



December 7, 2020

To the Board of Directors
Marin General Services Authority

Re: Marin Telecommunications Agency Annual Audit

We have audited the financial statements of the Marin Telecommunications Agency for the year ended June 30, 2020, and have issued our report thereon 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 April 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 Telecommunications Agency 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 the 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 was one significant estimate used in preparing the financial statements: Management estimated that approximately \$200,000 of a potential \$340,000 underpayment by Comcast as a result of an audit will be collected.

Difficulties Encountered in Performing the Audit

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

Board of Directors
December 7, 2020
Page 2 of 2

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. Routine adjustments were required in order to present MTA's financial statements on the full accrual basis of accounting in addition to the modified-accrual basis of accounting under which it maintains its books. Any misstatements detected as a result of audit procedures and corrected by management was to adjust revenue receivable that was fully offset by related liabilities, or were either immaterial, 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 the 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.

Other matters

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.

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

Very truly yours,

Maher Accountancy



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

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



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, 2020, 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.

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, 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.

Emphasis of Matter: Transfer of Operations to Marin General Services Authority

As discussed in Note 7 to the Financial Statements, the governing Board of the Agency resolved to transfer the Agency's assets, liabilities, and equity to the Marin General Services Authority (MGSA), effective July 1, 2020. MGSA's governing Board resolved to accept the responsibilities and continue the operations of the Agency. Upon the merger of the two entities, Marin Telecommunications Agency ceased to exist as a separate entity.

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

San Rafael, California
December 7, 2020

MARIN TELECOMMUNICATIONS AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis provides an overview of the Marin Telecommunications Agency (MTA) financial activities for the fiscal year ended June 30, 2020. Please read it along with MTA's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

MTA's net position is \$97,636, a decrease of \$141,860 over the prior year. Total revenues decreased by \$186,397 and total expenses increased by \$23,448.

Budgetary comparison schedules are found starting on page 21.

USING THIS ANNUAL REPORT

This annual report consists of financial statements for the 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.

MARIN TELECOMMUNICATIONS AGENCY

Change in MTA's net position was as follows:

	<u>2020</u>	<u>2019</u>	<u>Decrease</u>
Current assets	\$ 1,116,666	\$ 1,554,821	\$ (438,155)
Noncurrent assets	2,740	3,653	(913)
Total assets	<u>1,119,406</u>	<u>1,558,474</u>	<u>(439,068)</u>
Current liabilities	<u>1,021,770</u>	<u>1,318,978</u>	<u>(297,208)</u>
Net assets			
Investment in capital assets	2,740	3,653	(913)
Restricted	972	9,072	(8,100)
Unrestricted	<u>93,924</u>	<u>226,771</u>	<u>(132,847)</u>
Total net position	<u>\$ 97,636</u>	<u>\$ 239,496</u>	<u>\$ (141,860)</u>

MTA experienced decreases in both current assets and current liabilities during the year ended June 30, 2020. This was due to declining franchise fees resulting in lower receivables and the related distributions due to agency members. Net position decreased primarily as a result of planned distributions of surplus reserves accumulated in prior years.

Changes in MTA's revenues were as follows:

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Franchise fees	\$ 3,395,305	\$ 3,538,970	\$ (143,665)
PEG Fees	689,974	731,737	(41,763)
Subtotal	<u>4,085,279</u>	<u>4,270,707</u>	<u>(185,428)</u>
Miscellaneous income	8,136	7,922	214
Investment earnings	<u>7,754</u>	<u>8,937</u>	<u>(1,183)</u>
Total revenue	<u>\$4,101,169</u>	<u>\$4,287,566</u>	<u>\$ (186,397)</u>

Franchise fees and PEG fees, which are based on cable company revenue, declined approximately 4.5% from 2018-19. MTA management believes that market forces will continue to put downward pressure on revenues.

MARIN TELECOMMUNICATIONS AGENCY

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

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Expenses:			
Franchise fee distributions to members	\$ 3,322,172	\$ 3,276,810	\$ 45,362
Contract services - PEG system	698,528	731,737	(33,209)
Operating expenses	222,329	211,034	11,295
Total expenses	<u>4,243,029</u>	<u>4,219,581</u>	23,448
Less: program revenues	<u>4,101,169</u>	<u>4,287,566</u>	(186,397)
Changes in net position	<u>\$ (141,860)</u>	<u>\$ 67,985</u>	<u>\$ (209,845)</u>

MTA generally distributes franchise fees to member agencies net of a holdback to provide for planned annual operating expenses. The franchise fee distributions to members were increased in accordance with the Board intent to reduce fund equity before the merger with the Marin General Services Authority. (See Note 7 to the financial statements.) Contractor services expenses that support the PEG system declined commensurate with PEG fee revenues. Operating expenses increased primarily as a result of additional legal fees expenses that occurred during the year.

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 decreased by \$140,947, 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 General Services Authority, 555 Northgate Dr. #102, San Rafael, CA 94903.

Respectfully submitted,

Michael Frank

Michael Frank, Executive Officer

MARIN TELECOMMUNICATIONS AGENCY

STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

ASSETS

Current assets:	
Cash in County treasury	\$ 98,388
Franchise and PEG fees receivable	1,015,086
Prepaid expenses	3,192
Total current assets	<u>1,116,666</u>
Noncurrent assets:	
Capital assets, net of depreciation	<u>2,740</u>
Total assets	<u>1,119,406</u>

LIABILITIES

Current liabilities:	
Accounts payable and accrued expenses	11,748
Payable to CMCM	170,850
Franchise fees payable to agency members	839,172
Total current liabilities	<u>1,021,770</u>

NET POSITION

Investment in capital assets	2,740
Restricted for PEG project	972
Unrestricted	<u>93,924</u>
Total net position	<u>\$ 97,636</u>

MARIN TELECOMMUNICATIONS AGENCY

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	<u>Telecom- munications</u>	<u>PEG</u>	<u>Total</u>
EXPENSES			
Professional services	\$ 188,212	\$ -	\$ 188,212
Administration and financial	9,025	-	9,025
Insurance	7,739	-	7,739
Memberships, conference, webinars	115	-	115
Office expenses, rent and supplies	16,325	-	16,325
Franchise fee distributions	3,322,172	-	3,322,172
Contract services - PEG System	-	698,528	698,528
Depreciation	-	913	913
	<u>3,543,588</u>	<u>699,441</u>	<u>4,243,029</u>
Total expenses			
PROGRAM REVENUES			
Franchise/PEG fees	3,395,305	689,974	4,085,279
Service fees-Larkspur	8,136	-	8,136
Interest income	7,300	454	7,754
	<u>3,410,741</u>	<u>690,428</u>	<u>4,101,169</u>
Total program revenues			
Net program revenue (expense)	<u>\$ (132,847)</u>	<u>\$ (9,013)</u>	<u>\$ (141,860)</u>
NET POSITION - BEGINNING OF THE YEAR			<u>239,496</u>
NET POSITION - END OF THE YEAR			<u>\$ 97,636</u>

MARIN TELECOMMUNICATIONS AGENCY

BALANCE SHEET
YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue (PEG) Fund	Total Governmental Funds
ASSETS			
Cash in County treasury	\$ 97,434	\$ 954	\$ 98,388
Franchise and PEG fees receivable	844,218	170,868	1,015,086
Prepaid items	3,192	-	3,192
	<u>944,844</u>	<u>171,822</u>	<u>1,116,666</u>
Total assets	<u>\$ 944,844</u>	<u>\$ 171,822</u>	<u>\$ 1,116,666</u>
LIABILITIES			
Accounts payable and accrued expenditures	\$ 11,748	\$ -	\$ 11,748
Payable to CCM		170,850	170,850
Franchise fees payable to agency members	839,172		839,172
	<u>850,920</u>	<u>170,850</u>	<u>1,021,770</u>
Total liabilities	850,920	170,850	1,021,770
FUND BALANCE			
Restricted		972	972
Unassigned	93,924		93,924
	<u>93,924</u>	<u>972</u>	<u>94,896</u>
Total fund balance	93,924	972	94,896
Total liabilities and fund balance	<u>\$ 944,844</u>	<u>\$ 171,822</u>	<u>\$ 1,116,666</u>

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

MARIN TELECOMMUNICATIONS AGENCY

BALANCE SHEET
YEAR ENDED JUNE 30, 2020
(Continued)

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

Total governmental fund balance	\$ 94,896
Amounts reported for <i>governmental activities</i> 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	<u>2,740</u>
Net position of governmental activities	<u><u>\$ 97,636</u></u>

MARIN TELECOMMUNICATIONS AGENCY

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

	General Fund	Special RevenuePEG	Total Governmental Funds
REVENUES			
Franchise and PEG fees	\$ 3,395,305	\$ 689,974	\$ 4,085,279
Service fees-Larkspur	8,136		8,136
Interest income	7,300	454	7,754
Total revenues	3,410,741	690,428	4,101,169
EXPENDITURES			
Services, supplies and grants:			
Professional services	188,212		188,212
Administration and financial	9,025		9,025
Insurance	7,739		7,739
Memberships, conference, webinars	115		115
Office expenses, rent and supplies	16,325		16,325
Contract services - PEG system		698,528	698,528
Total services, supplies and grants	221,416	698,528	919,944
Franchise fee distributions	3,322,172		3,322,172
Total expenditures	3,543,588	698,528	4,242,116
Excess (deficiency) of revenues over expenditures	(132,847)	(8,100)	(140,947)
FUND BALANCES - BEGINNING	226,771	9,072	235,843
FUND BALANCES - ENDING	\$ 93,924	\$ 972	\$ 94,896

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, 2020
(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	\$ (140,947)
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	<u>(913)</u>
Change in net position	<u><u>\$ (141,860)</u></u>

**MARIN TELECOMMUNICATIONS AGENCY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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 managed the video services franchises for the member agencies and video service customers and advised participants on the exercise of their license authority. MTA received franchise fees from Comcast, AT&T, and Horizon Cable and remitted them to each member agency.

Prior to dissolution, the governing Board of MTA consisted 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.

**MARIN TELECOMMUNICATIONS AGENCY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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 the 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 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.

**MARIN TELECOMMUNICATIONS AGENCY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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 the 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 or its successor.

**MARIN TELECOMMUNICATIONS AGENCY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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.

**MARIN TELECOMMUNICATIONS AGENCY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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, 2020, 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, 2020, of \$98,388 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, 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.

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."

**MARIN TELECOMMUNICATIONS AGENCY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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, 2020.

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

**MARIN TELECOMMUNICATIONS AGENCY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance June 30, 2019	Additions	Balance June 30, 2020
Computer	\$ 4,566	\$ -	\$ 4,566
Less: accumulated depreciation	<u>(913)</u>	<u>(913)</u>	<u>(1,826)</u>
Net capital assets	<u>\$ 5,479</u>	<u>\$ (913)</u>	<u>\$ 2,740</u>

4. FRANCHISE AND PEG FEES RECEIVABLE

Franchise and PEG fees receivable includes fees collected by franchisees during the quarter ended June 30, 2020. These fees are based on a percentage of the franchisees' sales.

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 94% of all such fees collected in 2019-20.

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.

**MARIN TELECOMMUNICATIONS AGENCY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

7. SUBSEQUENT EVENT

Merger with Marin General Service Authority

On February 12, 2020, the Board approved the transfer all the operations, assets, liabilities and equity of Marin Telecommunications Agency to the Marin General Services Authority (MGSA). The Agency ceased to exist as of the merger, which was effective as of July 1, 2020.

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 operational and financial performance are unknown at this time and will monitored by management.

MARIN TELECOMMUNICATIONS AGENCY

**BUDGETARY COMPARISON SCHEDULE
OPERATING FUND
YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Franchise fees	\$ 4,000,000	\$ 4,000,000	\$ 3,395,305	\$ (604,695)
Interest on pooled investments	5,000	5,000	7,300	2,300
Other (City of Larkspur admin fee)	8,100	8,100	8,136	36
Total revenues	4,013,100	4,013,100	3,410,741	(602,359)
EXPENDITURES				
Operating expenditures				
Professional services	122,500	122,500	97,329	25,171
Legal services	30,000	58,000	68,738	(10,738)
Administration & financial services	25,000	25,000	9,025	15,975
Technical consulting services	1,500	1,500	3,189	(1,689)
Insurance premiums	10,000	10,000	7,739	2,261
Communication services	24,000	24,000	18,956	5,044
Rent & operating leases	12,000	12,000	13,253	(1,253)
Memberships, conference, webinars	4,000	4,000	2,130	1,870
Travel	2,000	2,000	115	1,885
Office supplies	1,000	1,000	942	58
Total operating expenditures	232,000	260,000	221,416	38,584
Excess (deficiency) of revenues over operating expenditures	\$3,781,100	\$3,753,100	\$3,189,325	(563,775)
AVAILABLE FOR DISTRIBUTIONS				
Franchise fee distributions to members	\$ 3,781,100	\$ 3,944,871	\$ 3,322,172	\$ (622,699)
Increase (decrease) in fund equity	-	-	(132,847)	(132,847)
Total	\$3,781,100	\$ 3,944,871	\$ 3,189,325	\$ (755,546)

MARIN TELECOMMUNICATIONS AGENCY

**BUDGETARY COMPARISON SCHEDULE
PEG FUND
YEAR ENDED JUNE 30, 2020**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Franchise (PEG fees)	\$ 850,000	\$ 689,974	\$ (160,026)
Interest on pooled investments	500	454	(46)
Total revenues	850,500	690,428	(160,072)
EXPENDITURES			
Outgoing PEG fees	850,000	698,528	151,472
Total expenditures	850,000	698,528	151,472
Excess (deficiency) of revenues over expenditures	<u>\$ 500</u>	<u>\$ (8,100)</u>	<u>\$ (8,600)</u>

MARIN TELECOMMUNICATIONS AGENCY

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2020**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 the 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 or its successor.

CMCM provided the following unaudited information as of June 30, 2020:

Furniture & equipment	\$ 761,665
Facilities	<u>1,802,372</u>
Total capital assets	2,564,037
Accumulated depreciation	<u>(2,170,989)</u>
Total capital assets, net	<u><u>\$ 393,048</u></u>