



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

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Marin Emergency Radio Authority (the Authority) as of and for the year ended June 30, 2020, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2020, and the 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, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Maher Accountancy

March 22, 2021

**MARIN EMERGENCY RADIO AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS**

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

FINANCIAL HIGHLIGHTS

The Authority’s net position increased by \$5,730,000 during the year. Total revenues increased by \$318,000 and total operating expenses increased by \$78,000 and non-operating expenses decreased by \$89,000 as compared to fiscal year 2018-19.

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

| | Revenue | Expenditures |
|--------------------------------------|---------------------|---------------------|
| | Actual | Actual |
| | Over (Under) | Under (Over) |
| | Budget | Budget |
| Operating Fund (70030) | \$ 23,220 | \$ 47,136 |
| New Project Financing Fund (70032) | \$ 344 | \$ 1 |
| Refunding Revenue Bonds Fund (70035) | \$ 29,203 | \$ 32,200 |
| Replacement Fund (70036) | \$ 42,975 | \$ 6,115 |
| Emergency Fund (70037) | \$ 868 | \$ - |
| Next Gen Project Fund (70038) | \$ 68,837 | \$ (32,380) |
| 2016 Bonds (70039) | \$ 211,168 | \$ (245,281) |

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

**MARIN EMERGENCY RADIO AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

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

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

Changes in MERA's net position follows:

| | <u>2020</u> | <u>2019</u> | <u>Increase (decrease)</u> |
|--|----------------------|----------------------|--------------------------------|
| Current assets | \$ 7,275,879 | \$ 6,953,681 | \$ 322,198 |
| Noncurrent assets | 49,815,645 | 47,689,239 | 2,126,406 |
| Total assets | <u>57,091,524</u> | <u>54,642,920</u> | <u>2,448,604</u> |
| Deferred outflows of resources | 2,282 | 6,266 | (3,984) |
| Total assets and deferred outflows of resources | <u>57,093,806</u> | <u>54,649,186</u> | <u>2,444,620</u> |
| Current liabilities | 5,136,651 | 4,517,160 | 619,491 |
| Noncurrent liabilities | 32,179,494 | 36,084,011 | (3,904,517) |
| Total liabilities | <u>37,316,145</u> | <u>40,601,171</u> | <u>(3,285,026)</u> |
| Net position: | | | |
| Net investment in capital assets | 6,112,627 | 522,223 | 5,590,404 |
| Restricted for Next Gen System Project | 12,017,057 | 10,977,658 | 1,039,399 |
| Unrestricted (deficit) | 1,647,977 | 2,548,134 | (900,157) |
| Total net position | <u>\$ 19,777,661</u> | <u>\$ 14,048,015</u> | <u>\$ 5,729,646</u> |

MERA's resource inflows has outpaced its outflows during the year. Still in the development of the NextGen Project, capital expenditures for the Next Generation System were \$1.6 million.. Fiscal year 2019-20 included the first principal payments on the 2016 Bonds, accounting for approximately half of the reduction in noncurrent liabilities in indicated in the table above.

**MARIN EMERGENCY RADIO AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

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

| | <u>2020</u> | <u>2019</u> | <u>Increase (decrease)</u> |
|-------------------------------------|---------------------|---------------------|--------------------------------|
| Revenues: | | | |
| Operating revenues | | | |
| Member operating payments | \$ 1,991,510 | \$ 1,932,154 | \$ 59,356 |
| Nonoperating revenues | | | |
| Member service payments | 2,345,000 | 2,350,600 | (5,600) |
| Parcel taxes | 3,567,991 | 3,575,077 | (7,086) |
| Investment income | 1,246,059 | 975,021 | 271,038 |
| Total revenues | <u>9,150,560</u> | <u>8,832,852</u> | <u>317,708</u> |
| Expenses: | | | |
| Operating expenses | 2,556,320 | 2,478,076 | 78,244 |
| Non-operating expenses | | | |
| Interest expense | 864,594 | 953,482 | (88,888) |
| Total expenses | <u>3,420,914</u> | <u>3,431,558</u> | <u>(10,644)</u> |
| Increase (decrease) in net position | <u>\$ 5,729,646</u> | <u>\$ 5,401,294</u> | <u>\$ 328,352</u> |

Member operating payments increased from 2018-19 in accordance with the authorized budget. Higher market interest rates accounted for most of the increase in investment income. Interest expense decreases each year as a result the declining amount of principal outstanding.

CAPITAL ASSET AND DEBT ADMINISTRATION

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

As scheduled, MERA paid principal of \$3,515,000 and interest of approximately \$990,000 towards the 2010 and 2016 Revenue Bond. Principal and interest related to our loan from Citizen's Bank amounted to \$183,000 and \$25,000, respectively.

The statement of revenues, expenses and changes in net position reports the interest payments as adjusted for accruals and amortization of premiums and discounts.

**MARIN EMERGENCY RADIO AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

THE FUTURE OF THE AUTHORITY

A contract with Motorola Solutions, Inc. was approved by the MERA Governing Board on February 22, 2017, to acquire and install the Next Gen System.

The total contract cost is \$34.34 million for the base system and extended warranty for system upgrades to prolong its useful life. Completion of the project is scheduled for the end of calendar year 2023.

Motorola has committed to extending current system's life by assisting in locating parts and providing support consistent with the Next Gen Project Implementation Schedule, which was finalized with the Governing Board's Certification of the Subsequent Environmental Impact Report (SEIR) and approval of Project Planning Design Plans in December 2019.

MERA completed preparations for the Authority's assumption of Next Gen Project Implementation from the County of Marin prior to termination of the County's agreement on June 30, 2020.

Authority Members have committed funding for ongoing Next Gen System Operating costs.

REQUESTS FOR INFORMATION

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

Please address any questions about this report or requests for additional financial information to 300 Tamalpais, Corte Madera, CA 94925.

Respectfully submitted,

Maureen Cassingham

Executive Officer

BASIC FINANCIAL STATEMENTS

MARIN EMERGENCY RADIO AUTHORITY

**STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

ASSETS

Current assets:

| | |
|--------------------------------------|------------------|
| Cash and cash equivalents | \$ 2,982,960 |
| Interest receivable | 149,956 |
| Restricted cash and cash equivalents | 4,079,000 |
| Prepaid expenses | 63,963 |
| Total current assets | <u>7,275,879</u> |

Noncurrent assets:

| | |
|---------------------------------------|-------------------|
| Restricted cash and investments: | |
| Cash and cash equivalents | 11,898,196 |
| Investments with fiscal agent | 29,832,188 |
| Total restricted cash and investments | <u>41,730,384</u> |

| | |
|-------------------------------------|------------------|
| Capital assets, net of depreciation | <u>8,085,261</u> |
|-------------------------------------|------------------|

| | |
|--------------|-------------------|
| Total assets | <u>57,091,524</u> |
|--------------|-------------------|

DEFERRED OUTFLOWS OF RESOURCES

| | |
|---|--------------|
| Bond redemption premium, less accumulated amortization of \$188,068 | <u>2,282</u> |
|---|--------------|

| | |
|--|-------------------|
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>57,093,806</u> |
|--|-------------------|

LIABILITIES

Current liabilities:

| | |
|--|------------------|
| Accounts payable | 93,222 |
| Payable to related parties | 849,334 |
| Accrued interest | 382,910 |
| Note principal payable within one year | 191,185 |
| Bond principal payable within one year | 3,620,000 |
| Total current liabilities | <u>5,136,651</u> |

Noncurrent liabilities:

| | |
|------------------------------|-------------------|
| Note payable after one year | 199,654 |
| Bonds payable after one year | 31,979,840 |
| Total noncurrent liabilities | <u>32,179,494</u> |

| | |
|-------------------|-------------------|
| Total liabilities | <u>37,316,145</u> |
|-------------------|-------------------|

NET POSITION

| | |
|----------------------------------|------------|
| Net investment in capital assets | 6,112,627 |
| Restricted | 12,017,057 |
| Unrestricted | 1,647,977 |

| | |
|---------------------------|-----------------------------|
| TOTAL NET POSITION | <u><u>\$ 19,777,661</u></u> |
|---------------------------|-----------------------------|

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

MARIN EMERGENCY RADIO AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2020

OPERATING REVENUES:

| | |
|---------------------------|--------------|
| Member operating payments | \$ 1,991,510 |
|---------------------------|--------------|

OPERATING EXPENSES:

| | |
|-------------------------------|----------------|
| Contract services | 342,476 |
| County system maintenance | 498,571 |
| County technical services | 222,786 |
| County communication engineer | 225,609 |
| Site rentals and leases | 479,440 |
| Site utilities | 105,819 |
| Site maintenance | 6,072 |
| Insurance | 57,122 |
| Audit services | 43,100 |
| Legal services | 24,094 |
| Miscellaneous expenses | 611 |
| Depreciation | <u>550,620</u> |

| | |
|--------------------------|------------------|
| Total operating expenses | <u>2,556,320</u> |
|--------------------------|------------------|

| | |
|-------------------------|-----------|
| Operating income (loss) | (564,810) |
|-------------------------|-----------|

NONOPERATING REVENUES (EXPENSES):

| | |
|-------------------------|------------------|
| Member service payments | 2,345,000 |
| Parcel taxes | 3,567,991 |
| Investment income | 1,246,059 |
| Interest expense | <u>(864,594)</u> |

| | |
|--|------------------|
| Total nonoperating revenues (expenses) | <u>6,294,456</u> |
|--|------------------|

INCREASE (DECREASE) IN NET POSITION

| | |
|--|-----------|
| | 5,729,646 |
|--|-----------|

| | |
|---------------------------------------|-------------------|
| Net position at beginning of the year | <u>14,048,015</u> |
|---------------------------------------|-------------------|

| | |
|---------------------------------|-----------------------------|
| Net position at end of the year | <u><u>\$ 19,777,661</u></u> |
|---------------------------------|-----------------------------|

MARIN EMERGENCY RADIO AUTHORITY

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|--|--------------------|
| Member contributions | \$ 1,991,510 |
| Operating expenses | <u>(2,051,435)</u> |
| Net cash provided by (used for) operating activities | <u>(59,925)</u> |

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

| | |
|--------------|-----------|
| Parcel taxes | 3,567,991 |
|--------------|-----------|

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

| | |
|---|--------------------|
| Member service payments | 2,345,000 |
| Acquisition of capital assets | (367,179) |
| Bond principal payments | (3,515,000) |
| Note principal payments | (183,075) |
| Interest payments | <u>(998,874)</u> |
| Net cash (used) by capital activities and related financing activities | <u>(2,719,128)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|--|----------------|
| Interest income | <u>353,837</u> |
| Net cash provided (used) by investing activities | <u>353,837</u> |

| | |
|--|-----------------------------|
| Net increase (decrease) in cash and cash equivalents | 1,142,775 |
| Cash and cash equivalents at beginning of year | <u>17,817,381</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 18,960,156</u></u> |

RECONCILIATION TO THE STATEMENT OF NET POSITION

| | |
|--|-----------------------------|
| Cash and cash equivalents - current | \$ 2,982,960 |
| Restricted cash and cash equivalents - current | 4,079,000 |
| Cash and cash equivalents - noncurrent | <u>11,898,196</u> |
| Cash and cash equivalents | <u><u>\$ 18,960,156</u></u> |

NONCASH CAPITAL, RELATED FINANCING AND INVESTING ACTIVITIES:

| | |
|--|----------------|
| Activity in Investments with fiscal agent | |
| Interest and dividend income | \$ 900,203 |
| Acquisition of capital assets from Investments with fiscal agent | \$ (1,617,658) |

MARIN EMERGENCY RADIO AUTHORITY

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020
(CONTINUED)**

| | |
|--|--------------------|
| Operating income (loss) | \$ (564,810) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | |
| Depreciation, an expense not requiring the use of cash | 550,620 |
| (Increase) decrease in prepaid expenses | 26,640 |
| Increase (decrease) in accounts payable | <u>(33,220)</u> |
| Net cash provided by operating activities | <u>\$ (20,770)</u> |

MARIN EMERGENCY RADIO AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

INTRODUCTION

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

BASIS OF ACCOUNTING

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

MARIN EMERGENCY RADIO AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

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

FINANCIAL STATEMENT AMOUNTS

Cash and cash equivalents:

MERA has defined cash and cash equivalents to include all cash on hand, demand deposits, and short-term investments for presentation in the statement of cash flows.

Investments:

Investments with fiscal agent represents a Guaranteed Investment Contract held by US Bank in connection with the Marin Emergency Radio Authority 2010 Revenue Bonds and 2016 Special Parcel Tax Revenue Bonds and is valued at cost because its redemption terms do not consider market rates.

Capital Assets:

MERA capitalized all costs directly associated with the acquisition, development, and construction of the public safety and emergency radio system (the "Project"). Costs include the backbone system, user equipment, fire station alerting equipment, improvements to communications centers, and other project development costs. Depreciation is computed on the straight-line basis over estimated useful lives of the assets, depending on the nature of the assets. The original estimated lives of equipment, radio, and others are 3-20 years.

MARIN EMERGENCY RADIO AUTHORITY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL STATEMENT AMOUNTS (continued)

Member payments:

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

Estimates:

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

Recent accounting pronouncements:

GASB has issued Statement No. 87, *Leases*, effective for the year ending June 30, 2022. The Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. MERA will evaluate the impact of the Statement may have on its financial statements and implement the Statement when applicable.

MARIN EMERGENCY RADIO AUTHORITY

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

2. CASH AND INVESTMENTS

Cash and cash equivalents consist of the following as of June 30, 2020:

| | |
|---|-----------------------------|
| Cash and cash equivalents in County of Marin treasury | \$ 13,760,009 |
| Cash and cash equivalents with fiscal agent | <u>5,200,147</u> |
| Total | <u><u>\$ 18,960,156</u></u> |

MERA also holds an investment in a Bank Investment Contract agreement with Bayerische Landesbank in the amount of \$29,832,188, which bears interest at 3.04% through March 31, 2021. The deposits are accessible to fund capital expenditures for the NextGeneration System Project.

MERA maintains most 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. 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 EMERGENCY RADIO AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

2. CASH AND INVESTMENTS (continued)

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

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

FAIR VALUE MEASUREMENT

MERA 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, MERA had cash and money market instruments in commercial banks, an investment in a non-market-value-participating guaranteed investment contract that is valued at cost and an investment in the Marin County Pooled Investment fund that is considered a cash equivalent.

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. MERA'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. MERA's proportionate share of investments in the County Pool as of June 30, 2020, of \$13,760,000 is not required to be categorized under the fair value hierarchy.

MARIN EMERGENCY RADIO AUTHORITY

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

2. CASH AND INVESTMENTS (continued)

INTEREST RATE RISK

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

In accordance with its investment policy, the County manages its investment pool's exposure to declines in fair values by limiting the weighted average maturity of its investment pool to 540 days, or 1.5 years. At June 30, 2020, the County's investment pool had a weighted average maturity of 220 days.

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

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 the United States Treasury and Agency obligations with a credit quality rating of "AAA."

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

CONCENTRATION OF CREDIT RISK

This is the risk of loss attributed to the concentration of MERA's investment in a single issuer. As previously indicated, MERA has an individual bank investment contract with Bayerische Landesbank with a balance of \$29,832,188 as of June 30, 2020.

MARIN EMERGENCY RADIO AUTHORITY

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

2. CASH AND INVESTMENTS (continued)

CUSTODIAL CREDIT RISK

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

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

3. RESTRICTED ASSETS

MEMBER CONTRIBUTIONS DESIGNATED FOR DEBT SERVICE

Member contributions designated for debt service are considered restricted for debt service.

MEASURE A PARCEL TAX PROCEEDS

Marin County voters approved Measure A in November 2014 to assess a real property parcel tax to be used for *obtaining, furnishing, operating and maintaining a public safety and emergency radio communication system*. As required by Measure A, the parcel taxes are restricted for use for the Next Generation System Project (NextGen Project).

SUMMARY OF RESTRICTED CASH, CASH EQUIVALENTS, AND INVESTMENTS

Balances of restricted cash, cash equivalents and investments held for the following purposes as of June 30, 2020:

| | <u>2020</u> |
|---|----------------------|
| Capital outlay or debt service | \$ 1,988,384 |
| Bonded debt | 5,447,087 |
| NextGen Project - from Measure A parcel taxes | 8,541,725 |
| NextGen Project - from bond proceeds | <u>29,832,188</u> |
| Total restricted | <u>\$ 45,809,384</u> |

MARIN EMERGENCY RADIO AUTHORITY

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

4. CAPITAL ASSETS

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

| | Beginning Balance | Additions | Ending Balance |
|---|----------------------|---------------------|---------------------|
| Nondepreciable assets: | | | |
| Land | \$ 160,000 | | \$ 160,000 |
| Construction in progress | 5,027,735 | \$ 1,575,580 | 6,603,315 |
| Cost of depreciable capital assets in service | | | |
| Motorola communications system | 25,255,701 | | 25,255,701 |
| Other capitalized services | 3,254,314 | | 3,254,314 |
| Equipment | 745,554 | 42,078 | 787,632 |
| Buildings and improvements | 127,208 | | 127,208 |
| Radio frequencies | 562,500 | | 562,500 |
| Capitalized interest costs | 3,140,797 | | 3,140,797 |
| Subtotal | <u>33,086,074</u> | <u>42,078</u> | <u>33,128,152</u> |
| Less: Accumulated depreciation | | | |
| Motorola communications system | 24,148,913 | 368,931 | 24,517,844 |
| Other capitalized services | 3,056,404 | 65,970 | 3,122,374 |
| Equipment | 717,584 | 24,778 | 742,362 |
| Buildings and improvements | 127,208 | - | 127,208 |
| Radio frequencies | 253,125 | 28,125 | 281,250 |
| Capitalized interest costs | 2,952,352 | 62,816 | 3,015,168 |
| Subtotal | <u>31,255,586</u> | <u>550,620</u> | <u>31,806,206</u> |
| Depreciable capital assets in service, net | <u>1,830,488</u> | <u>(508,542)</u> | <u>1,321,946</u> |
| Capital assets, net of depreciation | <u>\$ 7,018,223</u> | <u>\$ 1,067,038</u> | <u>\$ 8,085,261</u> |

Construction in progress includes costs incurred for the Next Generation System Project (Project). Depreciation will begin when the Project is placed in service.

MARIN EMERGENCY RADIO AUTHORITY

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

5. BONDS PAYABLE

MERA's debt issues and transactions for the year ended June 30, 2020, are summarized below and discussed in detail subsequently:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|---------------------------------------|------------------------------|-----------------------|-------------------|---------------------------|
| 2010 Revenue Bonds | \$ 5,890,000 | | \$ 1,890,000 | \$ 4,000,000 |
| 2016 Special Parcel Tax Revenue Bonds | 33,000,000 | | 1,625,000 | 31,375,000 |
| Unamortized premium-2010 bonds | 26,545 | | 17,252 | 9,293 |
| Unamortized premium-2016 bonds | 291,627 | | 76,080 | 215,547 |
| | 39,208,172 | - | 3,608,332 | 35,599,840 |
| Less current portion | 3,515,000 | 3,620,000 | 3,515,000 | 3,620,000 |
| Bonds payable after one year | <u>\$ 35,693,172</u> | <u>\$ (3,620,000)</u> | <u>\$ 93,332</u> | <u>\$ 31,979,840</u> |

2010 REFUNDING REVENUE BONDS

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

Principal payments are payable annually on August 15th. Interest is payable semiannually on August 15 and February 15. Bonds maturing after August 15, 2021, may be early redeemed at face value after August 2020. The Bonds are special obligations of MERA and are secured by the Members' Service Payments (see Note 1) which are remitted directly from members to the bond trustee. Annual Member's Service Payments are due by August 1 of each year.

MERA retired the \$4 million outstanding balance of the 2010 Revenue Bonds in August 2020.

MARIN EMERGENCY RADIO AUTHORITY

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

5. BONDS PAYABLE (continued)

2016 SPECIAL PARCEL TAX REVENUE BONDS

In May 2016 MERA issued 2016 Special Parcel Tax Revenue Bonds for \$33,000,000, to plan, finance and build the Next Generation Radio System. These bonds were issued at a premium of \$581,596 above their nominal value of \$33,000,000. Issuance and related costs totaled \$642,249. These bonds mature annually from 2019 to 2035 and bear interest from 1.19% to 3.04%.

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

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

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

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------|----------------------|---------------------|----------------------|
| Year ended June 30, | | | |
| 2021 | \$ 3,620,000 | \$ 880,200 | \$ 4,500,200 |
| 2022 | 3,735,000 | 767,000 | 4,502,000 |
| 2023 | 1,725,000 | 692,300 | 2,417,300 |
| 2024 | 1,760,000 | 657,800 | 2,417,800 |
| 2025 | 1,800,000 | 622,600 | 2,422,600 |
| 2026-2030 | 9,545,000 | 2,558,700 | 12,103,700 |
| 2031-2035 | 10,825,000 | 1,348,500 | 12,173,500 |
| 2036 | 2,365,000 | 70,950 | 2,435,950 |
| | <u>\$ 35,375,000</u> | <u>\$ 7,598,050</u> | <u>\$ 42,973,050</u> |

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

MARIN EMERGENCY RADIO AUTHORITY

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

6. NOTE PAYABLE

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

Changes during the year were as follows:

| | |
|---------------------------------|-------------------------|
| Balance as of June 30, 2019 | \$573,914 |
| Principal paid | <u>(183,075)</u> |
| Balance as of June 30, 2020 | 390,839 |
| Less current portion | <u>191,185</u> |
| Note payable due after one year | <u><u>\$199,654</u></u> |

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

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------|-------------------------|-------------------------|-------------------------|
| Year ended June 30, | | | |
| 2021 | \$191,185 | \$ 17,314 | \$208,499 |
| 2022 | <u>199,654</u> | <u>8,844</u> | <u>208,498</u> |
| | <u><u>\$390,839</u></u> | <u><u>\$ 26,158</u></u> | <u><u>\$416,997</u></u> |

MARIN EMERGENCY RADIO AUTHORITY

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

7. NET POSITION RESTRICTIONS

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

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

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

The restricted portion of MERA's Net Assets was as follows as of June 30, 2020:

| | |
|--------------------------------|----------------------|
| Measure A | \$ 8,628,656 |
| Debt service only | 1,400,017 |
| Debt service or capital outlay | 1,988,384 |
| | <u>\$ 12,017,057</u> |

8. RISK MANAGEMENT

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

MARIN EMERGENCY RADIO AUTHORITY

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

9. COMMITMENTS AND CONTINGENCIES

At June 30, 2020, MERA has lease commitments for various site communication facilities. The leases have terms ranging from five to eighteen years and provide for various rental payment requirements including some at little or no cost. Certain of the leases contain options to extend for additional five-year periods. Certain lessors that are Members of MERA have waived any lease fees under their agreements. Rental expense was \$479,000 for 2020.

Future minimum lease payments under the leases are as follows:

| Year ended June 30, | |
|---------------------|--------------|
| 2021 | \$ 368,424 |
| 2022 | 402,334 |
| 2023 | 423,093 |
| 2024 | 444,931 |
| 2025 | 310,876 |
| 2026-30 | 818,769 |
| 2031-35 | 981,564 |
| 2036-40 | 756,062 |
| | \$ 4,506,053 |

In addition to the lease commitments above, MERA has the following commitments as of June 30, 2020:

| Contractor | Purpose | Amount |
|---------------------|---|--------------|
| County of Marin | Maintenance Agreement | \$ 508,122 |
| County of Marin | Technical Services | 255,746 |
| County of Marin | Communications systems services | 232,377 |
| County of Marin | Real estate services | 50,000 |
| Federal Engineering | Next Generation radio system implementation | 191,520 |
| Motorola Solutions | Next Generation equipment contract | 43,493,272 |
| Motorola Solutions | Fire Station Alert | 2,588,953 |
| AECOM | Construction Manager | 2,430,000 |
| Various | Professional and administrative services | 195,208 |
| | | \$49,945,198 |

MARIN EMERGENCY RADIO AUTHORITY

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

10. RELATED PARTY TRANSACTIONS

The County of Marin, which is a member of MERA, was paid \$2,326,000 for maintenance and technical services and reimbursement of payments to unrelated parties during 2019-20.

The Town of Corte Madera, which is also a member of MERA, was paid \$48,000 for accounting and administrative services.

11. SUBSEQUENT EVENTS

Covid-19

In December 2019, a novel strain of 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 COVID-19’s effect on MERA’s operational and financial performance will depend on future developments, including the duration, spread, and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on MERA’s activities or funding. However, if the pandemic continues to evolve into a severe worldwide health crisis, the disease could have a material adverse effect on MERA’s activities, result of operations, financial condition, and cash flows.

SUPPLEMENTAL INFORMATION

MARIN EMERGENCY RADIO AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
OPERATING FUND (70030)
YEAR ENDED JUNE 30, 2020**

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|----------------------------|-------------------------|-------------------|---|
| REVENUES | | | | |
| Member contributions | \$ 1,991,510 | \$ 1,991,510 | \$1,991,510 | \$ - |
| Interest | - | - | 23,220 | 23,220 |
| Total revenues | <u>1,991,510</u> | <u>1,991,510</u> | <u>2,014,730</u> | <u>23,220</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Contract services | 198,500 | 205,000 | 202,105 | 2,895 |
| County system maintenance | 595,212 | 510,000 | 498,571 | 11,429 |
| County technical services | 245,190 | 225,000 | 222,786 | 2,214 |
| County communications services | 225,609 | 225,609 | 225,609 | - |
| Site rentals and leases | 478,699 | 500,000 | 479,439 | 20,561 |
| Site utilities | 99,300 | 106,000 | 105,819 | 181 |
| Site maintenance | 10,000 | 6,000 | 5,922 | 78 |
| Insurance | 48,000 | 48,000 | 47,923 | 77 |
| Auditing services | 28,000 | 20,000 | 19,150 | 850 |
| Legal services | 22,000 | 15,000 | 7,110 | 7,890 |
| Miscellaneous expenses | 1,000 | 500 | 206 | 294 |
| Transition costs-financial and administrative services | - | 11,000 | 10,333 | 667 |
| General contingencies | 40,000 | - | - | - |
| Total expenditures | <u>1,991,510</u> | <u>1,872,109</u> | <u>1,824,973</u> | <u>47,136</u> |
| Excess of revenues over (under) expenditures | - | 119,401 | 189,757 | 70,356 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers to other funds | | (220,000) | (220,000) | - |
| Total other financing sources (uses) | - | (220,000) | (220,000) | - |
| Net change in fund balance | <u>\$ -</u> | <u>\$ (100,599)</u> | <u>(30,243)</u> | <u>\$ 70,356</u> |
| Fund balance,beginning (as adjusted) | | | <u>223,268</u> | |
| Fund balance at end of year | | | <u>\$ 193,025</u> | |

MARIN EMERGENCY RADIO AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
NEW PROJECT FINANCING – 2007 BANK NOTE FUND (70032)
YEAR ENDED JUNE 30, 2020**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|----------------------------|-------------------------|-------------------|---|
| REVENUES | | | | |
| Member contributions | \$ 225,000 | \$ 225,000 | \$ 225,000 | \$ - |
| Interest | 4,000 | 6,500 | 6,844 | 344 |
| Total revenues | <u>229,000</u> | <u>231,500</u> | <u>231,844</u> | <u>344</u> |
| EXPENDITURES | | | | |
| Debt service | <u>208,500</u> | <u>208,500</u> | <u>208,499</u> | <u>1</u> |
| Total expenditures | <u>208,500</u> | <u>208,500</u> | <u>208,499</u> | <u>1</u> |
| Excess of revenues over (under) expenditures | <u>\$ 20,500</u> | <u>\$ 23,000</u> | 23,345 | <u>\$ 345</u> |
| Fund balance at beginning of year | | | <u>223,595</u> | |
| Fund balance at end of year | | | <u>\$ 246,940</u> | |

MARIN EMERGENCY RADIO AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
2010 REFUNDING REVENUE BONDS FUND (70035)
YEAR ENDED JUNE 30, 2020**

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|--|---------------------|---|
| REVENUES | | | |
| Member contributions | \$ 2,120,000 | \$ 2,120,000 | \$ - |
| Interest income | - | 29,203 | 29,203 |
| Total revenues | <u>2,120,000</u> | <u>2,149,203</u> | <u>29,203</u> |
| EXPENDITURES | | | |
| Debt service | <u>2,120,000</u> | <u>2,087,800</u> | <u>32,200</u> |
| Excess of revenues over (under) expenditures | - | 61,403 | 61,403 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer to other funds | - | <u>(72,435)</u> | <u>(72,435)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>(11,032)</u> | <u>\$ (11,032)</u> |
| Fund balance at beginning of year | | <u>2,078,303</u> | |
| Fund balance at end of year | | <u>\$ 2,067,271</u> | |

MARIN EMERGENCY RADIO AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
REPLACEMENT FUND (70036)
YEAR ENDED JUNE 30, 2020**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|----------------------------|-------------------------|--------------------|---|
| REVENUES | | | | |
| Interest | \$ 40,000 | \$ 80,000 | \$ 82,975 | \$ 42,975 |
| EXPENDITURES | | | | |
| Financial and administrative services | 2,500 | 4,310 | 4,310 | (1,810) |
| Equipment replacement | 40,000 | 50,000 | 42,075 | 7,925 |
| Total expenditures | <u>42,500</u> | <u>54,310</u> | <u>46,385</u> | <u>6,115</u> |
| Excess of revenues over (under) expenditures | (2,500) | 25,690 | 36,590 | 49,090 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer from other funds | <u>150,000</u> | <u>220,000</u> | <u>292,435</u> | <u>(142,435)</u> |
| Net change in fund balance | <u>\$147,500</u> | <u>\$245,690</u> | 329,025 | <u>\$ (93,345)</u> |
| Fund balance at beginning of year, as restated | | | <u>3,853,723</u> | |
| Fund balance at end of year | | | <u>\$4,182,748</u> | |

MARIN EMERGENCY RADIO AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY FUND (70037)
YEAR ENDED JUNE 30, 2020**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|-----------------------------------|----------------------------|-------------------------|-------------------|---|
| REVENUES | | | | |
| Interest | <u>\$ 5,000</u> | <u>\$ 10,000</u> | \$ 10,868 | <u>\$ 868</u> |
| Fund balance at beginning of year | | | <u>523,763</u> | |
| Fund balance at end of year | | | <u>\$ 534,631</u> | |

MARIN EMERGENCY RADIO AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
NEXT GENERATION SYSTEM PROJECT FUND (70038)
YEAR ENDED JUNE 30, 2020**

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|----------------------------|-------------------------|--------------------|---|
| REVENUES | | | | |
| Parcel taxes | \$3,500,000 | \$ 3,539,000 | \$3,556,056 | \$ 17,056 |
| Utility parcel taxes | 12,500 | 11,890 | 11,890 | - |
| Interest | 75,000 | 130,000 | 181,781 | 51,781 |
| | <u>3,587,500</u> | <u>3,680,890</u> | <u>3,749,727</u> | <u>68,837</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Regional Government Services | 200,000 | 172,200 | 172,134 | 66 |
| Parcel Tax Administrative fee | 25,000 | 21,200 | 21,182 | 18 |
| Financial and Administrative Services | 18,000 | 14,660 | 14,652 | 8 |
| Trustee Administrative Fees | 3,000 | 2,300 | 2,255 | 45 |
| Arbitrage Financial Service | 1,250 | 1,250 | 1,250 | - |
| Website - Marinfo | 1,500 | 1,650 | 1,625 | 25 |
| Fund Audit | 7,000 | 10,000 | 10,000 | - |
| Compliance Audit | 14,500 | 13,950 | 13,950 | - |
| Legal Fees | 100,000 | 50,000 | 67,938 | (17,938) |
| Tax Collection Administration Fee | 65,000 | 50,000 | 64,716 | (14,716) |
| Insurance Surety | 6,500 | 5,500 | 5,433 | 67 |
| Miscellaneous Expenses | 1,000 | 450 | 405 | 45 |
| Total expenditures | <u>442,750</u> | <u>343,160</u> | <u>375,540</u> | <u>(32,380)</u> |
| Excess of revenues over (under) expenditures | <u>\$3,144,750</u> | <u>\$ 3,337,730</u> | 3,374,187 | <u>\$ 36,457</u> |
| OTHER FINANCING | | | | |
| SOURCES (USES) | | | | |
| Transfers to other funds | | | <u>(3,473,719)</u> | |
| Net change in fund balance | | | (99,532) | |
| Fund balance, beginning (as adjusted) | | | <u>8,767,676</u> | |
| Fund balance at end of year | | | <u>\$8,668,144</u> | |

MARIN EMERGENCY RADIO AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
2016 BONDS (70039)
YEAR ENDED JUNE 30, 2020**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|-----------------------------|-----------------------------|----------------------------|---|
| REVENUES | | | | |
| Interest | \$ 350,000 | \$ 700,000 | \$ 911,168 | \$ 211,168 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Implementation contract (DPW) | 420,000 | 255,000 | 397,532 | (142,532) |
| Project management consultant (FE) | 32,975 | 144,000 | 225,550 | (81,550) |
| Conventional contractors | - | 45,000 | 47,598 | (2,598) |
| John Roberto Assoc (CEQA) | 36,000 | 41,500 | 41,437 | 63 |
| WRA Environmental Planning (CEQA) | 100,000 | 27,400 | 27,375 | 25 |
| Project vendor contract (Motorola) | 1,900,000 | 378,000 | 413,173 | (35,173) |
| Technical services (AECOM) | - | 220,025 | 220,025 | 0 |
| Site Acquisition | 2,000,000 | - | - | - |
| Insurance - surety | 4,000 | 4,000 | 3,766 | 234 |
| Debt service: | | | | |
| Bond Principal | - | 1,625,000 | 1,625,000 | - |
| Bond interest | 2,416,900 | 791,900 | 775,650 | 16,250 |
| Total expenditures | <u>6,909,875</u> | <u>3,531,825</u> | <u>3,777,106</u> | <u>(245,281)</u> |
| Excess of revenues over (under) expenditures | <u><u>\$(6,559,875)</u></u> | <u><u>\$(2,831,825)</u></u> | <u><u>(2,865,938)</u></u> | <u><u>\$ (34,113)</u></u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer from other funds | | | <u>3,473,719</u> | |
| Net change in fund balance | | | 607,781 | |
| Fund balance,beginning (as adjusted) | | | <u>31,562,778</u> | |
| Fund balance at end of year | | | <u><u>\$32,170,559</u></u> | |

MARIN EMERGENCY RADIO AUTHORITY

NOTES TO SUPPLEMENTAL INFORMATION YEAR ENDED JUNE 30, 2020

BUDGETS

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

DESIGNATIONS AND RESERVES

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

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

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

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

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

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

MARIN EMERGENCY RADIO AUTHORITY

**SCHEDULE OF MEMBER OPERATING AND SERVICE PAYMENTS
YEAR ENDED JUNE 30, 2020**

| | Member | Member "Service" Payments | |
|---|-------------------------------|----------------------------------|-------------------|
| | Operating Payments | Bonds | Note |
| City of Belvedere | \$ 19,155 | \$ 16,366 | \$ 2,164 |
| Bolinas Fire Protection District | 11,719 | 12,741 | 1,324 |
| Central Marin Police Authority | 127,476 | 80,157 | 14,402 |
| Town of Corte Madera | 28,368 | 33,390 | 3,205 |
| Town of Fairfax | 39,871 | 42,612 | 4,505 |
| Inverness Public Utility District | 9,922 | 11,978 | 1,121 |
| Kentfield Fire Protection District | 16,165 | 14,395 | 1,826 |
| City of Larkspur | 33,874 | 39,708 | 3,827 |
| County of Marin | 694,555 | 745,201 | 78,471 |
| Marin County Transit District | 19,855 | 25,016 | 2,243 |
| Marin Community College District | 7,198 | * | 813 |
| Marinwood Community Services District | 17,661 | 18,147 | 1,995 |
| City of Mill Valley | 90,538 | 90,545 | 10,229 |
| Marin Municipal Water District | 8,314 | 20,289 | 939 |
| Novato Fire Protection District | 106,580 | 103,752 | 12,041 |
| City of Novato | 224,920 | 221,158 | 25,412 |
| Town of Ross | 11,341 | 17,236 | 2,130 |
| Ross Valley Fire Department | 42,747 | 34,217 | 3,981 |
| Town of San Anselmo | 10,330 | 64,088 | 1,167 |
| City of San Rafael | 296,076 | 358,556 | 33,451 |
| City of Sausalito | 40,326 | 59,975 | 4,556 |
| Skywalker Ranch | 7,235 | * | 817 |
| Southern Marin Fire Protection District | 48,063 | 35,128 | 5,430 |
| Stinson Beach Fire Projection District | 10,565 | 13,038 | 1,194 |
| Tiburon Fire Protection District | 23,733 | 23,108 | 2,681 |
| Town of Tiburon | 44,923 | 39,199 | 5,076 |
| | <u>\$ 1,991,510</u> | <u>\$ 2,120,000</u> | <u>\$ 225,000</u> |

* Not required to pay service payments or previously paid.

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

| 2010 Revenue Bonds | | | | Note Payable | | |
|---------------------------|---------------------|-------------------|---------------------|---------------------|------------------|-------------------|
| Date | Principal | Interest | Total | Principal | Interest | Total |
| August 15, 2020 | 1,960,000 | 80,000 | 2,040,000 | - | 8,657 | 8,657 |
| February 15, 2021 | - | 40,800 | 40,800 | 191,184 | 8,657 | 199,841 |
| August 15, 2021 | 2,040,000 | 40,800 | 2,080,800 | - | 4,422 | 4,422 |
| February 15, 2022 | - | - | - | 199,655 | 4,422 | 204,077 |
| | \$ 4,000,000 | \$ 161,600 | \$ 4,161,600 | \$ 390,839 | \$ 26,158 | \$ 416,997 |

| 2016 Special Parcel Tax Revenue Bonds | | | |
|--|----------------------|---------------------|----------------------|
| 12 Months Ended | Principal | Interest | Bond |
| August 1, 2020 | 1,660,000 | 759,400 | 2,419,400 |
| August 1, 2021 | 1,695,000 | 726,200 | 2,421,200 |
| August 1, 2022 | 1,725,000 | 692,300 | 2,417,300 |
| August 1, 2023 | 1,760,000 | 657,800 | 2,417,800 |
| August 1, 2024 | 1,800,000 | 622,600 | 2,422,600 |
| August 1, 2025 | 1,835,000 | 586,600 | 2,421,600 |
| August 1, 2026 | 1,870,000 | 549,900 | 2,419,900 |
| August 1, 2027 | 1,910,000 | 512,500 | 2,422,500 |
| August 1, 2028 | 1,945,000 | 474,300 | 2,419,300 |
| August 1, 2029 | 1,985,000 | 435,400 | 2,420,400 |
| August 1, 2030 | 2,035,000 | 395,700 | 2,430,700 |
| August 1, 2031 | 2,100,000 | 334,650 | 2,434,650 |
| August 1, 2032 | 2,165,000 | 271,650 | 2,436,650 |
| August 1, 2033 | 2,230,000 | 206,700 | 2,436,700 |
| August 1, 2034 | 2,295,000 | 139,800 | 2,434,800 |
| August 1, 2035 | 2,365,000 | 70,950 | 2,435,950 |
| | \$ 31,375,000 | \$ 7,436,450 | \$ 38,811,450 |