

**COVER SHEET – AGENDA ITEM # R2**  
**For Commission Meeting: October 19, 2015**

“FY 2014-15 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’s 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.

Attachment: FY 2014-15 MHCRC Year-End Financial Report (Unaudited)

Prepared By:

Janice Hammond Getten, Sr. Financial Analyst  
Julie S. Omelchuck, Program Manager  
October 13, 2015

## **MHCRC YEAR-END FINANCIAL REPORT – FY 2014-15 (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 2014-15 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 2013-14 vs. FY 2014-15

This section compares the Revenues and Expenditures of FY 2014-15 to the previous fiscal year.

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Julie S. Omelchuck, Program Manager

## Highlights

### REVENUES:

The MHCRC collected \$8,640,813 in cable franchise fees for FY 2014-15; \$6,944,159 for the City of Portland and \$1,696,654 for the East County Jurisdictions. Portland had a slight uptick in its franchise fees growth rate: The FY13-14 growth rate for Portland was 2.6%, which increased to 3.3% for FY14-15. East County experienced a slight decline in its growth rates, not quite 1% for FY14-15, compared to the two previous fiscal years of about 1.8%.

The overall estimated number of cable subscribers in the MHCRC's service area declined for the second year in a row, with a high of 159,481 in FY12-13 to 145,316 in FY14-15.

The MHCRC also collected \$5,184,402 in PEG/I-Net Fee revenues from the cable franchises, a 2.8% increase from the previous fiscal year. The MHCRC Fund interest revenue increased from \$43,567 the previous fiscal year to \$57,577 in FY 2014-15.

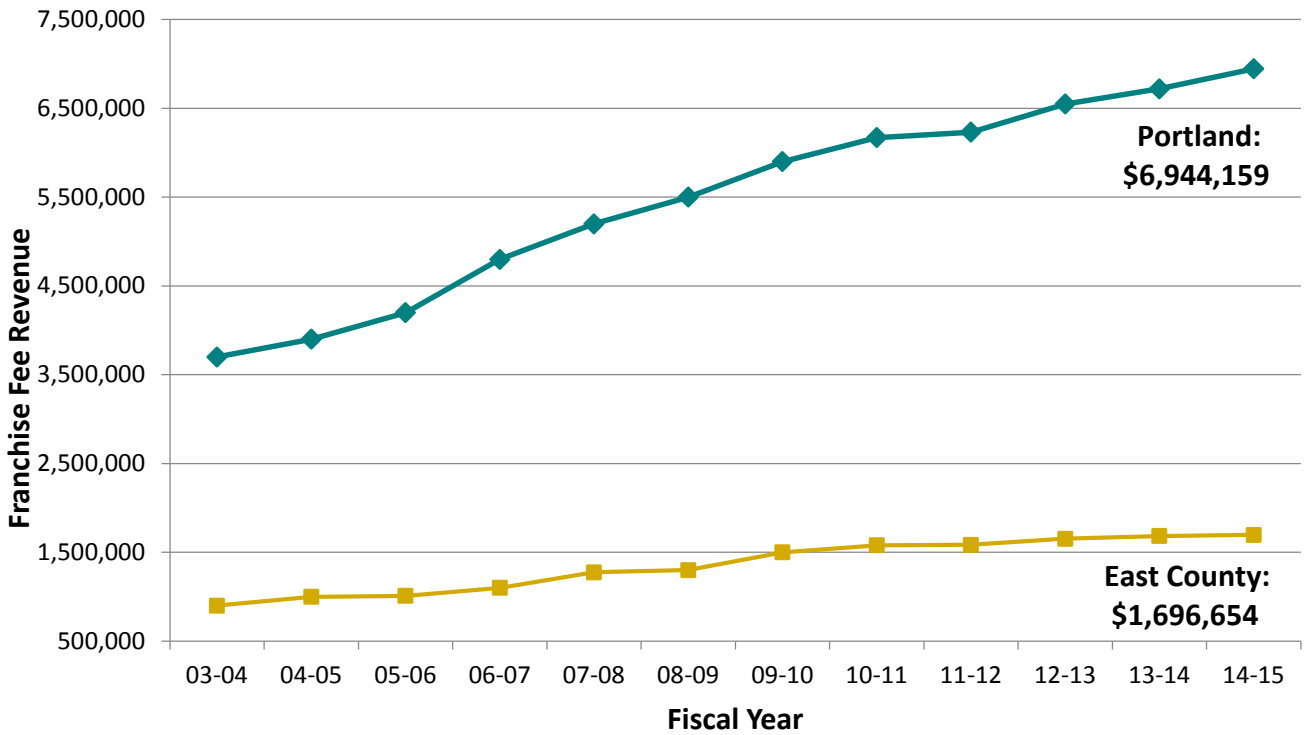
### EXPENDITURES:

- **Community Media Operational Funds**: The MHCRC oversaw the disbursement of \$1,863,653 in operational dollars for the two community media centers as follows:
  - a) MetroEast Community Media: \$954,161 from East County franchise fees
  - b) Portland Community Media: \$845,661 from the City of Portland general fund, and \$63,831 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 \$1,573,208 as follows:
  - a) MetroEast Community Media: \$619,047
  - b) Portland Community Media: \$903,201
- **Community Grants Program**: In FY 2014-15, the MHCRC granted \$3,128,997 through its Community Grants program. This included 12 grants funded under the Community Technology Grants competitive process and two grants under the TechSmart Initiative for Student Success to David Douglas School District and Reynolds School District.

### FUND SUMMARY:

The MHCRC Fund, is a discrete agency fund managed within the City of Portland's financial system. For FY 2014-15, the MHCRC Fund had \$7,400,111 in beginning balance, \$5,184,402 in revenues and \$5,239,464 in expenditures and grants awarded. The total ending balance for the fiscal year is \$7,345,049. The beginning and ending fund balances mostly consist of dedicated funds for Community Grants program (see Page 9).

## Cable Franchise Fee Trend FY 2003-04 thru FY 2014-15

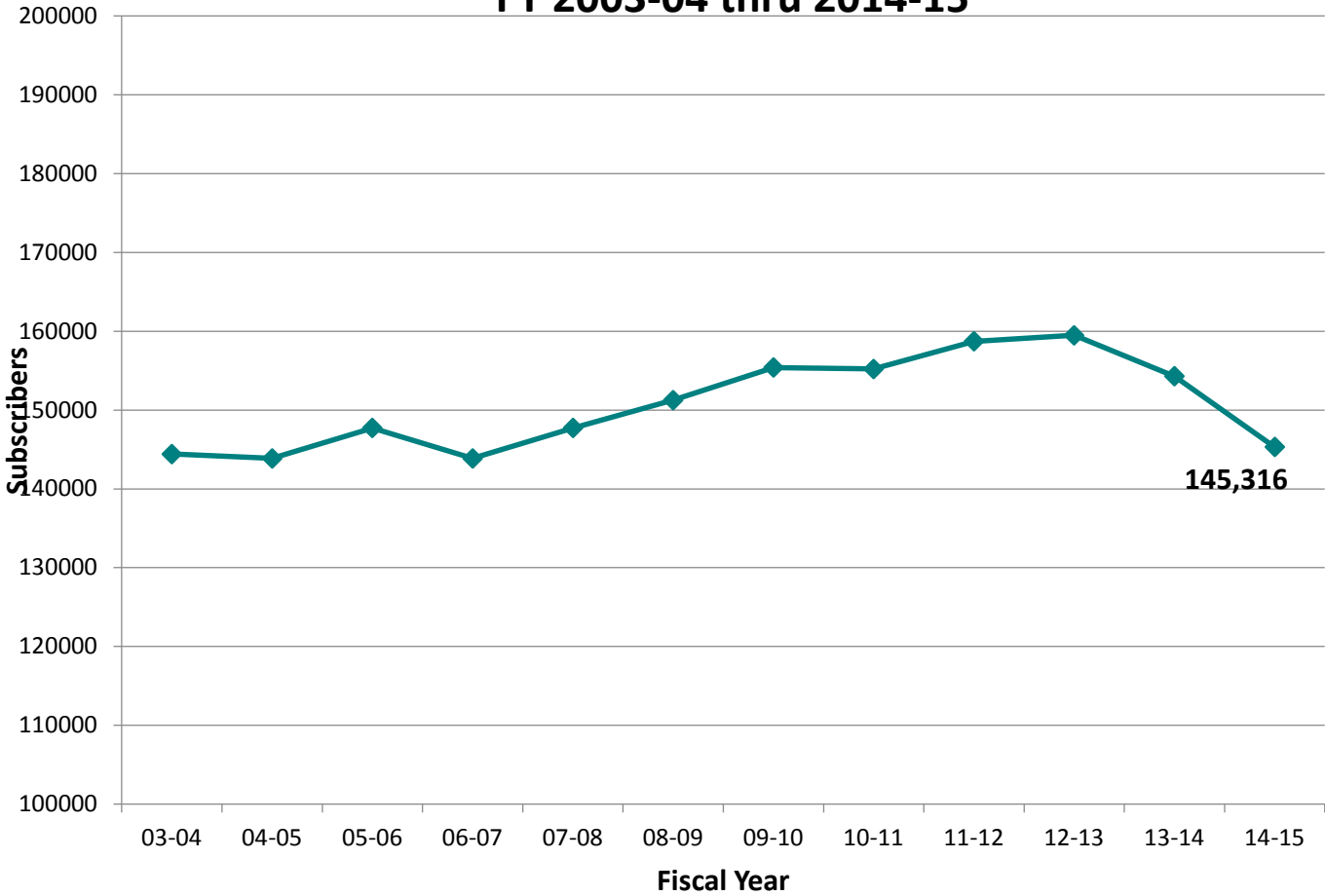


### Cable Franchise Fee Trend FY 2003-04 thru 2014-15

#### 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

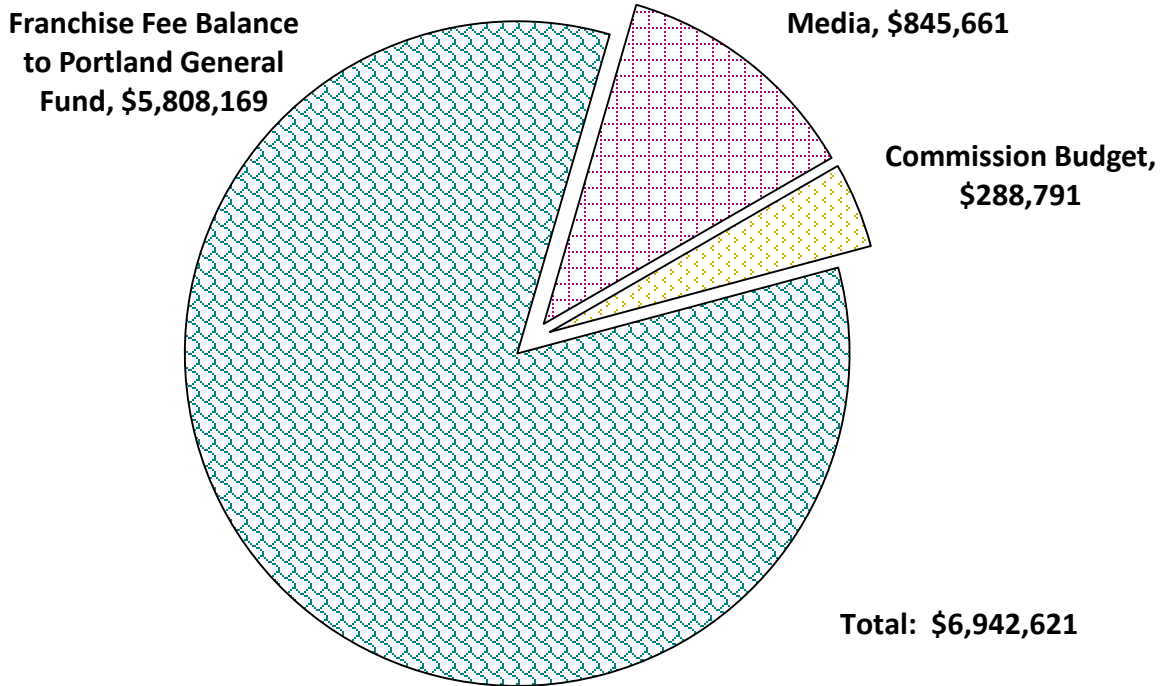
## Cable TV Subscribers FY 2003-04 thru 2014-15



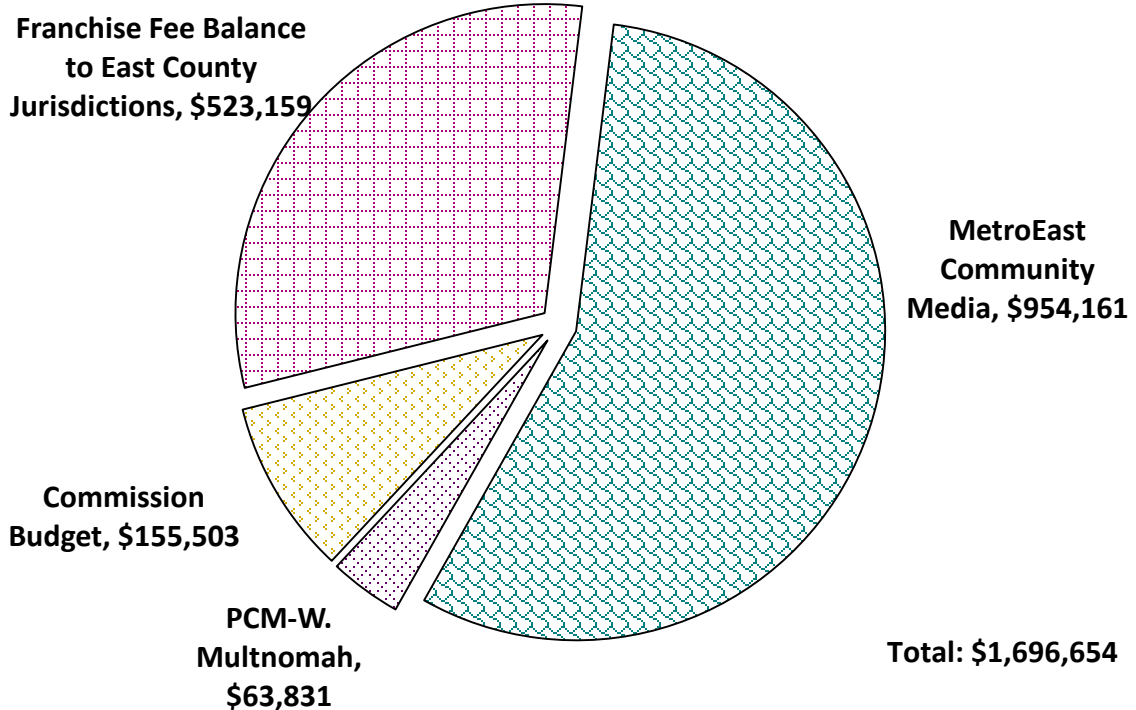
**Cable TV Subscribers  
FY 2003-04 thru 2014-15**

Subscribers	Fiscal Year
144,416	03-04
143,869	04-05
147,715	05-06
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

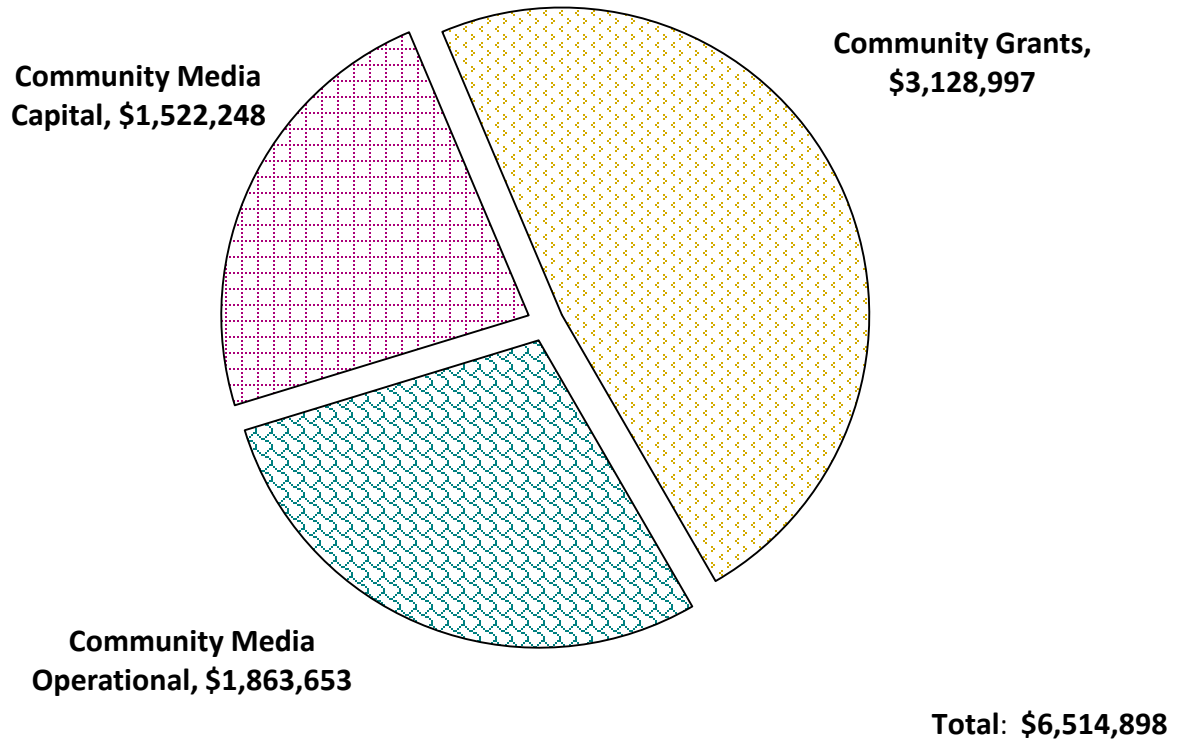
## Cable Franchise Fee Disbursements FY 2014-15 Portland



## Cable Franchise Fee Disbursements FY 2014-15 East County



# Funding Support for Community Media & Grants FY 2014-15



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

**FY 2014-15**

<b>MHCRC Administrative / Regulatory Program</b>		
<u>Revenues</u>	<u>Budget</u>	<u>Actual</u>
City of Portland Appropriation	\$288,791	\$288,791
East County Appropriations	155,503	\$155,503
Interest Revenue Allocation	0	\$0
<b>Total Revenues</b>	<b>\$444,294</b>	<b>\$444,294</b>
<u>Expenditures</u>		
Personnel Services	\$280,645	\$281,292
Revenue Division - Fiscal Support	16,010	\$15,742
MHCRC Fund Audit	3,360	\$3,451
External Materials and Services	74,318	\$77,173
Internal Services	39,211	\$39,181
General Fund Overhead	7,000	\$7,000
Contingency	23,750	\$0
<b>Total Expenditures</b>	<b>\$444,294</b>	<b>\$423,839</b>
<b>Net Admin Program</b>	<b>\$0</b>	<b>\$20,455</b>

<b>MHCRC Capital Fund Compliance Program</b>		
<u>Revenues</u>	<u>Budget</u>	<u>Actual</u>
Fund Compliance Admin	\$393,105	\$332,411
<b>Total Revenues</b>	<b>\$393,105</b>	<b>\$332,411</b>
<u>Expenditures</u>		
Personnel Services	\$190,597	\$174,460
Revenue Division - Fiscal Support	12,580	\$8,263
MHCRC Fund Audit	8,640	\$8,874
External Materials and Services	76,792	\$79,539
Internal Services	49,696	\$43,275
General Fund Overhead	18,000	\$18,000
Contingency	36,800	\$0
<b>Total Expenditures</b>	<b>\$393,105</b>	<b>\$332,411</b>
<b>Net Compliance Program</b>	<b>\$0</b>	<b>\$0</b>



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

*A=Actual  
E=Estimated*

<b>Fiscal Year</b>	<b>Interest Earned</b>	<b>Net Admin. Program</b>	<b>Change</b>	<b>Cumulative Balance</b>	
2005-06	\$100,333	(\$99,294)	\$1,039	\$198,007	A
2006-07	\$171,764	(\$92,312)	\$79,452	\$277,458	A
2007-08	\$181,699	(\$92,771)	\$88,928	\$366,386	A
2008-09	\$126,158	(\$109,703)	\$16,455	\$382,841	A
2009-10	\$71,976	(\$98,233)	(\$26,257)	\$356,584	A
2010-11	\$32,395	(\$109,045)	(\$76,650)	\$279,934	A
2011-12	\$34,324	(\$129,708)	(\$95,384)	\$184,550	A
2012-13	\$30,329	(\$66,281)	(\$35,952)	\$148,598	A
2013-14	\$43,567	\$0	\$43,567	\$192,165	A
2014-15	\$57,577	\$0	\$57,577	\$249,742	A
2015-16	\$60,000	\$0	\$60,000	\$309,742	E
2016-17	\$60,000	\$0	\$60,000	\$369,742	E

**Revenues and Expenditures by Major Categories**

**FY 2014-15**

<b>Cable Franchise Fee Revenues and Expenditures</b>	
<b><u>Revenues</u></b>	
Comcast - East County	\$1,352,797
Comcast - West Multnomah	106,387
Frontier	234,301
Cascade Access	3,169
<b>Total Revenues</b>	<b><u><u>\$1,696,654</u></u></b>
<b><u>Expenditures</u></b>	
Franchise Fee Balance to East County Jurisdictions	\$523,159
MetroEast - Franchise Fees, East County	954,161
PCM - Franchise Fees, Multnomah West	63,831
MHCRC Admin. Budget, East County Share	155,503
<b>Total Expenditures</b>	<b><u><u>\$1,696,654</u></u></b>

<b>MHCRC Capital Fund Revenues and Expenditures</b>	
	<b>Beginning Balance</b>
	<b>\$7,400,111</b>
<b><u>Revenues</u></b>	
Fund Compliance Program	\$518,440
Community Media	\$1,555,321
Community Grants	\$3,110,641
<b>Total Revenues</b>	<b><u><u>\$5,184,402</u></u></b>
<b><u>Expenditures</u></b>	
Capital Fund Compliance Program	\$379,650
Community Media Capital	1,522,248
<b>Total Expenditures</b>	<b><u><u>\$1,901,898</u></u></b>
<b><u>Grants Awarded</u></b>	
I-Net Capital Grants	208,569
Competitive Grants	875,520
TechSmart Grants	2,253,477
<b>Total Grants Awarded</b>	<b><u><u>\$3,337,566</u></u></b>
	<b>*Available Balance</b>
	<b>\$7,345,049</b>

<b><u>* Available Balance - Detail</u></b>	
Fund Compliance Program	\$502,644
Community Media Capital	238,314
Community Grants Program	6,204,091
I-Net Upgrade Reserve	400,000
<b>Available Balance</b>	<b><u><u>\$7,345,049</u></u></b>

**Revenues and Expenditures - Actuals Comparison**

**Fiscal Year 2013-14 vs. 2014-15**

<b>Cable Franchise Fees</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>Change</b>	<b>% change</b>
Portland	\$ 6,719,325	\$ 6,942,621	\$ 223,296	3.3%
East County, Comcast	\$ 1,447,601	\$ 1,459,184	\$ 11,583	0.8%
East County, Frontier & Cascade	\$ 237,458	\$ 237,470	\$ 12	0.0%
<b>Franchise Fees Total</b>	<b>\$ 8,404,384</b>	<b>\$ 8,639,275</b>	<b>\$ 234,891</b>	<b>2.8%</b>
PEG/I-Net Fees	\$ 5,042,539	\$ 5,184,402	\$ 141,863	2.8%
Fund Interest	\$ 43,567	\$ 57,577	\$ 14,010	32.2%
<b>Total</b>	<b>\$ 13,490,490</b>	<b>\$ 13,881,254</b>	<b>\$ 390,764</b>	<b>2.9%</b>

**Access Organizations Payments - Actuals Comparison**

**Fiscal Year 2013-14 vs. 2014-15**

<b>Portland Community Media</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>Change</b>	<b>% change</b>
Portland General Fund	829,893	845,661	\$ 15,768	1.9%
Multnomah West Franchise Fees	61,213	63,831	\$ 2,618	4.3%
Community Media Capital	980,830	903,201	\$ (77,629)	-7.9%
<b>Total</b>	<b>1,871,936</b>	<b>1,812,693</b>	<b>\$ (59,243)</b>	<b>-3.2%</b>

<b>MetroEast Community Media</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>Change</b>	<b>% change</b>
East County Franchise Fees	949,825	954,161	\$ 4,336	0.5%
Community Media Capital	754,700	619,047	\$ (135,653)	-18.0%
<b>Total</b>	<b>1,704,525</b>	<b>1,573,208</b>	<b>\$ (131,317)</b>	<b>-7.7%</b>