



December 7, 2020

To the Board of Directors
Marin General Services Authority

We have audited the financial statements of the Marin General Services Authority for the year ended June 30, 2020, and have issued our report thereon dated December 7, 2020. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 1, 2020, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Marin General Services Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no significant estimates used in preparing the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

- Because MGSA’s general ledger is maintained for each fund according to the modified accrual basis of accounting, we recommended adjustments to allow for the presentation of the government-wide financial statements on the full accrual basis since generally accepted accounting principles require that both presentations be made in the financial statements.
- MGSA’s general ledger was maintained on the cash basis for the AVA fund. We proposed adjustments to account for revenues and expenditures that were received/paid after June 30, 2020, that related to fiscal year 2019-20.
- During the course of the audit we noted that CEC grant revenue of \$26,302 had been improperly deferred as of June 30, 2019, in the fund (modified-accrual-basis) financial statements. No adjustment was necessary for the government-wide (accrual-basis) financial statements.
- Adjustments were required to correctly report grant and telephone pole lease revenue in the appropriate fiscal year.

Any other misstatements detected as a result of audit procedures and corrected by management were immaterial, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 7, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

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Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Board of Directors and management of Marin General Services Authority and is not intended to be and should not be used by anyone other than these specified parties.

Maier Accountancy

MARIN GENERAL SERVICES AUTHORITY

FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Marin General Services Authority

We have audited the accompanying financial statements of the governmental activities of the Marin General Services Authority (Authority) as of and for the year ended June 30, 2020, 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Authority as of June 30, 2020, 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 and analysis and budgetary comparison information, 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 schedule of member contributions is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of member contributions is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not present an opinion or provide any assurance on it.

Maher Accountancy

San Rafael, California
December 7, 2020

MARIN GENERAL SERVICES AUTHORITY

555 Northgate Dr., Suite 102
San Rafael, CA 94903

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis provides an overview of the Marin General Services Authority (MGSA) financial activities for the fiscal year ended June 30, 2020. Please read it along with the Authority's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The Authority's net position is \$383,000, an increase of \$12,000 from the prior year. Total revenues decreased by \$177,000 and total expenses decreased by \$143,000.

Budgetary comparison schedules are found starting on page 24. Those schedules indicate we had a negative net variance of \$1,000 in the General Fund (excluding the MCEP), a negative variance of \$28,000 for MCEP (located in the General Fund), a positive net variance of \$56,000 in the Abandoned Vehicle Abatement Fund, and a positive net variance of \$135,000 in the MarinMap Fund when comparing actual activity with budgeted.

USING THIS ANNUAL REPORT

This annual report consists of financial statements for MGSA as a whole. The statement of net position and the statement of activities provide information about the activities of the Authority as a whole and present a long-term view of MGSA's finances. The fund financial statements present a short-term view of the Authority's activities (they include only current assets expected to be collected in the very near future and liabilities expected to be paid in the very near future).

THE AUTHORITY AS A WHOLE**THE STATEMENT OF ACTIVITIES AND THE STATEMENT OF NET POSITION**

One important question asked about MGSA's finances is, "Is MGSA better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the basis of accounting used by most private-sector companies.

The change in *net position* (the difference between total assets and total liabilities) over time is one indicator of whether MGSA's financial health is improving or deteriorating. However, one must consider other nonfinancial factors in making an assessment of the Authority's health, such as changes in the economy and changes in MGSA's activities, etc. to assess the *overall* health of MGSA.

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Changes in MGSA's net position was as follows:

	June 30, 2020	June 30, 2019	Increase (decrease)
Current assets	\$ 487,138	\$ 555,944	\$ (68,806)
Noncurrent assets	17,021	24,586	(7,565)
Total assets	<u>504,159</u>	<u>580,530</u>	<u>(76,371)</u>
Current liabilities	<u>121,387</u>	<u>209,996</u>	<u>(88,609)</u>
Net position:			
Net investment in capital assets	17,021	24,586	(7,565)
Restricted	5,533	31,232	(25,699)
Unrestricted	<u>360,218</u>	<u>314,716</u>	<u>45,502</u>
Total net position	<u><u>\$ 382,772</u></u>	<u><u>\$ 370,534</u></u>	<u><u>\$ 12,238</u></u>

Current assets and liabilities decreased primarily due to the conclusion of the activities related to the multi-year California Energy Commission (CEC) grant. The changes in noncurrent assets reported above relates to the effect of depreciation expense for the year.

Changes in MGSA's revenues were as were as follows:

	June 30, 2020	June 30, 2019	Increase (decrease)
General revenues:			
Member agency contributions	\$ 169,999	\$ 170,000	\$ (1)
Investment earnings	<u>4,932</u>	<u>3,765</u>	<u>1,167</u>
Total general revenues	174,931	173,765	1,166
Program revenues:			
Operating grants and contributions	475,323	627,281	(151,958)
Charges for services	98,100	125,207	(27,107)
Investment earnings	<u>6,773</u>	<u>6,044</u>	<u>729</u>
Total program revenues	<u>580,196</u>	<u>758,532</u>	<u>(178,336)</u>
Total revenue	<u><u>\$ 755,127</u></u>	<u><u>\$ 932,297</u></u>	<u><u>\$ (177,170)</u></u>

While most of the revenue sources that continued from the previous year did not experience large changes, the Authority experienced a notable decrease under operating grants and contributions due to wind-down the California Energy Commission grant at the beginning of the 2019-20 fiscal year. In addition, taxi revenue was down over 20% due to COVID impacts starting in calendar year 2020.

MARIN GENERAL SERVICES AUTHORITY

Changes in MGSA's expenses and net position were as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Increase (decrease)</u>
Expenses:			
Administration	\$ 222,007	\$ 217,393	\$ 4,614
Taxi permit program	88,614	89,383	(769)
Climate planning & education	59,773	203,417	(143,644)
Abandoned vehicle program	264,279	243,872	20,407
MarinMap program	108,216	132,095	(23,879)
Total expenses	<u>742,889</u>	<u>886,160</u>	<u>(143,271)</u>
Less program revenues	<u>580,196</u>	<u>758,532</u>	<u>(178,336)</u>
Net program (expense) revenue	(162,693)	(127,628)	(35,065)
General revenues	<u>174,931</u>	<u>173,765</u>	<u>1,166</u>
Change in net position	<u>\$ 12,238</u>	<u>\$ 46,137</u>	<u>\$ (33,899)</u>

Climate planning & education program expenses decreased from the prior year primarily due to the completion of the CEC grant program previously discussed. Abandoned Vehicle Abatement Fund expenses increase due to the reimbursement of costs to participating agencies funded by a reduction of fund balance reserves. MarinMap expenses are decreasing in response to declining demand for system enhancements.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about MGSA's funds - the general fund and special revenue funds.

The fund financial statements provide a short-term view of the Authority's operations. They are reported using an accounting basis called *modified accrual*, which measures amounts using only cash and other short-term assets and liabilities (receivables and payables) that will soon be converted to cash or will soon be paid with cash.

CAPITAL ASSET AND DEBT ADMINISTRATION

MGSA's capital assets include street poles, which are not assigned a value in these financial statements. (See Note 1 in the financial statements for further explanation.) Additionally, the MarinMap Fund's capital assets include the digital orthophotography database and computer equipment. The entity carries no debt since its operations are financed entirely from member contributions, grants, and investment earnings.

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THE FUTURE OF MGSA

Future expectations of the various activities and programs of MGSA are described below.

Taxi Regulation Program – During the fiscal year, 2020-21 MGSA continued permit renewal of Marin’s taxicab companies and drivers. There are currently 19 companies with permits to operate 32 vehicles. The coronavirus pandemic and its economic fallout have dramatically affected the taxicab industry, decreasing the number of vehicles by one half over the past nine months. However, many local taxicab companies provide specialized contract services, such as transporting special needs students, which continues to provide essential transportation services to county residents and businesses. MGSA’s permit program procedures and regulations have been updated and streamlined to reduce administrative costs and improve enforcement of state-mandated safety regulations.

Marin Climate and Energy Partnership (MCEP) – MCEP will continue under the direction of its Steering Committee with the assistance of MGSA. During FY 2020/21, MCEP will complete greenhouse gas inventories for all cities and towns, prepare updated climate action plans, and assist MCEP members in implementing their climate action plan programs. MCEP is also working with the non-profit Resilient Neighborhoods on community outreach and education and the non-profit ExtraFood.org on food recovery.

Animal Care and Control - A three-year Memorandum of Understanding with Marin Humane (MH) was negotiated and approved by the County Board of Supervisors on March 27, 2018. MGSA is provided approximately \$20,000 annually for managing the Marin Humane contract for the County. In addition to assisting in negotiating the contract with MH, MGSA also invoices jurisdictions and is the interface with MH. The contract for 2020-21 is a 2% increase over the prior year. The contract comes to an end this fiscal year, and the parties are in negotiations at this time for a new agreement.

Streetlight Program - In 2020-21, MGSA will continue to manage the streetlight vendor contract with DC Electric. A new three-year contract was approved in May of 2020. The agreement has an option to extend up to two additional two-year terms for a total possible life of seven years ending June 30, 2027. The Program contractor maintains and replaces, where needed, the approximately 16,000 streetlights in the County. A couple of years ago, MGSA was approached by two telecommunications providers and ultimately negotiated two agreements to create an application and fee process to allow the placements of telecommunications equipment on streetlights under certain conditions and with local jurisdiction permitting. There are currently five providers that have negotiated master license agreements with MGSA. As jurisdictions have considered their local telecommunications ordinances, some organized residents of Marin County have attended expressing concern about 5G wireless technology's health impacts. There are currently no wireless devices that have been submitted to MGSA.

MarinMap - The MGSA will continue its oversight of the MarinMap county-wide Geographic Information System (GIS). MarinMap is a Joint Exercise of Powers Agreement (JEPA) consisting of members from all cities and towns in Marin, the County of Marin, the Marin Local Agency Formation Commission, Ross Valley Sanitary District, Marin Municipal Water District,

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the Sewer Agency of Southern Marin (SASM, representing six public agencies), the Transportation Authority of Marin (TAM), and the Fire Chiefs Association (representing nine public agencies). Technical services are provided through contracts with Marin County IST Department. MarinMap receives policy direction from a Steering Committee, comprised of representatives of all member agencies and an Executive Sub-Committee responsible for monitoring day-to-day activities. Management of MarinMap continues with the assistance of a consultant.

Abandoned Vehicle Program - In 2020-21, MGSA will continue the administrative task of collecting data from and obtaining reimbursement for the County/towns/cities' efforts to abate motor vehicles abandoned within Marin County. Marin County utilizes a State program through which a \$1.00 fee is collected with an annual registration of every motor vehicle registered in the County. These funds are provided to Marin County and, in turn, apportioned to the County/towns/cities to reimburse local police agencies for their towing and enforcement efforts.

Marin Telecommunications Franchise Oversight - In 2020-21, MGSA succeed Marin Telecommunications Agency in the collection of fees from cable television franchisees on behalf of member agencies. MGSA will make distributions to member agencies and provide financial support to the Community Media Center of Marin in support of local public, education, and government television programming and for distributions

REQUESTS FOR INFORMATION

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

Please address any questions about this report or requests for additional financial information to the address on our letterhead.

Respectively submitted,

A handwritten signature in blue ink that reads "Michael Frank". The signature is written in a cursive, flowing style.

Michael Frank, Executive Officer

BASIC FINANCIAL STATEMENTS

MARIN GENERAL SERVICES AUTHORITY**STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2020**

	Governmental Activities
ASSETS	
Current assets:	
Cash in County treasury	\$ 392,595
Receivables:	
Due from State of California	58,000
Other	17,575
Total receivables	<u>75,575</u>
Prepaid items	<u>18,968</u>
Total current assets	<u>487,138</u>
Noncurrent assets:	
Capital assets	259,227
Less: accumulated depreciation	<u>(242,206)</u>
Net	<u>17,021</u>
Total assets	504,159
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	87,970
Unearned revenue	<u>33,417</u>
Total current liabilities	<u>121,387</u>
NET POSITION	
Investment in capital assets	17,021
Restricted:	
Abandoned Vehicle Abatement	5,533
Unrestricted	<u>360,218</u>
Total net position	<u><u>\$ 382,772</u></u>

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

MARIN GENERAL SERVICES AUTHORITY

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2020

	Total	Admini- stration	Taxicab Regulation	Climate Planning & Education	Abandoned Vehicle Abatement	Marin Map
EXPENSES						
Contract services	\$ 662,095	\$ 149,500	\$ 88,614	\$ 59,051	\$ 264,279	\$ 100,651
Legal	27,415	27,415				
Audit and accounting	15,350	15,350				
Insurance	11,080	11,080				
Rent	8,479	8,479				
Miscellaneous	10,905	10,183		722		
Depreciation	7,565					7,565
Total expenses	742,889	222,007	88,614	59,773	264,279	108,216
PROGRAM REVENUES						
Grants and fees from other governments	275,823			37,975	237,848	
Contributions from member agencies	199,500			37,500		162,000
Charges for services	98,100	33,000	65,100			
Interest income	6,773				732	6,041
Total program revenues	580,196	33,000	65,100	75,475	238,580	168,041
Net program revenue (expense)	(162,693)	\$ (189,007)	\$ (23,514)	\$ 15,702	\$ (25,699)	\$ 59,825
GENERAL REVENUES						
Member contributions	169,999					
Interest income	4,932					
Total general revenues	174,931					
Increase (decrease) in net position	12,238					
NET POSITION, BEGINNING OF YEAR	<u>370,534</u>					
NET POSITION, END OF YEAR	<u>\$ 382,772</u>					

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

MARIN GENERAL SERVICES AUTHORITY

BALANCE SHEET YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Abandoned Vehicle Fund</u>	<u>MarinMap Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash in County treasury	\$ 138,286	\$ 6,496	\$ 247,813	\$ 392,595
Receivables:				
State of California		58,000		58,000
Other	17,575			17,575
Due from other funds	3,000			3,000
Prepaid items	16,092			16,092
Total assets	<u>\$ 174,953</u>	<u>\$ 64,496</u>	<u>\$ 247,813</u>	<u>\$ 487,262</u>
LIABILITIES				
Accounts payable	\$ 15,077	\$ 55,963	\$ 16,930	\$ 87,970
Deferred revenue	33,417			33,417
Due to other funds		3,000		3,000
Total liabilities	48,494	58,963	16,930	124,387
FUND BALANCES				
Nonspendable	16,092			16,092
Restricted:				
Abandoned vehicle abatement		5,533		5,533
Assigned:				
MarinMap			230,883	230,883
Marin Climate				
Energy Partnership	56,934			56,934
Unassigned	53,433			53,433
Total fund balances	<u>126,459</u>	<u>5,533</u>	<u>230,883</u>	<u>362,875</u>
Total liabilities and fund balances	<u>\$ 174,953</u>	<u>\$ 64,496</u>	<u>\$ 247,813</u>	<u>\$ 487,262</u>

MARIN GENERAL SERVICES AUTHORITY

BALANCE SHEET YEAR ENDED JUNE 30, 2020 (CONTINUED)

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total governmental fund balance	\$ 362,875
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Prepaid expenses	2,876
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>17,021</u>
Net position of governmental activities	<u><u>\$ 382,772</u></u>

MARIN GENERAL SERVICES AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2020

	General Fund	Abandoned Vehicle Fund	MarinMap Fund	Total Governmental Funds
REVENUES				
Intergovernmental:				
Participating local agencies	\$ 207,499		\$ 162,000	\$ 369,499
Motor vehicle registration fees		\$ 237,848		237,848
Management/overhead fees	20,917			20,917
Grant & contracts - State of California	25,982			25,982
Grant & contracts - federal	11,993			11,993
Taxi permits	65,100			65,100
Interest income	4,932	732	6,041	11,705
Telecommunication fees	1,583			1,583
Other income	10,500			10,500
Total revenues	348,506	238,580	168,041	755,127
EXPENDITURES				
Services and supplies				
Contract services	297,165	264,279	100,651	662,095
Legal	27,415			27,415
Audit and accounting	15,350			15,350
Insurance	11,606			11,606
Rent	8,479			8,479
Miscellaneous	10,905			10,905
Total services and supplies	370,920	264,279	100,651	735,850
Excess (deficiency) of revenues over expenditures	(22,414)	(25,699)	67,390	19,277
FUND BALANCE, BEGINNING (as Restated)	148,873	31,232	163,493	343,598
FUND BALANCE, ENDING	<u>\$ 126,459</u>	<u>\$ 5,533</u>	<u>\$ 230,883</u>	<u>\$ 362,875</u>

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

MARIN GENERAL SERVICES AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2020 (CONTINUED)

Reconciliation of the change in fund balance-total governmental funds to the change in net position of governmental activities:

Net change in fund balance	\$ 19,277
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense	
Depreciation expense	(7,565)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the fund financial statements:	
Prepaid for the subsequent year	
Prepaid at beginning of year	(2,350)
Prepaid at end of year	<u>2,876</u>
Change in Net Position of Governmental Activities	<u><u>\$ 12,238</u></u>

MARIN GENERAL SERVICES AUTHORITY**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****REPORTING ENTITY**

The Marin General Services Authority (MGSA) was formed on October 1, 2005, under a joint powers agreement between the County of Marin, eleven municipalities within Marin County and two community service districts. The governing Board of MGSA consists of seven directors representing member agencies: Marin County Administrator, City Managers of San Rafael and Novato, two City or Town Managers appointed by the Marin Managers Association, and two Public Works Directors appointed by the Marin Public Works Association.

The purpose of MGSA is to administer, finance, and govern various municipal services within Marin County, including maintaining streetlights throughout the County. MGSA administrates the Abandoned Vehicle Abatement Program, whereby fees collected by the California Department of Motor Vehicles are paid to MGSA, which, in turn, pays MGSA member agencies for towing abandoned vehicles from their respective jurisdictions.

MGSA oversees the MarinMap project, which assists in preparing and distributing digital aerial photographic maps of various Marin County jurisdictions. MarinMap operates according to a joint exercise of powers agreement between the members of MGSA and four special districts within Marin County, each of which contribute financial support to the activity.

MGSA also administers the Marin County Taxi Regulation Program.

MGSA serves as an agent and collects payments from its participants on behalf of the Marin County District Attorney's Mediation Services Unit and the County Animal Services program. The related funds are transferred to the County upon receipt.

INTRODUCTION

MGSA'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).

MARIN GENERAL SERVICES AUTHORITY**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****BASIC FINANCIAL STATEMENTS****GOVERNMENT-WIDE STATEMENTS**

MGSA's basic financial statements include both government-wide (reporting MGSA as a whole) and fund financial statements (reporting MGSA's major funds).

In the government-wide Statement of Net Position, MGSA's activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. MGSA's net position is reported in three parts: (1) investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of MGSA's functions. The Statement of Activities reduces gross expenses by related program revenues. The net expenses (by function) are normally covered by general revenue (investment earnings).

The government-wide focus is more on the sustainability of MGSA as an entity and the change in MGSA's net position resulting from the current year's activities.

FUND FINANCIAL STATEMENTS

The financial transactions of MGSA are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures.

MGSA uses the following fund type:

Governmental funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of MGSA:

MARIN GENERAL SERVICES AUTHORITY**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

General fund is the general operating fund of MGSA. It is used to account for all financial resources except those required to be accounted for in another fund.

Special revenue funds are used to account for the proceeds of revenue sources that are restricted or committed to expenditures for specified purposes. Following is a description of the funds included under this category:

The *Abandoned Vehicle Fund* is used to account for a \$1 per vehicle fee collected by the California Department of Motor Vehicles with vehicle registrations and distributed to member agencies to help fund the cost of towing or otherwise removing abandoned vehicles from public streets.

The *MarinMap Fund* is used to purchase services to develop digital aerial maps and to develop and maintain systems to share geographic information among governmental agencies in Marin County.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

Accrual:

The governmental activities in the governmental-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual:

The government fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

CASH AND CASH EQUIVALENTS:

MGSA has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with fiscal agent (County of Marin).

MARIN GENERAL SERVICES AUTHORITY**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****FINANCIAL STATEMENT AMOUNTS****CAPITAL ASSETS**

It is MGSA's policy to record purchases of items of furniture and equipment costing \$1,000 or less as miscellaneous expense. Items in excess of \$1,000 are classified as capital outlay. MGSA's capital assets are classified as computers, peripherals and software and are depreciated on the straight-line basis over five year estimated useful lives beginning when placed in service.

MGSA is the successor to the Marin Streetlight Acquisition Joint Powers Authority (MSLJPA) which owned street poles throughout Marin County. Those street poles are considered infrastructure assets acquired prior to June 30, 2003 and are not recorded in these financial statements as allowed for "Phase 3" governments as defined by Governmental Accounting Standards Board Statement No. 34.

FUND BALANCE

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which MGSA is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Governmental accounting principles provide that fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned. The Executive Officer is authorized as the designee to assign amounts to a specific purpose. MGSA's policy is that committed and assigned fund balances are considered to have been spent first before unassigned fund balances are spent. Following is a description of the components applicable to MGSA:

Nonspendable – This component includes amounts that cannot be spent because they are (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation.

Assigned – This component consists of amounts that are constrained by MGSA's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors, Executive Officer or their designee as established in MGSA's fund balance policy.

Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

MARIN GENERAL SERVICES AUTHORITY**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****BUDGET**

Both the original budget and the final budget (if changes were adopted) are included as supplemental information to these financial statements as approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting.

2. CASH

MGSA maintains all 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 in County Treasury.”

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

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.

MARIN GENERAL SERVICES AUTHORITY**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020****2. CASH (continued)****FAIR VALUE MEASUREMENT**

MGSA categorized its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2019, MGSA held no individual investments. All funds are invested in the Marin County Investment Pool.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. MGSA's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. Deposits and withdrawals from the County Pool are made on the basis of \$1 which is substantially equal to fair value. MGSA's proportionate share of investments in the County Pool at June 30, 2020, of \$393,000 are not required to be categorized under the fair value hierarchy.

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, 2020, the County's investment pool had a weighted average maturity of 220 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 GENERAL SERVICES AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

2. CASH (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."

CONCENTRATION OF CREDIT RISK

The following is a summary of the concentration of credit risk by investment type as a percentage of each pool's fair value at June 30, 2020.

Investments in investment pool	Percent of portfolio
Federal agency - discount	80%
Federal agency - coupon	17%
Money market funds	3%
	100%

CUSTODIAL CREDIT RISK

For investments and deposits held with safekeeping agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the County's investment pool had no securities exposed to custodial credit risk.

LOCAL AGENCY INVESTMENT FUND

The Marin County Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisor Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute.

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

3. CAPITAL ASSETS

Changes in capital assets for MGSA were as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Digital orthophotography database	\$ 253,575	\$ -	\$ 253,575
Computer equipment	5,652	-	5,652
Subtotal	259,227	-	259,227
Less: accumulated depreciation	234,641	7,565	242,206
Net capital assets	<u>\$ 24,586</u>	<u>\$ (7,565)</u>	<u>\$ 17,021</u>

4. RISK MANAGEMENT

MGSA 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, MGSA purchased liability insurance with limits of \$5,000,000 and a deductible of \$1,000.

5. OPERATING LEASE

The Authority shares office space with Marin Telecommunications Agency (MTA). In January 2016, MGSA and MTA entered into a two-year lease extension to rent office space. MGSA's share of rent commences at \$728, with annual increases of three percent. Rent expenses for the 2019-20 year was approximately \$8,000. The required future minimum lease payments are as follows:

Years ended June 30,	
2021	\$ 22,555
2022	<u>\$ 17,294</u>
	<u>\$ 39,850</u>

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

6. TRANSACTIONS WITH RELATED PARTIES

In addition to financial transactions associated with its JPA agreement with members, the Marin General Services Authority engaged in financial transactions with one of its members, the County of Marin. During the fiscal year, expenses for services provided by various County of Marin departments were approximately \$43,000. The County of Marin compensated MGSA \$26,000 for sustainability activities under the Marin Climate and Energy Partnership. The County also compensated MGSA for the management of the County's Animal Services and Control agreement with Marin Humane Society.

7. MARIN CLIMATE AND ENERGY PARTNERSHIP

The Marin Climate and Energy Partnership (MCEP) is comprised of the incorporated towns and cities in the County, the County of Marin, Marin Municipal Waste District, the Transportation Authority of Marin, and MCE Marin Clean Energy. MCEPs' mission is to discuss, study, report on and implement overarching policies and programs, ranging from emission reduction strategies to adaptation, contained in each agency's Climate Action Plan. MGSA serves as the fiscal agent for MCEP. In the fiscal year 2019-20, MGSA received funding for this program from voluntary member contributions, a professional services agreement with the County of Marin, and from the California Energy Commission (CEC) as part of its Small Government Leadership Challenge grant. MGSA recognizes revenue from contributions on a scheduled annual basis. For the professional services agreement with the County of Marin and grant funding from the CEC, MGSA recognizes revenue as it incurs eligible expenses allowed for under these agreements.

8. RESTATEMENT OF FUND BALANCE

The balance of the General Fund as of June 30, 2019, has been restated to recognize an increase for CEC program revenue earned through that date.

	General Fund	Abandoned Vehicle Fund	MarinMap Fund	Total Governmental Funds
Fund balance, as previously reported	\$ 122,571	\$ 31,232	\$ 163,493	\$ 317,296
Contract revenue earned as of June 30, 2019	26,302	-	-	26,302
Fund balances as of June 30, 2019, as restated	<u>\$ 148,873</u>	<u>\$ 31,232</u>	<u>\$ 163,493</u>	<u>\$ 343,598</u>

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

9. SUBSEQUENT EVENT

Covid-19

In December 2019, a novel strain coronavirus disease (“COVID-19”) was first reported in Wuhan, China. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The extent of which the ongoing response to and impacts of COVID-19 will affect MGSA’s operational and financial performance are unknown at this time and will be monitored by management.

Assumption of Telecommunications Agency Responsibilities

On March 12, 2020, the Board resolved that as of July 1, 2020, MGSA is to assume responsibilities for programs that had been under the jurisdiction of Marin Telecommunications Agency (MTA). MGSA’s will be responsible to manage the video services franchises for the member agencies and video service customers, and advise participants on the exercise of their license authority. MGSA will also receive franchise fees from Comcast, AT&T and Horizon Cable and remit them to each member agency.

MTA’s net position was as follows:

	June 30, 2020	June 30, 2019
Current assets	\$ 1,116,666	\$ 1,554,821
Noncurrent assets	2,740	3,653
Total assets	<u>1,119,406</u>	<u>1,558,474</u>
Current liabilities	<u>1,021,770</u>	<u>1,318,978</u>
Net position:		
Net investment in capital assets	2,740	3,653
Restricted	972	9,072
Unrestricted	93,924	226,771
Total net position	<u>\$ 97,636</u>	<u>\$ 239,496</u>
Revenue	\$4,101,169	\$4,287,566
Expenses		
Operating expenses	920,857	942,771
Franchise fee distributions to member agencies	<u>3,322,172</u>	<u>3,276,810</u>
Total expenses	<u>4,243,029</u>	<u>4,219,581</u>
Increase (decrease) in net position	<u>\$ (141,860)</u>	<u>\$ 67,985</u>

REQUIRED SUPPLEMENTAL INFORMATION

MARIN GENERAL SERVICES AUTHORITY

BUDGET COMPARISON SCHEDULE GENERAL FUND (EXCLUDING MCEP) YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Member contributions	\$170,000	\$ 170,000	\$ 169,999	\$ (1)
Taxicab permit fees	100,000	100,000	65,100	(34,900)
Telecommunication fees	30,000	30,000	1,583	(28,417)
Management/overhead fees	27,917	27,917	42,917	15,000
Miscellaneous income	-	-	10,500	10,500
Interest income	4,000	4,000	4,932	932
Total revenues	<u>331,917</u>	<u>331,917</u>	<u>295,031</u>	<u>(36,886)</u>
Expenditures				
Contract services	270,000	285,000	253,114	31,886
Legal	25,000	25,000	27,415	(2,415)
Audit & accounting	15,500	15,500	15,350	150
Insurance	15,000	15,000	11,606	3,394
Rent	9,000	9,000	8,479	521
Office expense	13,000	13,000	10,183	2,817
Total expenditures	<u>347,500</u>	<u>362,500</u>	<u>326,147</u>	<u>36,353</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (15,583)</u>	<u>\$ (30,583)</u>	<u>\$ (31,116)</u>	<u>\$ (533)</u>

MARIN GENERAL SERVICES AUTHORITY

BUDGET COMPARISON SCHEDULE MARIN CLIMATE AND ENERGY PARTNERSHIP YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Member contribution	\$35,000	\$ 35,000	\$ 37,500	\$ 37,500
County grant	14,360	14,360	25,982	11,622
Federal grant/CEC	69,625	69,625	11,993	\$ (57,632)
Total revenues	118,985	118,985	75,475	(8,510)
Expenditures				
Executive officer/overhead	7,000	7,000	7,722	(722)
Contract services	75,220	75,220	59,051	16,169
Total expenditures	82,220	82,220	66,773	15,447
Excess (deficiency) of revenues over expenditures	<u>\$ 36,765</u>	<u>\$ 36,765</u>	<u>\$ 8,702</u>	<u>\$ (28,063)</u>

MARIN GENERAL SERVICES AUTHORITY

BUDGET COMPARISON SCHEDULE ABANDONED VEHICLE ABATEMENT FUND YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
DMV fees	\$ 260,000	\$ 260,000	\$ 237,848	\$ (22,152)
Interest income	1,000	500	732	232
Total revenues	261,000	260,500	238,580	(21,920)
Expenditures				
Program administration	12,000	12,000	15,000	(3,000)
Jurisdiction payments	270,000	330,000	249,279	80,721
Total expenditures	282,000	342,000	264,279	77,721
Excess (deficiency) of revenues over expenditures	\$ (21,000)	\$ (81,500)	\$ (25,699)	\$ 55,801

MARIN GENERAL SERVICES AUTHORITY

BUDGET COMPARISON SCHEDULE MARINMAP FUND YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Member contributions	\$ 162,000	\$ 162,000	\$ 162,000	\$ -
Interest income	4,000	4,000	6,041	2,041
Total revenues	166,000	166,000	168,041	2,041
Expenditures				
Program administration	32,640	32,640	32,640	-
Other contract services	96,880	96,880	59,321	37,559
Projects	104,000	104,000	8,690	95,310
Total expenditures	233,520	233,520	100,651	132,869
Excess (deficiency) of revenues over expenditures	\$ (67,520)	\$ (67,520)	\$ 67,390	\$ 134,910

MARIN GENERAL SERVICES AUTHORITY

**NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2020**

A. BUDGETARY BASIS OF PRESENTATION

The budgets included in these financial statements represents the original budget and amendments, if any, approved by the Board of Directors. The budgetary basis for the General Fund and the Marin Map Fund is the modified accrual basis of accounting. Various reclassifications have been made to the actual amounts to conform to classification included in the approved budget. The Abandoned Vehicle Abatement fund is presented on the full accrual basis of accounting with the timing of revenues and expenses with budget expectations.

OTHER SUPPLEMENTAL INFORMATION

MARIN GENERAL SERVICES AUTHORITY

SCHEDULE OF MEMBER CONTRIBUTIONS
YEAR ENDED JUNE 30, 2020

	MGSA General Fund			Total General Fund	MMAP Fund
	Operating	Streetlight	MCEP		MMAP
City of Belvedere	\$ 3,017	\$ 110	\$ 2,500	\$ 5,627	\$ 6,000
Bel Marin Keys CSD		102		102	
Town of Corte Madera	6,430	532	2,500	9,462	9,000
County of Marin	42,941	1,478	2,500	46,919	10,000
Town of Fairfax	3,827	423	2,500	6,750	6,000
City of Larkspur	7,959	547	2,500	11,006	9,000
Marinwood CSD		205		205	
City of Mill Valley	10,526	568	2,500	13,594	9,000
City of Novato	27,757	2,778	2,500	33,035	10,000
Town of Ross	2,875		2,500	5,375	6,000
Town of San Anselmo	7,367	474	2,500	10,341	9,000
City of San Rafael	31,828	3,123	2,500	37,451	10,000
City of Sausalito	5,828	462	2,500	8,790	9,000
Town of Tiburon	8,644	198	2,500	11,342	9,000
Marin Clean Energy			2,500	2,500	
Marin Municipal Water District			2,500	2,500	10,000
Transportation Authority of Marin			2,500	2,500	10,000
LAFCO					10,000
Ross Valley Sanitary District					10,000
Sewer Agency of Southern Marin					10,000
Marin County Fire Chiefs Assn					10,000
	<u>\$ 158,999</u>	<u>\$ 11,000</u>	<u>\$ 37,500</u>	<u>\$ 207,499</u>	<u>\$ 162,000</u>