

NORTH METRO TELECOMMUNICATIONS COMMISSION MEETING

September 21, 2022

6:00 p.m.

1301 81st Ave NE

Spring Lake Park, Minnesota

AGENDA

1. Call to Order/Roll Call
2. Public Comments
3. Changes to the Agenda
4. Consent Agenda [pp. 1-22](#)
 - a. Minutes of regular meeting of June 15, 2022
 - b. Minutes of Operations Committee meeting of September 6, 2022
 - c. June, July and August 2022 financial reports and bill lists
5. 2021 Audit Presentation [pp. 23-57](#)
6. Executive Director Report
 - a. Quarterly Report [pp. 58-65](#)
7. Legal Counsel Report
 - a. Quarterly Report [pp. 66-78](#)
8. Old Business
9. New Business
 - a. Pay Study Summary [pp. 79-80](#)
10. Recommended Reading [pp. 81-85](#)
11. Community Calendar
 - A. Next Meeting Dates:
 - a. Operations Committee – October 4, 2022
 - b. Executive Committee – December 7, 2022
 - c. Cable Commission – December 21, 2022
12. Adjournment

NORTH METRO TELECOMMUNICATIONS COMMISSION

UNAPPROVED MINUTES

Commission Meeting – June 15, 2022

CALL TO ORDER

Chair D. Stoesz called the regular meeting of the North Metro Telecommunications Commission to order at 6:02 p.m.

ROLL CALL

Directors Present: Dale Stoesz; Lino Lakes, Barbara Goodboe-Bisschoff; Spring Lake Park, Jesse Wilken; Ham Lake, D. Love; Centerville, Chris Massoglia; Blaine

Directors Absent: Steve McChesney; Circle Pines, Brandon Winge; Lexington,

Others Present: Mike Bradley; Legal Counsel, Heidi Arnson; Executive Director

PUBLIC COMMENT

There was no public comment.

CHANGES TO THE AGENDA

There were no changes to the agenda.

CONSENT AGENDA

- **Minutes, Bill Lists, Financial Reports**

The March 16, 2022 NMTC meeting minutes, April 5, May 3, and May 31, 2022 Operations Committee meeting minutes, June 1, 2022 Executive Committee Minutes and the March, April and May bill lists and financial reports were approved as presented. **Motion for approval made by B. Goodboe-Bisschoff. Second, J. Wilken. Motion passed unanimously.**

REPORT OF EXECUTIVE DIRECTOR

H. Arnson reported on the following items:

- NMTV has a busy summer schedule with coverage of graduations, city festivals, parades, events, and USA Cup Soccer.
- The News team has started the election season off with a story highlighting several local races. Viewers were introduced to the candidates for the Anoka County Board of Commissioners, Blaine City Council, Anoka County Sheriff, and Anoka County Attorney. Danika and Rusty will be posting candidate biographies on the NMTV website, and producing in -studio interviews with each candidate. They will also produce a live election results show.
- All of the equipment required to provide closed captioning has been installed. The next steps are to complete the commissioning process, run some tests, work out any bugs and then go live with captioning on all live and prerecorded programs.
- Staff has been working on a new strategic plan for North Metro TV. We have had two meetings, so far, to discuss our mission and potential commercial ventures. We also have a metro-wide pay study underway, with the results expected by early July.
- First quarter franchise and PEG fees were received from Comcast at the end of April. While both were down, the franchise fees remain at a relatively steady amount, with PEG fees dropping more, as subscriber levels drop off.

REPORT OF LEGAL COUNSEL

- M. Bradley attended and spoke at the annual MACTA conference. He stated that he gave presentations on closed captioning and franchise renewal. He will also be speaking at the upcoming Alliance for Media Conference.

OLD BUSINESS

There was no old business

NEW BUSINESS

The 2023 North Metro Telecommunications Commission budget was approved. The recommended operating budget increased by \$59,589 over the 2022 budget. Increases include a COLA increase of up to 2.75% for staff, a \$30 per month/per employee increase in the benefits package, building maintenance, bandwidth, insurance, and building utilities line-items. Capital expenditures decreased by \$39,161 from the 2022 budget. Recommended capital expenditures include a replay system for the production truck, tripods, cameras, office computers, parking lot repairs, a new electronic sign, the HD bond payment, and PEG fees

returned to cities. The total 2023 budget is \$20, 248 higher than the 2022 budget. Goals for 2023 are implementation of the new strategic plan, franchise renewal, expanding commercial services, and finding additional services for cities.

MOTION: Approve the 2023 NMTC budget as presented. **Motion for approval made by J. Wilken. Second, D. Love. Motion passed unanimously.**

- On-boarding materials for new Operations Committee and Cable Commission members were presented. They include a summary of the duties and procedures of the organization, services provided by NMTV, a Met the Staff document, meeting schedules, contact information, and links to several documents including the history of the Commission.

COMMUNITY CALENDAR

Upcoming meetings include:

1. The Operations Committee on September 6, 2022
2. The Executive Committee Meeting on September 7, 2022
3. The Cable Commission Meeting on September 21, 2022

ADJOURN

The meeting was adjourned at 6:22 p.m. **Motion for approval made by B. Goodboe-Bisschoff. Second, J. Wilken. Motion passed unanimously.**

Julie Jeppson; Secretary, NMTC

**NORTH METRO TELECOMMUNICATIONS COMMISSION
UNAPPROVED OPERATIONS COMMITTEE MEETING NOTES**

Tuesday, September 6, 2022

CALL TO ORDER

The meeting began at 11:02 a.m.

MEMBERS PRESENT

M. Wolfe, P. Antonen, D. Buchholtz, D. Webster, S. Cotton,

MEMBERS ABSENT

M. Statz, B. Petracek

OTHERS PRESENT

H. Arnson

APPROVAL OF MEETING NOTES

The meeting notes of May 31, 2022 were approved by consensus.

EXECUTIVE DIRECTOR REPORT

- North Metro TV is ready to begin closed captioning on all video platforms. There were issues with captioning on streaming channels that were challenging to work out, but eventually it came down to a Tightrope software issue. Once NMTV was given access to an early version of a new software upgrade, the problem seemed to be solved. The service is being rolled out without much fanfare in order to make sure it continues to function properly, and so that staff is completely comfortable with the process of captioning programs. H. Arnson noted the hard work of NMTV Video Engineer, Matt Waldron, and Programming Coordinator, Michele Silvester, for making closed captioning a reality on the NMTV system.
- Second quarter Comcast franchise and PEG fee reports were reviewed.
- News reporter and anchor, Rusty Ray, accepted a new position with WCCO radio. The search for his replacement has begun, with resumes due by September 6th.

OLD BUSINESS

- H. Arnson presented the findings of a metro wide pay-study. According to the data, it would appear that NMTV pay rates are on the low end. Discussions took place regarding exempt vs. non-exempt status for certain jobs, positions that have changed with the addition of new responsibilities, and how best to equitably introduce any step payment plan changes to NMTV, if necessary. It was noted that it would be best to have an Employment Attorney address the exempt/non-exempt issue. The group also discussed whether a consultant should be utilized for any final recommendations. Other considerations included the budget and timing for any changes.
- H. Arnson presented options for finding new leadership for North Metro, upon her retirement. Training internal candidates and searching outside the organization were considered. The group seemed receptive to having capable internal candidates, while still having the option to widen the search.

NEW BUSINESS

- There was no new business.

ADJOURNMENT

The meeting was adjourned at 12:06 p.m.

**NORTH METRO TELECOMMUNICATION
BILL LIST**

AUGUST 2022

Date	Check #	Payee	Amount	
AUGUST	COMBINED	PAYROLL	40,742.35	WAGES
AUGUST	COMBINED	IRS/US PAYABLE	13,665.58	WAGES
AUGUST	COMBINED	MN REVENUE PAYABLE	2,356.48	WAGES
AUGUST	COMBINED	PERA PAYABLE	7,815.06	WAGES
AUGUST	COMBINED	PEACHTREE	46.00	MONTHLY SERVICE
AUGUST	COMBINED	DISCOVERY BENEFITS	1,177.88	HEALTH SAVINGS EMPLOYEE
14055	8/8/22	Bradley Werner, LLC	618.75	LEGAL-GENERAL
14056	8/8/22	Richard D. Larson	438.75	JANITORIAL
14057	8/11/22	RTD Power Washing, Inc	175.00	F650 POWER WASH
14058	8/11/22	Theodore E. Leroux	201.14	EXPENSES
14059	8/11/22	Coastal Wintergreen LLC	965.00	MONTHLY SERVICE
14061	8/12/22	Arman Sarda	75.00	STIPEND
14062	8/15/22	Corporate Mechanical	2,323.45	STUDIO A AC/CONDENSER
14064	8/21/22	Lifesaver Fire Protection, LLC	307.84	ATTIC PIPE/LEAK INSPECTION
EFILE	8/1/22	Authorize.Net	34.89	MONTHLY SERVICE
EFILE	8/15/22	Chase Visa Card Services	7,235.36	OS/MEDIA/STUDIO/SFTWR/STAMPS
EFILE	8/1/22	Virtual Merchant Credit Card	10.00	MONTHLY SERVICE
EPAY-01	8/1/22	Principal Financial Group	624.59	STD/LTD/LIFE/ADD
EPAY-02	8/2/22	POPP TELECOM	217.47	MONTHLY SERVICE
EPAY-03	8/3/22	Comcast	541.27	MONTHLY SERVICE
EPAY-04	8/3/22	T-Mobile	102.40	MONTHLY SERVICE
EPAY-06	8/7/22	Circle K Station Stores	224.83	GAS/OIL
EPAY-07	8/12/22	AT&T Wireless	310.97	MONTHLY SERVICE
EPAY-08	8/14/22	Republic Services	381.86	MONTHLY SERVICE
EPAY-09	8/15/22	CenterPoint Energy	31.78	MONTHLY SERVICE
EPAY-11	8/16/22	U.S. Bank Card Service	349.37	ZOOM/AD/MRKT
EPAY-12	8/22/22	HealthPartners	11,536.60	HEALTH/DENTAL
EPAY-13	8/26/22	City of Blaine-utilities	779.90	MONTHLY SERVICE
EPAY-14	8/26/22	Connexus Energy	2,064.86	MONTHLY SERVICE
JULY SALES TAX	8/15/22	MN Dept. of Revenue	125.00	SALES TAX
			95,479.43	

North Metro Telecommunications Commission

Balance Sheet

August 31, 2022

ASSETS

Current Assets

Cash - Checking Account	\$	2,588,529.85
Petty Cash		150.00
A/R - NMTC		174,710.09
Prepaid Insurance - NMTC		11,459.00

Total Current Assets 2,774,848.94

Property and Equipment

Office Equipment - NMTC	1,488,709.00
Accum Deprec - NMTC	(3,567,066.46)
Bond Equipment 2016	1,985,000.00
Building-Polk/125	1,613,485.84
Land-Polk/125	225,700.00

Total Property and Equipment 1,745,828.38

Other Assets

Deferred Out Related/Pension	299,695.00
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Total Other Assets 299,695.00

Total Assets \$ 4,820,372.32

LIABILITIES AND CAPITAL

Current Liabilities

A/P - NMTC	\$	18,264.99
Accrued Payroll Taxes & W/H's		449.54
PERA - CORRECTIONS		(503.59)
Garnished Wages		86.40
Garnished Wages		(86.40)
PERA PAYABLE - PRIOR		(3,371.42)
Accrued Vacation		107,384.33
Accrued Wages		22,121.60
Franchise Fee App		926,091.63
Due to City of Blaine		339,318.00
Due to City of Centerville		21,042.00
Due to City of Circle Pines		30,176.50
Due to City of Ham Lake		87,948.00
Due to City of Lexington		11,187.00
Due to City of Lino Lakes		103,950.00
Due to City of Spring Lake Par		36,288.00
Deferred In Related/Pension		392,476.00

Total Current Liabilities 2,092,822.58

Long-Term Liabilities

Net Pension Liability	418,504.00
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Total Long-Term Liabilities 418,504.00

Total Liabilities 2,511,326.58

Capital

Net Equity	193,814.23
Net Equity - Media Ctr	(206,243.34)
Net Equity - NMTC	2,517,656.37
Net Income	(196,181.52)

Total Capital 2,309,045.74

Total Liabilities & Capital \$ 4,820,372.32

North Metro Telecommunications Comm

Cash Receipts Journal

For the Period From Aug 1, 2022 to Aug 31, 2022

Date	Transaction Ref	Line Description	Debit Amnt	Credit Amnt
8/4/22	TRUCK PRODUCTION	TRUCK PRODUCTION-COLUMBIA HEIGHTS PARADE Miscellaneous receipts	1,925.00	1,925.00
8/10/22	AUG CC SALES-AUTH	AUGUST CC SALES-AUTH Credit Card Sales	20.00	20.00
8/18/22	TAPE DUBS-CASH	TAPE DUBS-CASH Miscellaneous receipts	193.90	193.90
8/18/22	ARPA FUNDS	ARPA FUNDS FROM CITY OF HAM LAKE Miscellaneous receipts	10,000.00	10,000.00
8/25/22	TAPE DUBS-CASH	TAPE DUBS-CASH Miscellaneous receipts	135.00	135.00
8/25/22	TAPE DUBS-CHECK	TAPE DUBS-CHECK Miscellaneous receipts	85.70	85.70
8/25/22	REIMBURSEMENT	COMPUTER PARTS REIMBURSEMENT Miscellaneous receipts	112.47	112.47
8/28/22	AUG CC SALES-SQUAR	AUGUST CC SALES-SQUARE AUGUST CC SALES-SQUARE-FEES Credit Card Sales	1.87 68.83	70.70
8/29/22	AUG CC SALES-SQUAR	AUGUST CC SALES-SQUARE AUGUST CC SALES-SQUARE-FEES Credit Card Sales	44.49 1,690.95	1,735.44
8/30/22	AUG CC SALES-AUTH	AUGUST CC SALES-AUTH AUGUST CC SALES-AUTH-FEES Credit Card Sales	1.02 33.98	35.00
8/31/22	INTEREST	INTEREST INTEREST - COMMISSION	4,285.26	4,285.26
			<u>18,598.47</u>	<u>18,598.47</u>

North Metro Telecommunications Comm

Check Register

For the Period From Aug 1, 2022 to Aug 31, 2022

Filter Criteria includes: 1) Accounts Payable only. Report order is by Date.

Check #	Date	Payee	Amount
EFILE	8/24/22	Discovery Benefits	577.69
EFILE	8/25/22	Discovery Benefits	22.50
EPAY-13	8/26/22	City of Blaine-utilities	779.90
EPAY-14	8/26/22	Connexus Energy	2,064.86
EFILE	8/26/22	MN Dept. of Revenue	1,178.64
EFILE	8/26/22	Public Employees Retirement	3,875.75
EFILE	8/26/22	IRS/US BANK	6,629.21
PEACH	8/26/22	Peachtree/Sage Software	22.00
EFILE	8/31/22	Public Employees Retirement	65.80
EFILE	8/31/22	IRS/US BANK	277.26
EFILE	8/31/22	IRS/US BANK	133.83
Total			<u>54,737.08</u>

North Metro Telecommunications Comm

Check Register

For the Period From Aug 1, 2022 to Aug 31, 2022

Filter Criteria includes: 1) Accounts Payable only. Report order is by Date.

Check #	Date	Payee	Amount
EFILE	8/1/22	Authorize.Net	34.89
EFILE	8/1/22	Virtual Merchant Credit Card	10.00
EPAY-01	8/1/22	Principal Financial Group	624.59
EPAY-02	8/2/22	POPP TELECOM	217.47
EPAY-04	8/3/22	T-Mobile	102.40
EPAY-03	8/3/22	Comcast	541.27
EPAY-06	8/7/22	Circle K Station Stores	224.83
14056	8/8/22	Richard D. Larson	438.75
14055	8/8/22	Bradley Werner, LLC	618.75
14054	8/8/22	PRINTER MALFUNCTION	
EFILE	8/10/22	Discovery Benefits	577.69
14057	8/11/22	RTD Power Washing, Inc	175.00
14058	8/11/22	Theodore E. Leroux	201.14
14059	8/11/22	Coastal Wintergreen LLC	965.00
EFILE	8/12/22	MN Dept. of Revenue	1,177.84
EFILE	8/12/22	Public Employees Retirement	3,873.51
EFILE	8/12/22	IRS/US BANK	6,625.28
EPAY-07	8/12/22	AT&T Wireless	310.97
PEACH	8/12/22	Peachtree/Sage Software	24.00
14061	8/12/22	Arman Sarda	75.00
14060	8/12/22	PRINTER MALFUNCTION	
EPAY-08	8/14/22	Republic Services	381.86
EPAY-09	8/15/22	CenterPoint Energy	31.78
JULY SALES TAX	8/15/22	MN Dept. of Revenue	125.00
EFILE	8/15/22	Chase Visa Card Services	7,235.36
14062	8/15/22	Corporate Mechanical	2,323.45
EPAY-11	8/16/22	U.S. Bank Card Service	349.37
14064	8/21/22	Lifesaver Fire Protection, LLC	307.84
EPAY-12	8/22/22	HealthPartners	11,536.60

North Metro Telecommunications Comm

General Journal

For the Period From Aug 1, 2022 to Aug 31, 2022

Date	Reference	Trans Description	Debit Amt	Credit Amt
8/1/22	ACCRUED VAC/COM/SICK	ACCRUED VAC/COMP/SICK ACCRUED VAC/COMP/SICK	109,894.07	109,894.07
8/1/22	ACCRUED WAGES	ACCRUED WAGES ACCRUED WAGES	13,826.00	13,826.00
8/31/22	ACCRUED DEPRECIATION	ACCRUED DEPRECIATION ACCRUED DEPRECIATION	12,900.00	12,900.00
8/31/22	ACCRUED VAC/COM/SICK	ACCRUED VAC/COM/SICK ACCRUED VAC/COM/SICK	107,384.33	107,384.33
8/31/22	ACCRUED WAGES	ACCRUED WAGES ACCRUED WAGES	22,121.60	22,121.60
Total			266,126.00	266,126.00

**NORTH METRO TELECOMMUNICATION
BILL LIST**

JULY 2022

Date	Check #	Payee	Amount	
JULY	COMBINED	PAYROLL	45,631.66	WAGES
JULY	COMBINED	IRS/US PAYABLE	14,679.10	WAGES
JULY	COMBINED	MN REVENUE PAYABLE	2,544.52	WAGES
JULY	COMBINED	PERA PAYABLE	8,023.84	WAGES
JULY	COMBINED	PEACHTREE	48.00	MONTHLY SERVICE
JULY	COMBINED	DISCOVERY BENEFITS	1,177.88	HEALTH SAVINGS EMPLOYEE
14035	7/1/22	Kenneth J.Trainor	500.00	STIPEND
14036	7/1/22	B Harris, Inc.	675.00	QUARTERLY CONTRACT
14037	7/5/22	Mike Peden	150.00	STIPEND
14038	7/5/22	Steve Linzmeir	100.00	STIPEND
14039	7/5/22	Plunketts Pest Control	506.81	ANNUAL CONTRACT
14040	7/5/22	Richard D. Larson	255.75	JANITORIAL
14041	7/7/22	Coastal Wintergreen LLC	875.00	SUMMER MAINT/SHRUBS/FERTILIZER
14042	7/11/22	Metro Sales, Inc.	891.00	QUARTERLY CONTRACT
14043	7/12/22	Blaine Lock & Safe Inc	190.00	DOOR REPAIR/ADJUSTMENTS
14044	7/12/22	Harrington Langer & Associates	3,250.00	2021 AUDIT-PARTIAL
14045	7/14/22	Bradley Law, LLC	756.25	LEGAL-GENERAL
14046	7/17/22	Asphalt Contractors, Inc	4,900.00	SINK HOLE REPAIR
14047	7/17/22	Arman Sarda	75.00	STIPEND
14048	7/21/22	Rusty S. Ray	52.07	MILEAGE
14049	7/25/22	Brian Few Jr.	200.00	STIPEND
14050	7/25/22	Bryan Carlson	200.00	STIPEND
14051	7/25/22	League of MN Cities	58.00	WORK COMP AUDIT
14052	7/26/22	Z Systems	12,300.68	TRIPOD
14053	7/26/22	Lifesaver Fire Protection, LLC	2,660.86	AIR COMPRESSOR/INSTALL
EFILE	7/1/22	Authorize.Net	36.69	MONTHLY SERVICE
EFILE	7/1/22	Virtual Merchant Credit Card	10.00	MONTHLY SERVICE
EFILE	7/15/22	Chase Visa Card Services	7,997.82	OS/MEDIA/STUDIO/SFTWR/STAMPS
PAYPAL	7/5/22	PAYPAL	8.04	SUPPLIES
PAYPAL VERIFY	7/8/22	PAYPAL	0.24	VERIFY
EPAY-01	7/1/22	Principal Financial Group	581.82	STD/LTD/LIFE/ADD
EPAY-02	7/2/22	POPP TELECOM	212.32	MONTHLY SERVICE
EPAY-03	7/3/22	Comcast	541.27	MONTHLY SERVICE
EPAY-04	7/3/22	T-Mobile	102.40	MONTHLY SERVICE
EPAY-05	7/4/22	Speedway	61.84	GAS/OIL
EPAY-06	7/7/22	Circle K Station Stores	114.25	GAS/OIL
EPAY-07	7/12/22	AT&T Wireless	310.97	MONTHLY SERVICE
EPAY-08	7/14/22	Republic Services	380.21	MONTHLY SERVICE
EPAY-09	7/15/22	CenterPoint Energy	37.50	MONTHLY SERVICE
EPAY-10	7/15/22	Comcast Business 1000M/1000M	1,237.44	MONTHLY SERVICE
EPAY-11	7/15/22	U.S. Bank Card Service	764.90	MACTA/ZOOM/AD/MRKT/NETWORKING
EPAY-12	7/22/22	HealthPartners	11,536.60	HEALTH/DENTAL
EPAY-13	7/26/22	City of Blaine-utilities	241.62	MONTHLY SERVICE
EPAY-14	7/26/22	Connexus Energy	2,389.77	MONTHLY SERVICE
JUNE SALES TAX	7/15/22	MN Dept. of Revenue	88.00	SALES TAX

127,355.12

North Metro Telecommunications Commission

Balance Sheet

July 31, 2022

ASSETS

Current Assets

Cash - Checking Account	\$ 2,665,383.19
Petty Cash	150.00
A/R - NMTC	174,710.09
Prepaid Insurance - NMTC	11,459.00

Total Current Assets 2,851,702.28

Property and Equipment

Office Equipment - NMTC	1,488,709.00
Accum Deprec - NMTC	(3,554,166.46)
Bond Equipment 2016	1,985,000.00
Building-Polk/125	1,613,485.84
Land-Polk/125	225,700.00

Total Property and Equipment 1,758,728.38

Other Assets

Deferred Out Related/Pension	299,695.00
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Total Other Assets 299,695.00

Total Assets \$ 4,910,125.66

LIABILITIES AND CAPITAL

Current Liabilities

A/P - NMTC	\$ 18,264.99
Accrued Payroll Taxes & W/H's	449.54
PERA - CORRECTIONS	(574.25)
PERA PAYABLE	70.66
Garnished Wages	86.40
Garnished Wages	(86.40)
PERA PAYABLE - PRIOR	(3,371.42)
Accrued Vacation	109,894.07
Accrued Wages	13,826.00
Franchise Fee App	926,091.63
Due to City of Blaine	339,318.00
Due to City of Centerville	21,042.00
Due to City of Circle Pines	30,176.50
Due to City of Ham Lake	87,948.00
Due to City of Lexington	11,187.00
Due to City of Lino Lakes	103,950.00
Due to City of Spring Lake Par	36,288.00
Deferred In Related/Pension	392,476.00

Total Current Liabilities 2,087,036.72

Long-Term Liabilities

Net Pension Liability	418,504.00
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Total Long-Term Liabilities 418,504.00

Total Liabilities 2,505,540.72

Capital

Net Equity	193,814.23
Net Equity - Media Ctr	(206,243.34)
Net Equity - NMTC	2,517,656.37
Net Income	(100,642.32)

Total Capital 2,404,584.94

Total Liabilities & Capital \$ 4,910,125.66

North Metro Telecommunications Comm

Cash Receipts Journal

For the Period From Jul 1, 2022 to Jul 31, 2022

Date	Transaction Ref	Line Description	Debit Amnt	Credit Amnt
7/7/22	JULY PAYPAL	JUNE PAYPAL SALES JUNE PAYPAL SALES-FEES PAYPAL	3.57 56.43	60.00
7/8/22	PAYPAL VERIFY	PAYPAL VERIFY BANK PAYPAL	0.24	0.24
7/19/22	PRODUCTION TRUCK	PRODUCTION TRUCK-CENTENNIAL SCHOOLS Miscellaneous receipts	1,438.00	1,438.00
7/19/22	POSTAGE-REIMB	POSTAGE REIMBURSED BY EMPLOYEE Miscellaneous receipts	5.53	5.53
7/26/22	JULY GMAIL PAYPAL	JULY GMAIL PAYPAL PAYPAL	2,035.00	2,035.00
7/27/22	JULY CC SALES-AUTH	JULY CC SALES-AUTH JULY CC SALES-AUTH-FEES Credit Card Sales	1.74 58.26	60.00
7/28/22	JULY CC SALES-SQUAR	JULY CC SALES-SQUARE JULY CC SALES-SQUARE-FEES Credit Card Sales	43.04 1,630.26	1,673.30
7/29/22	TRUCK PRODUCTION	TRUCK PRODUCTION-CCX RENTAL Miscellaneous receipts	2,000.00	2,000.00
7/29/22	TAPE DUBS-CASH	TAPE DUBS-CASH Miscellaneous receipts	88.91	88.91
7/30/22	2nd QTR FRAN FEES	2nd QTR FRAN FEES Comcast-Franchise	303,161.73	303,161.73
7/30/22	2nd QTR PEG FEES	2nd QTR PEG FEE Comcast-PEG Fees	167,783.59	167,783.59
7/31/22	INTEREST	INTEREST INTEREST - COMMISSION	2,747.08	2,747.08
			<u>481,053.38</u>	<u>481,053.38</u>

North Metro Telecommunications Comm

Check Register

For the Period From Jul 1, 2022 to Jul 31, 2022

Filter Criteria includes: 1) Accounts Payable only. Report order is by Date.

Check #	Date	Payee	Amount
EPAY-10	7/15/22	Comcast Business 1000M/1000M	1,237.44
PEACH	7/15/22	Peachtree/Sage Software	24.00
EPAY-11	7/15/22	U.S. Bank Card Service	764.90
EPAY-09	7/15/22	CenterPoint Energy	37.50
14046	7/17/22	Asphalt Contractors, Inc	4,900.00
14047	7/17/22	Arman Sarda	75.00
14048	7/21/22	Rusty S. Ray	52.07
EPAY-12	7/22/22	HealthPartners	11,536.60
EFILE	7/25/22	Discovery Benefits	22.50
14049	7/25/22	Brian Few Jr.	200.00
14050	7/25/22	Bryan Carlson	200.00
14051	7/25/22	League of MN Cities	58.00
EPAY-13	7/26/22	City of Blaine-utilities	241.62
EPAY-14	7/26/22	Connexus Energy	2,389.77
14052	7/26/22	Z Systems	12,300.68
14053	7/26/22	Lifesaver Fire Protection, LLC	2,660.86
EFILE	7/27/22	Discovery Benefits	577.69
EFILE	7/29/22	Public Employees Retirement	3,800.61
EFILE	7/29/22	IRS/US BANK	6,621.34
PEACH	7/29/22	Peachtree/Sage Software	24.00
EFILE	7/29/22	MN Dept. of Revenue	1,177.04
EFILE	7/31/22	Public Employees Retirement	354.20
EFILE	7/31/22	IRS/US BANK	1,440.35
EFILE	7/31/22	MN Dept. of Revenue	191.24
Total			81,723.46

North Metro Telecommunications Comm

Check Register

For the Period From Jul 1, 2022 to Jul 31, 2022

Filter Criteria includes: 1) Accounts Payable only. Report order is by Date.

Check #	Date	Payee	Amount
EFILE	7/1/22	Authorize.Net	36.69
EFILE	7/1/22	Virtual Merchant Credit Card	10.00
EPAY-01	7/1/22	Principal Financial Group	581.82
14035	7/1/22	Kenneth J.Trainor	500.00
14036	7/1/22	B Harris, Inc.	675.00
EPAY-02	7/2/22	POPP TELECOM	212.32
EPAY-04	7/3/22	T-Mobile	102.40
EPAY-03	7/3/22	Comcast	541.27
EPAY-05	7/4/22	Speedway	61.84
14037	7/5/22	Mike Peden	150.00
14038	7/5/22	Steve Linzmeir	100.00
14039	7/5/22	Plunketts Pest Control	506.81
14040	7/5/22	Richard D. Larson	255.75
PAYPAL	7/5/22	PAYPAL	8.04
EPAY-06	7/7/22	Circle K Station Stores	114.25
14041	7/7/22	Coastal Wintergreen LLC	875.00
PAYPAL VERIFY	7/8/22	PAYPAL	0.24
14042	7/11/22	Metro Sales, Inc.	891.00
EPAY-07	7/12/22	AT&T Wireless	310.97
14043	7/12/22	Blaine Lock & Safe Inc	190.00
14044	7/12/22	Harrington Langer & Associates	3,250.00
EFILE	7/13/22	Discovery Benefits	577.69
EPAY-08	7/14/22	Republic Services	380.21
14045	7/14/22	Bradley Law, LLC	756.25
EFILE	7/15/22	MN Dept. of Revenue	1,176.24
EFILE	7/15/22	Public Employees Retirement	3,869.03
EFILE	7/15/22	IRS/US BANK	6,617.41
JUNE SALES TAX	7/15/22	MN Dept. of Revenue	88.00
EFILE	7/15/22	Chase Visa Card Services	7,997.82

North Metro Telecommunications Comm

General Journal

For the Period From Jul 1, 2022 to Jul 31, 2022

Date	Reference	Trans Description	Debit Amt	Credit Amt
7/1/22	ACCRUED VAC/COM/SICK	ACCRUED VAC/COMP/SICK ACCRUED VAC/COMP/SICK	110,739.26	110,739.26
7/1/22	ACCRUED WAGES	ACCRUED WAGES ACCRUED WAGES	11,020.80	11,020.80
7/31/22	ACCRUED DEPRECIATION	ACCRUED DEPRECIATION ACCRUED DEPRECIATION	12,900.00	12,900.00
7/31/22	ACCRUED VAC/COM/SICK	ACCRUED VAC/COMP/SICK ACCRUED VAC/COMP/SICK	109,894.07	109,894.07
7/31/22	ACCRUED WAGES	ACCRUED WAGES ACCRUED WAGES	13,826.00	13,826.00
Total			258,380.13	258,380.13

**NORTH METRO TELECOMMUNICATION
BILL LIST**

JUNE 2022

Date	Check #	Payee	Amount	
JUNE	COMBINED	PAYROLL	62,576.07	WAGES
JUNE	COMBINED	IRS/US PAYABLE	20,661.63	WAGES
JUNE	COMBINED	MN REVENUE PAYABLE	3,568.78	WAGES
JUNE	COMBINED	PERA PAYABLE	11,543.53	WAGES
JUNE	COMBINED	PEACHTREE	76.00	MONTHLY SERVICE
JUNE	COMBINED	DISCOVERY BENEFITS	1,755.57	HEALTH SAVINGS EMPLOYEE
14021	6/2/22	Z Systems	5,003.75	IMAGINE COMMUNICATIONS Q1 22
14022	6/2/22	Danika Peterson	148.24	EXPENSES
14023	6/2/22	Michael S. Johnson	35.10	EXPENSES
14024	6/3/22	Aid Electric Corporation	280.54	EMERGENCY EXIT LIGHTS REPLACED
14025	6/7/22	Coastal Wintergreen LLC	1,975.00	EXPENSES
14026	6/16/22	Lifesaver Fire Protection, LLC	297.00	ANNUAL INSPECTION #27140 WET/DRY
14027	6/16/22	PRINTER MALFUNCTION		
14028	6/16/22	Winfield's Windows & Things, Inc	365.00	SPRING WINDOW CLEANING
14029	6/21/22	Bradley Law, LLC	2,268.75	LEGAL-GENERAL
14030	6/22/22	League of MN Cities	1,003.69	REIMBURSEMENT
14031	6/22/22	Richard D. Larson	7.58	EXPENSES
14032	6/28/22	PRINTER MALFUNCTION		
14033	6/28/22	Rusty S. Ray	62.24	EXPENSES
14034	6/28/22	Aid Electric Corporation	153.00	EMERGENCY POWER OUT SERVICE CALL
EFILE	6/1/22	Authorize.Net	33.99	MONTHLY SERVICE
EFILE	6/15/22	Chase Visa Card Services	5,955.13	OS/MEDIA/STUDIO/SFTWR/MAINT
EFILE	6/1/22	Virtual Merchant Credit Card	10.00	MONTHLY SERVICE
EPAY-01	6/1/22	Principal Financial Group	581.82	STD/LTD/LIFE/ADD
EPAY-02	6/1/22	POPP TELECOM	212.32	MONTHLY SERVICE
EPAY-03	6/3/22	Comcast	541.27	MONTHLY SERVICE
EPAY-04	6/3/22	T-Mobile	102.40	MONTHLY SERVICE
EPAY-05	6/4/22	Speedway	56.00	GAS/OIL
EPAY-06	6/7/22	Circle K Station Stores	347.07	GAS/OIL
EPAY-07	6/12/22	AT&T Wireless	310.97	MONTHLY SERVICE
EPAY-08	6/14/22	Republic Services	373.61	MONTHLY SERVICE
EPAY-09	6/14/22	CenterPoint Energy	214.73	MONTHLY SERVICE
EPAY-10	6/15/22	Comcast Business 1000M/1000M	1,237.44	MONTHLY SERVICE
EPAY-11	6/16/22	U.S. Bank Card Service	147.71	FEES/ZOOM/AD/MRKT/SPMTG
EPAY-12	6/22/22	HealthPartners	11,536.60	HEALTH/DENTAL
EPAY-13	6/26/22	City of Blaine-utilities	78.02	MONTHLY SERVICE
EPAY-14	6/26/22	Connexus Energy	2,078.84	MONTHLY SERVICE
MAY SALES TAX	6/8/22	MN Dept. of Revenue	207.00	SALES TAX
			135,806.39	

North Metro Telecommunications Commission

Balance Sheet

June 30, 2022

ASSETS

Current Assets

Cash - Checking Account	\$	2,311,785.34
Petty Cash		150.00
A/R - NMTC		186,065.07
Prepaid Insurance - NMTC		11,527.00

Total Current Assets 2,509,527.41

Property and Equipment

Office Equipment - NMTC	1,467,850.06
Accum Deprec - NMTC	(3,261,658.47)
Bond Equipment 2016	1,985,000.00
Building-Polk/125	1,572,799.17
Land-Polk/125	225,700.00

Total Property and Equipment 1,989,690.76

Other Assets

Deferred Out Related/Pension	41,394.00
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Total Other Assets 41,394.00

Total Assets \$ 4,540,612.17

LIABILITIES AND CAPITAL

Current Liabilities

A/P - NMTC	\$	7,713.67
Accrued Payroll Taxes & W/H's		449.54
State Withholding		(4.98)
PERA - CORRECTIONS		(574.25)
Garnished Wages		86.40
Garnished Wages		(86.40)
PERA PAYABLE - PRIOR		(3,371.42)
Accrued Vacation		110,739.26
Accrued Wages		11,020.80
Franchise Fee App		895,288.37
Due to City of Blaine		447,038.00
Due to City of Centerville		27,722.00
Due to City of Circle Pines		39,756.50
Due to City of Ham Lake		115,868.00
Due to City of Lexington		14,767.00
Due to City of Lino Lakes		136,950.00
Due to City of Spring Lake Par		47,808.00
Deferred In Related/Pension		36,251.00

Total Current Liabilities 1,887,421.49

Long-Term Liabilities

Net Pension Liability	569,568.00
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Total Long-Term Liabilities 569,568.00

Total Liabilities 2,456,989.49

Capital

Net Equity	211,514.17
Net Equity - Media Ctr	(206,243.34)
Net Equity - NMTC	2,517,656.37
Net Income	(439,304.52)

Total Capital 2,083,622.68

Total Liabilities & Capital \$ 4,540,612.17

North Metro Telecommunications Comm

Cash Receipts Journal

For the Period From Jun 1, 2022 to Jun 30, 2022

Date	Transaction Ref	Line Description	Debit Amnt	Credit Amnt
6/7/22	TRUCK PRODUCTION	INVOICE #10		600.00
		INVOICE #11		500.00
		INVOICE #12		800.00
		INVOICE #UNKNOWN		300.00
		Miscellaneous receipts	2,200.00	
6/8/22	TAPE DUBS-CASH	TAPE DUBS-CASH		96.41
		Miscellaneous receipts	96.41	
6/8/22	PRODUCTION TRUCK	PRODUCTION TRUCK		300.00
		Miscellaneous receipts	300.00	
6/9/22	PRODUCTION TRUCK	PRODUCTION TRUCK		460.00
		Miscellaneous receipts	460.00	
6/9/22	TAPE DUBS-CASH	TAPE DUBS-CASH		38.57
		Miscellaneous receipts	38.57	
6/9/22	TAPE DUBS-CHECKS	TAPE DUBS-CHECKS		604.19
		Miscellaneous receipts	604.19	
6/15/22	TAPE DUBS-CHECKS	TAPE DUBS-CHECKS		269.96
		Miscellaneous receipts	269.96	
6/21/22	PRODUCTION TRUCK	PRODUCTION TRUCK		380.00
		Miscellaneous receipts	380.00	
6/21/22	DRONE PRODUCTION	DRONE PRODUCTION		550.00
		Miscellaneous receipts	550.00	
6/24/22	JUNE CC SALES-AUTH	JUNE CC SALES-AUTH		20.00
		JUNE CC SALES-AUTH-FEES	0.58	
		Credit Card Sales	19.42	
6/25/22	JUNE CC SALES-AUTH	JUNE CC SALES-AUTHORIZE.NET		200.00
		JUNE CC SALES-AUTHORIZE.NET-FEES	5.80	
		Credit Card Sales	194.20	
6/26/22	JUNE CC SALES-SQUAR	JUNE CC SALES-SQUARE		322.46
		JUNE CC SALES-SQUARE-FEES	9.96	
		Credit Card Sales	312.50	
6/28/22	JUNE CC SALES-AMEX	JUNE CC SALES-AMEX		20.00
		JUNE CC SALES-AMEX-FEES	0.78	
		Credit Card Sales	19.22	
6/29/22	JUNE PAYPAL	JUNE PAYPAL SALES		40.00
		JUNE PAYPAL SALES-FEES	2.38	
		PAYPAL	37.62	
6/30/22	INTEREST	INTEREST		1,796.38
		INTEREST - COMMISSION	1,796.38	
			<u>7,297.97</u>	<u>7,297.97</u>

North Metro Telecommunications Comm

Check Register

For the Period From Jun 1, 2022 to Jun 30, 2022

Filter Criteria Includes: 1) Accounts Payable only. Report order is by Date.

Check #	Date	Payee	Amount
EFILE	6/1/22	Authorize.Net	33.99
EFILE	6/1/22	Virtual Merchant Credit Card	10.00
EPAY-01	6/1/22	Principal Financial Group	581.82
EFILE	6/1/22	Discovery Benefits	577.69
14021	6/2/22	Z Systems	5,003.75
14022	6/2/22	Danika Peterson	148.24
14023	6/2/22	Michael S. Johnson	35.10
EFILE	6/3/22	MN Dept. of Revenue	1,176.77
EFILE	6/3/22	Public Employees Retirement	3,767.67
EFILE	6/3/22	IRS/US BANK	6,617.18
EPAY-04	6/3/22	T-Mobile	102.40
PEACH	6/3/22	Peachtree/Sage Software	24.00
EPAY-03	6/3/22	Comcast	541.27
14024	6/3/22	Aid Electric Corporation	280.54
EPAY-05	6/4/22	Speedway	56.00
EPAY-06	6/7/22	Circle K Station Stores	347.07
14025	6/7/22	Coastal Wintergreen LLC	1,975.00
MAY SALES TAX	6/8/22	MN Dept. of Revenue	207.00
EPAY-07	6/12/22	AT&T Wireless	310.97
EPAY-08	6/14/22	Republic Services	373.61
EPAY-09	6/14/22	CenterPoint Energy	214.73
EFILE	6/15/22	Chase Visa Card Services	5,955.13
EPAY-10	6/15/22	Comcast Business 1000M/1000M	1,237.44
EFILE	6/15/22	Discovery Benefits	577.69
14026	6/16/22	Lifesaver Fire Protection, LLC	297.00
14028	6/16/22	Winfield's Windows & Things, Inc	365.00
14027	6/16/22	PRINTER MALFUNCTION	
EPAY-11	6/16/22	U.S. Bank Card Service	147.71
EFILE	6/17/22	MN Dept. of Revenue	1,149.62

North Metro Telecommunications Comm

Check Register

For the Period From Jun 1, 2022 to Jun 30, 2022

Filter Criteria includes: 1) Accounts Payable only. Report order is by Date.

Check #	Date	Payee	Amount
EFILE	6/17/22	Public Employees Retirement	3,767.67
EFILE	6/17/22	IRS/US BANK	6,518.15
PEACH	6/17/22	Peachtree/Sage Software	24.00
PEACH	6/17/22	Peachtree/Sage Software	2.00
14029	6/21/22	Bradley Law, LLC	2,268.75
EPAY-12	6/22/22	HealthPartners	11,536.60
14030	6/22/22	League of MN Cities	1,003.69
14031	6/22/22	Richard D. Larson	7.58
PEACH	6/23/22	Peachtree/Sage Software	2.00
EFILE	6/25/22	Discovery Benefits	22.50
EPAY-13	6/26/22	City of Blaine-utilities	78.02
EPAY-14	6/26/22	Connexus Energy	2,078.84
14033	6/28/22	Rusty S. Ray	62.24
14032	6/28/22	PRINTER MALFUNCTION	
14034	6/28/22	Aid Electric Corporation	153.00
EFILE	6/29/22	Discovery Benefits	577.69
EFILE	6/29/22	Public Employees Retirement	36.96
EFILE	6/29/22	MN Dept. of Revenue	4.98
EFILE	6/29/22	IRS/US BANK	40.40
EFILE	6/30/22	Public Employees Retirement	116.20
EFILE	6/30/22	MN Dept. of Revenue	67.52
EFILE	6/30/22	IRS/US BANK	895.01
PEACH	6/30/22	Peachtree/Sage Software	24.00
EFILE	6/30/22	MN Dept. of Revenue	1,169.89
EFILE	6/30/22	Public Employees Retirement	3,855.03
EFILE	6/30/22	IRS/US BANK	6,590.89
Total			73,018.00

North Metro Telecommunications Comm

General Journal

For the Period From Jun 1, 2022 to Jun 30, 2022

Date	Reference	Trans Description	Debit Amt	Credit Amt
6/1/22	ACCRUED VAC/COM/SICK	ACCRUED VAC/COMP/SICK ACCRUED VAC/COMP/SICK	110,250.80	110,250.80
6/1/22	ACCRUED WAGES	ACCRUED WAGES ACCRUED WAGES	5,510.40	5,510.40
6/30/22	ACCRUED DEPRECIATION	ACCRUED DEPRECIATION ACCRUED DEPRECIATION	12,900.00	12,900.00
6/30/22	ACCRUED VAC/COM/SICK	ACCRUED VAC/COMP/SICK ACCRUED VAC/COMP/SICK	110,739.26	110,739.26
6/30/22	ACCRUED WAGES	ACCRUED WAGES ACCRUED WAGES	11,020.80	11,020.80
	Total		250,421.26	250,421.26

**NORTH METRO
TELECOMMUNICATIONS COMMISSION
ANNUAL FINANCIAL REPORTS
December 31, 2021 and 2020**

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
North Metro Telecommunications Commission
Blaine, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statements of net position of North Metro Telecommunications Commission as of and for the years ended December 31, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position; and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Metro Telecommunications Commission as of December 31, 2021 and 2020, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Metro Telecommunications Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North Metro Telecommunications Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 North Metro Telecommunications Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Metro Telecommunications Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 7 and the budgetary comparison information, schedule of employer's PERA contributions and schedule of employer's share of PERA net pension liability on pages 22 through 26 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2022 on our consideration of North Metro Telecommunications Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North Metro Telecommunications Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Metro Telecommunications Commission's internal control over financial reporting and compliance.

June 8, 2022

**NORTH METRO TELECOMMUNICATIONS COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2021 and 2020

(Required Supplementary Information)

The management of the North Metro Telecommunications Commission (NMTC) offers readers of our financial statements the following narrative overview and analysis of our financial activities for the years ended December 31, 2021 and 2020.

Basic Financial Statements

Our basic financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. NMTC is operated under one enterprise fund. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used.

Revenue is recorded when earned and expenses are recorded when incurred. The basic financial statements include statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows. These are followed by notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. In addition to the basic financial statements, this report also contains required supplementary information pertaining to the budgetary comparison and the retirement plan of NMTC.

The statements of net position present information on NMTC's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of NMTC is improving or deteriorating.

The statements of revenues, expenses, and change in net position reports the operating revenues and expenses and non-operating revenues and expenses of NMTC for the fiscal year with the difference – the net income or loss – being combined with any capital grants to determine the change in net position for the year. That change, combined with the net position at the end of the previous year, totals to the net position at the end of the current year.

The statements of cash flows report cash and investment activities for the fiscal year resulting from operating activities, capital and related financing activities, non-capital and related financing activities and investing activities. The net result of these activities added to the beginning of the year cash and investments balance total to the cash and investments balance at the end of the current year.

The information contained in the basic financial statements is used as the basis for the discussion presented on the following pages, surrounding NMTC's activities for the years ended December 31, 2021 and 2020.

**NORTH METRO TELECOMMUNICATIONS COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2021 and 2020
(Required Supplementary Information)

Financial Highlights

- NMTC ended 2021 with a net position balance of \$2,505,227, of which \$1,219,119 represented the net investment in capital assets, and \$1,286,108 was unrestricted. The net position balance at the end of the year was \$175,057 lower than the net position balance at the beginning of the year.
- As a result of operations, \$400,000 of franchise fees were returned to NMTC member cities for both years ended December 31, 2021 and 2020.

The following is a condensed comparative summary of the Commission's net position:

Net Position	2021	2020	2019
Assets			
Current Assets	\$ 2,853,825	\$ 2,872,227	\$ 2,745,035
Capital Assets, net	1,849,029	2,221,891	2,602,612
Total Assets	4,702,854	5,094,118	5,347,647
Deferred Outflows			
Deferred outflows related to pensions	299,695	41,394	40,333
Liabilities			
Current Liabilities	1,256,432	1,219,499	1,240,636
Noncurrent Liabilities	848,414	1,199,478	1,366,201
Total Liabilities	2,104,846	2,418,977	2,606,837
Deferred Inflows			
Deferred inflows related to pensions	392,476	36,251	110,477
Net Position			
Net investment in capital assets	1,219,119	1,391,981	1,572,702
Unrestricted	1,286,108	1,288,303	1,097,964
Total Net Position	\$ 2,505,227	\$ 2,680,284	\$ 2,670,666

**NORTH METRO TELECOMMUNICATIONS COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2021 and 2020
(Required Supplementary Information)

The following is a condensed comparative summary of the Commission's changes in net position:

Changes in Net Position	2021	2020	2019
Program Revenues			
Operating revenue	\$ 1,923,059	\$ 2,069,513	\$ 2,047,353
General Revenues			
Unrestricted investment earnings	371	10,064	46,854
Grants and contributions	-	63,103	-
Other income	58,327	35,198	33,731
Total General Revenues	58,698	108,365	80,585
Total Revenues	1,981,757	2,177,878	2,127,938
Expenses			
Operations	1,608,969	1,622,454	1,646,274
Non-capitalized equipment	86,007	80,249	81,600
Depreciation and amortization	434,408	433,927	436,515
Interest expense	27,430	31,630	35,616
Total Expenses	2,156,814	2,168,260	2,200,005
Change in Net Position	(175,057)	9,618	(72,067)
Net Position, Beginning	2,680,284	2,670,666	2,742,733
Net Position, Ending	\$ 2,505,227	\$ 2,680,284	\$ 2,670,666

Revenue

The major source of operating revenue for NMTC includes a 5% franchise fee paid on gross revenue, earned within the boundaries of the seven members of NMTC, and a PEG fee paid by cable subscribers monthly, as established in the franchise agreements.

**NORTH METRO TELECOMMUNICATIONS COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2021 and 2020
(Required Supplementary Information)

Expenses

Wages, benefits, franchise fee reimbursements, and depreciation make up the largest portion of expenses. Due to the significant investments NMTC has in capital assets, depreciation continues to be a large operating expense. Unlike the other expenses listed, depreciation is not a cash expense. NMTC has and continues to pursue ways to reduce costs without affecting service.

Capital Assets

NMTC's capital assets as of December 31, 2021 and 2020, amounted to \$1,849,029 and \$2,221,891, respectively (net of accumulated depreciation). This investment in capital assets includes land, a building, office and studio equipment, and vehicles.

NMTC primarily acquires its assets with the proceeds from franchise fees and PEG fees. Building construction and new equipment purchases are all a part of NMTC's capital investment plan. Currently there are no commitments for any major purchases.

Debt

During 2016, the Commission completed HD equipment and studio upgrades. The equipment was purchased by a member city through issuance of a general obligation bond and is being leased under a capital lease agreement by the Commission for \$1 per year for a period of 10 years. At the end of the lease term, the Commission will assume ownership of the equipment. The remaining member cities agreed to reimburse the member city for their proportionate share of the bonds issued. The Commission has agreed to repay each of the member cities for their share of the bond, plus interest at 2%. As of December 31, 2021 and 2020, the Commission owed \$629,910 and \$829,910, respectively, to the member cities.

Budgetary Analysis

During 2021 and 2020, franchise fee and PEG fee revenue exceeded budgeted amounts by approximately \$60,000 and \$104,000, respectively, which contributed to revenues over (under) expenditures of (\$55,335) and \$148,329, respectively, on the budgetary basis.

Requests for Information

This financial report is intended to provide an overview of the finances of NMTC for those with an interest in this organization. Questions concerning any information within this report may be directed to the Executive Director of NMTC.

NORTH METRO TELECOMMUNICATIONS COMMISSION
STATEMENTS OF NET POSITION
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 2,667,657	\$ 2,674,635
Accounts receivable	174,710	186,065
Prepaid expenses	<u>11,458</u>	<u>11,527</u>
TOTAL CURRENT ASSETS	<u>2,853,825</u>	<u>2,872,227</u>
CAPITAL ASSETS		
Land	225,700	225,700
Building	1,443,850	1,443,850
Building improvements	169,636	128,949
Office and studio equipment	3,179,135	3,158,276
Vehicles	294,574	294,574
Less: accumulated depreciation	<u>(3,463,866)</u>	<u>(3,029,458)</u>
TOTAL CAPITAL ASSETS, NET	<u>1,849,029</u>	<u>2,221,891</u>
TOTAL ASSETS	<u>4,702,854</u>	<u>5,094,118</u>
DEFERRED OUTFLOWS		
Deferred outflows related to pensions	<u>299,695</u>	<u>41,394</u>
LIABILITIES		
CURRENT LIABILITIES		
Current portion of long-term debt	200,000	200,000
Accounts payable and accrued expenses	130,340	124,211
Deferred franchise fee revenue	<u>926,092</u>	<u>895,288</u>
TOTAL CURRENT LIABILITIES	1,256,432	1,219,499
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	429,910	629,910
Net pension liability	<u>418,504</u>	<u>569,568</u>
TOTAL LIABILITIES	<u>2,104,846</u>	<u>2,418,977</u>
DEFERRED INFLOWS		
Deferred inflows related to pensions	<u>392,476</u>	<u>36,251</u>
NET POSITION		
Net investment in capital assets	1,219,119	1,391,981
Unrestricted	<u>1,286,108</u>	<u>1,288,303</u>
TOTAL NET POSITION	<u><u>\$ 2,505,227</u></u>	<u><u>\$ 2,680,284</u></u>

NORTH METRO TELECOMMUNICATIONS COMMISSION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Cable operating franchise fees	\$ 1,208,065	\$ 1,315,013
PEG fees	<u>714,994</u>	<u>754,500</u>
TOTAL OPERATING REVENUES	<u>1,923,059</u>	<u>2,069,513</u>
OPERATING EXPENSES		
Franchise fee reimbursements, city members	400,000	400,000
Personnel	773,040	772,566
Employee benefits	216,337	234,001
Office	118,556	113,657
Legal fees	27,525	38,637
Other administrative costs	38,726	37,128
Vehicle	6,713	5,984
Production	28,072	20,481
Depreciation	434,408	433,927
Studio equipment expense	<u>86,007</u>	<u>80,249</u>
TOTAL OPERATING EXPENSES	<u>2,129,384</u>	<u>2,136,630</u>
OPERATING LOSS	<u>(206,325)</u>	<u>(67,117)</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment income	371	10,064
Other income	58,327	35,198
Grants and contributions	-	63,103
Interest expense	<u>(27,430)</u>	<u>(31,630)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>31,268</u>	<u>76,735</u>
CHANGE IN NET POSITION	(175,057)	9,618
NET POSITION, BEGINNING	<u>2,680,284</u>	<u>2,670,666</u>
NET POSITION, ENDING	<u><u>\$ 2,505,227</u></u>	<u><u>\$ 2,680,284</u></u>

NORTH METRO TELECOMMUNICATIONS COMMISSION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operations	\$ 1,965,218	\$ 2,031,331
Payments to suppliers and vendors	(705,530)	(692,560)
Payments to employees	(1,035,357)	(1,021,113)
Other non-operating receipts	57,296	96,771
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>281,627</u>	<u>414,429</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(61,546)	(57,126)
Interest expense	(27,430)	(31,630)
Payments on long-term debt	(200,000)	(200,000)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(288,976)</u>	<u>(288,756)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	371	10,064
NET CHANGE IN CASH AND INVESTMENTS	(6,978)	135,737
CASH AND INVESTMENTS, BEGINNING	<u>2,674,635</u>	<u>2,538,898</u>
CASH AND INVESTMENTS, ENDING	<u><u>\$ 2,667,657</u></u>	<u><u>\$ 2,674,635</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ (206,325)	\$ (67,117)
Adjustments:		
Depreciation	434,408	433,927
Loss on disposal of capital assets	-	3,920
Pension expense	(23,979)	(12,505)
Other non-operating receipts	57,296	96,771
Net change in assets, liabilities, and deferred outflows of resources:		
Accounts receivable	11,355	8,889
Prepaid expenses	69	(344)
Accounts payable and accrued expenses	6,129	25,934
Deferred franchise fee revenue	30,804	(47,071)
Deferred outflows - contributions after the measurement date	(28,130)	(27,975)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 281,627</u></u>	<u><u>\$ 414,429</u></u>

See accompanying notes to
basic financial statements

**NORTH METRO TELECOMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

The general purpose of the Commission is to award, administer and enforce a cable communications franchise in member municipalities located in the North Central region of the Twin Cities area in Minnesota. The Commission also administers and operates the cable television access functions of the franchise.

The Commission, being established by the joint powers agreement, is considered a governmental entity and as such is exempt from state and federal income taxes.

Measurement Focus, Basis of Accounting and Basis of Presentation:

The Commission has adopted Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, which establishes the financial reporting standards for all state and local government entities.

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the Commission, the reporting entity. The Commission accounts for its operations as an enterprise fund. Operating revenue and expenses result from administering and enforcing the cable communications franchise and operating the cable television access function. All other revenue and expenses are reported as non-operating revenue and expenses.

Cash and Investments:

For the purpose of the statements of cash flows, the Commission considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Investments are reported at fair market value and consist of the Minnesota Municipal Money Market Fund (4M). The 4M Fund is a 2a7 external investment pool that is unrated and is exempt from risk disclosure reporting requirements under GASB 40.

The Commission has reported all investment income as non-operating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

Accounts Receivable:

Bad debts are recorded on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. At December 31, 2021 and 2020, management considered all outstanding amounts to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

Revenues:

Commission revenue consists primarily of franchise fees and governmental access fees (PEG fees). Franchise fees are assessed to the cable operators during the year and are recognized as revenue in the following year. PEG fees are based on a negotiated contract with the cable operators and are recognized as revenue in the year concurrent with the contract.

**NORTH METRO TELECOMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Capital Assets:

Capital assets, which include property and equipment, are reported in the statements of net position. Capital assets are defined by the Commission as assets with an initial cost of more than \$500 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost when purchased. Donated assets are recorded at their estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation of exhaustible assets is provided on the straight-line basis over the following useful lives:

	<u>Years</u>
Building	39
Building improvements	5-39
Office and studio equipment	5-10
Vehicles	5

Compensated Absences:

Vested or accumulated vacation and sick leave is accrued for all eligible employees based on their past service and amounted to \$102,074 and \$108,647, as of December 31, 2021 and 2020, respectively.

Pensions:

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources:

Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission has only one item that qualifies for reporting in this category. Accordingly, the one item, deferred outflows related to pensions, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

**NORTH METRO TELECOMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Deferred Inflows of Resources:

Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has only one item that qualifies for reporting in this category. Accordingly, the one item, deferred inflows related to pensions, is reported only in the statements of net position and results from actuarial calculations.

Net Position:

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets- This amount consists of capital assets, net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of assets.

Restricted Net Position- This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At December 31, 2021 and 2020, there was no restricted net position.

Unrestricted- This amount includes all other net position.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of 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 the reported amounts and disclosures in these financial statements. Actual results could differ from those estimates.

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits:

In accordance with applicable Minnesota Statutes, the Commission maintains deposits at authorized depository banks, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all deposits be protected by insurance, surety bonds, or collateral. The market value of the collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

NORTH METRO TELECOMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (continued)

Authorized collateral includes the legal investments described below, as well as certain first mortgages, and certain other state or local government obligations. Minnesota statutes require that securities pledged as collateral be held in safekeeping by the Commission or in a financial institution other than that furnishing the collateral.

At December 31, 2021 and 2020, the Commission had no deposits.

Investments:

At December 31, 2021 and 2020, investments included the following:

Description	2021	2020
External investment pool - 4M Fund	\$ 2,667,507	\$ 2,674,485

NOTE 3. FRANCHISE FEE REIMBURSEMENTS

Included within franchise fee reimbursements for the years ended December 31, 2021 and 2020 are the following amounts paid by the Commission to its city members that represent refunded franchise fees:

	2021	2020
City of Blaine	\$ 221,812	\$ 221,380
City of Centerville	13,620	13,722
City of Circle Pines	17,363	17,956
City of Ham Lake	54,648	54,336
City of Lexington	6,877	6,431
City of Lino Lakes	63,609	64,159
City of Spring Lake Park	22,071	22,016
	<u>\$ 400,000</u>	<u>\$ 400,000</u>

NORTH METRO TELECOMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Description	December 31, 2020	Increases	Decreases	December 31, 2021
Land	\$ 225,700	\$ -	\$ -	\$ 225,700
Building	1,443,850	-	-	1,443,850
Building improvements	128,949	40,687	-	169,636
Office and studio equipment	3,158,276	20,859	-	3,179,135
Vehicles	294,574	-	-	294,574
Total depreciable assets	5,025,649	61,546	-	5,087,195
Building and improvements	(659,173)	(42,528)	-	(701,701)
Office and studio equipment	(2,120,180)	(347,411)	-	(2,467,591)
Vehicles	(250,105)	(44,469)	-	(294,574)
Total accumulated depreciation	(3,029,458)	(434,408)	-	(3,463,866)
Capital assets, net	<u>\$ 2,221,891</u>	<u>\$ (372,862)</u>	<u>\$ -</u>	<u>\$ 1,849,029</u>

Description	December 31, 2019	Increases	Decreases	December 31, 2020
Land	\$ 225,700	\$ -	\$ -	\$ 225,700
Building	1,443,850	-	-	1,443,850
Building improvements	128,949	-	-	128,949
Office and studio equipment	3,123,452	57,126	(22,302)	3,158,276
Vehicles	294,574	-	-	294,574
Total depreciable assets	4,990,825	57,126	(22,302)	5,025,649
Building and improvements	(616,675)	(42,498)	-	(659,173)
Office and studio equipment	(1,791,602)	(346,960)	18,382	(2,120,180)
Vehicles	(205,636)	(44,469)	-	(250,105)
Total accumulated depreciation	(2,613,913)	(433,927)	18,382	(3,029,458)
Capital assets, net	<u>\$ 2,602,612</u>	<u>\$ (376,801)</u>	<u>\$ (3,920)</u>	<u>\$ 2,221,891</u>

Depreciation expense charged to operations for the years ended December 31, 2021 and 2020 was \$434,408 and \$433,927, respectively.

NORTH METRO TELECOMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT

During 2016, the Commission began HD equipment and studio upgrades. The equipment was purchased by a member city through issuance of a general obligation bond and is being leased under a capital lease agreement by the Commission for \$1 per year for a period of 10 years. At the end of the lease term, the Commission will assume ownership of the equipment. The remaining member cities have agreed to reimburse the member city for their proportionate share of the bonds issued. The Commission has agreed to repay each of the member cities for their share of the bond, plus interest at 2%. Principal is payable in annual installments on February 1st through 2024. Interest is due semi-annually on February 1st and August 1st.

Future payments as of December 31, 2021 are as follows:

Year Ending December 31,	Principal	Interest	Total
2022	205,000	23,480	228,480
2023	210,000	19,425	229,425
2024	214,910	15,355	230,265
	<u>\$ 629,910</u>	<u>\$ 58,260</u>	<u>\$ 688,170</u>

A summary roll-forward of long-term debt is as follows:

December 31, 2020	Additions	Payments	December 31, 2021
<u>\$ 829,910</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 629,910</u>
December 31, 2019	Additions	Payments	December 31, 2020
<u>\$ 1,029,910</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 829,910</u>

NOTE 6. DEFINED BENEFIT PENSION PLANS - STATEWIDE

Plan Description:

The Commission participates in the following cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

All full-time and certain part-time employees of the Commission are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**NORTH METRO TELECOMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. DEFINED BENEFIT PENSION PLANS – STATEWIDE (continued)

Benefits Provided:

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

Contributions:

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal years 2021 and 2020 and the Commission was required to contribute 7.5 percent for Coordinated Plan members. The Commission's contributions to the General Employees Fund for the years ended December 31, 2021 and 2020 were \$53,056 and \$53,618, respectively. The Commission's contributions were equal to the required contributions as set by state statute.

**NORTH METRO TELECOMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. DEFINED BENEFIT PENSION PLANS – STATEWIDE (continued)

Pension Costs:

General Employees Fund Pension Costs

At December 31, 2021 and 2020, the Commission reported a liability of \$418,504 and \$569,568, respectively, for its proportionate share of the General Employees Fund's net pension liability. The Commission's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund during 2021 and 2020. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Commission totaled \$12,781 and \$17,576 as of December 31, 2021 and 2020, respectively.

The net pension liability was measured as of June 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportionate share of the net pension liability was based on the Commission's contributions received by PERA during the measurement period for employer payroll paid dates from July 1 through June 30 each year, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021 and 2020, the Commission's proportionate share was 0.0098 percent and 0.0095 percent, respectively.

For the years ended December 31, 2021 and 2020, the Commission recognized pension expense of \$35,159 and \$50,579, respectively, for its proportionate share of the General Employees Plan's pension expense. In addition, the Commission recognized an additional \$1,031 and \$1,530, respectively, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2021 and 2020, the Commission reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,545	\$ 12,761	\$ 5,304	\$ 2,155
Changes in actuarial assumptions	255,530	9,035	-	21,433
Net collective difference between projected and actual investment earnings	-	363,764	8,115	-
Changes in proportion	13,490	6,916	-	12,663
Contributions to PERA subsequent to the measurement date	28,130	-	27,975	-
Total	<u>\$ 299,695</u>	<u>\$ 392,476</u>	<u>\$ 41,394</u>	<u>\$ 36,251</u>

NORTH METRO TELECOMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 6. DEFINED BENEFIT PENSION PLANS – STATEWIDE (continued)

The \$28,130 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ (17,979)
2023	(4,877)
2024	802
2025	(98,857)

Total Pension Expense:

The total pension expense recognized by the Commission for the years ended December 31, 2021 and 2020, was \$833 and \$13,200, respectively.

Long-Term Expected Return on Investment:

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness, on a regular basis, of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Domestic equity	33.5%	5.10%
International equity	16.5%	5.30%
Fixed income	25.0%	0.75%
Private markets	25.0%	5.90%
	<u>100%</u>	
Total	<u>100%</u>	

**NORTH METRO TELECOMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. DEFINED BENEFIT PENSION PLANS – STATEWIDE (continued)

Actuarial Methods and Assumptions:

The total pension liability in the June 30, 2021 and 2020 actuarial valuations was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Actuarial Methods and Assumptions (continued):

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund:

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.5 percent to 6.5 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

Discount Rate:

The discount rate used to measure the total pension liability in 2021 and 2020 was 6.5 percent and 7.5 percent, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NORTH METRO TELECOMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 6. DEFINED BENEFIT PENSION PLANS – STATEWIDE (continued)

Pension Liability Sensitivity:

The following presents the Commission's proportionate share of the net pension liability for the General Employees fund plan it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

<u>2021</u>			
	<u>1% Lower Discount Rate (5.5%)</u>	<u>Current Discount Rate (6.5%)</u>	<u>1% Higher Discount Rate (7.5%)</u>
Sensitivity of Net Pension Liability at Current Single Discount Rate	\$ 853,534	\$ 418,504	\$ 61,535
<u>2020</u>			
	<u>1% Lower Discount Rate (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Higher Discount Rate (8.5%)</u>
Sensitivity of Net Pension Liability at Current Single Discount Rate	\$ 912,821	\$ 569,568	\$ 286,413

Pension Plan Fiduciary Net Position:

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org.

NOTE 7. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Commission carries insurance. There were no significant reductions in insurance from the previous year or settlements in excess of insurance.

NORTH METRO TELECOMMUNICATIONS COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Franchise fees	\$ 1,150,000	\$ 1,150,000	\$ 1,208,065	\$ 58,065
PEG fees	712,800	712,800	714,994	2,194
Interest	35,000	35,000	371	(34,629)
Other income	25,000	25,000	57,296	32,296
Grants and contributions	-	-	-	-
Transfer from reserves	170,306	200,306	-	(200,306)
TOTAL REVENUES	2,093,106	2,123,106	1,980,726	(142,380)
EXPENDITURES				
Franchise fee reimbursements	400,000	400,000	400,000	-
Personnel	799,386	799,386	773,040	26,346
Employee benefits	282,090	282,090	268,446	13,644
Office	131,700	161,700	118,556	43,144
Legal fees	50,000	50,000	27,525	22,475
Other administrative costs	43,500	43,500	38,726	4,774
Vehicle	1,500	1,500	6,713	(5,213)
Production	29,500	29,500	28,072	1,428
Capital expenditures	355,430	355,430	374,983	(19,553)
TOTAL EXPENDITURES	2,093,106	2,123,106	2,036,061	87,045
REVENUES UNDER EXPENDITURES	\$ -	\$ -	(55,335)	\$ (55,335)
Plus effect of capital assets purchased			61,546	
Plus effect of debt service			200,000	
Less effect of depreciation			(434,408)	
Less effect of disposal of capital assets			-	
Less effect of net pension liability			53,140	
CHANGE IN NET POSITION (GAAP BASIS)			\$ (175,057)	

NORTH METRO TELECOMMUNICATIONS COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Franchise fees	\$ 1,200,000	\$ 1,200,000	\$ 1,315,013	\$ 115,013
PEG fees	765,000	765,000	754,500	(10,500)
Interest	30,000	30,000	10,064	(19,936)
Other income	25,000	25,000	33,668	8,668
Grants and contributions	-	-	63,103	63,103
Transfer from reserves	115,414	115,414	-	(115,414)
TOTAL REVENUES	2,135,414	2,135,414	2,176,348	40,934
EXPENDITURES				
Franchise fee reimbursements	400,000	400,000	400,000	-
Personnel	767,881	767,881	772,566	(4,685)
Employee benefits	277,503	277,503	274,481	3,022
Office	127,900	127,900	113,657	14,243
Legal fees	50,000	50,000	38,637	11,363
Other administrative costs	43,000	43,000	37,128	5,872
Vehicle	2,000	2,000	5,984	(3,984)
Production	42,500	42,500	20,481	22,019
Capital expenditures	424,630	424,630	365,085	59,545
TOTAL EXPENDITURES	2,135,414	2,135,414	2,028,019	107,395
REVENUES OVER EXPENDITURES	\$ -	\$ -	148,329	\$ 148,329
Plus effect of capital assets purchased			57,126	
Plus effect of debt service			200,000	
Less effect of depreciation			(433,927)	
Less effect of disposal of capital assets			(3,920)	
Less effect of net pension liability			42,010	
CHANGE IN NET POSITION (GAAP BASIS)			\$ 9,618	

**NORTH METRO TELECOMMUNICATIONS COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

BUDGETARY INFORMATION

The Board of Commissioners adopts an annual legal budget for the Commission's enterprise funds. The budget for the funds is prepared on the modified accrual basis and includes capital outlays and debt service as expenditures. Additionally, the funds do not include depreciation and amortization as a budgetary expenditure. The reconciliation of the modified accrual basis (budgetary basis) to GAAP basis is found at the bottom of the schedules. Budgetary level of control is exercised at the overall budget level. During the year ended December 31, 2021, the Commission approved a budget adjustment for unexpected building maintenance costs. During the year ended December 31, 2020, the Commission did not approve any specific budget adjustments.

NORTH METRO TELECOMMUNICATIONS COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PERA CONTRIBUTIONS
For the Year Ended December 31, 2021

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (b/d)
December 31, 2021	\$ 53,056	\$ 53,056	\$ -	\$ 707,413	7.50%
December 31, 2020	\$ 53,618	\$ 53,618	\$ -	\$ 714,907	7.50%
December 31, 2019	\$ 51,942	\$ 51,942	\$ -	\$ 692,560	7.50%
December 31, 2018	\$ 49,294	\$ 49,294	\$ -	\$ 657,253	7.50%
December 31, 2017	\$ 47,357	\$ 47,357	\$ -	\$ 631,427	7.50%
December 31, 2016	\$ 48,989	\$ 48,989	\$ -	\$ 653,187	7.50%
December 31, 2015	\$ 45,452	\$ 45,452	\$ -	\$ 606,027	7.50%

* Schedule is to be provided prospectively beginning with the employer's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

NORTH METRO TELECOMMUNICATIONS COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF PERA NET PENSION LIABILITY
For the Year Ended December 31, 2021

Measurement Date	Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with NMTC (a)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with NMTC (a)	Employer's Covered-Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2021	December 31, 2021	0.0098%	\$ 418,504	\$ 12,781	\$ 431,285	\$ 705,347	59.3%	87.0%
June 30, 2020	December 31, 2020	0.0095%	\$ 569,568	\$ 17,576	\$ 587,144	\$ 679,587	83.8%	79.1%
June 30, 2019	December 31, 2019	0.0097%	\$ 536,291	\$ 16,666	\$ 552,957	\$ 683,453	78.5%	80.2%
June 30, 2018	December 31, 2018	0.0098%	\$ 543,664	\$ 17,795	\$ 561,459	\$ 652,560	83.3%	79.5%
June 30, 2017	December 31, 2017	0.0099%	\$ 632,009	\$ 7,940	\$ 639,949	\$ 637,427	99.2%	75.9%
June 30, 2016	December 31, 2016	0.0102%	\$ 828,188	\$ 10,782	\$ 838,970	\$ 629,160	131.6%	68.9%
June 30, 2015	December 31, 2015	0.0101%	\$ 523,434	\$ -	\$ 523,434	\$ 592,187	88.4%	78.2%

* Schedule is to be provided prospectively beginning with the employer's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners
North Metro Telecommunications Commission
Blaine, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of North Metro Telecommunications Commission (the Commission), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise North Metro Telecommunications Commission's basic financial statements and have issued our report thereon dated June 8, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-1 and 2021-2 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

North Metro Telecommunications Commission's Response to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

June 8, 2022

NORTH METRO TELECOMMUNICATIONS COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2021

2021-1 Lack of Segregation of Duties

Condition: North Metro Telecommunications Commission does not have adequate internal accounting controls in certain areas because of a lack of segregation of duties.

Criteria: Internal controls should provide a good system of internal accounting controls that contemplate an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Cause: This condition is common to organizations of this size due to the limited number of office personnel.

Effect: The lack of segregation of duties may not provide an effective system of internal accounting control necessary to prevent and detect errors and irregularities.

Recommendation: Management should provide close supervision and review of accounting policies and procedures and financial information. The Board of Commissioners should monitor the activities of the Commission by receiving interim financial statements and provide oversight to the financial reporting process. Any modifications of internal controls in this area should be reviewed from a cost-benefit perspective.

Management Response: Management will continue to implement segregation of duties to the extent possible. Management and the Board of Commissioners will continue to provide oversight to the financial reporting process.

2021-2 Financial Reporting Process

Condition: Like many similarly sized organizations, North Metro Telecommunications Commission has requested assistance from us, the auditors, with drafting financial statements and the related notes.

Criteria: Internal controls should provide a good system of internal accounting controls that includes the preparation of the financial statements and footnotes.

Effect: This control deficiency increases the possibility that errors and irregularities in the presentation of the financial statements and footnotes may not be detected on a timely basis.

Recommendation: The outsourcing of these services is not unusual to organizations of this size and is a result of management's cost-benefit decision to rely on our accounting expertise rather than incurring this internal resource cost. Management and the Board of Commissioners should continue to monitor the activities of the Commission by reviewing the financial statements and related notes and providing oversight to the financial reporting process.

Management Response: Management is aware of the situation, but a cost-benefit analysis of the issue does not currently support the allocation of additional employees or resources at this time. Certain other safeguards are currently maintained (management oversight and review of draft financial statements) which provide satisfactory mitigation of the issue.

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Commissioners
North Metro Telecommunications Commission
Blaine, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of North Metro Telecommunications Commission as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 8, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that North Metro Telecommunications Commission failed to comply with contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Commission's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

June 8, 2022

**NORTH METRO
TELECOMMUNICATIONS COMMISSION
MANAGEMENT LETTER
December 31, 2021**

MANAGEMENT LETTER

To the Board of Commissioners
North Metro Telecommunications Commission
Blaine, Minnesota

We have audited the financial statements of North Metro Telecommunications Commission for the year ended December 31, 2021, and have issued our report thereon dated June 8, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 19, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Principles

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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. Their most significant estimate affecting the financial statements was the estimate of pension liability.

- Management's estimate of its pension liability is based on several factors, but not limited to, anticipated investment return rate, retirement age for active employees, life expectancy, salary increases, and form of annuity payment upon retirement. The allocation of the pension liability is based on the Commission's proportionate share of employer contributions to the pension plans. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant 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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed audit adjustments to adjust the Commission's financial statements from the modified accrual basis of accounting to the full accrual basis of accounting based on information provided by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 June 8, 2022.

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 Commission'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 Audit Issues or Findings

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 Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, schedule of employer's PERA contributions and schedule of employer's share of PERA net pension liability, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 obtained during the audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of management, the Commissioners, and others within the Commission, and is not intended to be and should not be used by anyone other than these specified parties.

June 8, 2022

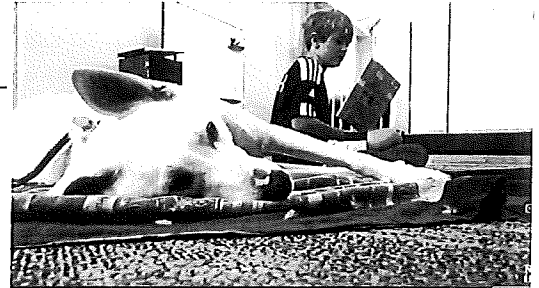
North Metro TV

August 2022 Update

Program Production

In August, a total of **66 new programs** were produced utilizing the North Metro facilities, funds, and services. This constitutes **69:00:00 hours of new programming**.

- 22 programs were produced by the public
- 40 programs were produced by NMTV staff
- 4 programs were produced by City staff



Van Shoots

The HD production truck was utilized for 18:15:00 hours of production in August. The following events were produced live and/or recorded for additional playback:

- Lino Lakes Blue Heron Days Parade
- Girls Tennis: Centennial vs. Blaine
- Boys Soccer: Blaine vs. Centennial
- Girls Soccer: Blaine vs. Centennial



vMix Live Streaming Shoots

The vMix single camera production system was not utilized in August.



Most Viewed YouTube Sports Event

Boys and Girls Soccer: Blaine vs. Centennial
813 Views

VOD Workshop Views

Workshop	Type	# of Views	Hours Viewed
Columbo: One More Thing	Mini	1845	269 hrs
King of the Cowboys 4 – John Wayne	Mini	40	3.5 hrs
King of the Cowboys 3 – Randolph Scott	Mini	75	5 hrs
King of the Cowboys 2 – Autry/Rogers	Mini	131	6.5 hrs
King of the Cowboys 1 – Strong and Silent	Mini	23	1 hrs
Great British Game Shows	Mini	36	1.25 hrs
We Love Lucy: The Lucille Ball Story	Full	119	17.25 hrs
The Immortal Ingrid Pitt	Mini	409	20 hrs
The Oscars: 90 Years of the Academy Awards	Full	52	5.75 hrs
Tim Curry Horror Picture Show	Mini	12	.5 hrs
Back to the Eighties: The Decade's Biggest...	Full	NA	NA
James Bond: 50 Years of 007	Full	18	1.25 hrs
Eurovision: A Celebration	Mini	NA	NA
Yabba-Dabba-Do! The Fantastic World of Hanna...	Full	471	53 hrs
Superman: The Man of Steel on the Silver Screen	Full	NA	NA
The Fantastic Four on the Silver Screen	Mini	NA	NA
Christmas in Hollywood	Full	NA	NA
TV's Greatest Christmas Specials	Full	14	2 hrs
Chicago Christmas Classics	Mini	135	6.75 hrs
Let's Go Ghostbusters: Filmation's Haunted Heroes	Mini	13	.25 hrs
Monster Movies of the 40s and 50s	Full	233	15.5 hrs
Monster Movies of the 20s and 30s	Full	13	.25 hrs
The Presidency on Film JQA to JFK	Full	NA	NA
Monstervision: The Legend of Joe Bob Briggs	Mini	17	1 hrs
The Cult of Caroline Munro	Mini	1457	61 hrs
The Marilyn Monroe Story	Full	NA	NA
Nick at Nite: A TV Viewer's Dream	Mini	36	1.5 hrs
The Birth of Animation: Mickey, Bugs, and Betty...	Full	10	.5 hrs
Hollywood Goes to War: World War II	Full	29	4 hrs
Come on Down: Game Shows of the 70s and 80s	Full	75	2.5 hrs
The Quiz Show Scandals and Other Game Shows...	Full	153	12 hrs
The Three Stooges: Comedy's Heavy Hitters	Full	NA	NA
The Marx Brothers: Groucho, Harpo, Chico...	Full	60	5.5 hrs
Mary Pickford: The World's First Movie Star	Full	NA	NA
Hollywood Goes to the Dogs: Lassie, Benji...	Full	8	.25 hrs
35 VOD Workshops		4,203 Total Views	336.5 Hours Viewed



Most Viewed YouTube Workshop

Columbo: One More Thing
1,845 Views

YouTube Stats

Month	Viewers	Videos Viewed	Hours Watched	New Subscribers	Total Impressions
January	18,800	28,923	2,355	74	459,857
February	18,312	29,142	2,382	29	448,149
March	19,378	29,639	1,981.50	49	463,807
April	18,750	26,754	1,631.5	48	365,914
May	20,925	30,788	2,215.25	68	444,612
June	21,792	34,138	3,073	104	382,258
July	21,999	32,663	2,252	50	346,531
August	47,542	59,753	2,281	61	394,342
TOTAL:	187,498	271,800	18,171.25	483	3,305,470

NMTV Website Stats

Month	Number of Users	Number of Views	Live Stream Views
January	4,665	6,102	1,681
February	4,121	10,999	1,945
March	5,916	11,617	976
April	10,913	16,299	611
May	13,815	15,970	1,030
June	5,440	10,253	1,040
July	8,900	14,724	948
August	7,291	13,460	667
TOTAL:	61,061	99,424	8,898

Home Movie Transfers

Home movie transfers have become one of our most popular services. Residents can transfer their family videos themselves for free, or pay NMTV to do it. NMTV can also transfer film, slides, and photos for a fee.

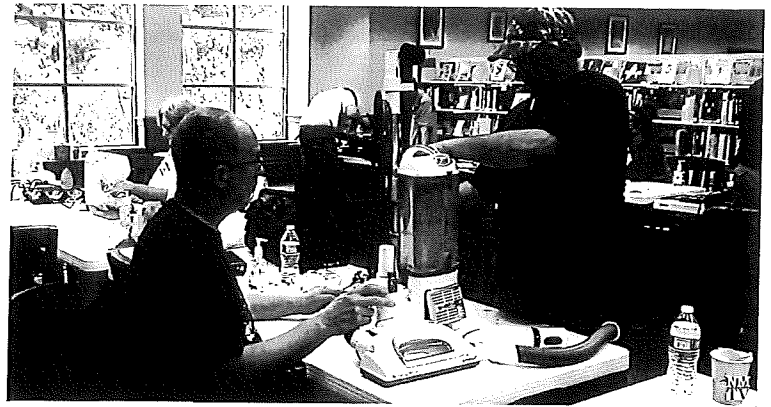
Month	Hours Transferred	Tapes	Film Reels	DVDs	Photos/ Slides	Fees Paid
January	327.5	141	8	58	75	\$878.44
February	262.2	36	85	10	0	\$2,028.95
March	249.75	46	79	10	603	\$1,560.82
April	359.75	104	34	24	100	\$1,947.54
May	339.5	116	36	2	215	\$1,482.63
June	96.5	24	8	0	0	\$592.42
July	303.75	51	100	0	939	\$1,678.66
August	332	52	118	0	149	\$2,112.53
TOTAL:	2,271	570	468	104	2,081	\$12,281.99

Production Highlights

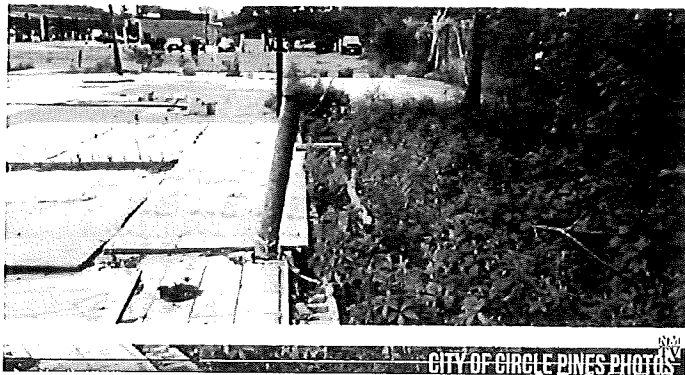
NMTV News Highlights

Each week Danika Peterson and Rusty Ray create a news program that highlights events, people, issues, and information important to citizens of our Member Cities. Some August highlights include:

- Lexington City Council Honors Long Time Member John Hughes, Selects Replacement
- Blaine Leaders Critical of School District Plan as More Changes Coming to Sunrise Elementary
- Blaine to Give Millions to National Sports Center for More Turf Fields
- Circle Pines Leaders Declare Former Down Under Site A Public Nuisance
- Mary Ann Young Center Provides Different Spin on Night to Unite
- Blaine Police Want Tighter Laws to Control Street Racing, Resulting in Violence
- Circle Pines Leaders to Decide What to Require Down Under Property Owners Fix
- Fix It Clinic Offers Assistance for Broken Down Household Goods
- Golf Tournament Raises Money to Benefit At Risk Youth
- Local Players Hoop it Up in Blaine for Chance at International Basketball Competition
- Blaine Police to Make Mental Health Position Full Time As Demand for Calls Grows
- A Look at Who's Running for City and School Board Races in November
- Rusty Ray's Farewell to North Metro TV
- Anoka County Library Patrons Can Read to a Dog



In addition to daily playbacks of North Metro TV News on the cable systems, there are **1,116 local stories** archived for viewers on the **NMTV YouTube channel**. The channel can be accessed through the northmetrotv.com website.



Most Viewed YouTube News Story

Circle Pines Leaders Declare Former Down Under Site a Public Nuisance
459 Views

Sports Den Premiere/Fall Sports

It's that time of year again! The sports crew is geared up and ready to go. They started off the fall season with a football preview episode of Sports Den. That first episode was pretty popular on YouTube with 456 views. Sports Den is our weekly high school sports highlight show. It includes highlights from games, analysis, and interviews with players and coaches. The fall sports season is also underway with coverage of girls tennis, soccer, volleyball, and of course, football.



Farewell to Rusty

Unfortunately for us, Rusty Ray, our beloved news reporter/anchor has resigned his position. He was offered a full-time news reporter position with News Talk 830 WCCO radio. While Rusty and his considerable skills will be greatly missed, we have begun the process to find a replacement for him. The job posting was published in mid-August, with a resume deadline of September 6th.

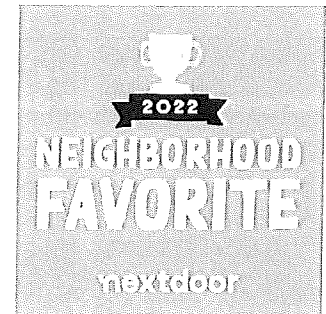


Closed Captioning Update

The long and trying road to providing closed captioning on all of our video platforms is thankfully coming to an end. In June all of the necessary equipment was installed along with a software update. We worked with a Tightrope/ENCO qualified technician to integrate both systems and we thought we were ready to go. Unfortunately there were issues with captioning on streaming channels. So, after a couple of months of back and forth between technical support and our technical folks, the problem was identified and resolved. So, the good news is that both of our closed captioning systems are working on the cable system and on our streaming platforms. We will be doing a soft roll-out of the service so that we can make sure it continues to function properly, and that staff is completely comfortable with the process of captioning programs. Providing closed captioning was a primary goal for 2022. Huge kudos to our NMTV technical staff (Matt Waldron and Michele Silvester) for all of the challenges they have overcome and their dogged perseverance in making closed captioning in the North Metro a reality.

Social Media

Studio Manager, Eric Houston, continues to work on developing and maintaining a fresh presence for NMTV on social media. He spent a bit of time in August making ads for our services to run on various platforms. He continues to regularly contribute new comments and information on Twitter, Facebook and NextDoor. In fact, this month NMTV was named a 2022 neighborhood favorite business by NextDoor users.



City Photo Shoots

Special Events Coordinator, T.J. Tronson, has been busy wrapping up two city photography projects. First, he completed the Rookery shoot with Lino Lakes. The city requested that he capture photos and steadicam video of the birthday room, pool, gym, locker room and workout area along with new images of the outside of the building and playground. All images were processed and shared with Lino Lakes. The video he shot is being held until a script is written for a video tour for the city website. T.J. will be editing and providing the voice-over for that video. Second, he provided Centerville with photos of city hall, the fire and police stations, public works and a memory care facility. All photos were processed and sent to the city. Centerville staff also requested banner size images for their website. T.J. created 10 options for their consideration.

City Productions

In August, Municipal Producer, Trevor Scholl, completed three productions. The shows include two stories from the state fair with local ties and one about the Blaine Police Department's Local Explorers program. Completed programs include:

- Blaine Explorers Program Looking for Youth Interested in Law Enforcement
- Blue Sun Soda Collaborate for New Popular State Fair Float
- Craft Brewers Guild Brings Together Fun and Education at the State Fair



New and ongoing projects include:

- Fall Mayor's Minutes
- Business profiles

- Additional city explorer programs
- Fall city events
- Blaine Facebook live town halls

Trevor touches base with contacts on a regular basis and also encourages Cities to contact him with ideas for new videos.

Public Access Programs

Title	Producer	Runtime
Bad Movie Bros	Eric Houston	00:25:08
Rice Creek Watershed District Meeting	Theresa Stasica	00:31:23
Christ Lutheran Church (5 episodes)	Chance Amundson	04:41:05
Christ Lutheran WOW Worship	Chance Amundson	00:36:29
Christ Lutheran VBS (2 episodes)	Chane Amundson	00:45:49
Lovepower (4 episodes)	Rick Larson	04:00:00
The Power of Love (4 episodes)	Rick Larson	02:00:00
Oak Park Community Church (3 episodes)	David Turnidge	01:51:41
Hope Church On-Line	Parker Payne	00:47:13
22 New Programs		15:38:48 New Hours

NMTV Staff Programs

Title	Producer	Runtime
Anoka County Board Meeting (8/9/22)	T.J. Tronson	00:19:00
Anoka County Board Meeting (8/23/22)	T.J. Tronson	00:30:33
NMTV News (4 episodes)	Danika Peterson/Rusty Ray	01:18:59
Conversations: Bernadette Foh: Executive Director of Mediation and Restoration Services	Danika Peterson/Rusty Ray	00:17:48
Conversations: Jeff Holmberg, Superintendent of Centennial Schools	Danika Peterson/Rusty Ray	00:20:11
Conversations: Dr. Jeff Ronneberg, Superintendent of Spring Lake Park Schools	Danika Peterson/Rusty Ray	00:13:11
Conversations: Dr. Kate Maguire, Interim Superintendent of Anoka Hennepin Schools	Danika Peterson/Rusty Ray	00:16:55
Blaine Police Department: Explorers Recruitment	Trevor Scholl	00:05:53
State Fair: Blue Sun	Trevor Scholl	00:01:59
State Fair: Brewed in MN	Trevor Scholl	00:01:56
Lino Lakes Blue Heron Days Parade	Kenton Kipp/Ted Leroux	00:43:44
Girls Tennis: Centennial/Blaine	Kenton Kipp/Ted Leroux	01:36:02
Girls Soccer: Blaine/Centennial	Kenton Kipp/Ted Leroux	01:29:33
Boys Soccer: Blaine/Centennial	Kenton Kipp/Ted Leroux	01:52:16
Sports Den: Football Preview	Kenton Kipp/Ted Leroux	00:23:45
18 New Programs		09:31:55 New Hours

City Meetings

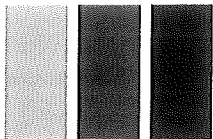
Title	Producer	Runtime
Blaine City Council Meeting (8/1/22)	T.J. Tronson	01:00:19
Blaine Planning Commission Meeting (8/10/22)	T.J. Tronson	01:50:16
Blaine City Council Meeting (8/15/22)	Trevor Scholl	00:57:44
Blaine Natural Resources Conservation Board Meeting (8/16/22)	Trevor Scholl	00:57:41
Blaine Park Board Meeting (8/23/22)	Trevor Scholl	01:23:40
Centerville Park & Rec Meeting (8/3/22)	John Murphy	02:12:00
Centerville City Council Meeting (8/10/22)	Teresa Bender	02:27:53
Centerville Planning & Zoning Meeting (8/16/22)	Danika Peterson	02:02:04
Centerville EDA Meeting (8/17/22)	Rusty Ray	01:39:15
Centerville City Council Meeting (8/24/22)	Teresa Bender	02:18:26
Circle Pines City Council Meeting (8/10/22)	Patrick Willson	01:53:13
Circle Pines Utility Commission Meeting (8/17/22)	Danika Peterson	00:10:22
Circle Pines City Council Meeting (8/23/22)	Patrick Willson	00:20:57
Ham Lake City Council Meeting (8/1/22)	Ray Campos	00:38:25
Ham Lake City Council Meeting (8/15/22)	Patrick Willson	00:11:29
Ham Lake Planning Commission Meeting (8/22/22)	Patrick Willson	00:50:57
Lexington City Council Meeting (8/4/22)	Lexington Staff	00:17:48
Lexington City Council Meeting (8/18/22)	Lexington Staff	00:20:12
Lino Lakes Park Board Meeting (8/3/22)	Eric Houston	01:27:59
Lino Lakes City Council Meeting (8/8/22)	Anne Serwe	01:34:03
Lino Lakes Planning & Zoning Commission Meeting (8/10/22)	Anne Serwe	03:37:40
Lino Lakes City Council Meeting (8/22/22)	Anne Serwe	00:45:20
Lino Lakes Environmental Board Meeting (8/31/22)	Anne Serwe	00:38:56
Spring Lake Park City Council Meeting (8/1/22)	Zach Jester	00:43:50
Spring Lake Park City Council Meeting (8/15/22)	Zach Jester	00:34:52
Spring Lake Park Planning Commission Meeting (8/22/22)	Danika Peterson	00:18:57
26 New Programs		31:24:18 New Hours

If you have any questions or comments regarding this monthly report please contact
Heidi Arnson at 763.231.2801 or harnson@northmetrotv.com.

NORTH METRO TV

Production Statistics 2022

Programming Statistics	J	F	M	A	M	J	JU	A	S	O	N	D	22 Total	22 Average
Cablecast Programs	2445.00	2182.00	2497.00	2390.00	2316.00	2299.00	2688.00	2666.00	2866.00				19463.00	1621.92
Cablecast Hours	1981.00	1683.50	1839.25	1860.50	1988.50	1973.50	2070.50	2083.75					15380.50	1281.71
Programs Produced - Public	22.00	12.00	24.00	18.00	21.00	16.00	17.00	17.00	17.00				147.00	12.25
Program Hours Produced - Public	15.50	8.50	17.00	13.00	15.75	10.75	12.25	15.50	15.50				108.25	9.02
Prog. Produced - Affiliated Public	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00				51.00	4.25
Programs Produced - City Staff	4.50	5.50	4.50	7.00	4.50	4.50	5.50	5.50	12.50				50.75	4.23
Prog. Hours Produced - City Staff	4.00	7.00	3.00	3.00	4.00	4.00	4.00	4.00	5.00				33.00	2.75
Programs Produced - NMTV Staff	5.25	11.00	1.75	3.00	5.25	5.75	3.50	5.50	5.50				41.00	3.42
Prog. Hours Produced - NMTV Staff	43.00	44.00	53.00	41.00	48.00	42.00	83.00	40.00	39.00				394.00	32.83
Total Public Programs Produced	44.25	41.75	47.00	39.00	46.50	42.00	84.50	35.50	31.71				380.50	31.71
Total Staff Programs Produced	28.00	18.00	30.00	24.00	29.00	22.00	25.00	22.00	16.50				198.00	16.50
Total Internal Programs Produced	47.00	51.00	56.00	44.00	52.00	46.00	87.00	44.00	35.58				427.00	35.58
% Staff Produced Programs	75.00	69.00	86.00	81.00	68.00	67.65%	77.68%	66.67%	62.50				625.00	52.08
% Public Produced Programs	62.67%	73.91%	65.12%	64.71%	64.20%	67.65%	77.68%	66.67%	68.32%				68.32%	68.32%
External Programs Submitted	37.33%	26.09%	34.88%	35.29%	35.80%	32.35%	22.32%	33.33%	31.68%				31.68%	31.68%
External Program Hours	28.00	27.00	26.00	24.00	38.00	21.00	15.00	23.00	20.20				202.00	16.83
Total New Programs	103.00	96.00	112.00	92.00	119.00	89.00	127.00	89.00	176.25				827.00	14.69
Public Equipment Usage Statistics														
Facility Hours Available	119.00	112.00	136.50	84.00	133.00	105.00	110.00	112.00	911.50				75.96	75.96
Camera Check Outs	13.00	10.00	9.00	8.00	8.00	9.00	9.00	7.00	74.00				6.17	6.17
Studio A	10.25	0.00	0.00	0.00	0.00	0.00	5.25	0.00	15.50				1.29	1.29
% of Available Time	8.61%	0.00%	0.00%	0.00%	0.00%	0.00%	4.77%	0.00%	1.70%				1.70%	1.70%
Studio B	10.00	6.50	3.00	0.00	0.00	0.00	0.00	14.50	34.00				2.83	2.83
% of Available Time	8.40%	5.80%	2.20%	0.00%	0.00%	0.00%	0.00%	12.95%	3.73%				3.73%	3.73%
Editing	11.50	14.25	39.50	14.75	15.75	14.50	17.00	13.00	140.25				11.69	11.69
% of Available Time	9.66%	12.72%	28.94%	17.56%	11.84%	13.81%	15.45%	11.61%	15.39%				5.25%	5.25%
Number of Public Facility Users	19.00	15.00	16.00	10.00	10.00	10.00	8.00	4.00	92.00				7.67	7.67
Total Hours of Public Use	31.75	20.75	42.50	14.75	15.75	14.50	12.25	27.50	179.75				14.98	14.98
Production Van/Mix Statistics														
Number of Van Shoots	9.00	9.00	5.00	5.00	6.00	8.00	2.00	3.00	47.00				3.92	3.92
Total Van Usage Hours	55.25	56.75	27.50	28.25	36.25	48.75	12.75	18.25	285.75				23.81	23.81
Number of vMix Shoots	1.00	3.00	10.00	1.00	6.00	1.00	44.00	0.00	66.00				0.33	0.33
Intern Hours	11.50	9.50	0.00	0.00	0.00	0.00	0.00	0.00	21.00				1.75	1.75
Volunteer Hours	0.00	3.00	13.50	0.00	8.75	37.50	13.00	4.00	79.75				6.65	6.65
Workshop Statistics														
Number of Live Workshops	1.00	1.00	1.00	0.00	0.00	2.00	0.00	0.00	5.00				3.00	3.00
Number of Students at Live Workshops	10.00	16.00	8.00	0.00	0.00	2.00	0.00	0.00	36.00				2683.00	2683.00
VOD Students All Workshops	3755.00	3427.00	3777.00	3695.00	4177.00	3685.00	4196.00	5484.00						
Media Transfer Statistics														
Total Transfer Equip. Usage Hours	327.50	282.25	249.75	359.75	339.50	96.50	303.75	332.00	2271.00				189.25	189.25
Tapes Transferred	141.00	36.00	46.00	104.00	116.00	24.00	51.00	52.00	570.00				47.50	47.50
Film Reels Transferred	8.00	85.00	79.00	34.00	36.00	8.00	100.00	118.00	468.00				15.77	15.77
Slides/Photos Transferred	75.00	0.00	603.00	100.00	215.00	0.00	939.00	149.00	2081.00				173.42	173.42
DVDs Copied	58.00	10.00	10.00	24.00	2.00	0.00	0.00	0.00	104.00				8.67	8.67
Transfer Hours By Public	9.50	11.25	15.50	15.75	15.75	7.50	13.25	3.00	91.50				7.63	7.63
Transfer Hours By Staff	318.00	251.00	234.25	344.00	323.75	89.00	290.50	329.00	2179.50				181.63	181.63
NMTV YouTube Statistics														
Number of Viewers	18800.00	18312.00	19378.00	18750.00	20925.00	21792.00	21999.00	47542.00	187498.00				15624.83	15624.83
Total Videos Viewed	28923.00	29142.00	29639.00	26754.00	30788.00	34138.00	32663.00	59753.00	271800.00				22650.00	22650.00
Total Hours Watched	2355.00	2382.00	1981.50	1631.50	2215.25	3073.00	2252.00	2281.00	18171.25				1514.27	1514.27
Number of New Subscribers	74.00	29.00	49.00	48.00	68.00	104.00	50.00	61.00	483.00				40.25	40.25
Total Impressions	459857.00	448149.00	463807.00	365914.00	444612.00	382258.00	346531.00	394342.00	3305470.00				275455.83	275455.83
NMTV Website Statistics														
Number of Users	4665.00	4121.00	5916.00	10913.00	13815.00	5440.00	8900.00	7291.00	61061.00				5088.42	5088.42
Number of Views	6102.00	10999.00	11817.00	16299.00	15970.00	10253.00	14724.00	13460.00	99424.00				8285.33	8285.33
Live Stream Views	1681.00	1945.00	976.00	611.00	1030.00	1040.00	948.00	667.00	8898.00				741.50	741.50



Bradley Law
Attorneys at Law

MEMORANDUM

To: North Metro Telecommunications Commission
From: Mike Bradley, Michael Athay, and Tou Xiong
Re: September, 2022 Legal Report
Date: September 8, 2022

Nancy Werner, Formerly NATOA General Counsel, Joins Our Firm

We are pleased to announce that Nancy Werner is joining our firm as a partner on September 15, 2022. Nancy will be leading our municipal telecommunications practice. For the past five years, Nancy has been the General Counsel for NATOA, the leading association in the country for local governments in the telecommunications field. As General Counsel, Nancy has filed in nearly every significant docket at the FCC on cable television, telecommunications, 5G-small cell, and wireless matters. Nancy has also litigated many FCC Orders on behalf of local governments. Additionally, she has advocated on behalf of NATOA and local governments with FCC Commissioners and staff in Washington. Nancy has been universally praised for her untiring advocacy efforts and her abilities to communicate the impact of legislation, court decisions and regulatory decisions to local government officials. Prior to NATOA, Nancy had a municipal telecommunications practice at a law firm in Portland, Oregon. We could not be more excited about her joining us.

Our firm name will be changing to Bradley Werner, LLC. Between now and September 15, we will be rolling out our new firm name, web address www.bradleywerner.com, and our new email addresses. You can reach Nancy now at nancy@bradleywerner.com and by phone at 847-510-5999. Nancy will be based in Chicago, Illinois.

Nancy is admitted to practice law in Illinois and Oregon.

Werner Files *Ex Parte* Letter at FCC in Section 621 Docket as GC of NATOA

Our incoming Partner, Nancy Werner, in her capacity as general counsel of NAOTA, filed the attached *ex parte* letter on behalf of NAOTA and local governments in the FCC's 621 Order/cable franchise docket. The letter responds to an issue raised in a recent filing by NCTA in the docket on an Oregon federal court decision related to the mixed-use rule. The letter also addresses the concerning trend of Charter/Spectrum (though they are not named in the letter) attempting to force LFAs to pay fair market value for PEG transport and other cable franchise obligations.

Bradley Law, LLC

NATOA asked the Commission to issue a public notice explaining that this behavior is contrary to the 621 Order as interpreted by the Sixth Circuit. Whether or not the FCC takes NATOA up on that request, it is important that local franchising authorities continue to track and document any efforts by any cable operator to abuse the 621 Order by invoicing or otherwise attempting to charge LFAs fair market value for services that are required in a cable franchise or state franchising law, or otherwise not abiding by the FCC's Order (such as by failing to negotiate with the LFA over whether there will be an offset for "in-kind" franchise fees and, if so, how much it will be) and the Sixth Circuit's determination that these services are to be quantified at marginal cost, not fair market value.

Werner Files Reply Comments in Pole Attachment Proceeding

As general counsel of NATOA, Nancy Werner filed the attached Reply Comments at the FCC in response to comments filed on the FCC's Second FNPRM regarding pole replacement costs. The FCC is considering changes to its pole attachment rules that might result in pole owners paying some or all of the pole replacement costs triggered by new attachers in certain circumstances. Any new FCC rules that come out of this docket should not directly apply to municipal or public power poles based on the limits of Section 224 of the Communications Act. However, after a review of the initial Comments, NATOA was concerned about references in the record that might raise the issue of extending these rules to municipal and public power poles outside the context of Section 224, and/or the possibility that states may apply the FCC rules to municipal and public power poles. The Reply Comments address these concerns by asking that if the Commission adopts any new rules, it make clear that they do not apply to municipal and public power poles and further state that the Commission does not intend for the rules to be applied to these poles through states policies/laws, either, because those poles implicate different issues and concerns than rules governing IOU poles.

League of Minnesota Cities Completes Second Round of Policy Committees

The League of Minnesota Cities (LMC) completed its second round of policy committee meetings in August, with the final slate of meetings coming in September, according to a recent LMC bulletin. The meetings will result in the *LMC City Policies*, which is created by member officials and constitute the LMC legislative platform and represents the only comprehensive statewide advocacy agenda for all Minnesota cities. The *Policies* guide the League's intergovernmental relations staff at the Capitol. At the third meeting this month, members will adopt official 2023 policy recommendations for final approval by the League's board of directors.

During the August meetings, members of the four LMC policy committees (Improving Service Delivery, Improving Local Economies, Improving Fiscal Futures, and Human Resources & Data Practices) heard from guest speakers and discussed potential policy changes. More than 140 city officials from throughout the state participated. Items discussed included:

- Ambulance and emergency medical service costs and recruitment.
- THC edibles legalization, cannabis regulation, and city implications.
- Broadband and economic development issues.
- Housing issues.
- Presentation and discussion of the Pathways to Firefighting Program.
- Public safety recruitment and retention.
- Edible THC employment issues.
- Youth mandatory reporting by recreation workers law.
- Property tax trends with Minnesota Department of Revenue Assistant Commissioner Jon Klockziem.
- The new truth-in-taxation requirements.
- The local government aid formula refresh.

The following policy committees will meet in the this month. Committee descriptions and members are available at the links in the list.

- [Improving Service Delivery Committee](#)
Sept. 12 | 9:30 a.m.-12 p.m.
- [Improving Local Economies Committee](#)
Sept. 13 | 9:30 a.m.-12 p.m.
- [Human Resources & Data Practices Committee](#)
Sept. 13 | 1:30-4 p.m.
- [Improving Fiscal Futures Committee](#)
Sept. 14 | 9:30 a.m.-12 p.m.

All policy committee meetings are conducted both in person and online, enabling officials to join either in person at the League building or remotely via Zoom.

Committee members will meet again the week of Sept. 12-14 to further consider and approve the remaining draft policies. All draft policies will be available for member comment from Oct. 1-Nov. 2 on the League's website (<https://www.lmc.org/>). The board will adopt the 2023 *Policies* at its Nov. 10 meeting after reviewing member comments.

Information on LMC legislative policy development is available at the links below.

- [View the current legislative policies, *LMC 2022 City Policies* \(pdf\)](#)
- [Learn more about the League's policy development process](#)
- [Learn more about the four policy committees and see the current members of each one](#)
- [Read about the League's four task forces, which make recommendations to the full policy committees on issues related to data practices, elections, housing, and telecommunications.](#)

Missouri Court Affirms Judgment Against Charter for Unpaid Business Tax on VoIP Service

On July 26, 2022, the Court of Appeals of Missouri, Eastern District, Division Four, affirmed the trial court's judgment that Charter owed 124 Missouri jurisdictions in this class action a total of over \$39 million for about 15 years of unpaid business license taxes imposed by each jurisdiction. *See Collector of Winchester v. Charter Commc'ns., Inc.*, 2022 Mo. App. LEXIS 473 (Ct. App. E.D. Mo. 2022). The Court found that the business license tax was not preempted by the Telecom Act of 1996 or the Cable Act of 1984 through each act's tax-saving provisions. Charter also by its own admissions and the generalized definition of "telephone company" and "telephone service" provided in the Missouri statutes is subject to the business license taxes. The Court also rejected all of Charter's jurisdictional challenges and determined that Charter cannot reduce their liability to each jurisdiction based on total gross revenues to revenues only from categories of calls within each jurisdiction. Finally, Charter's argument that St. Louis County did not have the requisite status to impose a tax on "exchange telephone service" on Charter because they were no longer a first-class county was rejected by the Court because the constitutional amendment changing St. Louis County's status was not intended to apply retroactively to change existing laws.

Affordable Connectivity Program Outreach Grants to Fund ACP Enrollment Promotion

The Benton Foundation for Broadband and Society published a bulletin in mid-August (available [here](#)) summarizing a new FCC grant program, titled the "Affordable Connectivity Outreach Grant Program." This program, announced by the Commission on August 5, 2022, was created specifically to fund efforts of local governments and other governmental and nongovernmental entities to increase enrollment of low-income households in the FCC's Affordable Connectivity Program (ACP). That program, launched at the close of 2021, is a \$14.2 billion successor program to the federal Emergency Broadband Benefit which helped almost 9 million afford internet access during the pandemic. Among other benefits, the ACP provides a discount of up to \$30 per month toward internet service from participating providers for eligible households and a discount on computer equipment to access the internet.

According to Benton, the FCC will target outreach to low-income and diverse households nationwide, both to gauge and to promote awareness of and participation in the program by eligible households. Recipients must be capable of conducting outreach, communicating or engaging with eligible low-income populations to inform or educate them about the Affordable Connectivity Program, increasing their awareness of the program, and encouraging or assisting them in applying for the program.

The Outreach Grant Program will support a wide range of activities including, but not limited to, in-person events, literature campaigns, digital campaigns, and paid media campaigns that provide meaningful, effective Affordable Connectivity Program outreach tailored to targeted

communities. The FCC's intent is to protect eligible households' right to choose their Affordable Connectivity Program provider and the type of broadband service that best fits their needs, so grantees may not direct or encourage eligible households to enroll with a particular ACP service providers.

The FCC's total budget for ACP outreach is \$100 million over five years. The FCC authorized its Consumer and Governmental Affairs Bureau to designate up to \$60 million for competitive allocation to eligible entities under the ACP Outreach Grant Program.

Disney Grows Streaming Subscribers to 221 Million to Tie Netflix

The Walt Disney Co. reported 221 million total streaming subscribers at the end of its third fiscal quarter, up 16.5 million from last quarter, and tying it with industry leader Netflix, according to a recent report by *Broadcasting + Cable*. Disney said it added 14.4 million Disney Plus subscribers in the quarter. The gains contrasted to subscriber losses at Netflix, but Disney direct-to-consumer business recorded an operating loss of \$1.061 billion, millions up from \$293 million a year ago and \$887 million in the second quarter. Direct-to-consumer revenues rose 19% to \$5 billion from a year ago. The full story can be found [here](#).

Recent Research Belies Assumption that Streaming Video On Demand is In Recession

The growth rate in U.S. consumer spending on subscription video-on-demand (SVOD) services does not appear to be going down despite "The Great Streaming Recession" much discussed in recent news coverage. According to a recent article in NextTV (found [here](#)), the research company Omdia reported that SVOD revenue in the United States grew by 16.6% to \$7.426 billion in the second quarter of this year. This is very similar to the year-over-year growth rate of 16.8% in 2021. Market leader Netflix saw its global revenue expansion slow from a rate of 19.4% in the second quarter of 2021 to 8.6% in Q2 of this year and has projected global revenue growth of 4.7% in the third quarter, leading to a growing industry assumption that SVOD may be growing more slowly than ever if not headed for recession. But the second quarter growth results clearly do not support this conclusion.



August 24, 2022

VIA ELECTRONIC FILING

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
45 L Street NE
Washington, DC 20554

Re: In the Matter of Implementation of Section 621(a)(1) of the Cable Communications Policy Act of 1984 as Amended by the Cable Television Consumer Protection and Competition Act of 1992 (MB Docket No. 05-311)

Dear Ms. Dortch:

The National Association of Telecommunications Officers and Advisors (“NATOa”)¹ submits this response to the *Notice of Ex Parte* NCTA filed in this docket on August 1, 2022. In it, NCTA argues that a recent decision from the U.S. District Court for the District of Oregon² “reinforces” its argument that the Commission should not consider revising the “mixed-use rule” established in the *Third Report and Order*³ to address the significant issues related to that rule raised by the Sixth Circuit in *City of Eugene v. Federal Communications Commission*.⁴ Contrary to NCTA’s assertion, the *Beaverton* court’s decision underscores the issues necessitating substantial revision or repeal of the mixed-use rule in the wake of the *Eugene* decision. In addition, as noted in previous *ex parte* conversations in which NATOa participated,⁵ further examples of the abuse of the “in-kind” rule have come to light, documenting the need for Commission action on that rule as well.

The Mixed-Use Rule Misstates the Cable Act and Creates Confusion

The Oregon District Court’s decision in *Beaverton* demonstrates the confusion wrought by the *Third Report and Order*’s and the mixed-use rule’s misstatement of the preemption provisions of

¹ NATOa’s membership includes local government officials and staff members from across the nation whose responsibility it is to develop and administer communications policy and the provision of such services for the nation’s local governments.

² *Comcast of Oregon II, Inc. v. City of Beaverton*, No. 3:20-cv-1225-SI, 2022 WL 2341961 (D. Or. June 29, 2022) (“*Beaverton*”).

³ *Implementation of Section 621(a)(1) of the Cable Communications Policy Act of 1984 as Amended by the Cable Television Consumer Protection and Competition Act of 1992*, Third Report and Order, 34 FCC Rcd 6844 (2019) (“*Third Report and Order*”).

⁴ *City of Eugene, Oregon v. Federal Communications Commission*, 998 F.3d 701 (6th Cir. 2021), cert. den. 142 S.Ct. 1109 (2022) (“*Eugene*”).

⁵ See *City of Dallas, Fairfax County, and NATOa Notice of Ex Parte*, MB Docket No. 05-311 (filed Apr. 7, 2022) (“*Local Government April 7 Ex Parte*”); *City of Dallas, Fairfax County, and NATOa Notice of Ex Parte*, MB Docket No. 05-311 (filed June 27, 2022).

the Cable Act. Two specific issues from the *Beaverton* court's decision demonstrate the need to eliminate or, at a minimum, significantly revise the rule to avoid further confusion.

First, the *Beaverton* court erroneously states (NCTA's *ex parte* perpetuates the misstatement) that the Sixth Circuit upheld the mixed-use rule in *Eugene*. It did not. As explained in our prior *ex parte*, the Sixth Circuit plainly rejected the Commission's preemption analysis reflected in the mixed-use rule.⁶ Because, as the *Eugene* court noted, the rule is the "FCC's synthesis of the Act's preemption clause and [its] various limitations" on local authority, the Court's rejection of that "synthesis" is a rejection of the rule.⁷ This rejection is demonstrated by the Sixth Circuit's express decision to "not address ... the question whether a state or local government (as opposed to a franchising authority) may impose a fee on *telecommunications* services provided by cable operators[.]" finding the question "neither fully briefed nor clearly presented on the facts here."⁸ Yet the mixed-use rule as codified would seem to preempt state and local authority over cable operators' telecommunications services, because the only exception recognized by the Commission is for channel capacity on institutional networks.⁹ Had the Sixth Circuit upheld the rule in its entirety—note that the Court never stated it was doing so—it would have at least implicitly answered this question, as the Commission made clear its mixed-use rule was intended to broadly apply to any exercise of state or local authority over any non-cable services provided by a cable operator (again, other than I-Nets).¹⁰ By expressly refusing to answer it, the Court made clear that it was not upholding the rule. Put another way, if the Sixth Circuit upheld the mixed-use rule but declined to answer the question of whether the Act preempts state and local authority (outside the cable franchise context) over cable operators' telecommunications services, what rule did it uphold? Surely a different, and narrower, one than the Commission articulated in paragraph 82 of the *Third Report and Order* and codified in the mixed-use rule in the C.F.R.

Second, and related, the *Beaverton* court's decision was colored by its misunderstanding of the history of the mixed-use rule, a history tainted by the Commission's longstanding misunderstanding of the source of local authority to impose fees on cable operators' non-cable services—the very issue that the *Eugene* court chided the Commission for once again misconstruing in the *Third Report and Order*. The *Beaverton* court asserts that the *First Order*¹¹ established a mixed-use rule comparable to the rule now codified in the CFR. In response to the City of Beaverton's explanation that neither the *First Order* nor *Second Order*¹² purported to

⁶ Local Government April 7 Ex Parte at 3-4.

⁷ *Eugene*, 998 F.3d at 710.

⁸ *Id.* at 712, n.2.

⁹ 47 C.F.R. § 76.43.

¹⁰ See, e.g., *Third Report and Order* at par. 82 ("Looking at the provisions of Title VI and the Act as a whole, we have little trouble concluding that Congress did not intend to permit states, municipalities, or franchising authorities to impose fees or other requirements on cable operators beyond those specified under Title VI, under the guise of regulating 'non-cable services' or otherwise restricting a cable operator's construction, operation, or management of facilities in the rights-of-way.").

¹¹ *In the Matter of Implementation of Section 621(A)(1) of the Cable Communications Policy Act of 1984 as Amended by the Cable Television Consumer Protection and Competition Act of 1992*, 22 FCC Red. 5101 (2007) ("*First Order*").

¹² *In the Matter of Implementation of Section 621(A)(1) of the Cable Communications Policy Act of 1984 as Amended by the Cable Television Consumer Protection and Competition Act of 1992*, 22 FCC Red. 19,633 (2007) ("*Second Order*").

preempt local authority outside the cable franchising context, citing footnote 31 of the *Second Order*,¹³ the district court conceded that “[i]t appears that the *Second Order* states that a franchising authority can impose *non-cable* franchise fees on incumbent operators but not *cable* franchise fees” but then stated “it is not entirely clear what distinction the FCC intended to make in its *Second Order*.”

This distinction—between actions a local government takes in the cable franchising context and other actions a state or local government might take outside that context—is significant, and the *Beaverton* court’s failure to grasp it is reflective of the Commission’s misstatement of preemptive provisions of the Cable Act in the *Third Report and Order* and the codified mixed-use rule. The Act circumscribes some actions when taken within the cable franchising context,¹⁴ but as the *Second Order* acknowledged, those provisions do not address actions taken outside the cable franchising context.¹⁵ The Sixth Circuit also recognized this,¹⁶ and further clarified that the question is whether a state or local action is “inconsistent with” a specific provision of the Act, which is a question the codified mixed-use rule is not designed to answer. Rather than help courts interpret the Act, the rule leads courts astray, as illustrated by the *Beaverton* decision, by implying that states and local governments have no regulatory authority over cable operators unless expressly set forth in the Cable Act.¹⁷ This misunderstanding led the *Beaverton* court to strike down fees imposed on the cable operator’s telecommunications services under the city’s broad home rule authority under Oregon law—a question left open in *Eugene* and which has the real-world consequence of depriving Beaverton of fees that may well be consistent with the Act. The District Court’s reliance on the rule also appears to have resulted in a lack of meaningful analysis of whether the city’s fee, which is not the same as the fee the Sixth Circuit addressed in *Eugene*, was inconsistent with the Act.

In short, the Commission’s mixed-use rule leaves no room for testing whether an action is inconsistent with the Act because its framing—“may not regulate”—presumes a lack of local authority, a presumption the *Eugene* court expressly rejected because it is “nowhere” found in the Act, and is an inversion of what Section 556 actually states.¹⁸ Until the Commission repeals or significantly revises the rule, the confusion demonstrated in *Beaverton* will continue.

¹³ *Second Order* at ¶ 11 n.31 (noting that the finding from the *First Order* that a cable operator is not required to pay cable franchise fees on revenues from non-cable services “of course, does not apply to non-cable franchise fee requirements, such as any lawful fees related to the provision of telecommunications services”).

¹⁴ See, e.g., 47 U.S.C. 541(b)(3)(A).

¹⁵ See, e.g., *Second Order* at ¶ 11 n.31; *Second Order* at ¶ 17 (“we clarify that LFAs’ jurisdiction under Title VI over incumbents applies only to the provision of cable services over cable systems and that an LFA may not use its franchising authority to attempt to regulate non-cable services offered by incumbent video providers”) (emphasis added).

¹⁶ When the *Eugene* Court, in footnote 2, refused to answer the question of the scope of state and local authority over cable operators’ telecommunications services outside the context of the cable franchise, it made clear that this question was not answered by previous iterations of the mixed-use rule and it remains unresolved.

¹⁷ *Eugene*, 998 F.3d at 710 (“Under the mixed-use rule, as described by the FCC, a franchising authority may not regulate the non-cable services of a cable operator ‘except as expressly permitted in the Act.’”)

¹⁸ *Eugene*, 998 F.3d at 710.

Continued Misapplication of the In-Kind Rule

As noted in a prior Local Government Ex Parte, despite the Sixth Circuit ruling that, under the FCC's in-kind rule, 47 C.F.R. § 76.42, any in-kind cable-related franchise obligations must be valued at the cable operator's marginal cost, cable operators continue to issue invoices or provide rate cards and quotes to local governments reflecting a retail price for these obligations—in direct defiance of the Sixth Circuit's holding in *Eugene*.¹⁹ Exacerbating the problem is that these same cable operators have not been engaging in negotiations with LFAs over whether they would like to waive these franchise obligations or accept a franchise fee offset equal to the marginal cost.

Specifically, numerous jurisdictions in several different states have been quoted rates ranging from over \$600 per month per channel to over \$2,500 per month per channel (not including non-recurring fees from \$1,500 to over \$5,400, as well as “taxes and fees”) for what appears to be PEG transport. In some cases, LFAs are being told that they must change to a high-definition channel—and pay the fees at the high end of this range—within a given timeframe because standard definition will no longer be supported. Failure to pay, the LFA is told, will disrupt delivery of its PEG channels.

These actions clearly contradict the *Third Report and Order* and the Sixth Circuit's *Eugene* decision. As the Court stated: “Not a word in § 542 supports the notion that franchise fees can be a source of profit for cable operators.”²⁰ Yet at least one operator is attempting to extract just such a profit. The transport fees noted above are not supported by any plausible estimate of the operators' marginal costs,²¹ and the assessment of taxes and fees on these services seems a clear indication that the operator is treating cable franchise PEG obligations as any other business service it might provide for a profit.

Further, the *Third Report and Order* makes clear that cable operators cannot unilaterally decide how to treat franchise obligations the Commission denominated as franchise fees under the *Order*. The Commission acknowledged that the *Order* “represents a departure from the longstanding treatment of PEG costs by LFAs and cable operators” but assured LFAs that they “still have a choice” when it comes to PEG-related franchise obligations now considered “franchise fees”: LFAs “can continue to receive monetary franchise payments up to the five percent cap, they can continue to receive their existing PEG support and reduce the monetary payments they receive, or they can negotiate for a reduction of both”²² By taking a different course—unilaterally issuing invoices or demanding market rates for franchise requirements—at least one cable operator is making an end run around the choices LFAs were to have in the wake of the *Order*.

While we believe these cable operator actions demonstrate the need for the Commission to begin a rulemaking to address necessary changes to the “in-kind rule,” these actions on the part of a large cable company do not appear to be the result of the operator's failure to understand the rule or the

¹⁹ See Local Government April 7 Ex Parte at 1-3.

²⁰ *Eugene*, 998 F.3d at 710.

²¹ We note that the operators' rate card includes the possibility of additional charges for fiber installation. Fiber installation, and potentially other services included on these rate cards and invoices, appear to be PEG capital costs that are not “franchise fees” and cannot be offset from franchise fees per the *Third Report and Order*.

²² *Third Report and Order* at ¶ 53-54.

impact of the *Eugene* decision on that rule. Rather, it appears to be the operator's business decision to transform PEG franchise obligations into a profit center, to ignore the Commission's clear direction in the *Third Report and Order* to work with LFAs to make any necessary changes to accommodate the new rule, and to defy the Sixth Circuit's ruling in *Eugene*. We urge the Commission to issue a public notice reminding cable operators that they are to follow the "in-kind rule" established in the *Third Report and Order*, subject to the marginal cost limitations set forth in *Eugene*, regardless of the timing of the Commission's formal action to revise the rule to implement the *Eugene* decision. This includes reminding operators of the requirement that any "in-kind" "franchise fee" be valued at marginal cost and be offset from monetary franchise fee payments only after transparent negotiations with the LFA and an express decision by the LFA to offset franchise fees rather than reduce services. For the same reason, the Commission must explicitly reject NCTA's suggestion that, where an operator is paying a full five percent franchise fee to the LFA, the operator may "assess[] a fee for services *outside* the franchise fee context."²³ Where an operator's service obligation arises from a local franchise or state franchising law, it is, by FCC rule, a "franchise fee," and under *Eugene*, the operator cannot attempt to "sell" or otherwise assess a market-based fee on a franchising authority for such services.

We appreciate your time on this matter. Please do not hesitate to contact me with any questions.

Respectfully submitted,



Nancy Werner
General Counsel

²³ NCTA Notice of Ex Parte, MB Docket No. 05-311 (filed May 3, 2022) at 2-3.

In the Matter of)
)
Accelerating Wireline Broadband Deployment by) WC Docket No. 17-84
Removing Barriers to Infrastructure Investment)

The National Association of Telecommunications Officers and Advisors (“NATOA”)¹ submits these reply comments in response to the Second Further Notice of Proposed Rulemaking² seeking comment on whether the Commission should revisit its rules regarding pole replacements, specifically with regard to the allocation of costs for pole replacements. We write this brief reply to emphasize that the Second FNPRM is based on the Commission’s pole attachment authority in Section 224 of the Communications Act, which does not apply to municipal or public power poles.³ The Second FNPRM provides no indication that the Commission may extend the reach of this rulemaking to municipally owned poles, and any allusion to the contrary in the record should be ignored.⁴

⁴ See, e.g., Comments of the Schools, Health & Libraries Broadband (SHLB) Coalition, WC Docket No. 17-84 (June 27, 2022) (attaching previously-filed pole attachment principles that conflate the pole attachment practices of investor-owned utilities and that of municipalities and public power utilities).

As explained in a previous filing in this docket by NATOA and eight other organizations representing local government, public power and rural electric cooperatives, there are significant differences between municipalities, public power and cooperative electric providers as compared to the investor-owned utilities that are the subject of this proceeding.⁵ As we stated, “Unlike IOUs, municipal and public power utility poles are owned by their customers or municipalities and are directly accountable to their constituents. Prescriptive regulations ... usurp local police powers to protect the public health, safety, and welfare of their communities.”⁶ Given the local interests and accountability that drive municipal decisions—which is at the heart of Congress’s exemption of these entities from Section 224—we oppose any action by the Commission that may impact municipally owned or public power poles. Nor do we support calls for model policies or other efforts that would encroach on the long-standing framework preserving the flexibility local governments need to be responsive to constituents and protect public safety.

Finally, though the Commission’s rules would not directly apply to municipal and public power poles, we are concerned about the potential for indirect application.⁷ Should municipalities be subject to rules requiring them to incur a significant portion of unanticipated pole replacement costs, local ratepayers will bear the risk of subsidizing for-profit communications providers with no assurances that the subsidization will increase the impacted ratepayers’ access to affordable, quality broadband services. And such a result blurs the lines of accountability, leaving local

⁵ Letter from National Association of Telecommunications Officers and Advisors to Marlene Dortch Accelerating Wireline Broadband Deployment by Removing Barriers to Infrastructure Investment, WC Docket No. 17-84 (March 9, 2022).

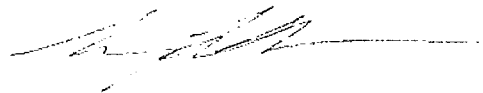
⁶ *Id.* at 2.

⁷ For example, state laws might incorporate the Commission’s rules and apply them to municipal and public power poles. *See, e.g.*, Comments of National Rural Electric Cooperative Association, WC Docket No. 17-84 (June 27, 2022) at 4; Comments of Colorado Association of Municipal Utilities, *et al.*, WC Docket No. 17-84 (June 27, 2022) at 3.

elected officials on the hook for policies they did not enact and unable to relieve the burden shifted to their constituents.

If the Commission opts to adopt an order or new rules in this proceeding, NATOA urges the Commission to expressly affirm that they do not apply to municipal and public power poles and further emphasize that, given the unique impacts such rules may have on municipalities and public power, the Commission does not intend for or encourage the order or rules to be indirectly applied to these entities.

Respectfully submitted,



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August 26, 2022

NORTH METRO TV

TO: CABLE COMMISSION
FROM: HEIDI ARNSON
SUBJECT: 2022 PAY STUDY SUMMARY
DATE: 8/25/2022

BACKGROUND

At the direction of the Operations Committee, I began work on a salary survey of regional community television systems in March of this year. Eight organizations with varying forms of operations agreed to participate. They include the cities of Bloomington and Coon Rapids, the mixed non-profit/Joint Powers organizations of the Roseville area's NineNorth and Northern Dakota County's Town Square Television, and the Joint Powers organizations of CCX (the Brooklyn Park area), NMTV, SWCTC (South Washington County Telecommunications Commission), and QCTV (Quad Cities of Anoka, Andover, Ramsey and Champlin).

We met via Zoom in April to discuss parameters of the survey. After that I created and distributed spreadsheets for each participant to record benefits and job/salary data. I also requested that all job descriptions be included.

Most of the requested data was sent to me by June, and I spent that month compiling the information. The next step was to review the job titles and job descriptions to attempt to match jobs across systems. The only jobs that matched perfectly were those of Executive Director and the city meeting freelancers. For the rest of the positions I matched job responsibilities listed in job descriptions as closely as possible.

Finally, I created a North Metro TV specific spreadsheet that compared our specific jobs to the closest matches. I also calculated salary range averages for easy comparison to current NMTV salaries. The calculations include the average of all participants, the average minus the high and low, and the average of only the JPA organizations.

RESULTS

Generally, it appears that NMTV salaries are low for leadership positions, very close to average (but still lower) for our Coordinator and Technician positions, and low for part-time positions.

MOVING FORWARD

As you know, it is the Operations Committee's role, per our Joint Powers Agreement, to recommend staffing and salary levels to the Cable Commission. As such, they will be examining the information over the next couple of months in order to determine whether there should be a recommendation for any salary range adjustments.

Streaming Is Starting to Look A Lot Like Cable TV

Streaming services are raising prices and introducing advertising now that their subscriber growth has slowed.

Lucas Shaw

August 14, 2022 at 5:00 PM CDT

Prices are going up. Advertising is coming in. And there are more channels to watch than anyone wants or needs. The streaming business is starting to look like cable TV from 10 years ago.

There are some obvious improvements. We can watch on-demand and cancel with ease. Programming is global. The user interface is generally better. And you don't have to watch ads, at least if you don't want.

But it was only a few years ago that streaming pitched itself as the consumer-friendly alternative to the cable bundle. Many of the most recent changes feel as though they are geared towards a different audience (namely Wall Street).

It may have been inevitable that the disruptor (streaming) ended up copying ideas from the disrupted (cable). For all of the innovation that Netflix brought to Hollywood, it was still making TV shows and movies in the same general manner as everyone else. And nothing — not even a monopoly — grows forever.

The biggest difference between cable and streaming (at least for now) is that most streaming services aren't profitable. Companies have spent billions of dollars to chase subscribers, believing Wall Street would give them a break on profitability. (It did, until it didn't.)

In the irony of all ironies, Netflix is far and away the most profitable streaming service. This is the company that spent years preaching a growth story and skeptics said would run out of money. Now it's the company that *wants* investors to look at its bottom line.

It is not the most profitable media company, of course. That would be Disney. Or Google. Or Apple. It depends on your definition of media. We just finished another cycle of corporate earnings for the biggest media and tech companies in the US, so I thought it would be good to run through a few of the major developments that got us to this point. That starts with...

Streaming services aren't growing in the US anymore

Netflix lost customers in the US and Canada for the second quarter in a row and has fewer domestic customers today than it did a year ago. (It peaked at about 75 million at the end of last year.)

Disney+ added about 100,000 customers in the US and Canada, which is not growth when your base is 45 million. The major streaming services added only 2.7 million customers in the US this past quarter, according to research firm MoffettNathanson, and most of that came from Paramount+.

“That represents the lowest single quarterly increase in the post-2020 period and a clear signal that the streaming wars have given way to the reality of financial markets,” Nathanson wrote.

Domestic Streaming Growth Slows

Only one major streaming service added more than 1 million customers in the US and Canada last quarter.

Source: MoffettNathanson

We knew the slowdown was coming for Netflix. While the company still believes it can get to 100 million customers in the US and Canada, the days of adding 5 million people a year at home are long gone.

Disney+ and its peers are the bigger red flag. While Disney+ has added almost 8 million customers domestically over the last year, a quarter of negligible growth suggests it is reaching some kind of plateau. Disney’s cable networks used to reach about 100 million people, so the company needs to more than double its customer base to get close to that kind of penetration.

HBO has always targeted a smaller section of the audience, but its owner started spending more on streaming because it wanted HBO Max to be as mass market as Netflix.

This slowdown is a big reason that...

Prices are going up, ads are coming in

What do you do when growth in your most lucrative market slows? You raise prices, and/or find a second source of revenue.

Disney is raising prices for almost every major plan and introducing an advertising-supported service in December. Warner Bros Discovery hinted that the combined HBO Max-Discovery+ service will cost more, as it creates three tiers. Netflix and Amazon have been raising prices for years, and both are investing a lot more money into advertising-supported video.

Paramount+ and Peacock don’t have pricing power but they do have ads. Apple TV+ may have ads soon as well.

The total cost of every major streaming service out there now rivals the cost of cable, and that may have an adverse effect on subscriber growth for many of these companies.

The Rising Cost of Streaming

If you want to watch every major streaming service without advertisements, it will soon cost you about \$100.

Source: Company reports

Disney + "churn will be worse than the rosy scenario implied by management," Cowen analyst Doug Creutz wrote in a note this week. That's where advertising comes in. These services can now offer a cheaper, advertising-supported plan when customers threaten to cancel.

The new focus on advertising is one reason for this next trend.

Executives will talk a lot more about viewership...

Even if subscriber growth slows, overall usage of streaming has grown. Streaming accounted for 33% of all TV viewing in the US last month, its highest share thus far. Amazon, Disney+ and Netflix all saw significant gains.

We don't have a comparable number overseas, but let's assume that streaming's share is growing there too.

Streaming's share of overall viewing is likely to dip in the fall when football returns. The NFL remains the most popular programming in the US.

We are about to have our first major NFL game on streaming (Amazon), and the overall trend is still towards streaming. The number of people paying for TV is going down. They aren't watching less video. They are just watching more video online.

There's still plenty of growth abroad

This is where Disney excelled in the most recent quarter. It added about 6 million customers outside the US in places not named India and another 8 million in India.

Asia Pacific is the only region where Netflix is growing, buoyed in part by a price drop in India. Granted, growth in India is kind of like empty calories. The average Disney+ Hotstar customer there only pays \$1.20 a month.

We don't have regional breakouts for services like Amazon, Apple TV+ or HBO Max. But Amazon is already a leader in Japan, India and much of Europe. It seems to be investing a lot of resources abroad, which is typically a sign it's seeing results. Apple, HBO and the others are just getting started and it is also safe to assume that they have millions of potential customers.

There is one other potential shift...

If streaming is going to start stealing business ideas from cable, it might as well go all the way and bundle services together. If you could pay \$35 or \$40 a month for Netflix, HBO and the Disney services, would you ever cancel? Probably not.

Most of these companies aren't ready to do that. They want to "own" the customer relationship. They figure they won't add enough customers to offset the price cut that is built into a bundle. Amazon and Apple already offer programming from other streaming services within their video services, and now YouTube is reportedly trying to do the same. No one has been able to convince Netflix or Disney to participate in one of these programs.

But Shakespeare was onto something when he wrote the Tempest. What's past is prologue. —
Lucas Shaw

Texas Cities Sue Streaming Services for Franchise Fees

By John Eggerton published 2 days ago

Two dozen localities file suit, others said to be joining

Two dozen Texas cities have sued streaming giants Netflix, Hulu and Disney Direct-to-Consumer for not paying what the municipalities said are the millions in franchise fees that the streaming services owe them. A favorable decision could lead to millions more from other cities seeking more funds for municipal services.

According to one of the cities in the suit, which was filed in Dallas County, the others taking the streamers to court are Abilene, Allen, Amarillo, Arlington, Austin, Beaumont, Carrollton, Dallas, Denton, Frisco, Fort Worth, Garland, Grand Prairie, Houston, Irving, Lewisville, McKinney, Mesquite, Nacogdoches, Pearland, Plano, Rowlett, Sugar Land, Tyler and Waco.

The cities are alleging that the streamers should be paying annual franchise fees back to 2007, as they said is required by the Public Utility Regulatory Act (PURA). Those are the fees that cable/broadband operators provide that go toward city services.

“With this lawsuit, we hope to ensure streaming video companies’ compliance with their PURA obligations moving forward and also recoup unpaid franchise fees from the Disney, Hulu and Netflix streaming services as follow-on relief,” Rowlett Mayor Blake Margolis said in a statement, pointing out that the fees are a key source of city revenue.

Streaming services may indeed have big pockets, but they argue they are definitely not covered by PURA, which requires video service providers to pay a 5% franchise fee “if a video service’s programming is delivered via wireline facilities located at least in part in the public right of way.”

While a cable/broadband operator does indeed deliver facilities-based programming, streaming services have no facilities, but ride that operator’s facility —and its use of the public right of way — to the home. So, it is the cable/broadband provider that is the one providing the service to customers.

That argument notwithstanding, for its part Rowlett wants reimbursement and interest on fees dating back to 2007 for Disney, 2011 for Hulu and 2019 for Netflix.

“Disney, Hulu and Netflix have long withheld statutorily required payments to cities throughout Texas, depriving them of fees that help fund essential city services,” said suit co-counsel Steven Wolens, principal with law firm McKool Smith. “This case was filed on behalf of our municipal clients to ensure future compliance with PURA and recoup significant fees owed by some of the nation’s largest streaming services.” ■