MARIN
TELECOMMUNICATIONS AGENCY

FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT 1

MANAGEMENT'S DISCUSSION AND ANALYSIS 3

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION 7
STATEMENT OF ACTIVITIES 8
BALANCE SHEET 9
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES 11
NOTES TO THE FINANCIAL STATEMENTS 13

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULES
OPERATING FUND 21
PEG FUND 22
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION 23

OTHER SUPPLEMENTAL INFORMATION 23

MAHER
ACCOUNTANCY

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Marin Telecommunications Agency

We have audited the accompanying financial statements of the governmental activities of the Marin Telecommunications Agency (Agency) as of and for the year ended June 30, 2019, which collectively comprise the Agency'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.

1101 Fifth Avenue, Suite 200 San Rafael, CA 94901 415 459 1249 mahercpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency as of June 30, 2019, 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 Supplemental Information

Our audit was conducted for the purpose of forming opinions on the Marin Telecommunication Agency's basic financial statements. The other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has 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

January 29, 2020

The Management's Discussion and Analysis provides an overview of the Marin Telecommunications Agency (MTA) financial activities for the fiscal year ended June 30, 2019. Please read it along with MTA's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

MTA's net position is $239,496, an increase of $67,985 over the prior year. Total revenues decreased by $397,659 and total expenses decreased by $507,682.

Budgetary comparison schedules are found starting on page 21.

USING THIS ANNUAL REPORT

This annual report consists of financial statements for Marin Telecommunications Agency as a whole. The statement of net position and the statement of activities provide information about the activities of MTA as a whole and present a long-term view of MTA's finances. The fund financial statements present a short-term view of MTA'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).

MTA AS A WHOLE

One important question asked about MTA's finances is, "Is MTA 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 MTA's financial health is improving or deteriorating. However, one must consider other nonfinancial factors in assessing the Agency's health, such as changes in the economy and changes in its jurisdiction, etc.

Change in MTA's net position was as follows:

	2019	2018	Increase (Decrease)
Current assets	$ 1,554,821	$ 1,579,528	$ (24,707)
Noncurrent assets	3,653	4,566	(913)
Total assets	1,558,474	1,584,094	(25,620)
Current liabilities	1,318,978	1,412,583	(93,605)
Net assets			
Investment in capital assets	3,653	4,566	(913)
Restricted	9,072	8,666	406
Unrestricted	226,771	158,279	68,492
Total net position	$ 239,496	$ 171,511	$ 67,985

Changes in MTA's current assets and current liabilities during the year ended June 30, 2019, were more pronounced than last year due to declining franchise fees resulting in lower receivables and the related distribution due to agency members. Net position increased because administrative costs were lower than budgeted.

Changes in MTA's revenues were as follows:

	2019	2018	Increase (Decrease)
Franchise fees	$ 3,538,970	$ 3,870,263	$ (331,293)
PEG Fees	731,737	803,267	(71,530)
Subtotal	4,270,707	4,673,530	(402,823)
Miscellaneous income	7,922	7,625	297
Investment earnings	8,937	4,070	4,867
Total revenue	$4,287,566	$4,685,225	$ (397,659)

Franchise fees and PEG fees based on cable company revenues, declined approximately 9% from 2017-18. MTA management believes that market forces will continue to put downward pressure on revenues.

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

	2019	2018	Increase (Decrease)
Expenses:			
Franchise fee distributions to members	$ 3,276,810	$ 3,656,363	$ (379,553)
Contract services - PEG system	731,737	803,267	(71,530)
Operating expenses	211,034	267,633	(56,599)
Total expenses	4,219,581	4,727,263	(507,682)
Less: program revenues	4,287,566	4,685,225	(397,659)
Changes in net position	$ 67,985	$ (42,038)	$ 110,023

MTA generally distributes franchise fees to member agencies net of a holdback to provide for planned annual operating expenses. Lower franchise fee revenue resulted in lower distributions. Further, the 2017-18 distributions included an extra distribution to reduce reserves that were more than the board determined were needed. Revenues to support the PEG system are based on PEG fees received, and so, were lower than the prior year. Reduced staffing and contract services costs accounts for the decrease in operating expenses.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the MTA's funds - the general (Telecommunications) fund and PEG Special Revenue funds.

The fund financial statements provide a short-term view of MTA'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.

Total governmental fund balances increased by $68,898, as shown on page 11.

REQUESTS FOR INFORMATION

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

Please address any questions about this report or requests for additional financial information to Marin Telecommunications Agency, 555 Northgate Dr. #230, San Rafael, CA 94903.

Respectfully submitted,
Jean Bonander

Jean Bonander
Executive Officer

MARIN TELECOMMUNICATIONS AGENCY

STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

ASSETS	
Current assets:	
Cash in County treasury	$ 321,148
Franchise and PEG fees receivable	1,233,673
Total current assets	1,554,821
Noncurrent assets:	
Capital assets, net of depreciation	3,653
Total assets	1,558,474
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	85,305
Payable to CMCM	173,674
Franchise fees payable to agency members	1,059,999
Total current liabilities	1,318,978
NET POSITION	
Investment in capital assets	3,653
Restricted for PEG project	9,072
Unrestricted	226,771
Total net position	$ 239,496

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

MARIN TELECOMMUNICATIONS AGENCY

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Telecom-munications	PEG	Total
EXPENSES			
Professional services	$ 162,094	$ -	$ 162,094
Administration and financial	19,450	-	19,450
Insurance	9,094	-	9,094
Memberships, conference, webinars	1,415	-	1,415
Office expenses, rent and supplies	18,068	-	18,068
Franchise fee distributions	3,276,810	-	3,276,810
Contract services - PEG System	-	731,737	731,737
Depreciation	-	913	913
Total expenses	3,486,931	732,650	4,219,581
PROGRAM REVENUES			
Franchise/PEG fees	3,538,970	731,737	4,270,707
Service fees-Larkspur	7,922		7,922
Interest income	8,531	406	8,937
Total program revenues	3,555,423	732,143	4,287,566
Net program revenue (expense)	$ 68,492	$ (507)	$ 67,985
NET POSITION - BEGINNING OF THE YEAR			171,511
NET POSITION - END OF THE YEAR			$ 239,496

MARIN TELECOMMUNICATIONS AGENCY

BALANCE SHEET
YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue (PEG) Fund	Total Governmental Funds
ASSETS			
Cash in County treasury	$ 266,893	$ 54,255	$ 321,148
Franchise and PEG fees receivable	1,059,999	173,674	1,233,673
Total assets	$ 1,326,892	$ 227,929	$ 1,554,821
LIABILITIES			
Accounts payable and accrued expenditures	$ 40,122	$ 45,183	$ 85,305
Payable to CMCM		173,674	173,674
Franchise fees payable to agency members	1,059,999		1,059,999
Total liabilities	1,100,121	218,857	1,318,978
FUND BALANCE			
Restricted		9,072	9,072
Unassigned	226,771		226,771
Total fund balance	226,771	9,072	235,843
Total liabilities and fund balance	$ 1,326,892	$ 227,929	$ 1,554,821

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

Reconciliation of governmental fund balance to net position of governmental activities:

Total governmental fund balance	$	235,843
Amounts reported for *governmental activities* in the statement of net position are different because:		
Capital assets used in the government activities are not financial resources and therefore are not reported in the funds		3,653
Net position of governmental activities	$	239,496

MARIN TELECOMMUNICATIONS AGENCY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2019

	General Fund	Special RevenuePEG	Total Governmental Funds
REVENUES			
Franchise and PEG fees	$ 3,538,970	$ 731,737	$ 4,270,707
Service fees-Larkspur	7,922		7,922
Interest income	8,531	406	8,937
Total revenues	3,555,423	732,143	4,287,566
EXPENDITURES			
Services, supplies and grants:			
Professional services	162,094		162,094
Administration and financial	19,450		19,450
Insurance	9,094		9,094
Memberships, conference, webinars	1,415		1,415
Office expenses, rent and supplies	18,068		18,068
Contract services - PEG system	-	731,737	731,737
Total services, supplies and grants	210,121	731,737	941,858
Franchise fee distributions	3,276,810		3,276,810
Total expenditures	3,486,931	731,737	4,218,668
Excess (deficiency) of revenues over expenditures	68,492	406	68,898
FUND BALANCES - BEGINNING	158,279	8,666	166,945
FUND BALANCES - ENDING	$ 226,771	$ 9,072	$ 235,843

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

MARIN TELECOMMUNICATIONS AGENCY

STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BLANCE-GOVERNMENTAL FUND YEAR ENDED JUNE 30, 2019 (Continued)

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

Net change in fund balance	$	68,898
Governmental funds report capital outlays as expenditures, however, in the statement of activities the costs of these assets is allocated over their estimated useful lives as depreciation expense.		
Depreciation Expense		(913)
Change in net positiom	$	67,985

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Marin Telecommunications Agency (MTA) was formed under a joint powers agreement between the County of Marin and nine municipalities within Marin County. MTA manages the video services franchises for the member agencies and video service customers, and advises participants on the exercise of their license authority. MTA receives franchise fees from Comcast, AT&T and Horizon Cable and remits them to each member agency. MTA further supports availability, accessibility, affordability and public inclusion in the advancement and enhancement of telecommunications infrastructure and services in Marin on behalf of MTA's members and the community.

The governing board of MTA consists of one appointed official from each of the governing bodies of the participants. The powers and responsibilities of MTA are contained in the Joint Powers Agreement.

INTRODUCTION

Marin Telecommunications Agency'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.).

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE STATEMENTS

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

In the government-wide Statement of Net Position, the MTA'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. MTA'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 MTA's functions. The function is supported by general government revenues and franchise and related fees from the local video service providers. The Statement of Activities reduces gross expenses by related program revenues.

The net costs (by function) are normally covered by general revenues.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FUND FINANCIAL STATEMENTS

The financial transactions of MTA are reported in individual funds in the fund balancing accounts that comprise its assets, liabilities, restrictions, fund balance, revenues and expenditures.

MTA 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 positions (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of Marin Telecommunications Agency:

General fund accounts for the Organization's general operations. 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. MTA's "PEG" Fund is used to account for fees paid from cable television franchisees that are restricted for the development and operation of public, educational and governmental (PEG) access channels and the media center. MTA makes distributions to Community Media Center of Marin (CMCM) to operate the PEG activities.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

FINANCIAL STATEMENT AMOUNTS

CASH AND CASH EQUIVALENTS

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

RECEIVABLES

Franchise fees collected by franchisees but not transmitted to MTA at the end of the fiscal year are included in receivables.

CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of $3,000 or more are reported at historical cost or estimated historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the asset. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance is expensed as incurred.

MTA has an agreement with Community Media Center of Marin (CMCM) for the construction and operation of a media center. Accordingly, certain funds provided to CMCM have been used to purchase equipment and other capital assets. The equipment and other capital assets are included in CMCM's financial statements. In the event the agreement with CMCM is terminated or not renewed, the equipment and capital assets will be transferred to MTA.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL STATEMENT AMOUNTS (CONTINUED)

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 MTA is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned. Following is a description of the components applicable to MTA:

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

2. CASH

MTA maintains all of its cash in the County of Marin pooled investment fund to increase 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. 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.

2. CASH (continued)

FAIR VALUE MEASUREMENT

MTA categorizes its fair value measurements within the fair value hierarchy established by generally 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, MTA held no individual investments. All investments are in the County of Marin 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. MTA'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. MTA's proportionate share of investments in the County Pool as of June 30, 2019, of $321,148 is not required to be categorized under the fair value hierarchy.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. MTA 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. On June 30, 2019, the County's investment pool had a weighted average maturity of 218 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.

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."

2. CASH (continued)

CONCENTRATION OF CREDIT RISK

Credit risk is the risk of loss attributed to the concentration of MTA'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, 2019.

Investments in investment pool	Percent of portfolio
Federal agency - discount	76%
Federal agency - coupon	23%
Money market funds	1%
	100%

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that, in the event of a financial institution's failure, MTA would not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. MTA'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.

LOCAL AGENCY INVESTMENT FUND

The 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.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions	Balance June 30, 2019
Computer	$ 4,566	$ -	$ 4,566
Less: accumulated depreciation	-	(913)	(913)
Net capital assets	$ 4,566	$ (913)	$ 3,653

4. FRANCHISE AND PEG FEES RECEIVABLE

Franchise and PEG fees receivable includes fees collected by franchisees during the quarter ended June 30, 2019, and an estimate of additional franchise fees expected as a result of recently-completed franchisee fee audits for the period of July 1, 2010 through June 30, 2014 and July 1, 2014 through June 30, 2017. It is expected that the franchisee will present additional information in response to the audit and that final settlement is expected to occur in the 2019-2020 fiscal year.

Management has recognized revenue and receivable of $200,000 -- the net present value of management's expectation of the minimum amount to be collected as a result of the franchise fee audit. Because such fees will be distributed to member agencies or to CMCM, the financial statements recognize expenditures and liabilities of the same amount.

5. FRANCHISE AND PEG FEES

MTA receives revenue from multiple franchisees and distinguishes these revenues as franchise fees and Public, Educational, and Governmental Access (PEG) fees. These fees are based on a percentage of the franchisees' sales.

The franchisee remits the franchise fees to MTA, who then distributes the fees to member agencies shortly after received. MTA retains a portion of the franchise fee revenue for administrative purposes. The largest franchisee is responsible for approximately 90% of all such fees collected in 2018-19.

PEG fees are also collected from the same franchisees. The franchisee remits the PEG fees to MTA, and based on current Board policy and contractual agreements, MTA then distributes the money to CMCM. The majority of the PEG fees are distributed to CMCM shortly after received.

6. RISK MANAGEMENT

MTA 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, the MTA purchased liability insurance with limits of $5,000,000.

7. COMMITMENTS

The Agency entered into professional service agreements that extend beyond the fiscal year ended June 30, 2019. These commitments were approximately $127,000.

The Agency shares office space with Marin General Services Agency (MGSA). In March 2016, MTA and MGSA entered into a four-year lease to rent office space. Rent expense for the year was approximately $14,000. The current lease will continue through March 31, 2020, with required future minimum lease payments remaining of approximately $9,000.

The lease is expected to be renegotiated in collaboration with MGSA for another multi-year period beginning April 1, 2020, for similar conditions.

MARIN TELECOMMUNICATIONS AGENCY

BUDGETARY COMPARISON SCHEDULE
OPERATING FUND
YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Franchise fees	$ 4,100,000	$ 3,489,470	$ (610,530)
Miscellaneous income	8,000	7,922	(78)
Interest on pooled investments	5,000	8,531	3,531
Total revenues	4,113,000	3,505,923	(607,077)
EXPENDITURES			
Operating expenditures			
Professional services	164,500	145,004	19,496
Administration & financial services	31,000	19,450	11,550
Insurance premiums	10,000	9,094	906
Communication services	2,000	61	1,939
Rent & operating leases	14,000	13,922	78
Memberships, conference, webinars	4,000	2,305	1,695
Travel	3,000	1,415	1,585
Office supplies	3,700	1,841	1,859
Total operating expenditures	232,200	193,092	39,108
Excess (deficiency) of revenues over operating expenditures	$3,880,800	$3,312,831	(646,185)
AVAILABLE FOR DISTRIBUTIONS AND OTHER			
CMCM network services	21,000	17,029	3,971
Franchise fee distributions to members	3,859,800	3,227,310	632,490
Funding from reserves	-	68,492	68,492
Total operating expenditures	$ 3,880,800	$ 3,312,831	$ 704,953

MARIN TELECOMMUNICATIONS AGENCY

BUDGETARY COMPARISON SCHEDULE
PEG FUND
YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Franchise (PEG fees)	$ 931,000	$ 731,737	$ (199,263)
Interest on pooled investments	600	406	(194)
Total revenues	931,600	732,143	(199,457)
EXPENDITURES			
Outgoing PEG fees	931,000	731,737	199,263
Total expenditures	931,000	731,737	199,263
Excess (deficiency) of revenues over expenditures	$ 600	$ 406	$ (194)

BUDGETARY BASIS OF PRESENTATION

The budget included in these financial statements represents the original budget and amendments approved by the Board of Directors. Budgets expire at the end of each year. 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 budget.

OTHER SUPPLEMENTAL INFORMATION

CAPITAL ASSETS HELD BY CMCM

MTA has an agreement with Community Media Center of Marin (CMCM) for the construction and operation of a media center. Accordingly, certain funds provided to CMCM have been used to purchase equipment and other capital assets. The equipment and other capital assets are included in CMCM's financial statements. In the event the agreement with CMCM is terminated or not renewed, the equipment and capital assets will be transferred to MTA.

The following unaudited information has been provided by CMCM:

Balances as of June 30, 2019		
Furniture & equipment	$	761,665
Facilities		1,657,421
Total capital assets		2,419,086
Accumulated depreciation		(1,966,629)
Total capital assets, net	$	452,457