MAHER ACCOUNTANCY 1101 FIFTH AVENUE • SUITE 200 • SAN RAFAEL, CA 94901

Financial Plumbline

December 4, 2015

To the Board of Directors
Marin Telecommunications Agency

We have audited the financial statements of the Marin Telecommunications Agency for the year ended June 30, 2015, and have issued our report thereon December 4, 2015. Professional standards require that we provide you with the following information related to our audit.

<u>Our Responsibility under U.S. Generally Accepted Auditing Standards</u>

As stated in our engagement letter dated May 27, 2015, 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.

<u>Significant Audit Findings</u>

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 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 difficulties in dealing with management in performing and completing our audit.

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. Routine adjustments were required in order to present MTA's financial statements on the full accrual basis of accounting in

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addition to the modified-accrual basis of accounting under which it maintains its books. 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 4, 2015.

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.

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.

MTA's agreement with Community Media Center of Marin (CMCM) requires that CMCM be responsible for the proper maintenance, recordkeeping and safekeeping of all equipment and facilities under the agreement. We recommend that management evaluate the effectiveness of CMCM's procedures.

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

MARIN
TELECOMMUNICATIONS AGENCY

FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED JUNE 30, 2015

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MAHER ACCOUNTANCY 1101 FIFTH AVENUE • SUITE 200 • SAN RAFAEL, CA 94901

Financial Plumbline

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, 2015, 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 opinions.

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Opinions

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, 2015, 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. Other supplemental information is presented for purposes of additional analysis and are 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

December 4, 2015

The Management's Discussion and Analysis provides an overview of the Marin Telecommunications Agency (MTA) financial activities for the fiscal year ended June 30, 2015. Please read it along with MTA's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

MTA's net position is $170,245, a decrease of $102,863 over the prior year. Total revenues increased by $227,518 and total expenses increased by $324,539.

Budgetary comparison schedules are found starting on page 18. Those schedules indicate we had a positive variance of $62,103 in the Operating Fund, and a negative variance of $966 in the PEG Fund when comparing actual activity with budgeted.

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 making an assessment of the Agency's health, such as changes in the economy and changes in its jurisdiction, etc.

Changes in MTA's net position were as follows:

	2015	2014	Increase (Decrease)
Current assets	$ 1,381,104	$ 1,386,017	$ (4,913)
Current liabilities	1,210,859	1,112,909	97,950
Net assets			
Restricted	8,200	8,166	34
Unrestricted	162,045	264,942	(102,897)
Total net position	$ 170,245	$ 273,108	$ (102,863)

MTA's has a policy to make distributions to members of available resources in excess of prudent operating reserves. The decrease in net position during 2014-15 was primarily the result of planned distributions of surplus reserves accumulated in prior years.

Changes in MTA's revenues were as follows:

	2015	2014	Increase (Decrease)
Franchise/PEG fees	$ 4,469,135	$ 4,241,498	$ 227,637
Investment earnings	711	578	133
Total revenue	4,469,846	4,242,328	227,518

MTA franchise and PEG revenues are determined as a fixed percentage of its franchisee's qualifying revenue. Accordingly, the increase in revenue reported by MTA is mostly due to greater revenue collections of its franchisees.

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

	2015	2014	Increase (Decrease)
Expenses:			
Telecommunications	$ 4,120,327	$ 3,735,361	$ 384,966
PEG	452,382	512,809	(60,427)
Total expenses	4,572,709	4,248,170	324,539
Less: program revenues	4,469,846	4,242,328	227,518
Changes in net position	$ (102,863)	$ (5,842)	$ (97,021)

The increase in telecommunications expense is the result of an overall increase in franchise fee revenue, most of which is distributed to MTA members. During 2014/15, payments of $220,000 funded from franchise fees were made to CMCM as part of the 2014 DAP Agreement. These funds reduced amounts available for distributions made to the members.

PEG expenses are related to PEG revenue MTA received from its various franchise arrangements. In 2015, the expense equaled the PEG revenue received, which is in accordance with the recent DAP agreement. In 2013-14, PEG expenses included payments of undistributed funds that were collected in previous years, causing a spike in expenses for that year. Prior to 2013-14, certain portions of the PEG revenue were distributed to CMCM only after certain expenses were incurred by CMCM. During 2014 the agreement between MTA and CMCM was revised to allow for all PEG revenues received by MTA to be distributed to the CMCM.

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 with cash.

Total governmental fund balances decreased by $102,863, as shown on page 10.

FUTURE OF THE AGENCY

In June 2014 the California Public Utilities Commission approved funding for the new North Bay/North Coast Broadband Consortium comprised of the Counties of Marin, Sonoma, Napa and Mendocino. MTA is participating in the Marin Broadband Task Force as a part of this Consortium in order to promote the expansion of broadband in unserved and underserved priority areas in West Marin and broadband adoption in key areas in Marin. The consortium will receive minor CPUC funding through June 2016. The Marin Broadband Task Force has facilitated entrance and expansion of new broadband providers in Marin to develop and submit projects for funding available from the California Advanced Services Funding CPUC program. In addition the Task Force is working with schools to evaluate the use of the Federal E-Rate program to fund fiber expansion for schools in order that they may continue to meet increasing broadband internet demands of 21st century schools.

The City of Larkspur withdrew from MTA effective July 1, 2015. As a result, each of the remaining 10 MTA member agency shares of the DAP approved bridge funding to the CMCM will increase to cover the contributions Larkspur would have made until March 2017.

In June 2014 the MTA approved funding for franchise revenue reviews/audits of AT&T and Comcast to be performed by a consultant. The AT&T franchise revenue review resulted in MTA receiving $34,956 in additional franchise and PEG revenues in August 2015 for the audited period of January 1, 2012 through December 31, 2013. The Comcast review results are expected in 2016.

MTA continues to review and provide comments when appropriate regarding legal/regulatory telecommunications matters before the State and Federal legislatures, California Public Utilities Commission (CPUC), Federal Communications Commission (FCC) and similar agencies.

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.

Respectively submitted,

Barbara Thornton

Barbara Thornton
Executive Officer

MARIN TELECOMMUNICATIONS AGENCY

STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

ASSETS	
Current assets:	
Cash in County treasury	$ 209,195
Receivables:	
Franchise fees	1,171,909
Total current assets	1,381,104
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	47,450
Payable to CMCM	119,198
Franchise fees payable to agency members	1,044,211
Total current liabilities	1,210,859
NET POSITION	
Restricted for PEG project	8,200
Unrestricted	162,045
Total net position	$ 170,245

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

MARIN TELECOMMUNICATIONS AGENCY

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Telecom-munications	PEG	Total
EXPENSES			
Professional services	$ 194,638		$ 194,638
Administration and financial	27,200		27,200
Insurance	9,463		9,463
Professional development	3,983		3,983
Office expenses, rent and supplies	12,592		12,592
Miscellaneous grants	40,000		40,000
Franchise fee distributions	3,612,451		3,612,451
Grants for PEG System	220,000	$ 452,382	672,382
Total expenses	4,120,327	452,382	4,572,709
PROGRAM REVENUES			
Franchise/PEG fees	4,016,753	452,382	4,469,135
Interest income	677	34	711
Total program revenues	4,017,430	452,416	4,469,846
Net program revenue (expense)	$ (102,897)	$ 34	$ (102,863)
NET POSITION - BEGINNING OF THE YEAR			273,108
NET POSITION - END OF THE YEAR			$ 170,245

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

MARIN TELECOMMUNICATIONS AGENCY

BALANCE SHEET
YEAR ENDED JUNE 30, 2015

	General Fund Fund 70040	Special Revenue PEG Fund 70041	Total Governmental Funds
ASSETS			
Cash in County treasury	$ 200,995	$ 8,200	$ 209,195
Receivables:			
Franchise/ PEG fees	1,052,711	119,198	1,171,909
Total assets	$ 1,253,706	$ 127,398	$ 1,381,104
LIABILITIES			
Accounts payable and accrued expenditures	$ 47,450		$ 47,450
Payable to CMCM		$ 119,198	119,198
Franchise fees payable to agency members	1,044,211		1,044,211
Total liabilities	1,091,661	119,198	1,210,859
FUND BALANCE			
Restricted		8,200	8,200
Unassigned	162,045		162,045
Total fund balance	162,045	8,200	170,245
Total liabilities and fund balance	$ 1,253,706	$ 127,398	$ 1,381,104

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

MARIN TELECOMMUNICATIONS AGENCY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2015

	General Fund Fund 70040	Special Revenue PEG Fund 70041	Total Governmental Funds
REVENUES			
Franchise fees	$ 4,016,753	$ 452,382	$ 4,469,135
Interest income	677	34	711
Total revenues	4,017,430	452,416	4,469,846
EXPENDITURES			
Services, supplies and grants:			
Professional services	194,638		194,638
Administration and financial	27,200		27,200
Insurance	9,463		9,463
Professional development	3,983		3,983
Miscellaneous grants	40,000		40,000
Office expenses, rent and supplies	12,592		12,592
Grants for PEG system		452,382	452,382
Total services, supplies and grants	287,876	452,382	740,258
Franchise fee distributions	3,832,451		3,832,451
Total expenditures	4,120,327	452,382	4,572,709
Excess (deficiency) of revenues over expenditures	(102,897)	34	(102,863)
FUND BALANCES - BEGINNING	264,942	8,166	273,108
FUND BALANCES - ENDING	$ 162,045	$ 8,200	$ 170,245

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 ten municipalities within Marin County. MTA manages the video services franchises for the member agencies and video services 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 advocates for the availability, accessibility, affordability and public inclusion in the advancement and enhancement of telecommunications infrastructure and services in Marin.

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 two parts: (1) restricted net position and (2) 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 television cable operators. 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 to cable television and the internet. MTA makes grants 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.

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).

Capital Assets

Capital assets purchased or acquired with an original cost of $1,000 or more are reported at historical cost or estimated historical cost. 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)

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 legislations.

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 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.”

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)

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, 2015, the County's investment pool had a weighted average maturity of 176 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."

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, 2015.

Investments in investment pool	Percent of portfolio
Federal agency - discount	85%
Federal agency - coupon	13%
Money market funds	2%
	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.

2. CASH (continued)

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 statue.

3. FRANCHISE FEES

MTA receives revenue from multiple franchisees and distinguishes these revenues as franchise fees and 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 91% of all such fees collected.

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.

4. GRANT EXPENSE/EXPENDITURES

During the year, MTA transferred money to the Community Media Center of Marin for capital equipment and operations of the public, educational and government media system.

MTA also provided a $20,000 grant to the Performing Stars of Marin for their Digital Literacy Program, as well as a $20,000 grant to the Marin Broadband Task force for broadband expansion and adoption in underserved areas of Marin.

5. 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.

6. COMMITMENTS

The Agency shares office space with Marin General Services Agency (MGSA) and Marin Local Agency Formation Commission (LAFCO). In March 2012, MTA, MGSA and LAFCO entered into a four year lease to rent office space. MTA's share of the monthly rent is $995. Rent expense for the year was $11,934. The current lease will continue through February 28, 2016, with required future minimum lease payments remaining of $7,956.

MARIN TELECOMMUNICATIONS AGENCY

BUDGETARY COMPARISON SCHEDULE
OPERATING FUND
YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Franchises	$ 4,100,000	$ 4,100,000	$ 4,016,753	$ (83,247)
Interest on pooled investments	1,000	1,000	677	(323)
Total revenues	4,101,000	4,101,000	4,017,430	(83,570)
EXPENDITURES				
Operating expenditures				
Professional services	199,000	188,500	171,654	(16,846)
Administration and financial	15,500	56,000	27,200	(28,800)
Insurance premiums	10,500	10,500	9,463	(1,037)
Communication services	2,300	2,300	1,984	(316)
Rent and operating leases	12,000	12,000	11,934	(66)
Professional development	4,000	4,000	2,875	(1,125)
Travel	3,000	3,000	1,108	(1,892)
Office supplies	3,500	3,500	658	(2,842)
Total operating expenditures	249,800	279,800	226,876	(52,924)
Excess (deficiency) of revenues over operating expenditures	3,851,200	3,821,200	3,790,554	(30,646)
Other expenditures				
Grant for low income/youth projects	20,000	20,000	20,000	-
CMCM network services	21,000	21,000	21,000	-
Franchise & PEG fee audit	30,000	-	-	-
Grant for Marin Broadband Task Force	20,000	20,000	20,000	-
DAP - franchise fees to CMCM	220,000	220,000	220,000	-
Franchise fee distributions to members	3,540,200	3,705,200	3,612,451	(92,749)
Total other expenditures	3,851,200	3,986,200	3,893,451	(92,749)
Excess (deficiency) of revenues over expenditures	$ -	$ (165,000)	$ (102,897)	$ 62,103

MARIN TELECOMMUNICATIONS AGENCY

BUDGETARY COMPARISON SCHEDULE
PEG FUND
YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
PEG fees	$ 464,000	$ 464,000	$ 452,382	$ (11,618)
Interest on pooled investments	1,000	1,000	34	(966)
Total revenues	465,000	465,000	452,416	(12,584)
EXPENDITURES				
PEG fee payments to CMCM	465,000	464,000	452,382	(11,618)
Total expenditures	465,000	464,000	452,382	(11,618)
Excess (deficiency) of revenues over expenditures	$ -	$ 1,000	$ 34	$ (966)

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2015

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, 2015	
Furniture & equipment	$ 771,519
Facilities	716,598
Total capital assets	1,488,117
Accumulated depreciation	(1,152,447)
Total capital assets, net	$ 335,670