

MHCRC YEAR-END FINANCIAL REPORT – FY 2016-17 (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 2016-17 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 2015-16 vs. FY 2016-17

This section compares the Revenues and Expenditures of FY 2016-17 to the previous fiscal year.

Prepared By:

Janice Hammond Getten, Sr. Financial Analyst

Julie S. Omelchuck, Program Manager

Highlights

REVENUES:

The MHCRC collected \$9,233,739 in cable franchise fees for FY 2016-17. Portland continued its slight uptick in its franchise fees growth rate: The FY14-15 growth rate for Portland was 3.3%; for FY15-16 - 4.7%; and for FY16-17 – 2.3%. After remaining relatively flat at a little over 1% for the three previous fiscal years, East County’s growth rate increased to 4.4% in FY16-17.

The MHCRC also collected \$5,540,134 in PEG/I-Net Fee revenues from the cable franchises, a 2.7% increase from the previous fiscal year. The MHCRC Fund gained \$136,434 in interest revenue for FY 2016-17.

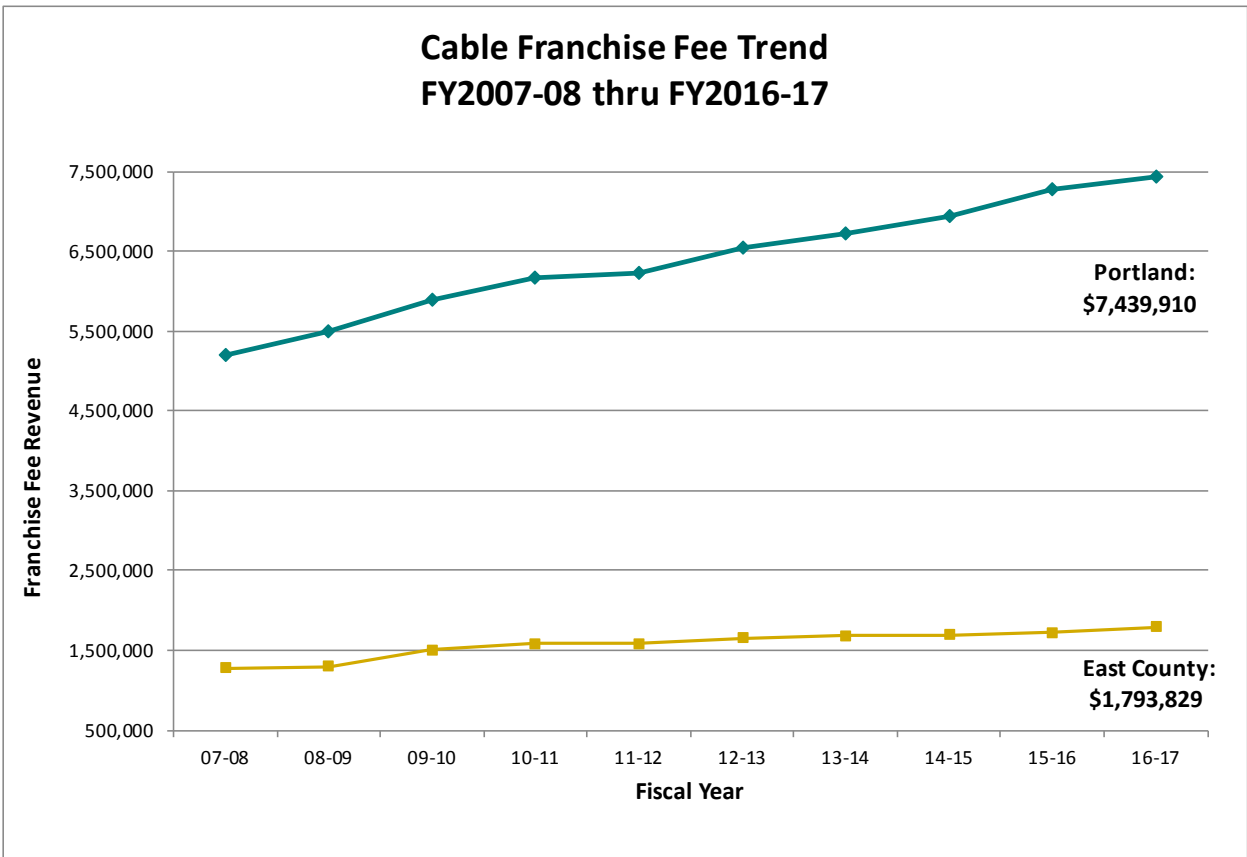
EXPENDITURES:

- **Community Media Operational Funds:** The MHCRC oversaw the disbursement of \$1,916,855 in operational dollars for the two community media centers as follows:
 - a) MetroEast Community Media: \$1,007,526 from East County franchise fees.
 - b) Open Signal: \$840,557 from the City of Portland general fund, and \$68,772 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 \$1,652,237 as follows:
 - a) MetroEast Community Media: \$635,020
 - b) Portland Community Media: \$952,531
- **Community Grants Program:** Although a total of \$3,183,788 was allocated to community grants for FY 2016-17, the MHCRC delayed its grant-making pending the resolution of a lawsuit against the Commission filed in November 2016, which was dismissed in June 2017.
- **I-Net Capital Costs:** Total funding of public agencies’ and schools’ capital costs related to the I-Net connections and equipment were \$604,167.

FUND SUMMARY:

The MHCRC Fund is a discrete agency fund managed within the City of Portland’s financial system. For FY 2016-17, the MHCRC Fund had \$3,998,870 in beginning balance, \$7,758,728 in revenues and \$4,594,937 in expenditures. The total ending balance is \$6,737,897. The beginning and ending fund balances mostly consists of dedicated capital funds for TechSmart Initiative grants (see Page 9).

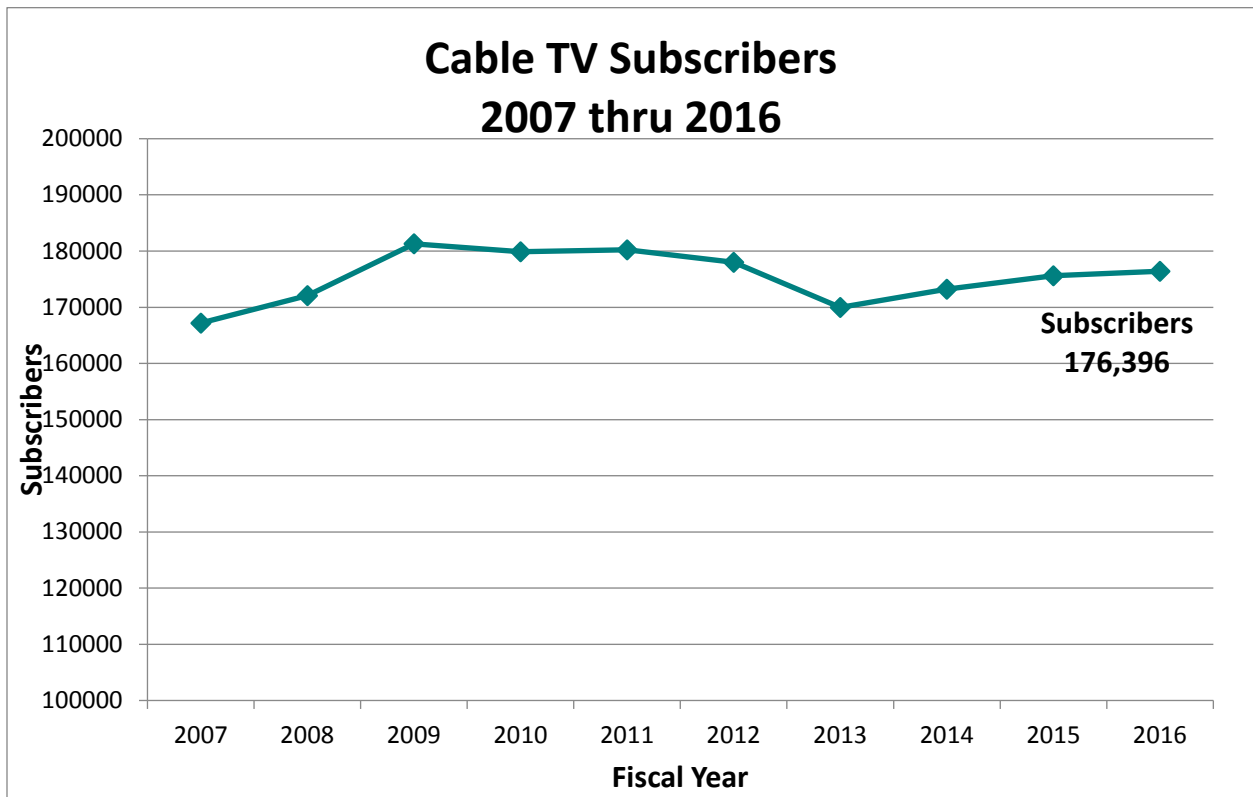
Staff conducted further research on the subscriber trends and discovered that the past subscriber numbers only included residential customers, although the MHCRC collects franchise fees on all subscriber categories, including bulk and business. As a result, staff updated the subscriber chart and found that although residential subscribers have slightly declined and then flattened over the past four years, bulk and residential numbers have increased, creating a rosier outlook than previously conveyed.



**Cable Franchise Fee Trend
FY 2007-08 thru 2016-17**

Franchise Fee Revenue

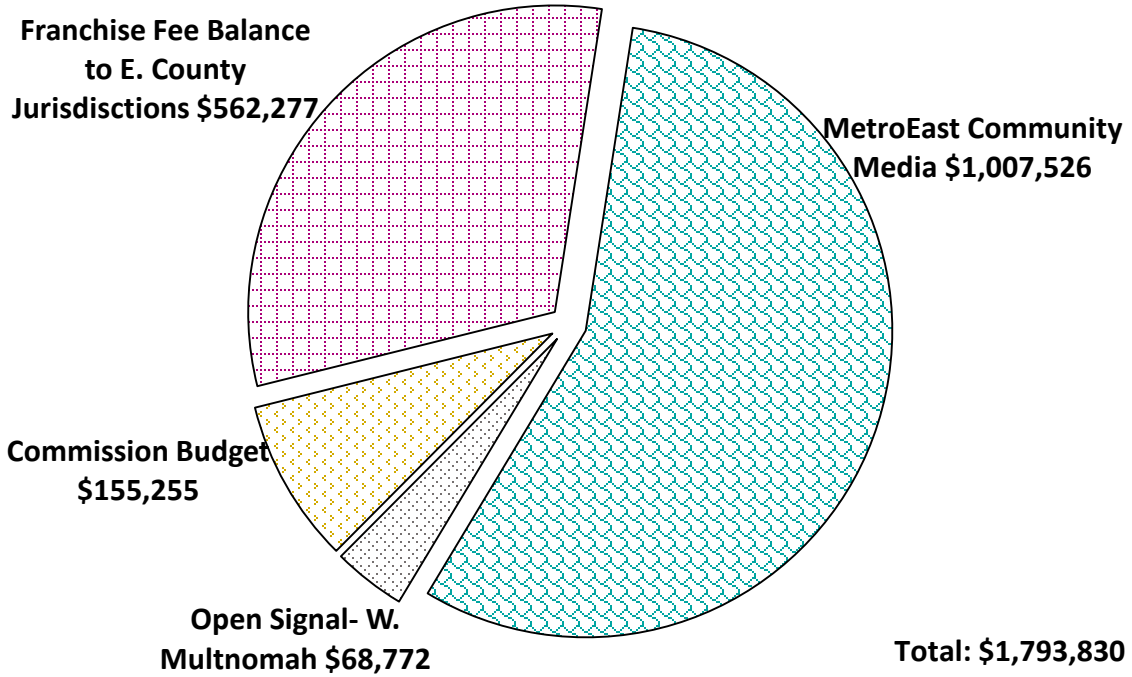
Portland	East County	Fiscal Year
5,200,000	1,275,000	07-08
5,500,000	1,300,000	08-09
5,900,000	1,500,000	09-10
6,170,000	1,580,000	10-11
6,232,244	1,586,137	11-12
6,548,700	1,654,359	12-13
6,719,325	1,685,059	13-14
6,944,159	1,696,654	14-15
7,270,259	1,718,578	15-16
7,439,910	1,793,829	16-17



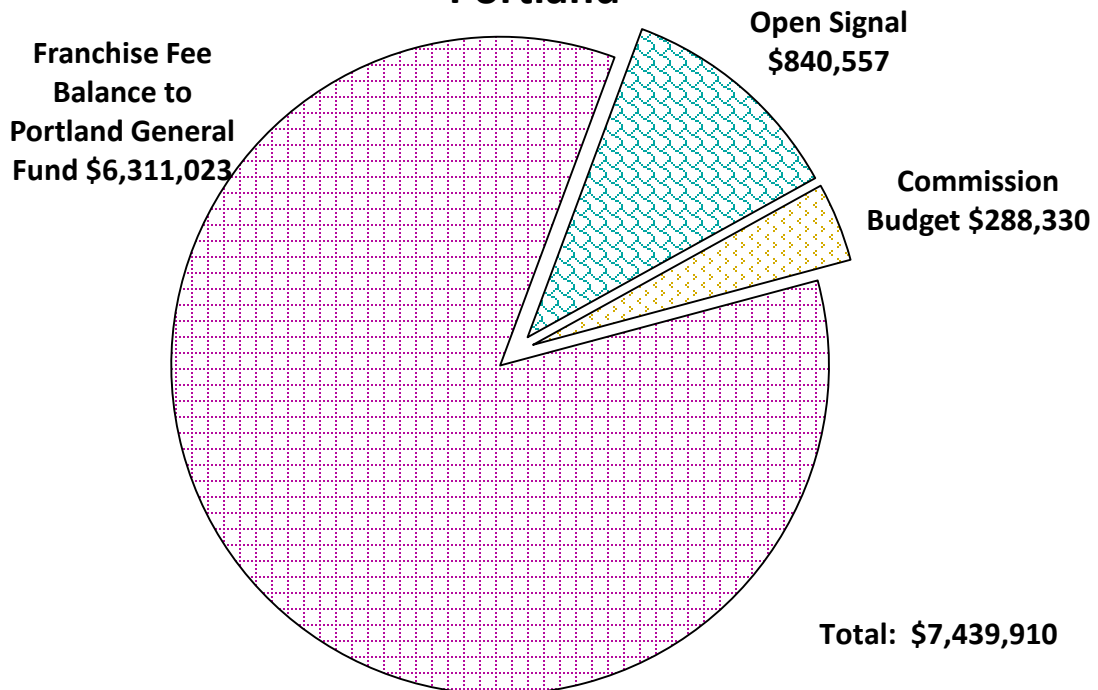
**Cable TV Subscribers
2007 thru 2016**

Subscribers	Year
167,194	2007
172,067	2008
181,286	2009
179,884	2010
180,204	2011
178,032	2012
169,997	2013
173,206	2014
175,616	2015
176,396	2016

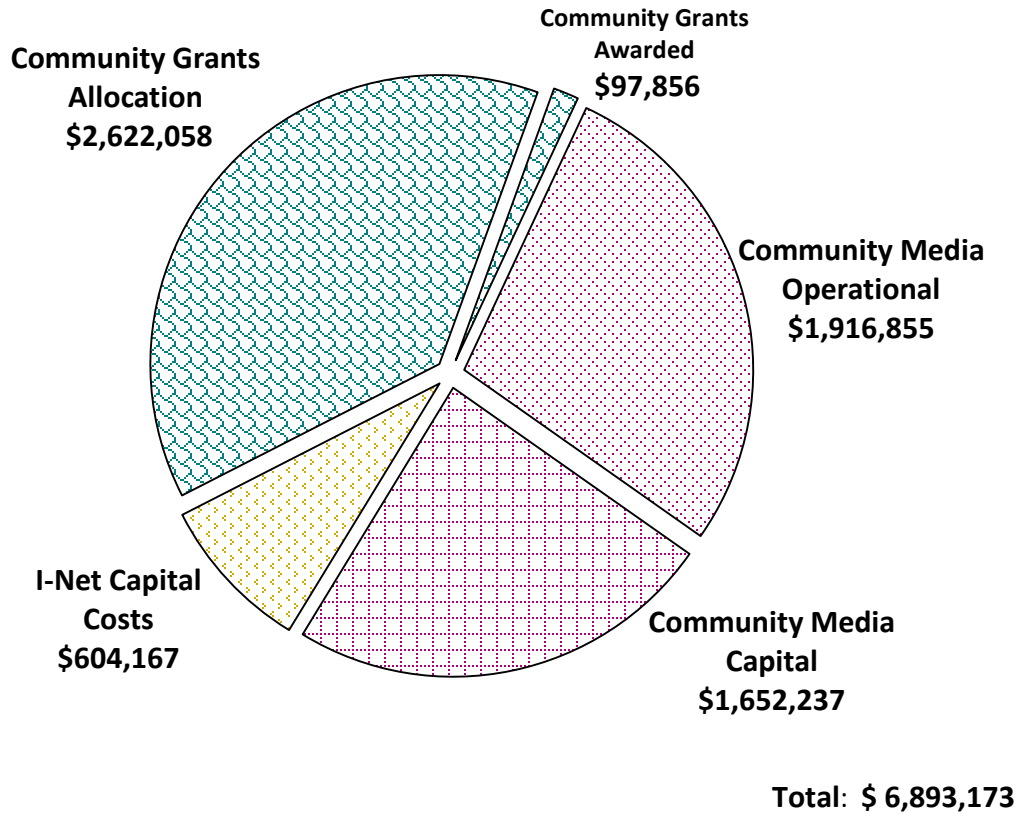
Cable Franchise Fee Disbursements FY 2016-17 East County



Cable Franchise Fee Disbursements FY2016-17 Portland



Funding Support for Community Media & Grants FY2016-17



MHCRC Operations Budget to Actual - Revenues and Expenditures
FY2016-17

MHCRC Administrative / Regulatory Program		
<u>Revenues</u>	<u>Budget</u>	<u>Actual</u>
City of Portland Appropriation	\$288,330	\$288,330
East County Appropriations	155,255	155,255
FY 2014-15 Year-end Balance	20,455	20,455
Interest Revenue Allocation	45,000	
Total Revenues	\$509,040	\$464,040
<u>Expenditures</u>		
Personnel Services	\$298,036	\$277,214
Revenue Division - Fiscal Support	15,900	14,869
MHCRC Fund Audit	3,550	3,550
External Materials and Services	80,730	86,131
Internal Services	38,619	40,919
General Fund Overhead	6,750	0
Contingency	65,455	0
Encumbrance carryover	0	28,948
Total Expenditures	\$509,040	\$451,631
Net Admin Program	\$0	\$12,409

MHCRC Capital Fund Compliance Program		
<u>Revenues</u>	<u>Budget</u>	<u>Actual</u>
Fund Compliance Admin	\$493,442	\$554,013
Total Revenues	\$493,442	\$554,013
<u>Expenditures</u>		
Personnel Services	\$208,797	\$176,460
Revenue Division - Fiscal Support	14,100	13,297
MHCRC Fund Audit	9,600	9,600
External Materials and Services	138,463	89,135
Internal Services	59,232	53,036
General Fund Overhead	18,250	0
Contingency	45,000	38,000
Encumbrance carryover	0	70,800
Total Expenditures	\$493,442	\$450,328
Net Compliance Program	\$0	\$103,685

Interest Fund Balance history
FY 2005-06 through FY 2018-19

A=Actual

E=Estimated

Fiscal Year	Interest Earned	Net Admin. Program	Change	Cumulative Balance	
FY2005-06	\$100,333	(\$99,294)	\$1,039	\$198,007	A
FY2006-07	\$171,764	(\$92,312)	\$79,452	\$277,458	A
FY2007-08	\$181,699	(\$92,771)	\$88,928	\$366,386	A
FY2008-09	\$126,158	(\$109,703)	\$16,455	\$382,841	A
FY2009-10	\$71,976	(\$98,233)	(\$26,257)	\$356,584	A
FY2010-11	\$32,395	(\$109,045)	(\$76,650)	\$279,934	A
FY2011-12	\$34,324	(\$129,708)	(\$95,384)	\$184,550	A
FY2012-13	\$30,329	(\$66,281)	(\$35,952)	\$148,598	A
FY2013-14	\$43,567	\$0	\$43,567	\$192,165	A
FY2014-15	\$57,577	\$0	\$57,577	\$249,742	A
FY2015-16	\$91,898	(\$4,949)	\$86,949	\$279,114	A
FY2016-17	\$136,434	\$0	\$136,434	\$386,176	A
FY2017-18	\$108,000	(\$67,365)	\$40,635	\$426,811	E
FY2018-19	\$108,000	(\$15,000)	\$93,000	\$519,811	E

Revenues and Expenditures by Major Categories
FY2016-17

Cable Franchise Fee Revenues and Expenditures		
<u>Revenues</u>		
Comcast - East County	\$1,460,291	
Comcast - West Multnomah	114,620	
Frontier	215,462	
Cascade Access	3,457	
Total Revenues		<u>\$1,793,830</u>
<u>Expenditures</u>		
Franchise Fee Balance to East County Jurisdictions	\$562,277	
MetroEast - Franchise Fees, East County	1,007,526	
PCM - Franchise Fees, Multnomah West	68,772	
MHCRC Admin. Budget, East County Share	155,255	
Total Expenditures		<u>\$1,793,830</u>

MHCRC Capital Fund Revenues and Expenditures		
	Beginning Balance	\$3,998,870
<u>Revenues</u>		
Fund Compliance Program	\$554,013	
Community Media	1,662,040	
Community Grants	3,324,081	
Total Revenues		<u>\$5,540,134</u>
<u>Expenditures</u>		
Capital Fund Compliance Program	\$450,327	
Community Media Capital	1,648,757	
Total Expenditures		<u>\$2,099,084</u>
<u>Grants Awarded</u>		
I-Net Capital Grants	604,167	
Competitive Grants	97,856	
TechSmart Grants	0	
Total Grants Awarded		<u>\$702,023</u>
	*Available Balance	\$6,737,897

* Available Balance - Detail		
Fund Compliance Program	\$805,928	
Community Media Capital	281,999	
I-Net Upgrade Reserve	800,000	
Grants - TechSmart	4,041,187	
Grants - Comm. Tech.	808,782	
Available Balance		<u>\$6,737,897</u>

Revenues and Expenditures - Actuals Comparison

Fiscal Year 2015-16 vs. 2016-17

Cable Franchise Fees	FY2015-16	FY2016-17	Change	% change
Portland	\$ 7,270,259	\$ 7,439,910	\$ 169,651	2.3%
East County, Comcast	\$ 1,491,363	\$ 1,574,911	\$ 83,548	5.6%
East County, Frontier & Cascade	\$ 227,215	\$ 218,919	\$ (8,296)	-3.7%
Franchise Fees Total	\$ 8,988,837	\$ 9,233,740	\$ 244,903	2.7%
PEG/I-Net Fees	\$ 5,393,179	\$ 5,540,134	\$ 146,955	2.7%
Fund Interest	\$ 91,898	\$ 136,434	\$ 44,536	48.5%
Total	\$ 14,473,914	\$ 14,910,308	\$ 436,394	3.0%

Access Organizations Payments - Actuals Comparison

Fiscal Year 2015-16 vs. 2016-17

Portland Community Media	FY2015-16	FY2016-17	Change	% change
Portland General Fund	865,957	840,557	\$ (25,400)	-2.9%
Multnomah West Franchise Fees	66,179	68,772	\$ 2,593	3.9%
Community Media Capital	952,531	989,255	\$ 36,724	3.9%
Total	1,884,667	1,898,584	\$ 13,917	0.7%

MetroEast Community Media	FY2015-16	FY2016-17	Change	% change
East County Franchise Fees	964,969	1,007,526	\$ 42,557	4.4%
Community Media Capital	635,020	659,502	\$ 24,482	3.9%
Total	1,599,989	1,667,028	\$ 67,039	4.2%