legal	-	2,000	1,500	500
Debt service	-	225,000	208,499	16,501
Total expenditures	-	230,200	213,174	17,026
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (5,200)</u>	13,148	<u>\$ 18,348</u>
Fund balance at beginning of year			<u>168,959</u>	
Fund balance at end of year			<u><u>\$ 182,107</u></u>	

MARIN EMERGENCY RADIO AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
2010 REFUNDING REVENUE BONDS FUND (70035)
YEAR ENDED JUNE 30, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Member contributions	\$ 2,124,625	\$ 2,124,625	\$ -
Interest income	-	15,159	15,159
Total revenues	2,124,625	2,139,784	15,159
EXPENDITURES			
Debt service	2,124,625	2,088,325	36,300
Excess of revenues over (under) expenditures	\$ -	51,459	\$ 51,459
Fund balance at beginning of year		3,969,963	
Fund balance at end of year		\$ 4,021,422	

MARIN EMERGENCY RADIO AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
REPLACEMENT FUND (70036)
YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Interest	\$ -	\$ -	\$ 5,481	\$ 5,481
EXPENDITURES				
Financial and administrative services	6,000	9,000	3,700	5,300
Legal services			500	(500)
Miscellaneous			166	(166)
Equipment replacement		40,000	9,415	30,585
Unexpended DPW system analysis		11,500	-	11,500
Total expenditures	<u>6,000</u>	<u>60,500</u>	<u>13,781</u>	<u>46,719</u>
Excess of revenues over (under) expenditures	(6,000)	(60,500)	(8,300)	52,200
OTHER FINANCING SOURCES (USES)				
Transfer from other funds		200,000	200,000	-
Net change in fund balance	<u>\$ (6,000)</u>	<u>\$ 139,500</u>	191,700	<u>\$ 52,200</u>
Fund balance at beginning of year, as restated			<u>1,095,454</u>	
Fund balance at end of year			<u><u>\$1,287,154</u></u>	

MARIN EMERGENCY RADIO AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY FUND (70037)
YEAR ENDED JUNE 30, 2017**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Interest	<u>\$ -</u>	\$ 2,402	<u>\$ 2,402</u>
Fund balance at beginning of year		<u>507,392</u>	
Fund balance at end of year		<u>\$ 509,794</u>	

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MARIN EMERGENCY RADIO AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
NEXT GENERATION SYSTEM PROJECT FUND (70038)
YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Parcel taxes	*	*	\$3,583,476	
Interest	*	*	12,852	
Total revenues	*	*	3,596,328	
EXPENDITURES				
Current:				
Trustee administrative fee	\$ 2,500	3,000	1,750	\$ 1,250
Fund audit	2,000			-
Compliance audit	10,000			-
NBS parcel tax administration fee	14,000	20,000	19,059	941
Legal fees	20,000	30,000	24,538	5,463
Regional Government Services	150,000	150,000	147,474	2,526
DPW-implementation agreement	100,000			-
Project management consultant	680,000			-
Novato Fire Protection District		13,000	12,670	330
Auditing services		15,000	14,675	325
Miscellaneous expense		2,500	2,209	291
DPW implementation agreement		60,000	56,339	3,661
Dollar Hill sublicense project	30,000	30,000	28,966	1,034
Insurance			6,144	(6,144)
Website			1,150	(1,150)
Tax collection administration fee			64,828	(64,828)
Total expenditures	<u>\$1,008,500</u>	<u>\$ 323,500</u>	<u>379,802</u>	<u>\$ (56,302)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds			1,359,930	
Transfers to other funds			(3,481,455)	
Net transfers			<u>(2,121,525)</u>	
Net change in fund balance			1,095,001	
Fund balance at beginning of year			<u>2,138,860</u>	
Fund balance at end of year			<u>\$3,233,861</u>	

* A budget for revenue was not adopted.

MARIN EMERGENCY RADIO AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
2016 BONDS (70039)
YEAR ENDED JUNE 30, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Interest	*	\$ 393,786	
EXPENDITURES			
DPW implementation agreement	\$ 60,000	46,346	\$ 13,654
Federal engineering-consultant	104,000	103,696	304
Federal engineering-project mgmt.	131,900	131,900	-
Motorola Solutions	1,716,000	1,715,362	638
Insurance	-	3,764	(3,764)
Debt service	-	554,330	(554,330)
	<u>\$ 2,011,900</u>	<u>2,555,398</u>	<u>\$ (543,498)</u>
Total expenditures			
Excess of revenues over (under) expenditures		(2,161,612)	
OTHER FINANCING SOURCES (USES)			
Transfer from other funds		3,481,455	
Transfer to other funds		<u>(1,359,930)</u>	
Net transfers		<u>2,121,525</u>	
Net change in fund balance		(40,087)	
Fund balance at beginning of year		<u>32,984,700</u>	
Fund balance at end of year		<u><u>\$32,944,613</u></u>	

* A budget for revenue was not adopted.

MARIN EMERGENCY RADIO AUTHORITY

NOTES TO SUPPLEMENTAL INFORMATION YEAR ENDED JUNE 30, 2017

BUDGETS

The budget included in these financial statements represents the original budget and amendments/additional allocations approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting. Various reclassifications have been made to the actual amounts to conform to classifications included in the approved budgets.

DESIGNATIONS AND RESERVES

The New Project Financing – 2007 Bank Note Fund is used to fund additional project costs and pay interest and principal on the loan with Citizens Business Bank.

The 2010 Refunding Revenue Bonds Fund is used to pay interest and principal on the bond related to the acquisition of the public safety radio equipment.

The Replacement Fund is designated for repairing, improving or replacing the MERA communications system or any component thereof.

The Emergency Fund is designated to immediately address any emergency conditions causing or likely to cause system service interruptions before insurance is available, for underinsured or uninsured losses and to self-insure liability and property insurance deductibles.

The Next Generation System Project Fund is designated to receive and expend parcel tax proceeds.

The 2016 Bonds Fund is designated to receive Bond proceeds and disburse payments for the costs to acquire the Next Generation System.

MARIN EMERGENCY RADIO AUTHORITY
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
SCHEDULE OF MEMBER OPERATING AND SERVICE PAYMENTS
YEAR ENDED JUNE 30, 2017

	Member Operating Payments	Member "Service" Payments	
		Bonds	Note
City of Belvedere	\$ 18,160	\$ 16,402	\$ 2,164
Bolinas Fire Protection District	11,111	12,769	1,324
Central Marin Police Authority	120,859	80,332	14,402
Town of Corte Madera	26,896	33,463	3,205
Town of Fairfax	37,801	42,705	4,505
Inverness Public Utility District	9,407	12,004	1,121
Kentfield Fire Protection District	15,326	14,426	1,826
City of Larkspur	32,116	39,794	3,827
County of Marin	658,505	746,827	78,471
Marin County Transit District	18,824	25,071	2,243
Marin Community College District	6,824	*	813
Marinwood Community Services District	16,743	18,187	1,995
City of Mill Valley	85,837	90,743	10,229
Marin Municipal Water District	7,882	20,333	939
Novato Fire Protection District	101,049	103,979	12,041
City of Novato	213,248	221,641	25,412
Town of Ross	10,752	17,273	2,130
Ross Valley Fire Department	40,528	34,292	3,981
Town of San Anselmo	9,794	64,227	1,167
City of San Rafael	280,710	359,338	33,451
City of Sausalito	38,232	60,106	4,556
Skywalker Ranch	6,860	*	817
Southern Marin Fire Protection District	45,569	35,205	5,430
Stinson Beach Fire Projection District	10,017	13,066	1,194
Tiburon Fire Protection District	22,501	23,158	2,681
Town of Tiburon	42,591	39,284	5,076
	<u>\$ 1,888,142</u>	<u>\$ 2,124,625</u>	<u>\$ 225,000</u>

* Not required to pay service payments or previously paid.

**MARIN EMERGENCY RADIO AUTHORITY
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS**

Date	2010 Revenue Bonds			Note Payable		
	Principal	Interest	Bond	Principal	Interest	Note
August 15, 2017	1,755,000	184,813	1,939,813		20,314	20,314
February 15, 2018		154,100	154,100	167,872	20,314	188,186
August 15, 2018	1,815,000	154,100	1,969,100		16,595	16,595
February 15, 2019		117,800	117,800	175,309	16,595	191,904
August 15, 2019	1,890,000	117,800	2,007,800		12,712	12,712
February 15, 2020		80,000	80,000	183,075	12,712	195,787
August 15, 2020	1,960,000	80,000	2,040,000		8,657	8,657
February 15, 2021		40,800	40,800	191,184	8,657	199,841
August 15, 2021	2,040,000	40,800	2,080,800		4,422	4,422
February 15, 2022				199,654	4,422	204,076
	\$ 9,460,000	\$ 970,213	\$ 10,430,213	\$ 917,094	\$ 125,400	\$ 1,042,494

2016 Special Parcel Tax Revenue Bonds			
12 Months Ended	Principal	Interest	Bond
August 1, 2017	\$ -	\$ 950,280	\$ 950,280
August 1, 2018	-	791,900	791,900
August 1, 2019	1,625,000	791,900	2,416,900
August 1, 2020	1,660,000	759,400	2,419,400
August 1, 2021	1,695,000	726,200	2,421,200
August 1, 2022	1,725,000	692,300	2,417,300
August 1, 2023	1,760,000	657,800	2,417,800
August 1, 2024	1,800,000	622,600	2,422,600
August 1, 2025	1,835,000	586,600	2,421,600
August 1, 2026	1,870,000	549,900	2,419,900
August 1, 2027	1,910,000	512,500	2,422,500
August 1, 2028	1,945,000	474,300	2,419,300
August 1, 2029	1,985,000	435,400	2,420,400
August 1, 2030	2,035,000	395,700	2,430,700
August 1, 2031	2,100,000	334,650	2,434,650
August 1, 2032	2,165,000	271,650	2,436,650
August 1, 2033	2,230,000	206,700	2,436,700
August 1, 2034	2,295,000	139,800	2,434,800
August 1, 2035	2,365,000	70,950	2,435,950
	\$ 33,000,000	\$ 9,970,530	\$ 42,970,530