

## NORTH METRO TELECOMMUNICATIONS COMMISSION MEETING

September 18, 2024  
6:00 P.M.  
200 Civic Heights Circle  
Circle Pines, Minnesota

### AGENDA

1. CALL TO ORDER/ROLL CALL
2. PUBLIC COMMENTS
3. CHANGES TO THE AGENDA
4. CONSENT AGENDA
  - a. Minutes of regular meeting of June 13, 2024 **pp. 3-6**
  - b. Minutes of Executive Committee meeting of September 11, 2024 **pp. 7-8**
  - c. Minutes of Operations Committee meetings of July, August, and September, 2024 **pp.9-13**
  - d. Approve June 2024 – August 2024 financial reports and bill lists
5. AUDIT PRESENTATION **pp. 14-48**
6. REPORT OF INTERIM CO-EXECUTIVE DIRECTORS
  - a. September Miscellaneous Updates **pp. 49 - 50**
  - b. 2<sup>nd</sup> Quarter Comcast Franchise and PEG Fee Reports **p. 51**
7. LEGAL COUNSEL REPORT
  - a. June 2024 **pp. 52-57**
  - b. July 2024 **pp. 58-61**
  - c. August 2024 **pp. 62-66**
  - d. September 2024 **pp. 67-71**
8. OLD BUSINESS
9. NEW BUSINESS
  - a. Franchise Extension **p. 72**
10. RECOMMENDED READING **pp. 73-84**
11. COMMUNITY CALENDAR
  - a. Next Meeting Dates:
    - i) Operations Committee – October 1, 2024
    - ii) Workshop – October 24, 2024 at North Metro TV
    - iii) Executive Committee – December 11, 2024

iv) Cable Commission – December 18, 2024

12. ADJOURN TO WORKSHOP

- Merger Discussion

**NORTH METRO TELECOMMUNICATIONS COMMISSION**

**UNAPPROVED MINUTES**

**Commission Meeting – June 13, 2024**

**CALL TO ORDER**

Chair B. Goodboe-Bisschoff called the regular meeting of the North Metro Telecommunications Commission to order at 6:03 p.m.

**ROLL CALL**

**Directors Present:** Chris Massoglia; Blaine, D. Love; Centerville, Matt Percy; Circle Pines (arrived at item 7. b. - 6:27 p. m.), Jesse Wilken; Ham Lake, Brandon Winge; Lexington, Dale Stoesz; Lino Lakes, Barbara Goodboe-Bisschoff; Spring Lake Park

**Directors Absent:** Nici Dorner; Circle Pines

**Others Present:** Mike Bradley; Legal Counsel, Eric Houston; Interim Co-Executive Director, Danika Peterson; Interim Co-Executive Director

**PUBLIC COMMENT**

There was no public comment.

**CHANGES TO THE AGENDA**

No changes were made to the agenda. The meeting agenda was approved as presented. **Motion for approval made by: D. Love. Second: D. Stoesz. The motion was approved by C. Massoglia, D. Love, J. Wilken, B. Winge, D. Stoesz, and B. Goodboe-Bisschoff. M. Percy was not yet in attendance.**

**CONSENT AGENDA**

The February 21, 2024, and May 1, 2024, NMTC meeting minutes, the June 5, 2024, Executive Committee meeting minutes, the March, April, May, and June 2024 Operations Committee minutes and the financial reports were approved as presented. **Motion for approval made by: C. Massoglia. Second: D. Stoesz. The motion was approved by C. Massoglia, D. Love, J. Wilken, B. Winge, D. Stoesz, and B. Goodboe-Bisschoff. M. Percy was not yet in attendance.**

## **REPORT OF INTERIM CO-EXECUTIVE DIRECTORS**

E. Houston and D. Peterson reported on the following items:

- Kenton Kipp and the sports team completed work on their documentary celebrating the Centennial Cougars' state championship season. The documentary, titled Pride of the Pines, is available to watch on all NMTV social media channels.
- Municipal Producer Trevor Scholl completed work on his long in the making Community Outreach video for the Blaine Police Department.
- Events Coordinator TJ Tronson filmed the annual Guns 'N Hoses charity hockey game. He also created a popular highlight video for social media.
- The news team, lead by Interim Co-Executive Director Danika Peterson, launched Student of the Month, a new series of videos focusing on exemplary students from our three school districts. The videos have proven to be a big hit with the schools, students, and their families.
- Interim Co-Executive Director Eric Houston teamed with the Anoka County Historical Society to create a special program capturing a tour of Ham Lake's historic Glen Cary Cemetery. The program tells the stories of Ham Lake residents from the late 1800s.
- Trevor Scholl also completed a new Fire Fighter Recruitment video for the City of Lino Lakes.
- TJ Tronson has delved into the history of Centerville with a new video series featuring interviews with longtime residents. The first video, "A Wonderful Place to Grow Up," is available now.
- NMTV has seen great success with shortform videos on social media. In May, NMTV videos received more than 84,000 views.
- The Equal Access to Broadband Act (HF 4182) failed to pass the Minnesota State Legislature this year. There is hope it may be taken up again in 2025.
- The Commission received the first quarter gross revenue, franchise, and PEG fee reports and payments from Comcast. PEG fees were a bit lower than expected, while franchise fees were right around expectations.
- North Metro TV made the final payment on the 2017 HD Bond at the end of April and is now debt free.

## **REPORT OF LEGAL COUNSEL**

M. Bradley reported on the following items:

- M. Bradley made an ENATOA presentation on Franchise Fees and streaming video programming.
- He also made a presentation at the Wisconsin Community Media Conference in Eau Claire, WI. That presentation focused on state legislation to address PEG funding.

- Comcast video programming continues to increase. The Peacock streaming package continues to gain subscribers, with 50 million expected by the end of 2024. Comcast does not pay any Franchise Fees on that programming.
- The Digital Discrimination order that the Commission participated in was appealed to the 8<sup>th</sup> Circuit.
- The Equal Access to Broadband Act did not pass the Minnesota House, but made significant progress during its first year.
- The United States Supreme Court considered a case involving when a public official's social media account becomes a public record. More information on that can be found in the full legal report.
- The FCC reclassified Broadband from a Title 1 information service to a Title 2 telecommunications service.

### **OLD BUSINESS**

- The Commission approved an agreement between North Metro TV and the City of Fridley for video production services, including recording city meetings and general ad hoc work. The Commission agreed to reexamine the agreement at the February 2025 Commission Meeting to ensure its continued profitability.

**MOTION:** To approve the agreement with the City of Fridley as presented with the proviso that the agreement be reexamined at the February 2025 Cable Commission Meeting. **Motion for approval made by: D. Stoesz. Second: C. Massoglia. The motion was approved by C. Massoglia, D. Love, J. Wilken, B. Winge, D. Stoesz, and B. Goodboe-Bisschoff. M. Percy was not yet in attendance.**

- At a Special Meeting on May 1, 2024, the Cable Commission considered the matter of an informal merger discussion with NWSCCC and other organizations. As that meeting ended in a tie vote, the Operations Committee recommended that the Commission revisit the motion to direct staff to have an informal discussion with NWSCCC and other organizations to discuss the possibility of a merger and explore and define benefits and risks. The Commission ultimately considered two motions.

**MOTION:** To allow staff to organically do their jobs and look for any opportunity that may benefit North Metro TV and its member cities. **Motion for approval made by: D. Love. Second: M. Percy. The motion was approved unanimously.**

**MOTION:** To direct staff to have an informal discussion with the NWSCCC and other organizations to discuss the possibility of a merger and explore and define benefits and risks. **Motion for approval made by: C. Massoglia. Second: D. Stoesz. The motion passed 10 – 4, with four cities for and three against.**

**Yea - C. Massoglia, M. Percy, B. Winge, and D. Stoesz. Nay – D. Love, J. Wilken, and B. Goodboe-Bisschoff.**

### **NEW BUSINESS**

- The Commission considered a Code of Conduct and Rules of Decorum to govern both commission members and public comment.

**MOTION:** To adopt the North Metro Telecommunications Commission Code of Conduct and Rules of Decorum as presented. **Motion made by D. Stoesz. Second: D. Love. The motion was approved unanimously.**

- D. Peterson and E. Houston presented the draft 2025 NMTC budget.

**MOTION:** To approve the 2025 budget as presented. **Motion made by D. Stoesz. Second: C. Massoglia. The motion was approved unanimously.**

### **ADJOURN**

The meeting was adjourned at 7:00 p.m. **Motion for approval made by: J. Wilken. Second: C. Massoglia. The motion was approved unanimously.**

Brandon Winge; Secretary, NMTC

## **EXECUTIVE COMMITTEE MINUTES**

Meeting of September 11, 2024

Executive Cmte. Present: Barbara Goodboe-Bisschoff; Spring Lake Park, Dale Stoesz; Lino Lakes, Chris Massoglia; Blaine

Absent: Brandon Winge; Lexington

Others Present: Eric Houston; Interim Co-ED, Danika Peterson; Interim Co-ED

### **CALL TO ORDER**

The Chair called the meeting to order at 6:22 p.m.

### **APPROVAL OF MINUTES**

**A motion to approve the June 5, 2024, Executive Committee meeting minutes was made by D. Stoesz. Second, C. Massoglia. Motion passed unanimously.**

### **EXECUTIVE DIRECTOR / OPERATIONS COMMITTEE REPORT**

- North Metro TV Sports once again attended the USA Cup Soccer Tournament in Blaine. This year, the team recorded and broadcast 27 games and opening ceremonies. This was a work-for-hire project, earning the station \$16,750.
- Public Access producer Rick Larson of Blaine recently passed a major milestone by producing the 1,900<sup>th</sup> episode of his show LovePower.
- Kenton Kipp, Ted Leroux, and the NMTV Sports team earned a number of awards at this year's NATOA Government Programming Awards. They were honored for their sports coverage and for the Pride of the Pines documentary.
- Interim Co-Executive Director Eric Houston brought a brand new class to the Mary Ann Young Center. The class teaches seniors how to use the internet to research and appraise their own antiques.
- News Producer Eric Nelson and Special Events Coordinator TJ Tronson both attended Night to Unite Parties and produced a pair of videos profiling the events in Blaine and Lino Lakes.
- Interim Co-Executive Director Danika Peterson and News Producer Eric Nelson have officially launched Local Decision coverage for 2024. The pair will cover 43 candidates across 18 races. Each candidate has been invited to come to the station and record a 15 minute interview.
- The Interim Co-Executive Directors discussed a new grant opportunity from the National Telecommunications and Information Administration.

### **OLD BUSINESS**

- The committee discussed a document comparing and contrasting the North Metro Telecommunications Commission (NMTTC) and the North West Suburbs Cable Communications Commission (NWSCCC)/CCX Media.

### **NEW BUSINESS**

- The Executive Committee considered an offer from Comcast to extend the current NMTTC franchise for five years.

**MOTION:** To recommend to the NMTC member cities a five year extension of the current Comcast Cable Franchise and authorize Attorney Mike Bradley to draft an ordinance amending the franchise for adoption by each member city. **Motion made by D. Stoesz. Second: C. Massoglia. Motion passed unanimously.**

- A date of October 24, 2024, was set for a workshop to further discuss the potential merger with NWSCCC/CCX Media.

**ADJOURN**

**Motion to adjourn made by D. Stoesz. Second, C. Massoglia. Motion passed unanimously. The meeting was adjourned at 7:16 p.m.**



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

Tuesday, June 4, 2024

**CALL TO ORDER**

The meeting began at 11:07 a.m.

**MEMBERS PRESENT**

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

**MEMBERS ABSENT**

B. Petracek

**OTHERS PRESENT**

E. Houston, D. Peterson

**APPROVAL OF MEETING NOTES**

The meeting notes of May 7, 2024, were approved by consensus.

**EXECUTIVE DIRECTOR REPORT**

- Municipal Producer Trevor Scholl completed his long in the works Community Outreach video for the Blaine Police Department.
- NMTV celebrated Star Wars Day (May the 4<sup>th</sup>) with a fun, new promotional video for the home movie transfer service.
- TJ Tronson completed the first in a series of videos detailing the history of Centerville.
- Shortform video content continues to be a huge success for the station, with May seeing nearly 85,000 views of NMTV videos on social media platforms.

**OLD BUSINESS**

- The Operations Committee discussed the possibility of merger discussions with NWSCCC and other organizations. The Committee continued to recommend that the Cable Commission revisit the motion put forth at the May 1 Special Meeting: to direct staff to have an informal discussion with NWSCCC and other organizations to discuss the possibility of a merger and define risks and benefits.
- E. Houston and D. Peterson presented the agreement for video services for the City of Fridley.

**NEW BUSINESS**

- D. Peterson and E. Houston presented the proposed 2025 NMTC Budget.

**MOTION:** To recommend approval of the 2025 NMTC Budget as presented. **Motion made by: D. Buchholz. Second: M. Wolfe. Motion approved unanimously.**

**ADJOURNMENT**

The meeting was adjourned at 11:47 p.m.

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

Tuesday, July 2, 2024

**CALL TO ORDER**

The meeting began at 11:10 a.m.

**MEMBERS PRESENT**

D. Buchholtz, S. Cotton, M. Statz, M. Wolfe

**MEMBERS ABSENT**

P. Antonen, B. Petracek, D. Webster

**OTHERS PRESENT**

E. Houston, D. Peterson

**APPROVAL OF MEETING NOTES**

The meeting notes of June 4, 2024, were approved by consensus.

**EXECUTIVE DIRECTOR REPORT**

- The North Metro TV sports team provided coverage of the three area high school graduations. To date, the ceremonies have accumulated 5,000 YouTube views.
- Long time public access producer Rick Larson recently produced the 1,900<sup>th</sup> episode of his show LovePower. Rick plans on finishing his 2,000<sup>th</sup> episode within the next couple of years.
- Eric Houston taught his DIY Antiques Appraisal class at the Mary Ann Young Center. The class attracted 28 students and taught seniors how to use internet resources to research their items.
- Training is underway for NMTV staff at the city of Fridley.

**OLD BUSINESS**

- The Operations Committee discussed next steps in investigating a potential merger between the North Metro Telecommunications Commission (NMTC/NMTV) and the Northwest Suburbs Cable Communications Commission (NWSCCC/CCX).

**MOTION:** To appoint P. Antonen, D. Buchholtz, M. Wolfe, and a staff representative to be appointed by the Interim Co-Executive Directors to hold an exploratory meeting with appropriate representation from NWSCCC to discuss a possible merger. **Motion made by: D. Buchholtz. Second: M. Statz. Motion approved unanimously.**

**NEW BUSINESS**

- During a phone call regarding the Columbia Heights Jamboree Days Parade, Columbia Heights city staff expressed interest in discussing a partnership with North Metro TV.

**MOTION:** To authorize the Interim Co-Executive Directors to speak with Columbia Heights city staff and create a proposal for services to be reviewed by the Operations Committee. **Motion made by: M. Statz. Second: S. Cotton. Motion approved unanimously.**

- The committee discussed an offer from Comcast to extend the current cable franchise for another three to five years.

### **ADJOURNMENT**

**Motion to adjourn made by S. Cotton. Second, D. Buchholtz. Motion passed unanimously. The meeting was adjourned at 11:47 a.m.**

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

Tuesday, August 6, 2024

**CALL TO ORDER**

The meeting began at 10:57 a.m.

**MEMBERS PRESENT**

P. Antonen, D. Buchholtz, M. Statz, D. Webster

**MEMBERS ABSENT**

B. Petracek, S. Cotton, M. Wolfe

**OTHERS PRESENT**

E. Houston, D. Peterson

**APPROVAL OF MEETING NOTES**

The meeting notes of July 2, 2024, were approved by consensus.

**EXECUTIVE DIRECTOR REPORT**

- The North Metro TV sports team provided coverage of USA Cup Soccer, taping 27 games and the opening ceremonies. This was a paid event, grossing the station nearly \$17,000.
- The NATOA Government Programming Awards honored the North Metro TV sports team with Awards of Honor in multiple categories. The documentary Pride of the Pines is an Award Finalist in the Editing category.
- The Interim Co-Executive Directors recognized exemplary work from TJ Tronson this month, both for producing multiple city focused projects and for taking a leadership role in the scheduling and post production of city meeting videos.
- North Metro TV assumed responsibility for taping Fridley city meetings on June 23. In addition to meeting coverage, the city has hired NMTV to install a new video switcher and related equipment.
- The Commission received the second quarter gross revenue, franchise, and PEG fee reports and payments from Comcast.

**OLD BUSINESS**

- On July 29, representatives from the Operations Committee and North Metro TV staff met with representatives from the NWSCCC Executive Committee and CCX Media staff to informally discuss a potential merger. The NMTC Operations Committee instructed the Interim Co-Executive Directors to work with the CCX Executive Director to create a document comparing the two organizations.
- Interim Co-Executive Director Eric Houston reported on his July 12 meeting with Columbia Heights city staff regarding the possibility of a partnership centered around the production of Columbia Heights city meetings.
- The Operations Committee considered an offer from Comcast to extend the current cable franchise.

**MOTION:** To recommend to the Commission that it recommend to the NMTC member cities a five year extension of the current Comcast Cable Franchise and to authorize Attorney Mike Bradley to draft an ordinance amending the franchise for adoption by each

Operations Committee Meeting  
August 6, 2024  
Page 2

member city. **Motion made by: D. Buchholtz. Second: M. Statz. Motion approved unanimously.**

**ADJOURNMENT**

**The meeting was adjourned at 11:41 a.m.**

**NORTH METRO  
TELECOMMUNICATIONS COMMISSION  
MANAGEMENT LETTER  
December 31, 2023**



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## 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, 2023, and have issued our report thereon dated July 16, 2024. 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 December 21, 2023. 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 July 16, 2024.

### *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.

*Harrington Langer & Associates*

July 16, 2024

**NORTH METRO  
TELECOMMUNICATIONS COMMISSION  
ANNUAL FINANCIAL REPORTS  
December 31, 2023 and 2022**



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## **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, 2023 and 2022, 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, 2023 and 2022, 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 July 16, 2024 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.

*Hamington Langer & Associates*

July 16, 2024

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

December 31, 2023 and 2022

(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, 2023 and 2022.

**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, 2023 and 2022.

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

December 31, 2023 and 2022

(Required Supplementary Information)

**Financial Highlights**

- NMTC ended 2023 with a net position balance of \$2,450,747, of which \$1,251,418 represented the net investment in capital assets, and \$1,199,329 was unrestricted. The net position balance at the end of the year was \$37,681 lower than the net position balance at the beginning of the year.
- As a result of operations, \$200,000 and \$225,000 of franchise fees were returned to NMTC member cities for years ended December 31, 2023 and 2022, respectively.

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

Net Position	2023	2022	2021
<b>Assets</b>			
Current Assets	\$ 2,855,387	\$ 2,839,282	\$ 2,853,825
Capital Assets, net	1,466,417	1,661,831	1,849,029
Total Assets	4,321,804	4,501,113	4,702,854
<b>Deferred Outflows</b>			
Deferred outflows related to pensions	139,148	236,940	299,695
<b>Liabilities</b>			
Current Liabilities	1,291,851	1,236,450	1,261,432
Noncurrent Liabilities	520,046	999,082	843,414
Total Liabilities	1,811,897	2,235,532	2,104,846
<b>Deferred Inflows</b>			
Deferred inflows related to pensions	198,308	14,093	392,476
<b>Net Position</b>			
Net investment in capital assets	1,251,418	1,236,832	1,219,119
Unrestricted	1,199,329	1,251,596	1,286,108
Total Net Position	\$ 2,450,747	\$ 2,488,428	\$ 2,505,227

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

December 31, 2023 and 2022

(Required Supplementary Information)

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

Changes in Net Position	2023	2022	2021
<b>Program Revenues</b>			
Operating revenue	\$ 1,756,200	\$ 1,894,865	\$ 1,923,059
<b>General Revenues</b>			
Unrestricted investment earnings	130,548	38,160	371
Grants and contributions	4,000	10,000	-
Other income	76,605	72,562	58,327
<b>Total General Revenues</b>	<b>211,153</b>	<b>120,722</b>	<b>58,698</b>
<b>Total Revenues</b>	<b>1,967,353</b>	<b>2,015,587</b>	<b>1,981,757</b>
<b>Expenses</b>			
Operations	1,587,340	1,557,963	1,608,969
Non-capitalized equipment	1,039	46,239	86,007
Depreciation and amortization	397,280	404,564	434,408
Interest expense	19,375	23,620	27,430
<b>Total Expenses</b>	<b>2,005,034</b>	<b>2,032,386</b>	<b>2,156,814</b>
<b>Change in Net Position</b>	<b>(37,681)</b>	<b>(16,799)</b>	<b>(175,057)</b>
<b>Net Position, Beginning</b>	<b>2,488,428</b>	<b>2,505,227</b>	<b>2,680,284</b>
<b>Net Position, Ending</b>	<b>\$ 2,450,747</b>	<b>\$ 2,488,428</b>	<b>\$ 2,505,227</b>

**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, 2023 and 2022  
(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, 2023 and 2022, amounted to \$1,466,417 and \$1,661,831, 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, 2023 and 2022, the Commission owed \$214,999 and \$424,999, respectively, to the member cities.

**Budgetary Analysis**

During 2023 and 2022, budgeted franchise and PEG fee revenue exceeded actual amounts by approximately \$44,000, which contributed to revenues under expenditures of \$32,592 on the budgetary basis. During 2022, franchise fee and PEF fee revenue exceeded budgeted amounts by approximately \$45,000, which contributed to revenues over expenditures of \$15,439 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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and investments	\$ 2,693,720	\$ 2,652,704
Accounts receivable	145,525	170,356
Prepaid expenses	16,142	16,222
	<u>2,855,387</u>	<u>2,839,282</u>
<b>TOTAL CURRENT ASSETS</b>		
	<u>2,855,387</u>	<u>2,839,282</u>
<b>CAPITAL ASSETS</b>		
Land	225,700	225,700
Building	1,467,170	1,443,850
Building improvements	183,920	176,530
Office and studio equipment	3,500,161	3,358,795
Vehicles	313,817	285,732
Less: accumulated depreciation	<u>(4,224,351)</u>	<u>(3,828,776)</u>
	<u>1,466,417</u>	<u>1,661,831</u>
<b>TOTAL CAPITAL ASSETS, NET</b>		
	<u>1,466,417</u>	<u>1,661,831</u>
<b>TOTAL ASSETS</b>	<u>4,321,804</u>	<u>4,501,113</u>
<b>DEFERRED OUTFLOWS</b>		
Deferred outflows related to pensions	<u>139,148</u>	<u>236,940</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	214,999	210,000
Accounts payable and accrued expenses	121,822	121,632
Deferred franchise fee revenue	<u>955,030</u>	<u>904,818</u>
	<u>1,291,851</u>	<u>1,236,450</u>
<b>TOTAL CURRENT LIABILITIES</b>		
	<u>1,291,851</u>	<u>1,236,450</u>
<b>NONCURRENT LIABILITIES</b>		
Long-term debt, net of current portion	-	214,999
Net pension liability	<u>520,046</u>	<u>784,083</u>
	<u>1,811,897</u>	<u>2,235,532</u>
<b>TOTAL LIABILITIES</b>		
	<u>1,811,897</u>	<u>2,235,532</u>
<b>DEFERRED INFLOWS</b>		
Deferred inflows related to pensions	<u>198,308</u>	<u>14,093</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,251,418	1,236,832
Unrestricted	<u>1,199,329</u>	<u>1,251,596</u>
	<u>\$ 2,450,747</u>	<u>\$ 2,488,428</u>
<b>TOTAL NET POSITION</b>		
	<u>\$ 2,450,747</u>	<u>\$ 2,488,428</u>

See accompanying notes  
to basic financial statements

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the Years Ended December 31, 2023 and 2022

	2023	2022
<b>OPERATING REVENUES</b>		
Cable operating franchise fees	\$ 1,219,852	\$ 1,232,206
PEG fees	536,348	662,659
<b>TOTAL OPERATING REVENUES</b>	1,756,200	1,894,865
<b>OPERATING EXPENSES</b>		
Franchise fee reimbursements, city members	200,000	225,000
Personnel	817,610	797,159
Employee benefits	301,136	329,877
Office	132,570	120,734
Legal fees	44,312	10,500
Other administrative costs	59,569	41,770
Vehicle	5,183	6,488
Production	26,960	26,435
Depreciation	397,280	404,564
Studio equipment expense	1,039	46,239
<b>TOTAL OPERATING EXPENSES</b>	1,985,659	2,008,766
<b>OPERATING LOSS</b>	(229,459)	(113,901)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment income	130,548	38,160
Other income	76,605	72,562
Grants and contributions	4,000	10,000
Interest expense	(19,375)	(23,620)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	191,778	97,102
<b>CHANGE IN NET POSITION</b>	(37,681)	(16,799)
NET POSITION, BEGINNING	2,488,428	2,505,227
<b>NET POSITION, ENDING</b>	\$ 2,450,747	\$ 2,488,428

See accompanying notes  
to basic financial statements

**NORTH METRO TELECOMMUNICATIONS COMMISSION**

**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2023 and 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from operations	\$ 1,831,243	\$ 1,877,945
Payments to suppliers and vendors	(469,553)	(478,895)
Payments to employees	(1,100,522)	(1,082,389)
Other non-operating receipts	78,836	79,158
	340,004	395,819
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(200,161)	(220,401)
Interest expense	(19,375)	(23,620)
Payments on long-term debt	(210,000)	(204,911)
	(429,536)	(448,932)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	130,548	38,160
	41,016	(14,953)
<b>CASH AND INVESTMENTS, BEGINNING</b>	2,652,704	2,667,657
<b>CASH AND INVESTMENTS, ENDING</b>	\$ 2,693,720	\$ 2,652,704
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (229,459)	\$ (113,901)
Adjustments:		
Depreciation	397,280	404,564
Loss on disposal of capital assets	-	3,035
Pension expense	44,457	80,386
Other non-operating receipts	78,836	79,158
Net change in assets, liabilities, and deferred outflows of resources:		
Accounts receivable	24,831	4,354
Prepaid expenses	80	(4,764)
Accounts payable and accrued expenses	190	(8,708)
Deferred franchise fee revenue	50,212	(21,274)
Deferred outflows - contributions after the measurement date	(26,423)	(27,031)
	24,831	4,354
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 340,004	\$ 395,819

See accompanying notes to  
<sup>28</sup> 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, 2023 and 2022, 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 \$101,051 and \$108,142, as of December 31, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, the Commission had no deposits.

**Investments:**

At December 31, 2023 and 2022, investments included the following:

Description	2023	2022
External investment pool - 4M Fund	\$ 2,693,720	\$ 2,652,704

**NOTE 3. FRANCHISE FEE REIMBURSEMENTS**

Included within franchise fee reimbursements for the years ended December 31, 2023 and 2022 are the following amounts paid by the Commission to its city members that represent refunded franchise fees:

	2023	2022
City of Blaine	\$ 109,964	\$ 124,184
City of Centerville	7,171	7,863
City of Circle Pines	8,340	9,513
City of Ham Lake	27,950	31,072
City of Lexington	3,131	3,755
City of Lino Lakes	32,793	36,134
City of Spring Lake Park	10,651	12,479
	\$ 200,000	\$ 225,000



**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, 2022	Increases	Decreases	December 31, 2023
Land	\$ 225,700	\$ -	\$ -	\$ 225,700
Building	1,443,850	23,320	-	1,467,170
Building improvements	176,530	7,390	-	183,920
Office and studio equipment	3,358,795	141,366	-	3,500,161
Vehicles	285,732	28,085	-	313,817
Total depreciable assets	<u>5,264,907</u>	<u>200,161</u>	<u>-</u>	<u>5,465,068</u>
Building and improvements	(745,698)	(45,416)	-	(791,114)
Office and studio equipment	(2,797,346)	(346,466)	-	(3,143,812)
Vehicles	(285,732)	(3,693)	-	(289,425)
Total accumulated depreciation	<u>(3,828,776)</u>	<u>(397,280)</u>	<u>-</u>	<u>(4,224,351)</u>
Capital assets, net	<u>\$ 1,661,831</u>	<u>\$ (197,119)</u>	<u>\$ -</u>	<u>\$ 1,466,417</u>

Description	December 31, 2021	Increases	Decreases	December 31, 2022
Land	\$ 225,700	\$ -	\$ -	\$ 225,700
Building	1,443,850	-	-	1,443,850
Building improvements	169,636	6,894	-	176,530
Office and studio equipment	3,179,135	213,507	(33,847)	3,358,795
Vehicles	294,574	-	(8,842)	285,732
Total depreciable assets	<u>5,087,195</u>	<u>220,401</u>	<u>(42,689)</u>	<u>5,264,907</u>
Building and improvements	(701,701)	(43,997)	-	(745,698)
Office and studio equipment	(2,467,591)	(360,567)	30,812	(2,797,346)
Vehicles	(294,574)	-	8,842	(285,732)
Total accumulated depreciation	<u>(3,463,866)</u>	<u>(404,564)</u>	<u>39,654</u>	<u>(3,828,776)</u>
Capital assets, net	<u>\$ 1,849,029</u>	<u>\$ (184,163)</u>	<u>\$ (3,035)</u>	<u>\$ 1,661,831</u>

Depreciation expense charged to operations for the years ended December 31, 2023 and 2022 was \$397,280 and \$404,564, 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 1<sup>st</sup> through 2024. Interest is due semi-annually on February 1<sup>st</sup> and August 1<sup>st</sup>.

Future payments as of December 31, 2023 are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 214,999	\$ 15,266	\$ 230,265
	\$ 214,999	\$ 15,266	\$ 230,265

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

December 31, 2022	Additions	Payments	December 31, 2023
\$ 424,999	\$ -	\$ 210,000	\$ 214,999
December 31, 2021	Additions	Payments	December 31, 2022
\$ 629,910	\$ -	\$ 204,911	\$ 424,999

**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. 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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

**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 2023 and 2022 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, 2023 and 2022 were \$58,637 and \$54,259, 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, 2023 and 2022, the Commission reported a liability of \$520,046 and \$784,083, 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 2023 and 2022. 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 \$14,251 and \$22,783 as of December 31, 2023 and 2022, respectively.

The net pension liability was measured as of June 30, 2023 and 2022, 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, 2023 and 2022, the Commission’s proportionate share was 0.0093 percent and 0.0099 percent, respectively.

For the years ended December 31, 2023 and 2022, the Commission recognized pension expense of \$13,697 and \$121,431, respectively, for its proportionate share of the General Employees Plan’s pension expense. In addition, the Commission recognized an additional \$64 and \$3,404, 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, 2023 and 2022, 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:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 17,342	\$ 3,774	\$ 6,549	\$ 8,269
Changes in actuarial assumptions	88,751	142,540	175,714	3,060
Net collective difference between projected and actual investment earnings	-	16,354	15,450	-
Changes in proportion	6,632	35,640	12,196	2,764
Contributions to PERA subsequent to the measurement date	26,423	-	27,031	-
<b>Total</b>	<b>\$ 139,148</b>	<b>\$ 198,308</b>	<b>\$ 236,940</b>	<b>\$ 14,093</b>

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

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

The \$26,423 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, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2024	\$ 10,399
2025	(89,260)
2026	(6,722)

**Total Pension Expense:**

The total pension expense recognized by the Commission for the years ended December 31, 2023 and 2022, was \$72,966 and \$107,177, 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:

	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	33.5%	5.10%
International equity	16.5%	5.30%
Private markets	25.0%	5.90%
Fixed income	25.0%	0.75%
Total	100%	

**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, 2023 and 2022 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.

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 27 years of service.

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 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

**General Employees Fund:**

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**Discount Rate:**

The discount rate used to measure the total pension liability in 2023 and 2022 was 7.0 percent. 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 Plan 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 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:

2023	1% Lower Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Higher Discount Rate (8.0%)
Sensitivity of Net Pension Liability at Current Single Discount Rate	\$ 920,002	\$ 520,046	\$ 191,066
2022	1% Lower Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Higher Discount Rate (7.5%)
Sensitivity of Net Pension Liability at Current Single Discount Rate	\$ 1,238,501	\$ 784,083	\$ 411,391

**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](http://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, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Franchise fees	\$ 1,150,000	\$ 1,150,000	\$ 1,219,852	\$ 69,852
PEG fees	650,000	650,000	536,348	(113,652)
Interest	1,000	1,000	130,548	129,548
Other income	35,000	35,000	76,541	41,541
Grants and contributions	-	-	4,000	4,000
Transfer from reserves	205,433	177,723	-	(177,723)
	<b>2,041,433</b>	<b>2,013,723</b>	<b>1,967,289</b>	<b>(46,434)</b>
<b>EXPENDITURES</b>				
Franchise fee reimbursements	200,000	200,000	200,000	-
Personnel	847,884	811,253	817,610	(6,357)
Employee benefits	298,114	285,035	283,102	1,933
Office	159,600	159,600	132,570	27,030
Legal fees	50,000	50,000	44,312	5,688
Other administrative costs	27,500	49,500	59,569	(10,069)
Vehicle	9,500	9,500	5,183	4,317
Production	20,500	20,500	26,960	(6,460)
Capital expenditures	428,335	428,335	430,575	(2,240)
	<b>2,041,433</b>	<b>2,013,723</b>	<b>1,999,881</b>	<b>13,842</b>
<b>REVENUES UNDER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(32,592)</b>	<b>\$ (32,592)</b>
Plus effect of capital assets purchased			200,161	
Plus effect of debt service			210,000	
Less effect of depreciation			(397,280)	
Less effect of net pension liability			(17,970)	
<b>CHANGE IN NET POSITION (GAAP BASIS)</b>			<b>\$ (37,681)</b>	



**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Franchise fees	\$ 1,150,000	\$ 1,150,000	\$ 1,232,206	\$ 82,206
PEG fees	700,000	700,000	662,659	(37,341)
Interest	500	500	38,160	37,660
Other income	25,000	25,000	69,158	44,158
Grants and contributions	-	-	10,000	10,000
Transfer from reserves	205,052	205,052	-	(205,052)
	<b>2,080,552</b>	<b>2,080,552</b>	<b>2,012,183</b>	<b>(68,369)</b>
<b>EXPENDITURES</b>				
Franchise fee reimbursements	225,000	225,000	225,000	-
Personnel	823,816	823,816	797,159	26,657
Employee benefits	290,140	290,140	276,522	13,618
Office	121,100	121,100	120,734	366
Legal fees	50,000	50,000	10,500	39,500
Other administrative costs	38,500	38,500	41,770	(3,270)
Vehicle	8,500	8,500	6,488	2,012
Production	35,000	35,000	26,435	8,565
Capital expenditures	488,496	488,496	492,136	(3,640)
	<b>2,080,552</b>	<b>2,080,552</b>	<b>1,996,744</b>	<b>83,808</b>
<b>REVENUES OVER</b>				
EXPENDITURES	\$ -	\$ -	15,439	\$ 15,439
Plus effect of capital assets purchased			220,401	
Plus effect of debt service			204,911	
Less effect of depreciation			(404,564)	
Less effect of disposal of capital assets			(3,035)	
Less effect of net pension liability			(49,951)	
<b>CHANGE IN NET POSITION (GAAP BASIS)</b>			<b>\$ (16,799)</b>	

**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, 2022, the Commission did not approve any specific budget adjustments. During the year ended December 31, 2023, the Commission approved budget adjustments for unanticipated changes in personnel and accounting expenses.

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S PERA CONTRIBUTIONS**  
For the Year Ended December 31, 2023

<b>Fiscal Year Ending</b>	<b>Statutorily Required Contribution (a)</b>	<b>Contributions in Relation to the Statutorily Required Contribution (b)</b>	<b>Contribution Deficiency (Excess) (a-b)</b>	<b>Covered- Employee Payroll (d)</b>	<b>Contributions as a Percentage of Covered- Employee Payroll (b/d)</b>
December 31, 2023	\$ 58,637	\$ 58,637	\$ -	\$ 781,827	7.50%
December 31, 2022	\$ 54,259	\$ 54,259	\$ -	\$ 723,453	7.50%
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, 2023

Measurement Date	Statutorily Required Contribution (a)	Employer's Proportion 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)		Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)
							Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)				
June 30, 2023	December 31, 2023	0.0093%	\$ 520,046	\$ 14,251	\$ 534,297	\$ 789,933	65.8%	83.1%	65.8%	83.1%	65.8%	83.1%
June 30, 2022	December 31, 2022	0.0099%	\$ 784,083	\$ 22,783	\$ 806,866	\$ 738,107	106.2%	76.7%	106.2%	76.7%	106.2%	76.7%
June 30, 2021	December 31, 2021	0.0098%	\$ 418,504	\$ 12,781	\$ 431,285	\$ 705,347	59.3%	87.0%	59.3%	87.0%	59.3%	87.0%
June 30, 2020	December 31, 2020	0.0095%	\$ 569,568	\$ 17,576	\$ 587,144	\$ 679,587	83.8%	79.1%	83.8%	79.1%	83.8%	79.1%
June 30, 2019	December 31, 2019	0.0097%	\$ 536,291	\$ 16,666	\$ 552,957	\$ 683,453	78.5%	80.2%	78.5%	80.2%	78.5%	80.2%
June 30, 2018	December 31, 2018	0.0098%	\$ 543,664	\$ 17,795	\$ 561,459	\$ 652,560	83.3%	79.5%	83.3%	79.5%	83.3%	79.5%
June 30, 2017	December 31, 2017	0.0099%	\$ 632,009	\$ 7,940	\$ 639,949	\$ 637,427	99.2%	75.9%	99.2%	75.9%	99.2%	75.9%
June 30, 2016	December 31, 2016	0.0102%	\$ 828,188	\$ 10,782	\$ 838,970	\$ 629,160	131.6%	68.9%	131.6%	68.9%	131.6%	68.9%
June 30, 2015	December 31, 2015	0.0101%	\$ 523,434	\$ -	\$ 523,434	\$ 592,187	88.4%	78.2%	88.4%	78.2%	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.



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**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, 2023, 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 July 16, 2024.

**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 2023-1 and 2023-2 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.

*Hamington Langer & Associates*

July 16, 2024



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## 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, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated July 16, 2024.

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.

*Harrington Langer & Associates*

July 16, 2024

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
For the Year Ended December 31, 2023

**2023-1 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.

**2023-2 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.



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**NORTH METRO TV**

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**TO:** CABLE COMMISSION  
**FROM:** ERIC HOUSTON & DANIKA PETERSON  
**SUBJECT:** SEPTEMBER MISCELLANEOUS UPDATES  
**DATE:** 9/5/2024

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**USA Cup Soccer**

Kenton Kipp, Ted Leroux and their intrepid sports crew once again brought their talents to the soccer field for the 2024 USA Cup Soccer Tournament. This year, the team covered 27 games and opening ceremonies, creating 28 new programs and 36 new hours of content for the channel. As has been the case for the last couple of years, USA Cup hired us to provide this coverage, paying \$16,750. That is about the same as what we made in 2023, but, this year, we covered only half as many games and leveraged the vMix production system, rather than the truck, to further lower overhead costs. In the end, we were able to provide excellent coverage that the client loved, produce exciting new content for ourselves, and make a tidy sum.

**Public Access Milestone**

Public Access producer Rick Larson celebrated an astounding milestone this month with the airing of the 1,900<sup>th</sup> episode of his show LovePower. Blaine native Larson has been producing the weekly music and ministry showcase for more than 30 years. One incarnation or another of North Metro TV has been his producing home the entire time. LovePower airs on several public access channels across the metro as well as in other states and even in Africa. Rick also produces a companion show, The Power of Love. That program has aired 500 episodes. Rick plans to reach his 2,000<sup>th</sup> episode within the next two years.

**Sports Awards**

The NATOA Government Programming Awards recently honored the North Metro TV sports team for their excellent work in 2023. Kenton Kipp, Ted Leroux, and their crew received an Award of Honor in the Live Sports Event category for the Section 5AAAAAA Football Final between Prior Lake and Centennial and a second Award of Honor in the Documentary category for Pride of the Pines, their program about the 2023 Centennial Cougars State Championship run. Even more impressively, Pride of the Pines is an Award Finalist in the Editing category. NATOA, which is a national community television advocacy organization, will present their final awards on August 28.

### **Antiques at the Mary Ann Young Center**

For the first time, Eric Houston brought his DIY Antiques Appraisal class to Blaine's Mary Ann Young Center. 28 people attended the class which teaches seniors how to use internet resources to research their interesting and potentially valuable items. Some notable items included a World War 2 Japanese bayonet valued at \$100 - \$200, a Bakelite purse valued at \$200 - \$300, and a late 19<sup>th</sup> century Martin Guitar valued at \$7,000.

### **Night to Unite**

Night to Unite is always a great opportunity for our local police and fire departments to talk to community members in fun, happy settings. It is also a great opportunity for North Metro TV to film these positive interactions and show off the dedication of our local officers. This year, Eric Nelson visited a party in Blaine while TJ Tronson visited one in Lino Lakes. Each recorded interviews with police and fire personnel and with community members alongside video of all of the fun activities. Night to Unite is always a popular event in the north metro and on our social media channels, where the two videos have already attracted more than 2,500 views.

### **Local Decision Kick-Off**

Local Decision 2024 coverage is officially underway. Danika Peterson and Eric Nelson are covering 18 different contests this year with 43 total candidates. All of the candidates have been invited to submit a biography for our website and to record an in person interview. Those interviews typically last 15 minutes and will be available on Channel 15 and on our social media pages. The news team has already started taping interviews and the goal is to have all of the interviews and candidate biographies posted in time for the start of early voting on September 20.

## NORTH METRO TV

**TO:** CABLE COMMISSION  
**FROM:** ERIC HOUSTON & DANIKA PETERSON  
**SUBJECT:** SECOND QUARTER COMCAST FRANCHISE AND PEG FEE REPORTS  
**DATE:** 9/5/2024

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The Commission has received the second quarter gross revenue, franchise, and PEG fee reports and payments from Comcast. Comcast is required to provide these payments and reports within 30 days of the end of the quarter. We will provide more detailed information at the September Executive Committee and Cable Commission meetings.

MEMORANDUM

**To: North Metro Telecommunications Commission**  
**From: Mike Bradley, Nancy Werner, and Michael Athay**  
**Re: June 2024 Legal Report**  
**Date: June 10, 2024**

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### Minnesota Strikes Laws Blocking Municipal Broadband

According to a May 23, 2024 article by *Community Networks* (available [here](#)), advocates for municipal broadband scored a major victory with Minnesota’s repeal of two preemption laws that prevented cities and towns in the state from providing municipal broadband services.

The new legislation (available [here](#)), which was signed into law on May 22 by Gov. Tim Walz, repeals two Minnesota statutes that protect telecommunications providers from competition. One statute on the books for over a century ([Minn. Stat. Ann. § 237.19](#)) allowed municipalities in Minnesota to buy or construct “telephone exchanges” only if they secured a supermajority vote in a local referendum election. Though intended to regulate telephone service, the law was interpreted after the invention of the Internet to include broadband with telephone service, imposing that super-majority on the construction and operation of municipal broadband networks.

The second law ([Minn. Stat. Ann. § 429.021\(19\)](#)) gave municipalities the express authority to “improve, construct, extend, and maintain facilities for Internet access,” but only if a private provider was not offering service in that municipality.

[SF 4097](#) repealed both preemption laws. Specifically, the new law provides that “any municipality shall have the right to own and operate a telephone exchange within its own borders.” It also states that any municipality “may construct such plant, or purchase an existing plant by agreement with the owner, or where it cannot agree with the owner on price, it may acquire an existing plant by condemnation.”

Where Minn. Stat. Ann. § 429.021(19) barred municipalities from offering broadband service in places where a private provider offered some level of service, the new statute provides that municipalities can “improve, construct, extend, and maintain facilities for Internet access and other communications purposes,” provided that the municipality doesn’t discriminate “in favor of the municipality’s own communications facilities by granting the municipality more favorable or less burdensome terms and conditions than a non-municipal service provider with respect to: (A) access and use of public rights-of-way; (B) access and use of municipally owned or controlled conduit, towers, and utility poles; and (C) permitting fees charged to access municipally owned and managed facilities.”

According to the *Community Networks* article, with Minnesota’s new law, the number of states with laws that limit municipal broadband is now down to 16 states. (Details available [here](#).)

*Community Networks* is a project of the Institute for Local Self Reliance.

### **Minnesota Bill Requires Broadband Industry Worker Protections**

A Minnesota bill now with Governor Tim Walz for signature would impose new requirements on Minnesota broadband providers to protect workers in the industry. According to a May 22 article in *Broadband Community*, available [here](#), the bill, [HF 5242](#), would, among other measures:

- give preference regarding grant applications for telecommunications companies that provide at least 80 hours of skills training to employees annually, pay prevailing wages, and have a demonstrated track record of hiring people of color, Indigenous people, women, or people with disabilities;
- direct the Minnesota broadband office to give priority to companies that offer employer-paid family health insurance coverage, and companies that offer employer-paid retirement benefit payments “equal to no less than 15 percent of the employee’s total taxable wages”;
- impose certification requirements on broadband companies including a requirement that installers complete a 40-hour course that includes hands-on instruction covering proper work procedures for safe installation of underground utilities;
- require companies installing underground broadband equipment to comply by the beginning of July in 2025 if the law is signed by the governor.

The bill was passed in both the Minnesota house and senate in mid-May. The legislation had been opposed by industry organizations including the Minnesota Cable Communications Association, the Minnesota Telecom Alliance, and the Wireless Internet Service Providers Association. The Associations, in a joint letter to Governor Walz, claimed that the bill “will essentially make it impossible for any internet service provider in the state to participate in the [federal Broadband Equity, Access, and Deployment] (BEAD) Program] or any other future border-to border grant program.”

### **Bradley Werner’s Nancy Werner Participates in Georgetown Broadband Permitting Summit**

Bradley Werner, LLC partner, Nancy Werner, was an invited participant in Georgetown University's Law Institute for Technology Law & Policy broadband permitting summit. Invitees focused on broadband deployment and included cities, mayors, governors and counties, public interest groups, philanthropy, unions, state, local and federal agency officials, wireline and wireless companies, and also including big and small ISPs, co-ops, organizations.

The goas of the permitting summit were twofold:

- convene experienced, thoughtful permitting experts from government, industry, philanthropy, and civil society to arrive at a collaborative list of insights and recommended approaches; and
- develop strategies to disseminate and promote the list of insights and approaches in communities across the country.

The workshop was moderated by Gigi Sohn, Executive Director of the American Association for Public Broadband, and also a Distinguished Fellow of the Tech Institute, and a Senior Fellow at the Benton Institute for Broadband & Society.

### **ISPs Sue FCC Over Net Neutrality Rules, File Petition Asking FCC For Stay**

Trade associations representing major Internet Service Providers took the Federal Communications Commission to court to block the Commission's reclassification of broadband service as a telecommunications service and its Net Neutrality rules adopted in April. The litigation was reported in a May 31, 2024 article in *Broadband Breakfast* (available [here](#)). According to the article, cases were filed in several appellate courts, including the Fifth Circuit, the Sixth Circuit, the Eleventh Circuit, and the D.C. Circuit.

*Law 360* reported on June 6, 2024, that the Sixth Circuit was chosen by random lottery for consolidation of more than half a dozen challenges to the FCC's rules filed to date. The Judicial Panel on Multidistrict Litigation said the Cincinnati-based appeals court will be the initial venue for cases recently filed in seven circuit courts of appeals, according to *Law 360*'s article (available [here](#)). Subsequently, the FCC has requested the Sixth Circuit send the case to the D.C. Circuit, which has previously ruled in favor of the FCC's authority to reclassify broadband service. As of this writing, the Sixth Circuit has not acted on that request.

The *Broadband Breakfast* article reported that on May 24, many of the same trade groups bringing the litigation filed a petition (available [here](#)) asking the FCC to stay its recently adopted Net Neutrality rules, claiming the agency acted unlawfully under a 2022 Supreme Court decision restricting the regulatory freedom of administrative agencies. The FCC's rules are scheduled to take effect on July 22. The stay request asked the FCC to rule by June 7 to give a court time to issue a judicial stay before July 22. The court cases were referenced in a footnote in Friday's stay petition.

According to *Broadband Breakfast*, the FCC petition was filed by: NCTA – The Internet & Television Association; USTelecom – The Broadband Association; CTIA – The Wireless Association; ACA Connects – America's Communications Association; WISPA – The Association for Broadband Without Boundaries; and state broadband associations from Missouri, Florida, and Ohio.

According to the article, the petition contends the FCC violated the Supreme Court's 2022 Major Questions Doctrine, which requires an agency to have clear authorization from Congress to adopt rules of vast economic and political significance. The petition said Congress never clearly authorized the FCC to adopt the Net Neutrality rules and that the rules have broad economic consequences. "The 1996 [Telecommunications] Act does not provide clear congressional authorization for the [Net Neutrality] order," the stay petition said. "The economic and political significance of the FCC's claimed authority is staggering by any measure."

*Broadband Breakfast* noted that FCC Chairwoman Jessica Rosenworcel has said the D.C. Circuit upheld the 2015 Net Neutrality rules and that the Supreme Court gave the agency the green light to classify broadband in the 2005 *Brand X* case. According to the *Law 360* article, Rosenworcel said the agency will respond to the industry petition calling for a delay to the new rules while the

issue goes through litigation, but that she believes what the FCC has developed falls within its legal authority.

The *Law 360* article noted that by reclassifying internet service under federal law, the FCC can move forward with regulations adopted under its open internet order treating service providers as common carriers, intending to prevent blocking, slowing or giving paid preference to web traffic and similar conduct by carriers.

In its Report and Order adopting the Net Neutrality rules, the FCC said the Major Questions Doctrine should not apply. “We do not think the Major Questions Doctrine properly comes into play in this context at all. For one, we are simply following the best reading of the Communications Act, as demonstrated by the statute’s plain text, structure, and historical context; there is no call for deference to an interpretation that is not the statute’s most natural reading,” the FCC said.

### **Pennsylvania Bill Would Mirror Affordable Connectivity Program (ACP) Subsidies**

If passed into law, a proposed bill in Pennsylvania, H.B. 2195, would give eligible households a \$30 monthly subsidy for internet access, mirroring the Affordable Connectivity Program for Pennsylvania residents. According to a May 15, 2024, *Broadband Communities* article, the bill was introduced in April of this year and seeks to subsidize broadband internet access for low-income households and households with at least one child aged 5-18. The bill, introduced by Reps. Lindsay Powell, Aerion Abney, and Roni Green, is under consideration by the state’s Consumer Protection, Technology & Utilities committee.

According to the article, available [here](#), Rep. Powell, the bill’s prime sponsor, cited data from the Pennsylvania Department of Community and Economic Development which reported that a quarter of Latino households in Pennsylvania and 35 percent of black households in the state do not have access to broadband. According to Powell, over 739,000 households in Pennsylvania relied on the ACP to help pay for broadband.

*Broadband Communities* notes that nearly 23 million households nationwide relied on the ACP program to help pay for internet, which provided a discount of up to \$30 per month toward internet service for eligible households and up to \$75 per month for households on qualifying Tribal lands, according to the FCC. Households were eligible for the ACP if their income was at or below 200 percent of poverty guidelines set by the government.

In April, the FCC indicated that the maximum benefit providers should expect to receive in May is \$14 per ACP customer (discussion [here](#)), or \$35 per qualifying Tribal customer, before funding for the program expires at the end of the month. The FCC stopped accepting new ACP enrollments in February.

### **Comcast Cable Upgrades System To Make It Competitive With Fiber-To-The-Home**

*NextTV* reported in a May 21, 2024 article (available [here](#)) that President and CEO of Comcast Cable Dave Watson recently announced that by the end of 2024, 50% of Comcast’s cable footprint will complete the labor- and cost-intensive process of conducting "mid splits" of optical nodes – an upgrade necessary to integrate multi-gig symmetrical broadband service via Full

Duplex DOCSIS 4.0 conducted over a virtualized network. According to the article, Watson said this capital-intensive upgrade is the best response to fiber-to-the-home, which he believes poses Comcast's greatest long-term competitive threat.

### **FCC Chairwoman Circulates Proposal To Require Disclosure Of AI-Generated Content In Political Ads On TV And Radio**

On May 22, 2024, FCC Chairwoman Jessica Rosenworcel circulated a Notice of Proposed Rulemaking that, if adopted, would look into whether the agency should require disclosure when there is AI-generated content in political ads on radio and TV. Under the proposal, the FCC would initiate a proceeding that recognizes consumers' right to know when AI tools are being used in the political ads they view. If adopted, this proposal would aim to increase transparency by:

- Seeking comment on whether to require an on-air disclosure and written disclosure in broadcasters' political files when there is AI-generated content in political ads,
- Proposing to apply the disclosure rules to both candidate and issue advertisements,
- Requesting comment on a specific definition of AI-generated content, and
- Proposing to apply the disclosure requirements to broadcasters and entities that engage in origination programming, including cable operators, satellite TV and radio providers and section 325(c) permittees.

The proposal would not prohibit such content, requiring only the disclosure of any AI-generated content within political ads.

“As artificial intelligence tools become more accessible, the Commission wants to make sure consumers are fully informed when the technology is used,” said Chairwoman Rosenworcel. “Today, I’ve shared with my colleagues a proposal that makes clear consumers have a right to know when AI tools are being used in the political ads they see, and I hope they swiftly act on this issue.”

According to the FCC’s announcement of the proposed NPRM (available [here](#)), “the use of AI is expected to play a substantial role in the creation of political ads in 2024 and beyond, and the use of AI-generated content in political ads creates a potential for providing deceptive information to voters, in particular, the potential use of ‘deep fakes’ – altered images, videos, or audio recordings that depict people doing or saying things that did not actually do or say, or events that did not actually occur.”

The Bipartisan Campaign Reform Act gives the FCC authority regarding political advertising, according to the announcement, in addition to there being “a clear public interest obligation for Commission licensees, regulatees, and permittees to protect the public from false, misleading, or deceptive programming ...”.

*PolicyBand* reported on May 24, 2023 ([here](#)) that “Republican Commissioner Brendan Carr issued a statement [the day before] saying he wanted nothing to do with Democratic FCC Chairwoman Jessica Rosenworcel’s plan to require labeling of AI-generated political ads aired on broadcast radio and TV.”



Proposals shared on circulation are adopted after a majority of Commissioners vote in their favor. It is at each Commissioner’s discretion as to when they vote an item on circulation. If adopted, this proposal would launch a proceeding during which the Commission would take public comment on the proposed rules.

### **FCC Seeks Comments On State Of Competition In Communications Marketplace**

Reply Comments in this Office of Economics and Analytics proceeding are due July 8, 2024. Comments were due on June 6, 2024. According to the FCC’s April, 2022 notice, the proceeding seeks comments on the current state of the video marketplace, ways to help foster diverse and independent video programming, and how current obstacles to MVPD/online carriage impact consumers. The notice is available [here](#). Benton Foundation discussion can be found [here](#).

### **FCC Seeks Comments on Multilingual Wireless Emergency Alerts**

Comments are due in this proceeding, in PS Docket Nos. 15-91 and 15-94, on June 12, 2024, and Reply Comments on July 12, 2024. According to the FCC’s Public Notice, available [here](#), the FCC is seeking comments on the implementation of a proposed set of pre-translated wireless emergency alerts (WEA) messages in English, the 13 most commonly spoken languages in the United States, and American Sign Language (ASL). The messages would be pre-installed and stored on mobile devices offered by “Participating Commercial Mobile Service (CMS) Providers.” The Public Notice, released February 15, 2024, seeks comments on the following:

- Which alerts should be the subject of templates?
- Are proposed translations accurate and effective?
- Should templates be customizable by emergency managers?
- Should templates in additional languages be supported?



**Bradley Werner**  
Attorneys at Law

## MEMORANDUM

**To: North Metro Telecommunications Commission**  
**From: Mike Bradley, Nancy Werner, and Michael Athay**  
**Re: July 2024 Legal Report**  
**Date: July 8, 2024**

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### **Mike Bradley Presents at WCM and ACM Annual Conferences**

In May, Mike Bradley presented to the Wisconsin Community Media Annual conference held in Eau Claire, Wisconsin. His presentation included information on the new ADA rules for local governments issued by the United States Department of Justice and summaries of state cable and broadband legislation from the past legislative sessions. At the end of June, Mike Bradley presented at the Alliance for Community Media Annual Conference in a session entitled “Standing up for PEG Funding!” In the session, Mike reviewed trends in cable franchise fees and PEG funding, potential underpayments of franchise fees and PEG funding, and state legislation addressing PEG funding. The ACM Annual Conference was held in San Jose, California at CreaTV, the access center serving the City of San Jose.

### **Mayors Adopt Resolutions Calling For FCC Action On Critical Telecomm Issues**

The United States Conference of Mayors, gathered in Kansas City for its 92nd Annual Conference late last month, adopted three resolutions addressing critical telecommunications issues facing local governments and their constituents. The Conference identifies its policy priorities by means of the resolution process. Each of the resolutions was first addressed by the Technology and Innovation Committee, chaired by the Honorable Bruce Harrell, Mayor of Seattle, WA, where they were unanimously adopted. All were adopted as part of a consent agenda the day before adjournment. For the next year, mayors will focus their efforts as provided in these resolutions. Titles of the resolutions and links to them are provided below.

- [Restoring Local Authority to Receive Fair and Reasonable Compensation for Use of Public Rights-of-Way by Cable Operators and Other Communications Service Providers](#)
- [Resolution Opposing H.R. 3557, the American Broadband Act of 2023](#)
- [A Resolution Supporting the Renewal and Extension of the Affordable Connectivity Program](#)

### **SCOTUS Overturns *Chevron* Doctrine**

At the end of June of this year, the U.S. Supreme Court [overturned](#) the four decades old “Chevron doctrine”, or “Chevron deference” doctrine, in [Loper Bright Enterprises v. Raimondo](#). “Chevron deference” refers to the doctrine of judicial deference given by the federal courts to the actions of federal administrative agencies. It was named for the landmark case, [Chevron U.S.A., Inc. v.](#)

[Natural Resources Defense Council, Inc.](#), 468 U.S. 837 (1984). In *Chevron*, the Supreme Court set forth a legal test as to when the court should defer to an agency’s interpretation of federal statutes applicable to the agency’s regulatory domain, holding that such judicial deference is appropriate where the agency’s answer was not unreasonable, so long as Congress had not spoken directly to the precise issue at question.

In its June 28 decision overturning *Chevron*, the U.S. Supreme Court stated: “The [Administrative Procedure Act](#) requires courts to exercise their independent judgment in deciding whether an agency has acted within its statutory authority, and courts may not defer to an agency interpretation of the law simply because a statute is ambiguous; *Chevron* is overruled.” For analysis of the decision, see SCOTUS blog’s post [here](#).

### **LMC Releases 2024 Legislative Session Overview**

In a bulletin dated June 24, 2024 (available [here](#)), the League of Minnesota Cities published its overview of key legislative issues and outcomes for Minnesota from the 2024 session of the state legislature, which adjourned May 19.

Key outcomes for cities that were identified in the bulletin include:

- **BROADBAND** - Decades-old statutory barriers that made it difficult for cities to create municipal broadband networks were removed. Cities will no longer be required to obtain a supermajority voter approval to construct a network nor will cities be prohibited from constructing a network if it competes with service provided by private entities.
- **CYBERSECURITY** - Government entities will be required to report cybersecurity incidents to the Minnesota Department of Information Technology Services through a new reporting system that will be developed by Sept. 30, 2024.
- **OPEN MEETING LAW** - No amendments to the Open Meeting Law were enacted, although several changes related to closed meetings, penalties for violations, public comment periods, and remote participation were considered.
- **BONDING** - The Legislature failed to bring a bonding bill up for a vote in either body, and also failed a last-minute attempt to pass a \$71 million general fund appropriation package to fund a few projects.
- **TAXES** The Legislature did not pass an omnibus tax bill and only a few tax provisions were included in the supplemental spending bill. Outside of changes to tax forfeiture, none of the changes directly impact cities. Both the House and Senate passed differing versions of a local sales tax general authority, but no changes were enacted. The local sales tax moratorium remains in place through the 2025 legislative session.
- **TRANSPORTATION**
  - Cities with a population of less than 5,000 will receive revenue from a \$11.35 million, one-time appropriation for the Small Cities Assistance Program. This is intended to provide short-term relief while revenues in the permanent Transportation Advancement Account are collected.
  - The Small Cities Assistance and Larger Cities Assistance funds provided through the Transportation Advancement Account can now be used for debt service on bonds for cities that borrow for transportation capital improvements.

- Dozens of policy provisions were enacted, including authority to establish pedestrian malls, a traffic safety camera system pilot, uniform disability parking signs, and new restrictions on towing.

For additional detail, see [LMC 2024 Law Summaries \(pdf\)](#) and LMC’s [“Focus on New Laws” articles](#), which will be released throughout the summer.

### ***Ex Parte* LFA Filings Urge Repeal of Mixed-Use Rule, Amendment of In-Kind Rule**

In a July 5, 2024 article (found [here](#)), Ted Hearn’s *Policyband* telecom blog pointed to a June 5 *Ex Parte* letter filing by the Northern Dakota County Minnesota Cable Communications Commission (NDC4) calling on the FCC to repeal its Mixed-Use Rule. The NDC4 filing closely followed the Bradley Werner filing earlier in the year. Hearn points out that the rule blocks the efforts of many American cities who seek to impose franchise fees on cable operators’ broadband revenue. As explained in an earlier *Policyband* post (available [here](#)), the Mixed-Use Rule prohibits local franchising authorities from regulating the provision of broadband services by cable franchisees over their franchised cable systems, including LFA assessment of franchise fees on those services.

NDC4’s filing (available [here](#)) joins a growing chorus of local franchising authorities calling for FCC repeal of the Mixed-Use Rule, as the Hearn articles notes. In December of last year, Bradley Werner filed an *Ex Parte* letter (available [here](#)) on behalf of local franchising authorities including the Commission, Minneapolis, Philadelphia, Seattle, Oklahoma City and multiple other cable commissions. Both the NDC4 and Bradley Werner filings argue that the Sixth Circuit, in *City of Eugene v. Federal Communications Commission*, rejected the basis for the Mixed-Use Rule, yet the FCC, three years later, has not moved to eliminate or modify the rule. The filings argue that the rule cannot be amended to accurately reflect the Cable Act and must be repealed.

Additionally, both filings argue that the FCC should amend its In-Kind rule to conform to the Court’s clear and explicit finding in *City of Eugene* that in-kind (i.e. noncash) franchise fees must be valued at the marginal cost to the cable operator to provide them, and cannot, consistent with the Cable Act, be valued at their fair market value. The filings point out that the FCC’s failure to modify the rule has meant that some cable operators continue to charge or attempt to charge local governments what they consider to be fair market value for compliance with in-kind franchise obligations. These actions clearly contradict the Court’s finding in *City of Eugene* that “Not a word in § 542 [*Franchise Fees*] supports the notion that franchise fees can be a source of profit for cable operators.”

Local government advocacy organizations are urging LFAs to join the growing demand for repeal of the Mixed-Use Rule and amendment of the In-Kind Rule to conform with the law as stated in *City of Eugene*. The filings reviewed are in the following proceeding: *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)*.

## **Minnesota Adopts Comprehensive Consumer Data Privacy Act**

On May 24, 2024, Minnesota Governor Tim Walz signed the Minnesota Consumer Data Privacy Act (“MCDPA”), making Minnesota the eighteenth state to enact a comprehensive privacy law, according to the June 24 *Data Protection Report* issued by international law firm Norton Rose Fulbright LLC. The full Report can be found [here](#).

## **Sixth Circuit to Keep Net Neutrality Case**

The Sixth Circuit Court of Appeals decided on June 28 that it is keeping the net neutrality case, as reported by *Broadband Breakfast* (article available [here](#)), which called the decision a procedural victory for internet service providers trying to block the rules from taking effect next month.

Earlier in June, the Federal Communications Commission asked the U.S. Court of Appeals for the Sixth Circuit in Cincinnati to transfer the case to the U.S. Court of Appeals for the D.C. Circuit in Washington, saying the latter tribunal had deeper experience with Net Neutrality litigation than the Sixth Circuit. The Sixth Circuit was chosen by lottery to hear the Net Neutrality case because 11 appeals had been filed in seven circuits.

According to the article, a three-judge panel of the Sixth Circuit said that the FCC's reliance on the D.C. Circuit's precedents was not persuasive because of the agency's inconsistent approach to classifying broadband internet access service within federal communications law over many years. “The D.C. Circuit has some familiarity with the legal classification of broadband through its consideration of prior FCC orders. But the FCC's vacillating positions on the proper classification of broadband demonstrate that the prior orders do not represent the staggered implementation of a single undertaking,” the Sixth Circuit panel said.

## **FCC Rejects “Blanket Amnesty” For Providers That Drop Network Projects, Refuses To Reconsider Denial of \$25M Aid for School Cell Towers**

In a July 5 article, *Law360* reported that the FCC said it will not provide blanket relief from FCC penalties against broadband providers that pull out of rural deployment commitments but will weigh companies' individual circumstances. The article is available [here](#). In a July 3 article, *Law360* reported that the Commission said it will not reconsider its decision to deny \$25.5 million in aid to build 16 cell towers for a group of California School Districts asking for the aid because even though the funds are earmarked for schools, it was never explained how the towers would benefit the students or staff. The article is available [here](#).

MEMORANDUM

**To: North Metro Telecommunications Commission**  
**From: Mike Bradley, Nancy Werner, and Michael Athay**  
**Re: August 2024 Legal Report**  
**Date: August 14, 2024**

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**Firm News: Mike Bradley Presents at IMLA and MACTA and Featured on Podcast**

In July, Mike Bradley presented a webinar to the [International Municipal Lawyers Association \(IMLA\)](#) on Modern Franchising. The presentation showed the continuing relevance of cable television franchising despite drops in cable television subscriptions, the likely franchise fee underpayments resulting from cable operators not including revenue derived from video programming delivered by streaming and on broadband franchising. IMLA is a non-profit organization dedicated to advancing the interests and education of local government lawyers.

At the end of July, Mike presented twice at the [MACTA annual conference](#). In the morning session, Mike was part of panel to discuss planning for the 2025 legislative session. Mike shared with the conference the various ways other state legislatures were grappling with ensuring that PEG operations are adequately funded. In the second session, Mike presented on current and future franchising issues as part of a panel.

Also in July, Mike was invited by [Cablecast by Tightrape Media Systems](#) to participate in its [Government Video Podcast](#) with Michelle Alimoradi. Mike and Michelle covered a number of topics affecting local governments. You can see the Cablecast LinkedIn post [here](#) and the full episode [here](#).

**Action Alert: Digital Equity Competitive Grant Opportunity – September Deadline**

On July 24, 2024, the National Telecommunications and Information Administration (NTIA ) announced a nearly \$1 billion [Notice of Funding Opportunity](#) (NOFO) for its [Digital Equity Competitive Grant Program](#). All local governments including cable commissions should be preparing for the NTIA competitive grant opportunity supporting digital equity. You may have heard that NATOA is looking into spearheading a nation-wide application process. We would encourage you to [look into that option](#). For those of you in cable commissions, you may want to reach out to your member cities to see if they are interested in submitting a joint application.

Proposals must include at least one of these activities:

- Develop and implement digital inclusion activities that benefit one or more of the Covered Populations

- Facilitate the adoption of broadband by the Covered Populations to provide educational and employment opportunities
- Implement training programs for the Covered Populations that cover basic, advanced, and applied skills
- Implement workforce development programs
- Make available equipment, instrumentation, networking capability, and digital network technology for broadband services to Covered Populations at low or no cost
- Construct, upgrade, expand, or operate new or existing public access computing centers for Covered Populations through community anchor institutions; or
- Undertake any other project or activity the Assistant Secretary finds to be consistent with the purposes of the Competitive Grant Program

We believe the cost to local governments for complying with the new DOJ rules for ADA compliance would also be an eligible cost. Here is a [link](#) to more information:

Successful applicants can recover their costs in preparing the application up to \$50,000. Last year we helped local governments obtain non-competitive mini-grants through the Minnesota Office of Broadband application for help with the development of the state's digital equity/opportunity plan. There should be another grant opportunity related to that effort sometime soon. So, if you need some help, please let us know. There may also be an opportunity to join other joint applications.

*The timelines are very tight. Applications are due in September!*

**Action Alert: FCC Proposes PEG Exemption From Certain Closed Captioning Requirements.**

Specifically, the FCC proposes exempting video programmers from its closed captioning registration and certification requirements if they provide programming to public, educational, and governmental access channels (PEG channels); or to non-broadcast networks for distribution by a cable operator or other MVPD if the PEG channels or the network are exempt from or have certified compliance with the captioning rules. The FCC's July 16, 2024, Further Notice of Proposed Rule Making on Closed Captioning of Video Programming Telecommunications for the Deaf and Hard of Hearing, CG # 05-231, is available [here](#). Dates for Comments and Reply Comments are pending publication in the Federal Register. The Alliance for Community Media filed a petition nearly 8 years ago in this matter, requesting that the closed captioning registration and certification requirements be waived for program producers that provide programs exclusively over PEG channels.

We will likely submit comments on behalf of the Commission in support of this rule or join other similar comments.



## **Action Alert: New DOJ Rules on ADA Compliance for Local Governments**

The Department of Justice published its final rule, effective July 24, 2024, intended to improve web and mobile app access for people with disabilities. The rule clarifies how state and local governments can meet their existing ADA obligations as many of their activities move to the digital space. The rule adopts a technical standard for web and mobile accessibility to ensure that people with disabilities can better access important public services like health care, voting, and education.

According to DOJ, WCAG 2.1 Level AA provides specific guidelines for captioning and audio descriptions:

1.2.2 Captions (Pre-recorded Video): Mandates captions for all pre-recorded video content, essential for deaf and hard-of-hearing viewers. \*Note: This is required for Level A as well.

1.2.3 Audio Only (Pre-recorded Audio): Requires a text alternative (transcript) for audio-only content.

1.2.4 Captions (Live): Requires captions are provided for all live audio content in synchronized media.

The DOJ also published a *Small Entity Compliance Guide* (posted [here](#)) that is intended to help small state and local governments understand the rule's requirements for making sure their web content and mobile apps are accessible.

Although the rule was effective on June 24, 2024, the deadlines for compliance are set for 2026 and 2027. Deadlines vary based on the size of the local government, but according to DOJ, enforcement begins, generally, on April 24, 2026, for public entities with a state or local government population of 50,000 or more; and on *April 26, 2027, for public entities with a population of fewer than 50,000 and commissions.*

For more information about the final rule, see <https://advocacy.sba.gov/2024/04/25/justice-department-finalizes-rule-requiring-state-and-local-governments-to-make-their-websites-accessible/>.

These rules apply to the Commission and all of its member cities.

## **IMLA Notice of End Of BMI Discounts For IMLA Members**

The International Municipal Lawyers Association (IMLA) notified members last month that Broadcast Music, Inc. (BMI) has provided IMLA with notice of its intention to cancel its 10% discount for a BMI license currently offered to IMLA members. The termination will be effective on October 29, 2024. BMI will honor existing discounts in current agreements, including those renewing on or before October 29, 2024. Any renewals or new agreements between a member local government and BMI commencing after October 29, 2024, will not be able to obtain the discount.



## **6<sup>th</sup> Circuit Stays Reclassification of Broadband, Says ISPs Likely to Prevail**

The Sixth Circuit Court of Appeals, in *Ohio Telecom Association v. FCC*, stayed implementation of the FCC’s reclassification of broadband from an information service to a telecommunications service on August 5, 2024, in a ruling that said broadband providers are likely to win their challenge to the rules on the merits. An article in *Ars Technica* discussing the ruling is available [here](#).

The Court previously issued an administrative stay that delayed enforcement of the rules for a few weeks. In the [order](#), the Court stayed the FCC reclassification order until the court makes a final ruling. The Sixth Circuit panel found that broadband providers “are likely to succeed on the merits because the final rule implicates a major question, and the Commission has failed to satisfy the high bar for imposing such regulations” under the Supreme Court’s evolving approach to “major questions.” Net neutrality, the decision argued, “is likely a major question requiring clear congressional authorization,” and the “Communications Act likely does not plainly authorize the Commission to resolve this signal question. Nowhere does Congress clearly grant the Commission the discretion to classify broadband providers as common carriers. To the contrary, Congress specifically empowered the Commission to define certain categories of communications services—and never did so with respect to broadband providers specifically or the Internet more generally.”

We will continue to monitor this case closely.

## **Fifth Circuit Declares Universal Service Fund Unconstitutional**

In a decision released July 24, 2024, the Fifth Circuit Court of Appeals struck down as unconstitutional the FCC's Universal Service Fund (USF) for subsidizing telecommunications service for schools and rural and low-income users. The decision in [Consumers’ Research et al v. Federal Communications Commission](#), No. 22-60008 (filed Jul 24, 2024) was decided by the Court in a 9 to 7 *en banc* ruling of all the judges in the Circuit. The decision reversed a panel decision and triggers a circuit split with three other Circuit Courts of Appeal that upheld the USF program.

The Court’s decision was based on the following findings:

- The power to levy USF fees on telecommunications carriers constitutes the power to tax and USF fees are taxes;
- Congress, through Section 254 of the Communications Act, delegated legislative power to the Federal Communications Commission without supplying the “intelligible principle” to guide the Commission’s discretion that is required under Supreme Court precedent;
- the Commission impermissibly delegated this taxing power to a private entity, the Universal Service Administrative Company (USAC), which the FCC designated to administer the USF;

- The combination of Congress’ broad delegation to the Commission and the Commission’s subdelegating to a private entity amounts to a constitutional violation even if the delegations are separately permissible.

The USF collects and disburses some \$8 billion annually to fund the E-Rate program, which subsidizes connectivity for schools and libraries; and the Lifeline program, which subsidizes low-income households’ phone and broadband bills.

### **FCC Adopts R&O To Make Closed Captioning Settings Easy To Access**

As reported by *TVTechnology* [here](#), watching television for those with hearing-impairments could become easier following the FCC’s adoption on July 18, 2024 of a Report & Order giving viewers greater control over the display of closed captions. According to the article, the R&O is the third by the agency designed to make television more accessible to those with disabilities. It puts in place a “readily accessible” requirement for the display of closed captions that makes it simpler for viewers to access the settings of many covered devices to adjust the font, size, color and other features of the captions. Besides televisions and set top boxes, covered devices include any device manufactured or used in the United States that is designed to receive or play back video transmitted with sound.

### **Firm News: Mike Bradley named Communications Law Super Lawyer**

In July, Mike Bradley was selected as a Communications Law Super Lawyer by [Super Lawyer magazine](#). According to the magazine,

Super Lawyers selects attorneys using a patented multiphase selection process. Peer nominations and evaluations are combined with independent research. Each candidate is evaluated on 12 indicators of peer recognition and professional achievement. Selections are made on an annual, state-by-state basis. The objective is to create a credible, comprehensive and diverse listing of outstanding attorneys that can be used as a resource for attorneys and consumers searching for legal counsel. Since Super Lawyers is intended to be used as an aid in selecting a lawyer, we limit the lawyer ratings to those who can be hired and retained by the public.

You can learn more about the selection process [here](#).



**Bradley Werner**  
Attorneys at Law

## MEMORANDUM

**To: North Metro Telecommunications Commission**  
**From: Mike Bradley, Nancy Werner, and Michael Athay**  
**Re: September 2024 Legal Report**  
**Date: September 10, 2024**

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### **Firm News: Bradley, Werner Present at NATOA**

In late August, Bradley Werner, LLC partners, [Mike Bradley](#) and [Nancy Werner](#) both presented at the 2024 [NATOA](#) Annual Conference held in Charleston, South Carolina. Nancy Werner presented on wireless telecommunications issues facing local governments. She presented with Lani Williams, General Counsel, LGL-Roundtable; Tripp May, Partner, Telecom Law Firm, PC.; Karmen Rajamani, Vice President Government Affairs, Wireless Infrastructure Association. The session was moderated by Sean Stokes, Partner, Keller & Heckman, LLP.

The following day, Mike Bradley presented in a session entitled “Alternative PROW Compensation to a Percentage of Revenue.” The session was moderated by NATOA’s Legislative Director, Mike Lynch. Presenting with Mike Bradley were Garth Ashpaugh, President, Ashpaugh & Sculco, CPAs, PLC, and Mike Watz, Senior Principal, [Kitch Attorneys and Counselors](#). Bradley shared how cable franchises are still relevant and valuable today, despite the shift in how video is consumed. Then he reviewed his opinion on whether cable service includes video programming delivered via streaming by cable operators. He closed his remarks on the future of franchising, which is broadband franchising, and his experiences with the [Minnesota Equal Access to Broadband Act](#).

### **Firm News: Bradley elected Vice President of the Communications Law Section of the Minnesota State Bar Association**

On Friday, [Mike Bradley](#) was elected Vice President of the Communications Law Section of the [Minnesota State Bar Association](#). The Communications Law Section advances the knowledge of Minnesota lawyers and other interested persons as to legal issues faced by users, providers, and regulators of telecommunications and broadcast services, facilities, and equipment.

Mike has served on the Communications Law Section leadership council for many years. He has previously served as an officer of the Section on many occasions, including President. Mike strongly believes in civic participation including service to the bar association. In addition to his work with the Communications Law Section, he created the Military Affairs Committee, which is now a section of the bar. As part of the Military Affairs Committee, he helped create the largest *pro bono* project overseen by the bar by offering legal assistance to the service members and families of deployed service members. Mike also served an elected term on the Ramsey County Bar Association Board of Directors and created a reading program for elementary school

**Bradley Werner, LLC**

students designed to teach students about the Supreme Court. He also served on the Ethics Committee and Diversity Committee of the Ramsey County Bar Association.

### **Benton Institute Releases Permitting Whitepaper – Werner’s Efforts Recognized**

Bradley Werner, LLC partner Nancy Werner participated in a summit on broadband permitting earlier this year to advocate for local governments’ interests. Based in part on the summit, on September 4, 2024, the Benton Institute for Broadband & Society released a whitepaper on right-of-way permitting, titled [\*Permitting Success: Closing the Digital Divide through Local Broadband Permitting\*](#) and authored by Benton Senior Fellow Gigi Sohn and Benton Director of Policy Engagement Drew Garner. According to NATOA’s Director of Government Affairs, Mike Lynch,

[i]t's unclear right now how much trade press and/or Capitol Hill attention the report will get. While the national local government organizations participated in the discussion in May – and weighed in on the draft in June and July – none endorsed the work product, though our names are included as participants. I want to note here that Nancy Werner made valuable and significant contributions to our collective edits – thank you, Nancy.

The following are some of the “key takeaways” identified in the white paper:

- There is no single local permitting process, and thus there can be no one-size-fits-all solution to permitting challenges. Each local government has a unique permitting process and each ISP has unique methods for deploying infrastructure, but common principles – proposed in the Benton report – can be identified that can make permitting efficient and effective.
- The quality of communication between the ISP and the permitting office often determines the efficiency of the permitting process. Both parties should begin communicating early in the project planning stage, when the needs of stakeholders – construction crews, permitting officials and inspectors, utility locators, traffic management, other construction projects – can be incorporated into the project’s design and timeline.
- Processing permits under the upcoming wave of permitting activity will require a commensurate wave of additional municipal resources. The Benton report addresses ideas for how to best provide resources and what form those resources should take, including a “reimbursement model” under which ISPs pay the city to hire contractors to support timely city review of ISP permit applications. This ability to increase permitting capacity “on demand” gives the city and ISPs confidence that timelines can be met. Such agreements with ISPs can be expanded to incorporate services such as bore monitoring, which can be bottlenecks in the deployment process.
- To the extent resources allow, permitting offices should make use of online technologies, such as permitting platforms that allow applicants to submit, modify, and track permitting applications online. These platforms increase the speed of communications and allow for

more predictable project timelines as compared with requiring that permitting documents be submitted in paper form. Investment in technology can also help the government collect data from applications to support community infrastructure planning.

- A collaborative relationship between an ISP and a local government is essential for the successful deployment of a broadband network. ISPs should approach each community with the goal of establishing a strong partnership and reflecting local priorities in the network’s design and construction. Local governments should invest in their permit application processes and should reduce unnecessary permitting requirements wherever possible. Broadband is essential for modern life. Local permitting is essential for broadband deployment. Efficient, effective permitting processes benefit everyone.

### **Mankato Experiences Financial Impact of Cable Subscriber Cord Cutting**

In an August 23, 2024 article (available [here](#)) the Mankato Free Press reported that cable television provider Consolidated Communications decommissioned its cable franchise from the city of Mankato and its cable service to city residents in June of this year, ending annual franchise fee payments to the city of \$85,000-90,000 per year. The article portrayed Consolidated’s decision as due to the “cord cutting trend among television consumers” that has them dropping cable service and moving to video streaming services that deliver programming over the Internet and pursuant to state franchising laws, pay no franchise fees to the cities whose residents they serve.

Under the federal Cable Act, operators are required to pay up to five percent of their gross revenues from cable service to the local franchising authority in exchange for their use of the public rights of way to deliver the service. Those gross revenues are directly determined by the number of cable subscribers served in the franchise area, and have been falling throughout the U.S. as more and more cable subscribers move to Internet video services such as Netflix and Peacock.

According to the article, as recently as 2022, Mankato collected some \$492,000 dollars from Consolidated and its other cable provider, Charter Communications (doing business as Spectrum). Next year, with no franchise fees from Consolidated and likely continuation of the cord cutting trend, Mankato’s revenue from cable franchises is likely to drop below the \$375,000 paid by Charter. The article reports that the city has received no indication that Charter is preparing to follow Consolidated and discontinue its Spectrum cable service, which accounts for the vast majority of cable services and subscribers in Mankato.

The article notes that cable franchise fees are likely to continue to decline given a national drop in cable subscribers, citing data from the website *nScreenMedia* indicating that the number of U.S. households subscribing to traditional “linear TV services” such as cable dropped from 102.1 million in 2014 to 55.3 million this year, and is projected to fall to 40.8 million households nationwide by 2028.

## **Verizon To Purchase Frontier Communications For \$20 Billion**

*Fierce Network* reports that on September 5, 2024, Verizon confirmed that it is buying Frontier Communications for \$20 billion in cash. According to the *Fierce* article (available [here](#)), the acquisition would result in a combined company with 9.6 million fiber subscribers. Verizon’s Fios footprint currently has 7.4 million fiber subscribers and passes nearly 18 million locations with its infrastructure, in nine states in the Northeast, in Washington, D.C. and in Maryland and Virginia counties surrounding D.C. The acquisition would add 2.2 million fiber subscribers and 7.2 million passings across Frontier’s 25-state footprint, much of it in rural areas, with little overlap between the two footprints across 31 states.

The *Fierce* article reports that analysts at *New Street Research* said Verizon’s rationale for the purchase is “convergence baby.” In networking, “convergence” means convergence of networking services and is achieved when one network provider delivers networking services for voice, data, and video over a single network in a single network offering, as opposed to using a separate network for each service. According to *Broadband Breakfast*, Verizon said it expects the deal to close in 18 months, pending a go-ahead from Frontier shareholders and regulators. *Broadband Breakfast* also reported ([here](#)) that New Street analysts believe the acquisition is unlikely to face major regulatory hurdles.

## **Shot Clock Winding Down on ARPA Funds For Broadband Projects**

*Community Networks*, in an August 22, 2024 bulletin ([here](#)), warns communities planning to leverage American Rescue Plan Act (ARPA) funding for broadband or other local infrastructure projects need to act soon or risk losing access to this once-in-a-generation funding resource. According to the bulletin, while most ARPA recipients likely are aware of the December 31 deadline, data suggests more than a few communities could miss it and lose funding.

As part of the 2021 American Rescue Plan Act, [\\$25 billion was specifically earmarked](#) for broadband expansion. The law also created the [State and Local Fiscal Recovery Funds](#) (SLFRF) program, which provided [\\$350 billion](#) for states, municipalities, and tribal governments to offset pandemic losses or flexibly invest in local infrastructure.

The bulletin warns that regardless of how ARPA recipients spend the funds, “they all face losing access to funding if they fail to meet a [looming government deadline](#) to obligate these funds by December 31, 2024, and spend them by December 31, 2026.” According to the bulletin, notwithstanding multiple government reminders – and obvious and widespread need for infrastructure and telecom improvements across most of the country – some municipalities still have yet to obligate or budget large amounts of ARPA funding. They now risk losing access to the funds if they fail to meet the year-end deadline to obligate funds.

## **FCC Launches 5G For Rural America Fund**

On August 29, the FCC released a [Second Report and Order](#) that initiated its official launch of its 5G Fund for Rural America. As reported by the broadband publication *Pots and Pans* [here](#), the Report and Order recites that 14 million Americans have no access to 5G and commits the FCC to

providing a \$9 billion subsidy fund to improve high speed cellular coverage in rural areas of the country.

According to *Pots and Pans*, funds will be awarded using a reverse auction that is open only to cellular carriers for projects in geographical areas that (1) do not have at least one carrier providing 5G mobile wireless speeds of at least 7/1 Mbps, (2) are not urban areas, (3) contain at least one home or business and some portion of a road, and (4) are not already receiving an FCC cellular subsidy (e.g. from the Universal Service Fund or the FCC's Mobility Fund). Areas with no 5G are weighted favorably in the reverse auction.

According to *Pots and Pans*, winners of the reverse auction must upgrade (to the required minimum speed) 40% of an area for which funds are awarded by the end of 3 years, 60% by the end of 4 years, 80% by the end of five years, and 85% by the end of six years. Completion is defined as achieving a median speed of at least 35/3 Mbps with a minimum cellular edge speed of 7/1 Mbps. Additionally, at least one service that includes a minimum monthly data allowance equal to the average U.S. subscriber monthly data usage must be offered. *Pots and Pans* contends that requirement will mean a data usage cap and possibly a limit on voice and texting.

*Pots and Pans* reports that \$765 million of the fund will be reserved for tribal areas and \$900 million will be used as a 10 percent award augmentation to bidders willing to commit to the use of Open RAN technology.

The FCC's press release announcing adoption of the 5G Fund is available [here](#).

### **MN Communications Coop Exemplifies Benefits Of Community-Owned Networks**

*Community Networks*, in an August 26 article available [here](#), cited a Northern Minnesota communications cooperative as an example of why “an [increasing number of localities](#) are finding publicly-owned, locally-controlled telecommunication infrastructure so appealing.” Paul Bunyan Communications [announced](#) recently that it is returning over \$3 million to its 30,000 members this year, exemplifying, in *Community Networks*' words, the fact that the “profits” of community owned broadband networks “don't get funneled into the pockets of distant shareholders but are instead reinvested back into the local economy.” The Bemidji-based cooperative provides communications across a 6,000-square-mile service area. *Community Networks* is a project of the Institute for Local Self-Reliance.



## NORTH METRO TV

**TO:** CABLE COMMISSION  
**FROM:** ERIC HOUSTON & DANIKA PETERSON  
**SUBJECT:** FRANCHISE EXTENSION  
**DATE:** 9/5/2024

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On July 1, Andrea Kajer, Government Affairs Officer for Comcast Midwest Region, reached out to the Commission to offer an extension of the current NMTC franchise. Comcast has paused renegotiation while the Commission considers the offer. Staff has discussed the matter with Commission Attorney Mike Bradley and with the Operations Committee. The Operations Committee voted to recommend moving forward with a five year extension of the existing franchise.

**RECOMMENDED MOTION:** To recommend to the NMTC member cities a five year extension of the current Comcast Cable Franchise and to authorize Attorney Mike Bradley to draft an ordinance amending the franchise for adoption by each member city.



[broadbandbreakfast.com](https://broadbandbreakfast.com)

# Local Officials Want a Piece of Cable's Broadband Revenue

*Ted Hearn*

3-4 minutes

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[taxes](#)

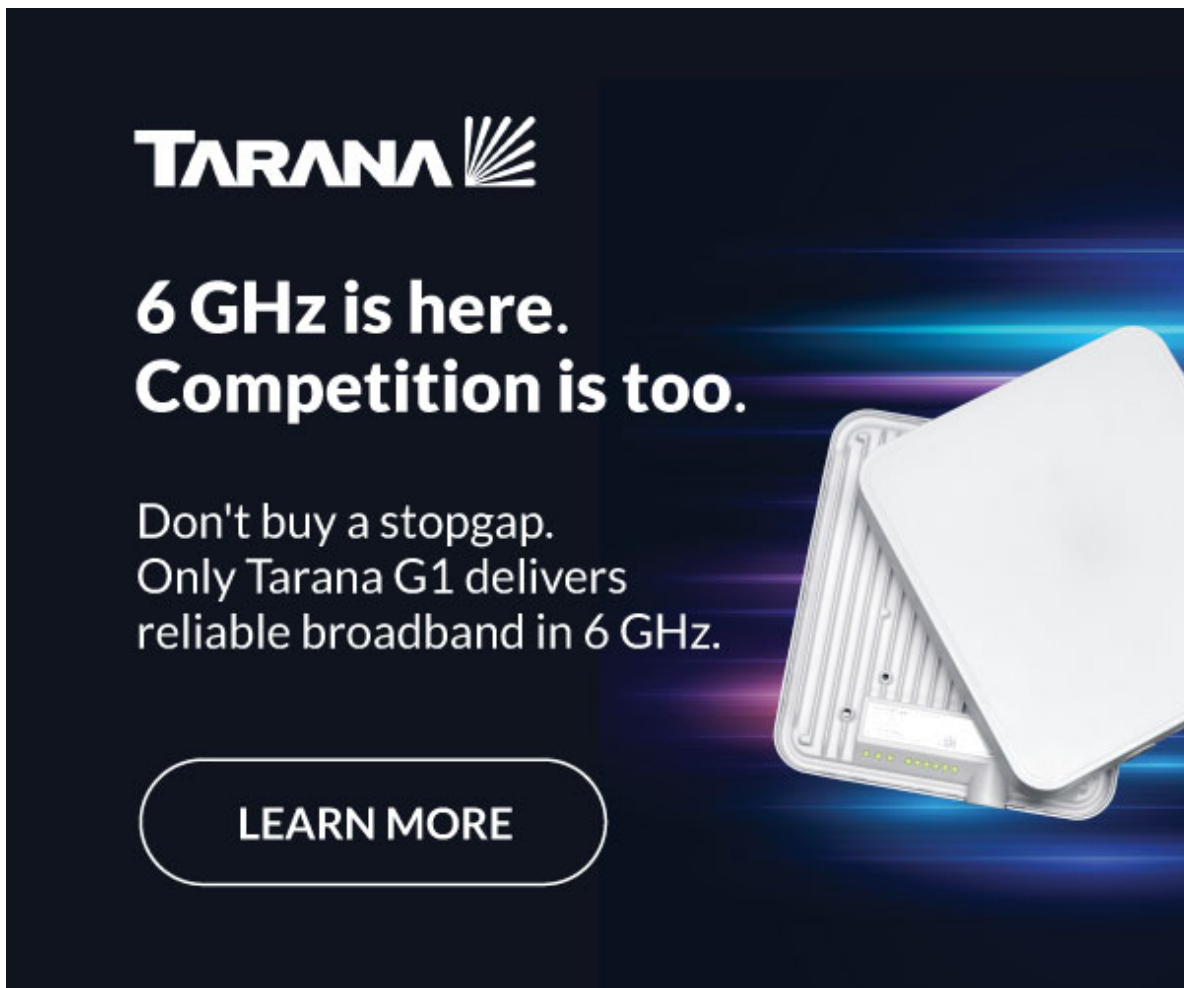
Cities need the FCC to scrap the Mixed-Use Rule to collect fees on cable's broadband revenue.




[Photo](#) of New York City by Jonathan Roger used with permission

WASHINGTON, July 6, 2024 – Cities across the country want to impose new fees on cable operators, claiming a federal rule standing in the way has distorted the market and frustrated efforts to close the digital divide.

For decades, local governments have been able to collect 5% of a cable operator's video programming revenue. But the Federal Communications Commission has barred imposing the same fee on cable's broadband revenue, saving the industry billions a year.



**TARANA** 

**6 GHz is here.  
Competition is too.**

Don't buy a stopgap.  
Only Tarana G1 delivers  
reliable broadband in 6 GHz.

[LEARN MORE](#)

The advertisement features a white Tarana G1 outdoor Wi-Fi router with a white cover, set against a dark blue background with light streaks. The text is in white, and there is a white button with the text 'LEARN MORE'.

Local governments continue to pressure the FCC to abolish its Mixed-Use Rule, which the FCC reaffirmed in 2019 as walling off

cable's broadband revenue from the traditional video fee regime.

The latest salvo in this struggle came in a June 5 [letter](#) to the FCC from the Northern Dakota County Cable Communications Commission (NDC4), which was formed by seven small Minnesota cities with about 91,000 residents combined.

"The Mixed-Use Rule frustrates FCC and local efforts to ensure equitable access to quality, affordable broadband," the NDC4 said in the letter. "We urge the Commission to repeal it."

NDC4 includes Inver Grove Heights, Lilydale, Mendota, Mendota Heights, South St. Paul, Sunfish Lake, and West St. Paul, Minn.

According to S&P Global data [cited](#) by the city of Portland, elimination of the Mixed-Used Rule would yield \$3.75 billion for local cable regulatory authorities in the first year nationally.

Cities have argued that the Mixed-Use Rule has distorted the market because the rule permits the collection of fees from broadband providers that are not cable operators.



"The broad sweep of the Mixed-Use Rule undermines efforts by the Commission, as well as states and local governments, to address broadband access," the NDC4 said. "Cable operators are

the largest broadband providers in the country. By purporting to preempt state and local franchising authorities from regulating cable operators' broadband services and facilities, the Mixed-Use Rule may sideline the governmental entities best suited to expand broadband access and prevent digital discrimination."

In 2019, as a regular FCC Commissioner, Jessica Rosenworcel, who is now the agency's Chairwoman, voted against the Mixed-Use Rule.

On June 23, the U.S. Conference of Mayors adopted a resolution calling on the FCC to modify the Mixed-Use Rule so that local governments may impose fees on cable's broadband revenue.

The USCM is a non-partisan organization of cities with populations of 30,000 or more.

NCTA – The Internet & Television Association, which represents Comcast Corp. and Charter Communications, the two largest ISPs in the country, has said the FCC would first need to seek public comment on a proposal to modify the Mixed-Use Rule.

[broadbandbreakfast.com](https://broadbandbreakfast.com)

# Portland, Ore: FCC Policy Denying Cities \$3.75 Billion a Year

*Ted Hearn*

4–5 minutes

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## [Oregon](#)

Portland wants to apply their standard 5 percent right-of-way fee to cable broadband providers.



[Photo](#) of skyline of Portland, Ore., with Mt. Hood in the distance



used with permission

WASHINGTON, June 7 – A federal communications policy is costing America’s cities about \$3.75 billion a year – money that struggling communities could use to fund first responders, maintain parks, and prepare for disasters, according to the city of Portland, Ore.

Portland pointed this out in a June 6 [filing](#) with the Federal Communications Commission and called on the agency to void a rule that shields cable broadband internet providers from having to pay fees on revenue collected from subscribers.



Citing industry analyst S&P Global, Portland said cable companies that provide Internet access “made approximately \$75 billion in 2022.” If cities could apply their standard 5 percent right-of-way fee, “that would have resulted in approximately \$3.75 billion in municipal revenues nationwide for just 2022.”

Portland is Oregon’s largest city, with about 652,000 people. It is also the 26<sup>th</sup> largest city in the country. Portland’s FCC filing was signed by **Seema Gadh Kumar**, Chief of Community Technology in the Bureau of Planning and Sustainability.

Like many cities, Portland has experienced a decline in revenue as a result of subscribers dropping cable TV, also known as cord cutting.

“In 2023, cable providers lost approximately 4 million subscribers nationally. That represents a decrease in subscribers by about 10% across the country. The local franchising authority for the City of Portland has seen a similar trend in franchisee reports,” Portland said.

The FCC’s policy – called the mixed-used rule – prohibits cities from applying the 5 percent franchise fee on cable’s pay-TV revenue to cable’s Internet revenue because Internet is not classified as a cable service in federal communications law.

According to Portland, the mixed-use rule not only saved cable money but it also provided a competitive advantage.



“Incumbent cable providers only have to pay right-of-way fees on constantly decreasing cable revenues. Whereas broadband-only providers are subject to right-of-way fees based on much higher broadband revenue,” Portland said. “Competitors, such as Quantum Fiber, are at a competitive disadvantage due to this regulatory structure that favors incumbent cable providers.”

Portland did not say whether it would attempt to establish regulatory parity by eliminating fees applied to broadband-only ISPs like Quantum Fiber, owned by Lumen Technologies.

The mixed-use rule has been contentious and the subject of litigation in which the FCC prevailed in defense of the rule. In 2019, then-FCC Commissioner **Jessica Rosenworcel** opposed the decision to reaffirm the mixed-use rule.

In the past, NCTA – The Internet & Television Association has urged the FCC to disregard calls to abolish the mixed-use rule. NCTA represents the country’s two largest ISPs in Comcast Corp. and Charter Communications.

Procedurally, NCTA has also pointed out that the FCC could not suddenly nix the mixed-use rule as no longer good law.

“Even if the [FCC] were to conclude that it had the authority to repeal the mixed-use rule, it would first need to conduct a notice and comment rulemaking,” NCTA said last December in an FCC [filing](#).



[arstechnica.com](https://arstechnica.com)

# Canada demands 5% of revenue from Netflix, Spotify, and other streamers

*Jon Brodtkin - 6/5/2024, 11:53 AM*

4–5 minutes

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## Streaming fees —

**Canada says \$200M in annual fees will support local news and other content.**



*Getty Images | NurPhoto /*

Canada has ordered large online streaming services to pay 5 percent of their Canadian revenue to the government in a program expected to raise \$200 million per year to support local news and other home-grown content. The Canadian Radio-television and Telecommunications Commission (CRTC) [announced](#) its decision yesterday after a public comment period.

"Based on the public record, the CRTC is requiring online streaming services to contribute 5 percent of their Canadian revenues to support the Canadian broadcasting system. These obligations will start in the 2024–2025 broadcast year and will provide an estimated \$200 million per year in new funding," the regulator said.

The fees apply to both video and music streaming services. The CRTC imposed the rules despite opposition from Amazon, Apple, Disney, Google, Netflix, Paramount, and Spotify.

The new fees are scheduled to take effect in September and apply to online streaming services that make at least \$25 million a year in Canada. The [regulations](#) exclude revenue from audiobooks, podcasts, video game services, and user-generated content. The exclusion of revenue from user-generated content is a [win for Google's YouTube](#).

Streaming companies have recently been [raising prices charged to consumers](#), and the [CBC notes](#) that streamers might raise prices again to offset the fees charged in Canada.

## **Fees to support local news, Indigenous content**

The CRTC said it is relying on authority from the Online Streaming Act, which was [approved](#) by Canada's parliament in 2023. The

new fees are [similar](#) to the ones already imposed on licensed broadcasters.

"The funding will be directed to areas of immediate need in the Canadian broadcasting system, such as local news on radio and television, French-language content, Indigenous content, and content created by and for equity-deserving communities, official language minority communities, and Canadians of diverse backgrounds," the CRTC said.

CRTC Chairperson Vicky Eatrudes said the agency's "decision will help ensure that online streaming services make meaningful contributions to Canadian and Indigenous content." The agency also said that streaming companies "will have some flexibility to direct parts of their contributions to support Canadian television content directly."

## Industry groups blast CRTC

The Motion Picture Association-Canada [criticized](#) the CRTC yesterday, saying the fee ruling "reinforces a decades-old regulatory approach designed for cable companies" and is "discriminatory." The fees "will make it harder for global streamers to collaborate directly with Canadian creatives and invest in world-class storytelling made in Canada for audiences here and around the world," the lobby group said.

The MPA-Canada said the CRTC didn't fully consider "the significant contributions streamers make in working directly with Canada's creative communities." The group represents streamers including Netflix, Disney Plus, HAYU, Sony's Crunchyroll, Paramount Plus, and PlutoTV.

"Global studios and streaming services have spent over \$6.7 billion annually producing quality content in Canada for local and international audiences and invested more in the content made by Canadian production companies last year than the CBC, or the Canada Media Fund and Telefilm combined," the group said.

The fees were also criticized by the Digital Media Association, which represents streaming music providers including Amazon Music, Apple Music, and Spotify. The "discriminatory tax on music streaming services... is effectively a protectionist subsidy for radio" and may worsen "Canada's affordability crisis," the group [said](#).

The Canadian Media Producers Association praised the CRTC decision, [saying](#) the decision benefits independent producers and "tilts our industry toward a more level playing field."