

COVER SHEET – AGENDA ITEM # R2
For Commission Meeting: October 17, 2016

“FY 2015-16 MHCRC Year-End Financial Report (Unaudited)”
Information Only

Background

The City of Portland administers the financial matters of the Mt. Hood Cable Regulatory Commission (MHCRC) through an Intergovernmental Service Agreement. The City of Portland established a separate agency fund (MHCRC Fund) for the Commission to fiscally manage its revenues and expenditures. The MHCRC Fund includes the revenue collection and expense disbursement of cable franchise fees, PEG/I-Net fees, and the MHCRC annual operations budget.

The purpose of the Annual Year-End Financial Report (unaudited) is to provide the MHCRC an informal report about the MHCRC’s financial activities and status of certain elements of the MHCRC’s Fund at year end. This report is intended as informational.

The MHCRC’s annual audited financial statements provide an outside audit and technical accounting status of the MHCRC Fund. The MHCRC Finance Committee annually reviews and approves the Fund financial statements and the full Commission accepts the annual audit at the December MHCRC meeting.

Attachment: FY 2015-16 MHCRC Year-End Financial Report (Unaudited)

Prepared By:

Janice Hammond Getten, Sr. Financial Analyst
Julie S. Omelchuck, Program Manager
October 10, 2016

MHCRC YEAR-END FINANCIAL REPORT – FY 2015-16 (Unaudited)

The purpose of the Annual Year-End Financial Report (unaudited) is to provide the MHCRC an informal, informational report about the MHCRC's financial activities and status of certain elements of the MHCRC's Fund at year end. This report is intended as informational. The MHCRC's annual audited financial statements provide an outside audit and technical accounting status of the MHCRC Fund.

The annual Financial Report consists of the following:

Page 2: Fiscal Year 2015-16 Highlights

- Financial highlights for the fiscal year.
- High level summary of MHCRC Fund activities.

Pages 3-6: Trend Analysis, Resources and Disbursements

- Cable Franchise Fee Trend
- Cable TV Subscriber Trend
- Franchise Fee Disbursements-East County Jurisdictions
- Franchise Fee Disbursements – City of Portland
- Funding Support for Community Media Centers & Community Grants

Page 7: MHCRC's Operations Budget to Actual

This section summarizes the MHCRC's budget-to-actual operations budget, including revenues and expenditures by administrative/regulatory and capital fund compliance programs.

Page 8: Interest Fund Balance History

The section details the interest earned on the MHCRC Fund and the amount expended during a fiscal year for the MHCRC operational budget.

Page 9: Revenues and Expenditures by Major Categories

This section itemizes revenues and expenditures of the MHCRC by major categories:

- Cable Franchise Fees
- MHCRC Capital Fund
- Capital Fund Ending Fund Balance Detail

Page 10: Revenues and Expenditures Comparison, FY 2014-15 vs. FY 2015-16

This section compares the Revenues and Expenditures of FY 2015-16 to the previous fiscal year.

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Highlights

REVENUES:

The MHCRC collected \$8,988,837 in cable franchise fees for FY 2015-16; \$7,270,259 for the City of Portland and \$1,718,578 for the East County Jurisdictions. Portland continued its slight uptick in its franchise fees growth rate: The FY13-14 growth rate for Portland was 2.6%; for FY14-15 - 3.3%; and for FY15-16 - 4.7%. East County's growth rate remained relatively flat at a little over 1% for FY15-16, about the same as the three previous fiscal years.

The overall estimated number of cable subscribers in the MHCRC's service area declined for the third year in a row, with a high of 159,481 in FY12-13 to 141,984 in FY15-16.

The MHCRC also collected \$5,393,179 in PEG/I-Net Fee revenues from the cable franchises, a 4% increase from the previous fiscal year. The MHCRC Fund interest revenue experienced a 60% increase over the previous fiscal year to \$91,898 in FY 2015-16.

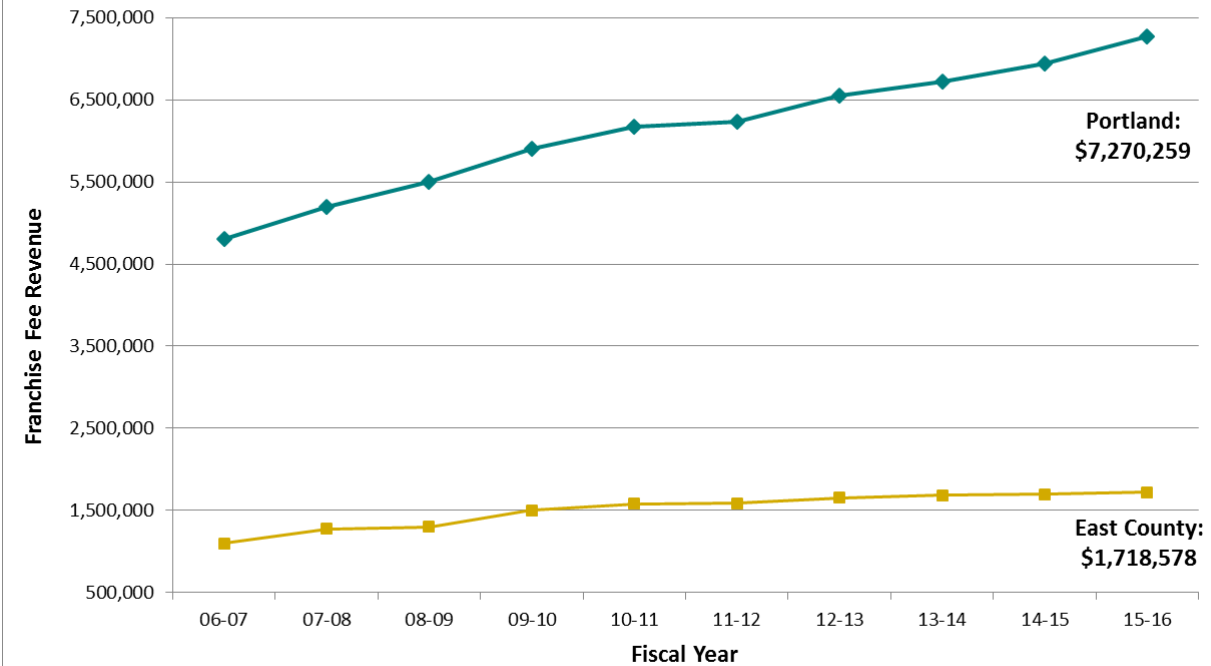
EXPENDITURES:

- **Community Media Operational Funds:** The MHCRC oversaw the disbursement of \$1,897,105 in operational dollars for the two community media centers as follows:
 - a) MetroEast Community Media: \$964,969 from East County franchise fees
 - b) Portland Community Media: \$865,957 from the City of Portland general fund, and \$66,179 from West Multnomah County franchise fees
- **Community Media Capital:** The PEG/I-Net Fee supports capital costs of the community media centers. Total capital funding to the community media centers was \$1,587,551 as follows:
 - a) MetroEast Community Media: \$635,020
 - b) Portland Community Media: \$952,531
- **Community Grants Program:** In FY 2015-16, the MHCRC granted \$7,537,414 through its Community Grants program. This included six grants funded under the Community Technology Grants competitive process and two grants under the TechSmart Initiative for Student Success to Portland Public Schools and Gresham-Barlow School District.

FUND SUMMARY:

The MHCRC Fund is a discrete agency fund managed within the City of Portland's financial system. For FY 2015-16, the MHCRC Fund had \$7,594,791 in beginning balance, \$7,203,575 in revenues and \$11,235,451 in expenditures and grants awarded. The total ending balance for the fiscal year is \$3,312,253. The beginning and ending fund balances mostly consist of interest income (see Page 8) and dedicated capital funds (see Page 9).

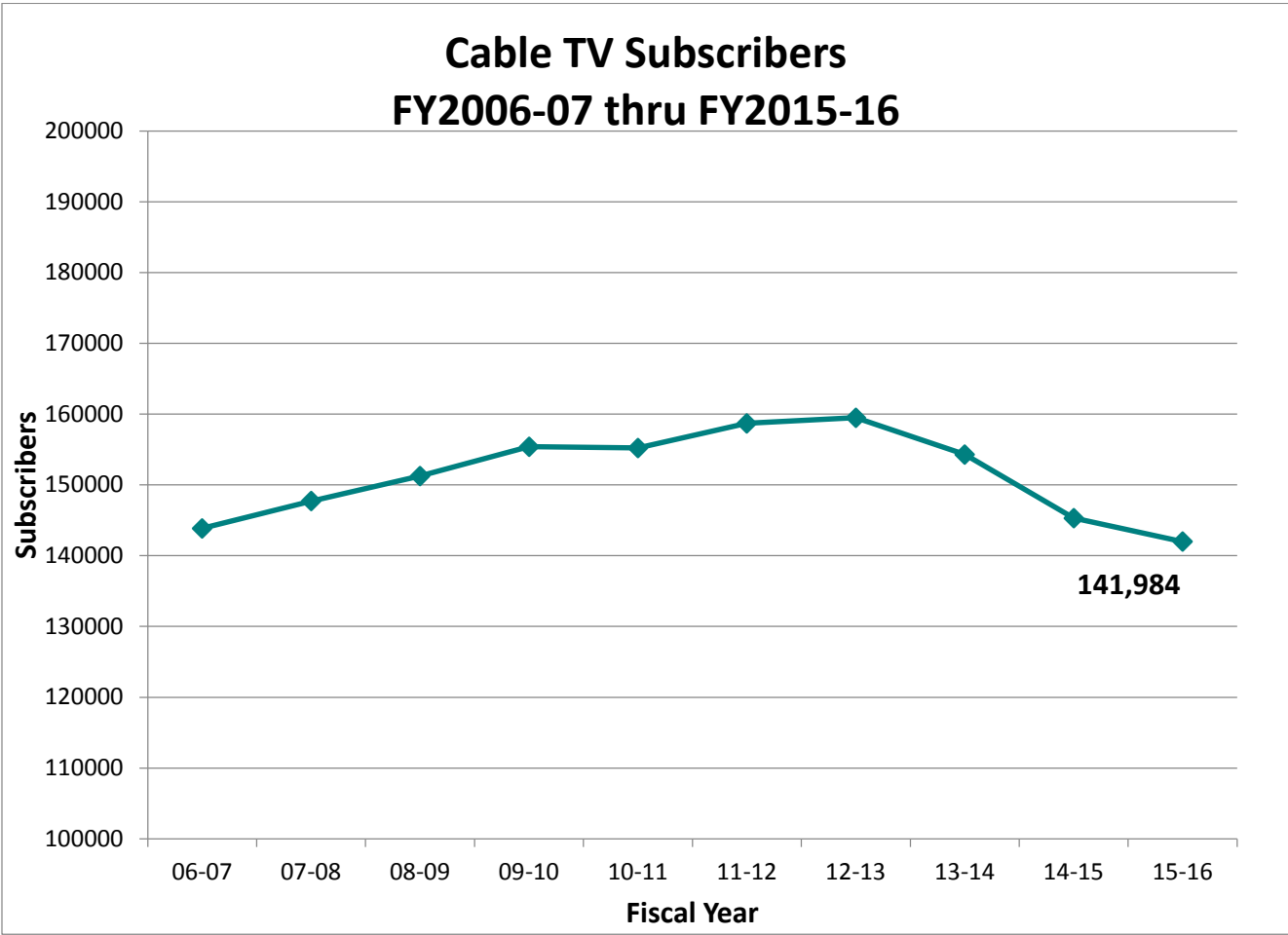
Cable Franchise Fee Trend FY2006-07 thru FY2015-16



Cable Franchise Fee Trend FY 2003-04 thru 2015-16

Franchise Fee Revenue

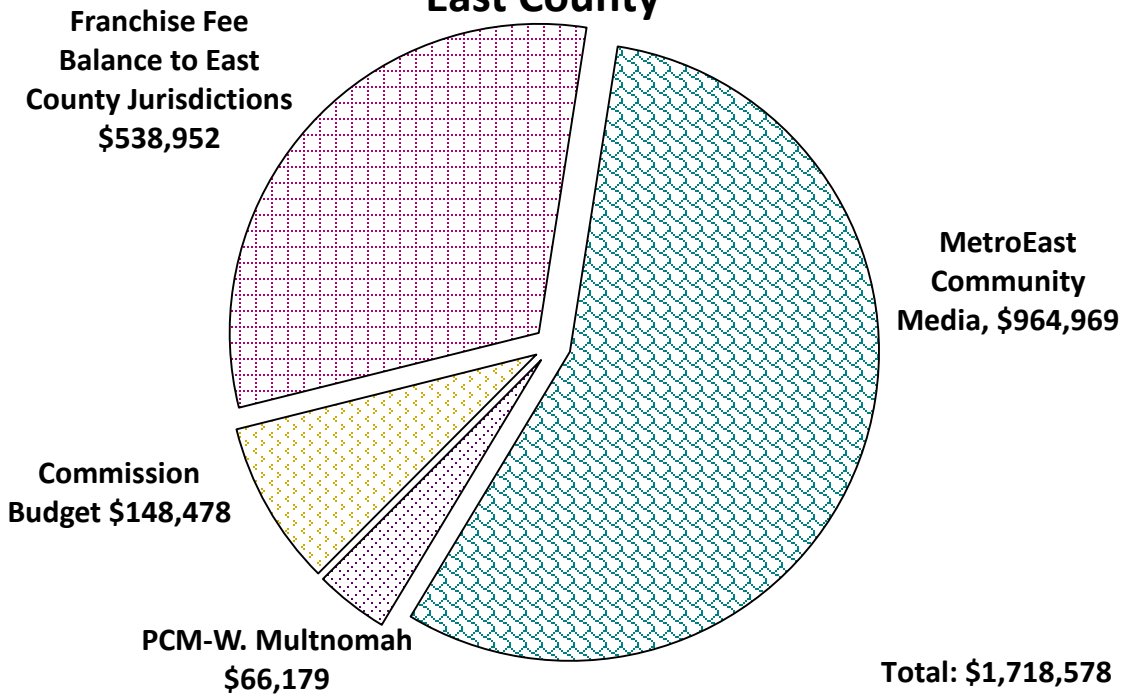
Portland	East County	Fiscal Year
3,700,000	900,000	03-04
3,900,000	1,000,000	04-05
4,200,000	1,010,000	05-06
4,800,000	1,100,000	06-07
5,200,000	1,275,000	07-08
5,500,000	1,300,000	08-09
5,900,000	1,500,000	09-10
6,170,000	1,580,000	10-11
6,232,244	1,586,137	11-12
6,548,700	1,654,359	12-13
6,719,325	1,685,059	13-14
6,944,159	1,696,654	14-15
7,270,259	1,718,578	15-16



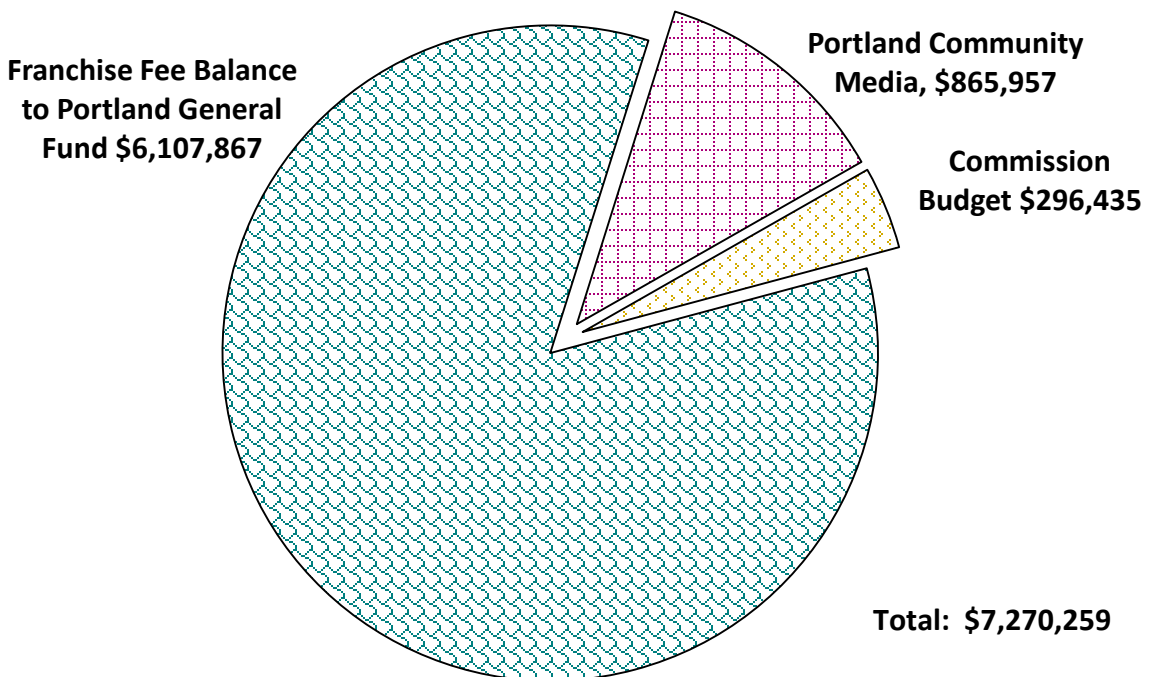
**Cable TV Subscribers
FY2006-07 thru FY15-16**

<u>Subscribers</u>	<u>Fiscal Year</u>
143,869	06-07
147,715	07-08
151,257	08-09
155,394	09-10
155,215	10-11
158,701	11-12
159,481	12-13
154,285	13-14
145,316	14-15
141,984	15-16

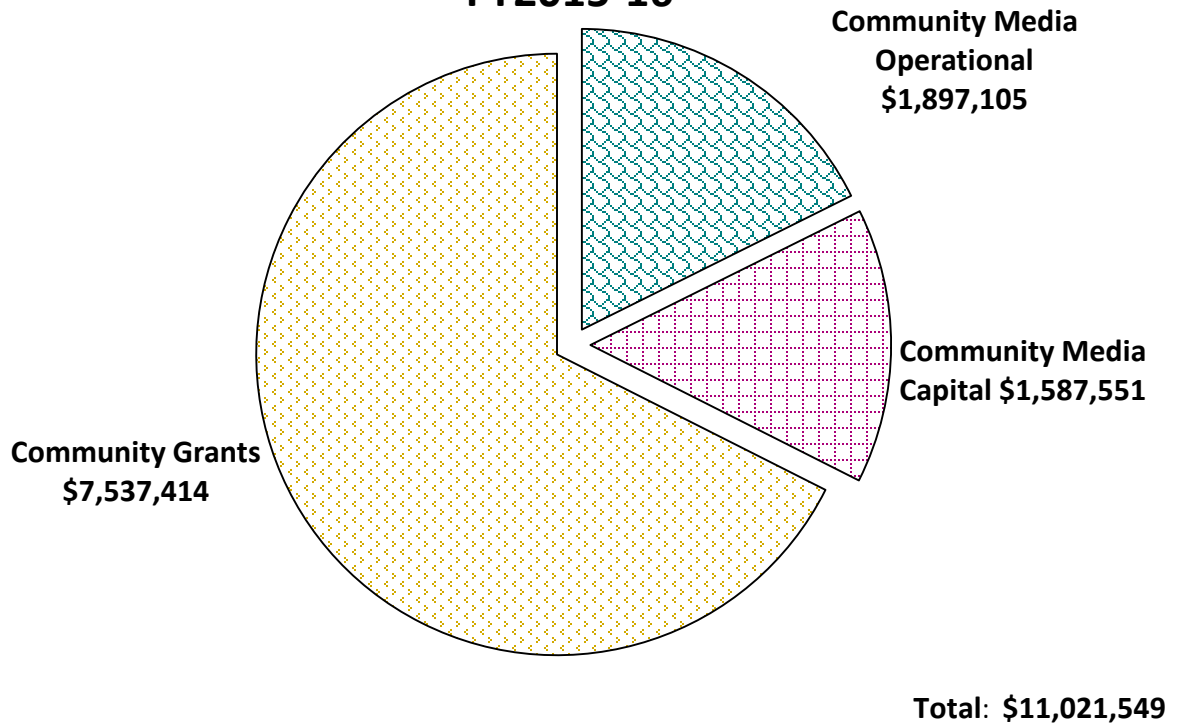
**Cable Franchise Fee Disbursements
FY 2015-16
East County**



**Cable Franchise Fee Disbursements
FY2015-16
Portland**



Funding Support for Community Media & Grants FY2015-16



**MHCRC Operations Budget to Actual - Revenues and Expenditures
FY2015-16**

MHCRC Administrative / Regulatory Program		
<u>Revenues</u>	<u>Budget</u>	<u>Actual</u>
City of Portland Appropriation	\$296,435	\$296,435
East County Appropriations	159,619	159,619
Interest Revenue Allocation	29,020	4,949
Total Revenues	\$485,074	\$461,003
<u>Expenditures</u>		
Personnel Services	\$294,799	\$297,442
Revenue Division - Fiscal Support	15,851	15,794
MHCRC Fund Audit	3,640	3,541
External Materials and Services	95,033	40,629
Internal Services	36,751	36,597
General Fund Overhead	7,000	7,000
Contingency	32,000	0
Encumbrance carryover	0	60,000
Total Expenditures	\$485,074	\$461,003
Net Admin Program	\$0	\$0

MHCRC Capital Fund Compliance Program		
<u>Revenues</u>	<u>Budget</u>	<u>Actual</u>
Fund Compliance Admin	\$519,994	\$539,318
Total Revenues	\$519,994	\$539,318
<u>Expenditures</u>		
Personnel Services	\$205,255	\$201,984
Revenue Division - Fiscal Support	14,056	\$14,214
MHCRC Fund Audit	9,360	\$9,104
External Materials and Services	102,327	\$92,865
Internal Services	52,515	\$50,792
General Fund Overhead	18,000	\$18,000
Contingency	37,000	\$0
Total Expenditures	\$438,513	\$386,959
Net Compliance Program	\$81,481	\$152,359

**Interest Fund Balance History
FY 2005-06 through FY 2015-16**

Fiscal Year	Interest Earned	Net Admin. Program	Change	Cumulative Balance
FY2005-06	\$100,333	(\$99,294)	\$1,039	\$198,007
FY2006-07	\$171,764	(\$92,312)	\$79,452	\$277,458
FY2007-08	\$181,699	(\$92,771)	\$88,928	\$366,386
FY2008-09	\$126,158	(\$109,703)	\$16,455	\$382,841
FY2009-10	\$71,976	(\$98,233)	(\$26,257)	\$356,584
FY2010-11	\$32,395	(\$109,045)	(\$76,650)	\$279,934
FY2011-12	\$34,324	(\$129,708)	(\$95,384)	\$184,550
FY2012-13	\$30,329	(\$66,281)	(\$35,952)	\$148,598
FY2013-14	\$43,567	\$0	\$43,567	\$192,165
FY2014-15	\$57,577	\$0	\$57,577	\$249,742
FY2015-16	\$91,898	(\$4,949)	\$86,949	\$336,691

**Revenues and Expenditures by Major Categories
FY2015-16**

Cable Franchise Fee Revenues and Expenditures	
<u>Revenues</u>	
Comcast - East County	\$1,381,066
Comcast - West Multnomah	110,297
Frontier	223,954
Cascade Access	3,261
Total Revenues	<u>\$1,718,578</u>
<u>Expenditures</u>	
Franchise Fee Balance to East County Jurisdictions	\$538,952
MetroEast - Franchise Fees, East County	964,969
PCM - Franchise Fees, Multnomah West	66,179
MHCRC Admin. Budget, East County Share	148,478
Total Expenditures	<u>\$1,718,578</u>

MHCRC Capital Fund Revenues and Expenditures	
	Beginning Balance \$7,345,049
<u>Revenues</u>	
Fund Compliance Program	\$539,318
Community Media	1,617,954
Community Grants	3,235,907
Total Revenues	<u>\$5,393,179</u>
<u>Expenditures</u>	
Capital Fund Compliance Program	\$386,959
Community Media Capital	1,587,551
Total Expenditures	<u>\$1,974,510</u>
<u>Grants Awarded</u>	
I-Net Capital Grants	275,114
Competitive Grants	787,858
TechSmart Grants	6,470,516
Total Grants Awarded	<u>\$7,533,488</u>
*Available Balance	\$3,230,230

* Available Balance - Detail	
Fund Compliance Program	\$655,003
Community Media Capital	268,717
Community Grants Program	1,706,510
I-Net Upgrade Reserve	600,000
Available Balance	<u>\$3,230,230</u>

Revenues and Expenditures - Actuals Comparison

Fiscal Year 2014-15 vs. 2015-16

Cable Franchise Fees	FY2014-15	FY2015-16	Change	% change
Portland	\$ 6,942,621	\$ 7,270,259	\$ 327,638	4.7%
East County, Comcast	\$ 1,459,184	\$ 1,491,363	\$ 32,179	2.2%
East County, Frontier & Cascade	\$ 237,470	\$ 227,215	\$ (10,255)	-4.3%
Franchise Fees Total	\$ 8,639,275	\$ 8,988,837	\$ 349,562	4.0%
PEG/I-Net Fees	\$ 5,184,402	\$ 5,393,179	\$ 208,777	4.0%
Fund Interest	\$ 57,577	\$ 91,898	\$ 34,321	59.6%
Total	\$ 13,881,254	\$ 14,473,914	\$ 592,660	4.3%

Access Organizations Payments - Actuals Comparison

Fiscal Year 2014-15 vs. 2015-16

Portland Community Media	FY2014-15	FY2015-16	Change	% change
Portland General Fund	845,661	865,957	\$ 20,296	2.4%
Multnomah West Franchise Fees	63,831	66,179	\$ 2,348	3.7%
Community Media Capital	903,201	952,531	\$ 49,330	5.5%
Total	1,812,693	1,884,667	\$ 71,974	4.0%

MetroEast Community Media	FY2014-15	FY2015-16	Change	% change
East County Franchise Fees	954,161	964,969	\$ 10,808	1.1%
Community Media Capital	619,047	635,020	\$ 15,973	2.6%
Total	1,573,208	1,599,989	\$ 26,781	1.7%