

# NORTH METRO TELECOMMUNICATIONS COMMISSION MEETING

May 16, 2018  
6:00 p.m.

**SPRING LAKE PARK CITY OFFICES**  
**1301 81<sup>st</sup> Avenue NE**  
**Spring Lake Park, Minnesota**

## AGENDA

1. CALL TO ORDER/ROLL CALL
2. CONSENT AGENDA **pp. 1-16**
  - 2.1. Approval of the minutes of the regular meeting, March 21, 2017
  - 2.2. Approval of the March and April financial reports and bill lists
3. CITIZENS TO BE HEARD
4. 2017 AUDIT PRESENTATION **pp. 17-52**
5. NORTH METRO TV REPORT **pp. 53--66**
  - 5.1. Monthly update
6. REPORT OF EXECUTIVE COMMITTEE **pp. 67-76**
  - 5.1. FCC Ruling
  - 5.2. Franchise Fee/PEG Fee Review Update
7. REPORT OF OPERATIONS COMMITTEE **p. 77**
8. REPORT OF LEGAL COUNSEL
  - 7.1. Monthly Report
9. REPORT OF COMCAST
10. REPORT OF CENTURYLINK
11. NEW BUSINESS
12. OLD BUSINESS
13. REPORT OF DIRECTORS
14. COMMUNICATIONS **pp. 78-87**
15. ADJOURN

# **NORTH METRO TELECOMMUNICATIONS COMMISSION**

## **UNAPPROVED MINUTES**

**Commission Meeting – March 21, 2018**

### **CALL TO ORDER**

Chair D. Swanson called the regular meeting of the North Metro Telecommunications Commission to order at 6:00 p.m. at the Spring Lake Park city offices.

### **ROLL CALL**

**Directors Present:** Dick Swanson; Blaine, Jennifer Rauner; Circle Pines, Al Parranto; Ham Lake, Dale Stoesz; Lino Lakes, Cindy Hansen; Spring Lake Park

**Directors Absent:** Mike Murphy; Lexington, Steve King; Centerville

**Others Present:** Heidi Arnson; Executive Director, Rose Valez; Admin. Asst., Mike Bradley; Legal Counsel

**Comcast Rep:**

**CenturyLink Rep:**

### **CONSENT AGENDA**

- **Minutes, Bill List, Financial Reports**

The February 21, 2018 minutes, and February bill list and financial reports were approved as presented. **Motion for approval made by C. Hansen. Second, J. Rauner. Motion passed.**

### **CITIZENS TO BE HEARD**

None present.

### **REPORT OF NORTH METRO TV**

H. Arnson reviewed the North Metro TV report as presented in the packet. A summary was also given of activities for the months of February and March. Topics included:

- Municipal Producer, Trevor Scholl, produced two community events in February, including the Ham Lake Snow Bowl and Lino Lakes' Guns and Hoses charity hockey game.

- The Spring editions of Mayor's Minutes are in production. All Member City Mayors are encouraged to participate in this short, informal report to citizens regarding the state of their City.
- The Sports Crew wrapped up coverage of girls and boys hockey and basketball teams in March. They recorded twelve sectional playoff games including teams from Blaine, Centennial, and Spring Lake Park High Schools.
- Video Engineer, Matt Waldron, has been working with three Member Cities to upgrade their equipment to the HD format. He participated in a final walk through of the Ham Lake proposal, met with a third vendor for the Circle Pines system, and sent an upgrade estimate to Lexington.

#### **REPORT OF EXECUTIVE COMMITTEE/OPERATIONS COMMITTEE**

C. Hansen reported on the following items:

- The Committee discussed conducting informal needs assessments and a cable subscriber survey as part of the franchise renewal process.
- The Committee approved joining, with other clients of Mike Bradley, on franchise and PEG fee audits of Comcast, as part of the franchise renewal process. By joining a group effort, there could be cost savings.

**MOTION:** To conduct a franchise fee and PEG fee audit of Comcast, with other clients of Mike Bradley, as part of the franchise renewal process. **Motion for approval made by: C. Hansen. Second: D. Stoesz. Motion approved.**

- The need for municipal drone ordinances and internal usage policies was discussed. The League of Minnesota Cities does not have a model ordinance, but it recommends that Cities adopt one. Commission Legal Counsel, Mike Bradley, will create a model ordinance for Cities and internal usage policies for Cities and Commissions if enough interest is expressed. The cost would be a flat fee of \$5,000 for the Commission. Each Member City would receive the model ordinance and internal usage policies. The Commission would also receive internal usage policies. The Operations Committee recommended that the Commission sign up for the drone ordinance project.

**MOTION:** To join the drone ordinance and policy project for a fee of no more than \$5,000. **Motion for approval made by: C. Hansen. Second: D. Stoesz. Motion approved.**

### **REPORT OF LEGAL COUNSEL**

M. Bradley reported on the following items:

- Fourth Quarter reports from CenturyLink indicate that subscriber levels continue to drop. It appears that construction goals have changed with the acquisition of Level 3. It was reported that CenturyLink is looking for a return on any new construction investment in five years, for new developments, or it will not undertake the construction. The North Metro has not yet received a notice from CenturyLink indicating a desire to renew the franchise. If a notice is received, CenturyLink's ability to operate a system and serve the entire franchise area will be important issues.

### **REPORT OF COMCAST**

No report was presented.

### **REPORT OF CENTURYLINK**

No report was presented.

### **NEW BUSINESS**

- Every year, as an administrative matter, the Commission has to decide whether or not to waive the statutory tort liability limits for insurance purposes. This decision determines the amount an individual would be able to recover on any claim to which the statutory tort limits apply. In the past, the Commission has opted to NOT WAIVE the monetary limits on municipal tort liability. The Executive Committee recommends that the Commission NOT Waive the monetary limits.

**MOTION:** To NOT WAIVE the monetary limits on municipal tort liability. **Motion made by C. Hansen. Second, A. Parranto. Motion passed.**

### **OLD BUSINESS**

No old business was presented.

**REPORT OF DIRECTORS**

No reports of Directors were presented.

**ADJOURN**

The meeting was adjourned at 6:15 p.m. **The motion to adjourn was made by C. Hansen. Second, A. Parranto. Motion approved.**

The next meeting of the NMTC will be held on **Wednesday, April 18, 2018 at 6:00 p.m.** at the city offices of Spring Lake Park.

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Dale Stoesz; Secretary, NMTC

# NORTH METRO TELECOMMUNICATION BILL LIST

APRIL 2018

Date	Check #	Payee	Amount
MARCH	COMBINED	PAYROLL	37,382.04
MARCH	COMBINED	IRS/US PAYABLE	12,331.45
MARCH	COMBINED	MN REVENUE PAYABLE	2,207.61
MARCH	COMBINED	PERA PAYABLE	7,117.85
MARCH	COMBINED	PEACHTREE	41.60
MARCH	COMBINED	DISCOVERY BENEFITS	962.50
13265	4/1/18	Richard D. Larson	395.00
13266	4/4/18	Grass Hopper Lawn & Snow	350.00
13267	4/4/18	Z Systems	6,556.34
13268	4/4/18	Bradley Law, LLC	1,718.75
13269	4/4/18	Viking Trophies	1,522.00
13270	4/10/18	Terry Tronson	220.95
13271	4/11/18	Commercial Steam Team	1,146.60
13272	4/11/18	Eric Houston	28.30
13273	4/17/18	Aid Electric Corporation	2,605.66
13274	4/17/18	Harrington Langer & Associates	9,725.00
13275	4/17/18	Metro Sales, Inc.	658.59
13276	4/25/18	Z Systems	8,080.93
13277	4/30/18	Z Systems	9,351.24
EFILE	4/1/18	Authorize.Net	26.50
EFILE	4/16/18	Chase Visa Card Services	3,613.87
EFILE	4/1/18	Virtual Merchant Credit Card	12.03
EPAY-01	4/2/18	POPP TELECOM	831.48
EPAY-02	4/3/18	Comcast	285.92
EPAY-03	4/3/18	T-Mobile	103.16
EPAY-04	4/4/18	Principal Financial Group	464.98
EPAY-05	4/12/18	AT&T Wireless	383.93
EPAY-06	4/14/18	Republic Services	148.46
EPAY-07	4/14/18	SA Fleet-Wex Bank	176.42
EPAY-08	4/14/18	Comcast Business 100M/100M	756.78
EPAY-09	4/15/18	CenterPoint Energy	347.98
EPAY-10	4/15/18	U.S. Bank Card Service	1,132.60
EPAY-11	4/22/18	HealthPartners	9,846.61
EPAY-12	4/26/18	City of Blaine-utilities	58.35
EPAY-13	4/26/18	Dept of Empl and Eco Development	271.04
EPAY-14	4/26/18	Connexus Energy	1,846.23
EPAY-15	4/26/18	Federal Express	32.67
MAR SALES	4/15/18	MN Dept. of Revenue	11.00
			<b>122,752.42</b>

# North Metro Telecommunications Commission

## Balance Sheet

April 30, 2018

### ASSETS

Current Assets		
Cash - Checking Account	\$ 2,611,521.21	
Petty Cash	150.00	
A/R - NMTC	168,868.06	
Prepaid Insurance - NMTC	14,543.48	
		<u>2,795,082.75</u>
Total Current Assets		
Property and Equipment		
Office Equipment - NMTC	1,285,000.85	
Accum Deprec - NMTC	(1,879,900.79)	
Bond Equipment 2016	1,985,000.00	
Building-Polk/125	1,503,204.17	
Land-Polk/125	225,700.00	
		<u>3,119,004.23</u>
Total Property and Equipment		
Other Assets		
Deferred Out Related/Pension	163,031.00	
		<u>163,031.00</u>
Total Other Assets		
Total Assets	\$ 6,077,117.98	

### LIABILITIES AND CAPITAL

Current Liabilities		
A/P - NMTC	\$ 1,260.00	
Accrued Payroll Taxes & W/H's	449.54	
PERA PAYABLE - PRIOR	(768.59)	
Accrued Vacation	95,794.50	
Accrued Wages	38,315.36	
Franchise Fee App	991,433.01	
Due to City of Blaine	762,119.00	
Due to City of Centerville	47,261.00	
Due to City of Circle Pines	67,778.00	
Due to City of Ham Lake	197,534.00	
Due to City of Lexington	25,328.00	
Due to City of Lino Lakes	233,475.00	
Due to City of Spring Lake Par	81,504.00	
Deferred In Related/Pension	132,827.00	
		<u>2,674,309.82</u>
Total Current Liabilities		
Long-Term Liabilities		
Net Pension Liability	632,009.00	
		<u>632,009.00</u>
Total Long-Term Liabilities		
Total Liabilities		<u>3,306,318.82</u>
Capital		
Net Equity	386,721.40	
Net Equity - Media Ctr	(206,243.34)	
Net Equity - NMTC	2,517,656.37	
Net Income	72,664.73	
		<u>2,770,799.16</u>
Total Capital		
Total Liabilities & Capital	\$ 6,077,117.98	

Internally Prepared P. 18 For Management Use Only

# North Metro Telecommunications Comm

## Cash Receipts Journal

For the Period From Apr 1, 2018 to Apr 30, 2018

Date	Transaction Ref	Line Description	Debit Amnt	Credit Amnt
				293.00
4/11/1	TAPE DUBS-CASH	TAPE DUBS-CASH Miscellaneous receipts	293.00	
				170.00
4/11/1	TAPE DUBS-CHECKS	TAPE DUBS-CHECKS Miscellaneous receipts	170.00	
				400.47
4/11/1	STAR TRIB-REFUND	STAR TRIBUNE-REFUND Miscellaneous receipts	400.47	
				110.00
4/23/1	APR CC SALES-VM	APRIL CREDIT CARD SALES-VIRTUAL MERCHANT Credit Card Sales	110.00	
				20.00
4/24/1	APR CC SALES-AMEX	APRIL CREDIT CARD SALES-AMEX APRIL CREDIT CARD SALES-AMEX-FEES Credit Card Sales	0.78 19.22	
				60.00
4/25/1	APR CC SALES-AUTH	APRIL CREDIT CARD SALES-AUTH APRIL CREDIT CARD SALES-AUTHORIZE.NET-FEES Credit Card Sales	1.74 58.26	
				305,316.92
4/26/1	1ST QTR FRAN FEES	1ST QUARTER FRANCHISE FEES Comcast-Franchise	305,316.92	
				190,486.04
4/27/1	1ST QTR PEG FEES	1ST QUARTER PEG FEES Comcast-PEG Fees	190,486.04	
				2,147.87
4/28/1	1ST QTR FRAN FEES	1ST QUARTER FRANCHISE FEES CenturyLink-Franchise	2,147.87	
				6,752.92
4/28/1	1ST QTR PEG FEES	1ST QUARTER PEG FEES CenturyLink-Peg	6,752.92	
				2,598.48
4/30/1	INTEREST	INTEREST-COMMISSION CHECKING INTEREST - COMMISSION	2,598.48	
			<b>508,355.70</b>	<b>508,355.70</b>



# North Metro Telecommunications Comm

## Check Register

For the Period From Mar 1, 2018 to Mar 31, 2018

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

Check #	Date	Payee	Amount
EFILE	3/1/18	Discovery Benefits	22.50
EFILE	3/1/18	Authorize.Net	26.20
EFILE	3/1/18	Virtual Merchant Credit Card	30.69
EPAY-01	3/2/18	POPP TELECOM	831.38
EPAY-04	3/3/18	Comcast	285.92
EPAY-02	3/3/18	T-Mobile	103.16
EPAY-03	3/4/18	Principal Financial Group	419.86
13249	3/5/18	Richard D. Larson	397.25
13250	3/5/18	Corporate Mechanical	476.00
13251	3/5/18	DVS RENEWAL	219.00
13252	3/7/18	Matthew Waldron	95.38
13253	3/7/18	Benjamin Hayle	48.99
13254	3/10/18	Z Systems	5,520.72
EPAY-05	3/12/18	AT&T Wireless	383.93
13255	3/12/18	Matthew Waldron	112.41
EFILE	3/14/18	Discovery Benefits	470.00
EPAY-06	3/14/18	SA Fleet-Wex Bank	296.82
13256	3/14/18	Grass Hopper Lawn & Snow	700.00
EPAY-07	3/14/18	Comcast Business 100M/100M	756.78
FEB SALES TAX	3/15/18	MN Dept. of Revenue	68.00
EPAY-08	3/15/18	CenterPoint Energy	489.13
EFILE	3/16/18	Chase Visa Card Services	1,557.53
PEACH	3/16/18	Peachtree/Sage Software	19.20
EFILE	3/16/18	MN Dept. of Revenue	1,082.13
EFILE	3/16/18	Public Employees Retirement	3,465.49
EFILE	3/16/18	IRS/US BANK	5,836.68
13257	3/19/18	B Harris, Inc.	1,233.75
13258	3/19/18	U.S. Bank Card Service	282.01
13259	3/21/18	Z Systems	14,779.81

# North Metro Telecommunications Comm

## Check Register

For the Period From Mar 1, 2018 to Mar 31, 2018

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

Check #	Date	Payee	Amount
13260	3/21/18	Z Systems	6,375.20
EPAY-09	3/22/18	HealthPartners	9,846.61
EPAY-10	3/26/18	City of Blaine-utilities	58.10
EPAY-11	3/26/18	Connexus Energy	1,959.83
13261	3/26/18	Anoka County Records & Taxation	388.83
13262	3/26/18	Print Central	570.68
13263	3/26/18	League of MN Cities	1,893.00
13264	3/27/18	CineQuipt	434.00
EFILE	3/28/18	Discovery Benefits	470.00
PEACH	3/30/18	Peachtree/Sage Software	19.20
EFILE	3/30/18	Public Employees Retirement	3,424.80
EFILE	3/30/18	IRS/US BANK	5,759.62
EFILE	3/30/18	MN Dept. of Revenue	1,067.60
EFILE	3/31/18	IRS/US BANK	1,246.69
EFILE	3/31/18	MN Dept. of Revenue	117.83
EFILE	3/31/18	Public Employees Retirement	265.04
EFILE	3/31/18	IRS/US BANK	29.84
<b>Total</b>			<b><u>73,937.59</u></b>

**North Metro Telecommunications Comm**  
**General Journal**  
For the Period From Apr 1, 2018 to Apr 30, 2018

<b>Date</b>	<b>Reference</b>	<b>Trans Description</b>	<b>Debit Amt</b>	<b>Credit Amt</b>
4/1/18	ACCRUED VAC/COMP	ACCRUED VAC/COMP ACCRUED VAC/COMP	97,873.11	97,873.11
4/1/18	ACCRUED WAGES	ACCRUED WAGES ACCRUED WAGES	12,211.00	12,211.00
4/30/18	ACCRUED DEPRECIATION	ACCRUED DEPRECIATION ACCRUED DEPRECIATION	12,900.00	12,900.00
4/30/18	ACCRUED VAC/COM/SICK	ACCRUED VAC/COMP/SICK ACCRUED VAC/COMP/SICK	95,794.50	95,794.50
4/30/18	ACCRUED WAGES	ACCRUED WAGES ACCRUED WAGES	14,800.56	14,800.56
<b>Total</b>			<b>233,579.17</b>	<b>233,579.17</b>

**NORTH METRO TELECOMMUNICATION  
BILL LIST**

**MARCH 2018**

<b>Date</b>	<b>Check #</b>	<b>Payee</b>	<b>Amount</b>
MARCH	COMBINED	PAYROLL	40,014.22
MARCH	COMBINED	IRS/US PAYABLE	12,872.83
MARCH	COMBINED	MN REVENUE PAYABLE	2,267.56
MARCH	COMBINED	PERA PAYABLE	7,155.33
MARCH	COMBINED	PEACHTREE	38.40
MARCH	COMBINED	DISCOVERY BENEFITS	962.50
13249	3/5/18	Richard D. Larson	397.25
13250	3/5/18	Corporate Mechanical	476.00
13251	3/5/18	DVS RENEWAL	219.00
13252	3/7/18	Matthew Waldron	95.38
13253	3/7/18	Benjamin Hayle	48.99
13254	3/10/18	Z Systems	5,520.72
13255	3/12/18	Matthew Waldron	112.41
13256	3/14/18	Grass Hopper Lawn & Snow	700.00
13257	3/19/18	B Harris, Inc.	1,233.75
13258	3/19/18	U.S. Bank Card Service	282.01
13259	3/21/18	Z Systems	14,779.81
13260	3/21/18	Z Systems	6,375.20
13261	3/26/18	Anoka County Records & Taxation	388.83
13262	3/26/18	Print Central	570.68
13263	3/26/18	League of MN Cities	1,893.00
13264	3/27/18	CineQuipt	434.00
EFILE	3/1/18	Authorize.Net	26.20
EFILE	3/16/18	Chase Visa Card Services	1,557.53
EFILE	3/1/18	Virtual Merchant Credit Card	30.69
EPAY-01	3/2/18	POPP TELECOM	831.38
EPAY-02	3/3/18	T-Mobile	103.16
EPAY-03	3/4/18	Principal Financial Group	419.86
EPAY-04	3/3/18	Comcast	285.92
EPAY-05	3/12/18	AT&T Wireless	383.93
EPAY-06	3/14/18	SA Fleet-Wex Bank	296.82
EPAY-07	3/14/18	Comcast Business 100M/100M	756.78
EPAY-08	3/15/18	CenterPoint Energy	489.13
EPAY-09	3/22/18	HealthPartners	9,846.61
EPAY-10	3/26/18	City of Blaine-utilities	58.10
EPAY-11	3/26/18	Connexus Energy	1,959.83
EFILE	3/15/18	MN Dept. of Revenue	68.00

**113,951.81**

# North Metro Telecommunications Commission

## Balance Sheet

March 31, 2018

### ASSETS

Current Assets		
Cash - Checking Account	\$ 2,225,920.45	
Petty Cash	150.00	
A/R - NMTC	197,006.49	
Prepaid Insurance - NMTC	13,276.21	
		<hr/>
Total Current Assets		2,436,353.15
Property and Equipment		
Office Equipment - NMTC	1,304,420.69	
Accum Deprec - NMTC	(1,958,864.39)	
Bond Equipment 2016	1,985,000.00	
Building-Polk/125	1,503,204.17	
Land-Polk/125	225,700.00	
		<hr/>
Total Property and Equipment		3,059,460.47
Other Assets		
Deferred Out Related/Pension	347,614.00	
		<hr/>
Total Other Assets		347,614.00
Total Assets	\$ 5,843,427.62	<hr/>

### LIABILITIES AND CAPITAL

Current Liabilities		
A/P - NMTC	\$ 1,260.00	
Accrued Payroll Taxes & W/H's	449.54	
PERA PAYABLE	(768.59)	
Accrued Vacation	97,873.11	
Accrued Wages	36,762.60	
Franchise Fee App	924,284.15	
Due to City of Blaine	861,760.00	
Due to City of Centerville	53,440.00	
Due to City of Circle Pines	76,639.50	
Due to City of Ham Lake	223,360.00	
Due to City of Lexington	28,639.50	
Due to City of Lino Lakes	264,000.00	
Due to City of Spring Lake Par	92,160.00	
Deferred In Related/Pension	85,894.00	
		<hr/>
Total Current Liabilities		2,745,753.81
Long-Term Liabilities		
Net Pension Liability	828,188.00	
		<hr/>
Total Long-Term Liabilities		828,188.00
Total Liabilities		<hr/>
		3,573,941.81
Capital		
Net Equity	257,597.86	
Net Equity - Media Ctr	(206,243.34)	
Net Equity - NMTC	2,517,656.37	
Net Income	(299,525.08)	
		<hr/>
Total Capital		2,269,485.81
Total Liabilities & Capital	\$ 5,843,427.62	<hr/>

# North Metro Telecommunications Comm

## Cash Receipts Journal

For the Period From Mar 1, 2018 to Mar 31, 2018

Date	Transaction Ref	Line Description	Debit Amnt	Credit Amnt
				80.00
3/26/1	MAR CC SALES-AUTH	MARCH CREDIT CARD SALES-AUTHORIZE.NET	2.33	
		FEBRUARY CREDIT CARD SALES-AUTHORIZE.NET-FEES	77.67	
		Credit Card Sales		
3/27/1	PIONEER PRESS REFUN	SUBSCRIPTION CANCELLED/ REFUND Miscellaneous receipts	576.28	576.28
3/27/1	MAR CC SALES-VM	MARCH CREDIT CARD SALES-VIRTUAL MERCHANT	30.00	30.00
		Credit Card Sales		
3/29/1	INTEREST	INTEREST-COMMISSION CHECKING INTEREST - COMMISSION	2,409.30	2,409.30
3/30/1	MAR CC SALES-AUTH	MARCH CREDIT CARD SALES-AUTHORIZE.NET	1.16	40.00
		MARCH CREDIT CARD SALES-AUTHORIZE.NET-FEES	38.84	
		Credit Card Sales		
3/31/1	MAR CC SALES-VM	MARCH CREDIT CARD SALES-VIRTUAL MERCHANT	25.00	25.00
		Credit Card Sales		
			25.00	
			<b>3,160.58</b>	<b>3,160.58</b>

# North Metro Telecommunications Comm

## Check Register

For the Period From Mar 1, 2018 to Mar 31, 2018

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

Check #	Date	Payee	Amount
EFILE	3/1/18	Discovery Benefits	22.50
EFILE	3/1/18	Authorize.Net	26.20
EFILE	3/1/18	Virtual Merchant Credit Card	30.69
EPAY-01	3/2/18	POPP TELECOM	831.38
EPAY-04	3/3/18	Comcast	285.92
EPAY-02	3/3/18	T-Mobile	103.16
EPAY-03	3/4/18	Principal Financial Group	419.86
13249	3/5/18	Richard D. Larson	397.25
13250	3/5/18	Corporate Mechanical	476.00
13251	3/5/18	DVS RENEWAL	219.00
13252	3/7/18	Matthew Waldron	95.38
13253	3/7/18	Benjamin Hayle	48.99
13254	3/10/18	Z Systems	5,520.72
EPAY-05	3/12/18	AT&T Wireless	383.93
13255	3/12/18	Matthew Waldron	112.41
EFILE	3/14/18	Discovery Benefits	470.00
EPAY-06	3/14/18	SA Fleet-Wex Bank	296.82
13256	3/14/18	Grass Hopper Lawn & Snow	700.00
EPAY-07	3/14/18	Comcast Business 100M/100M	756.78
EFILE	3/15/18	MN Dept. of Revenue	68.00
EPAY-08	3/15/18	CenterPoint Energy	489.13
EFILE	3/16/18	Chase Visa Card Services	1,557.53
PEACH	3/16/18	Peachtree/Sage Software	19.20
EFILE	3/16/18	MN Dept. of Revenue	1,082.13
EFILE	3/16/18	Public Employees Retirement	3,465.49
EFILE	3/16/18	IRS/US BANK	5,836.68
13257	3/19/18	B Harris, Inc.	1,233.75
13258	3/19/18	U.S. Bank Card Service	282.01
13259	3/21/18	Z Systems	14,779.81

# North Metro Telecommunications Comm

## Check Register

For the Period From Mar 1, 2018 to Mar 31, 2018

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

Check #	Date	Payee	Amount
13260	3/21/18	Z Systems	6,375.20
EPAY-09	3/22/18	HealthPartners	9,846.61
EPAY-10	3/26/18	City of Blaine-utilities	58.10
EPAY-11	3/26/18	Connexus Energy	1,959.83
13261	3/26/18	Anoka County Records & Taxation	388.83
13262	3/26/18	Print Central	570.68
13263	3/26/18	League of MN Cities	1,893.00
13264	3/27/18	CineQuipt	434.00
EFILE	3/28/18	Discovery Benefits	470.00
PEACH	3/30/18	Peachtree/Sage Software	19.20
EFILE	3/30/18	Public Employees Retirement	3,424.80
EFILE	3/30/18	IRS/US BANK	5,759.62
EFILE	3/30/18	MN Dept. of Revenue	1,067.60
EFILE	3/31/18	IRS/US BANK	1,246.69
EFILE	3/31/18	MN Dept. of Revenue	117.83
EFILE	3/31/18	Public Employees Retirement	265.04
EFILE	3/31/18	IRS/US BANK	29.84
<b>Total</b>			<b><u>73,937.59</u></b>



# North Metro Telecommunications Comm

## General Journal

For the Period From Mar 1, 2018 to Mar 31, 2018

Date	Reference	Trans Description	Debit Amt	Credit Amt
3/1/18	ACCRUED VAC/COM/SICK	ACCRUED VAC/COMP/SICK ACCRUED VAC/COMP/SICK	99,025.01	99,025.01
3/1/18	ACCRUED WAGES	ACCRUED WAGES ACCRUED WAGES	19,537.60	19,537.60
3/31/18	ACCRUED DEPRECIATION	ACCRUED DEPRECIATION ACCRUED DEPRECIATION	12,900.00	12,900.00
3/31/18	ACCRUED VAC/COMP	ACCRUED VAC/COMP ACCRUED VAC/COMP	97,873.11	97,873.11
3/31/18	ACCRUED WAGES	ACCRUED WAGES ACCRUED WAGES	12,211.00	12,211.00
	<b>Total</b>		<b>241,546.72</b>	<b>241,546.72</b>

**NORTH METRO  
TELECOMMUNICATIONS COMMISSION  
MANAGEMENT LETTER  
December 31, 2017**

ADDITIONAL PAGES

## MANAGEMENT LETTER

To the Management and Board of Directors  
North Metro Telecommunications Commission  
Blaine, Minnesota

In planning and performing our audit of the financial statements of North Metro Telecommunications Commission as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered North Metro Telecommunications 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 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. We did not identify any deficiencies in internal control that we considered to be material weaknesses.

A significant deficiency is a deficiency, or 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. We consider the deficiencies presented in the attachment to this letter to be significant deficiencies in internal control.

This letter does not affect our report dated April 10, 2018 on the financial statements of North Metro Telecommunications Commission. We will review the status of these comments during our next audit engagement. Our comments, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized in the attachment to this letter.

TENTATIVE & PRELIMINARY

We sincerely appreciate the opportunity to provide services to the Commission and hope you find the information included in this correspondence useful and informative. If you have any questions or wish to discuss any of the items further, please let us know.

This communication 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.

April 10, 2018

## **I. Internal Control Deficiencies**

**Segregation of Duties:** Our consideration of internal control disclosed that North Metro Telecommunications Commission has an inherent deficiency associated with the size of its accounting function that we consider to be a significant deficiency.

The size of the Commission is such that optimum internal control achieved through adequate segregation of incompatible duties among accounting personnel is not feasible. Although the Commission has implemented policies and procedures to mitigate for the lack of segregation of duties, the Organization does not meet the criteria (as pronounced by the American Institute of Certified Public Accountants) for segregation of duties in its accounting function. As such, management and the Board of Commissioners should maintain sufficient oversight to avoid errors and irregularities. This situation is common to organizations of this size and any changes should be reviewed from a cost-benefit perspective.

**Financial Reporting Process:** Our consideration of internal control disclosed that North Metro Telecommunications Commission has a significant deficiency associated with the financial reporting process.

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements and disclosures, in conformity with U.S. generally accepted accounting principles (GAAP). Like many similarly sized organizations, management has requested assistance from us, the auditors, with drafting financial statements and related notes. The outsourcing of these services is not unusual in 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. This increases the possibility that errors and irregularities may not be detected on a timely basis.

### *Management Response:*

Management is aware of these situations, but a cost-benefit analysis of the issues 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 issues.

The Commission's response to the significant deficiencies identified in our audit has not been subjected to the audit procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

## **II. Required Communications**

We have audited the financial statements of North Metro Telecommunications Commission for the year ended December 31, 2017, and have issued our report thereon dated April 10, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 9, 2018. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *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. We noted no new accounting policies 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. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users.

### *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.

APPROVED BY THE BOARD

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the Commission's 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 April 10, 2018.

### *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 and budgetary comparison information, 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.

**NORTH METRO  
TELECOMMUNICATIONS COMMISSION  
ANNUAL FINANCIAL REPORTS  
December 31, 2017 and 2016**

TENTATIVE & PRELIMINARY



## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying statements of net position of North Metro Telecommunications Commission as of and for the years ended December 31, 2017 and 2016, 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.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

TENTATIVE & PRELIMINARY

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinion***

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, 2017 and 2016, and the changes in its financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 and the budgetary comparison information, schedule of employer's PERA contributions and schedule of employer's share of PERA net pension liability on pages 21 through 25 be presented to supplement the basic financial statements. Such information, 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 April 10, 2018 on our consideration of the 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.

April 10, 2018

PRELIMINARY & PRELIMINARY

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2017 and 2016  
(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, 2017 and 2016.

**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 presents 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 reports 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, 2017 and 2016.

TENTATIVE & PRELIMINARY

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2017 and 2016  
(Required Supplementary Information)

**Financial Highlights**

- NMTC ended 2017 with a net position balance of \$2,697,274, of which \$1,755,604 represented the net investment in capital assets, and \$941,670 was unrestricted. The net position balance at the end of the year was \$93,333 higher than the net position balance at the beginning of the year.
- As a result of operations, \$410,509 and \$320,000 of franchise fees were returned to NMTC member cities for the years ended December 31, 2017 and 2016, respectively.

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

Net Position	2017	2016	2015
<b>Assets</b>			
Current Assets	\$ 2,656,806	\$ 2,573,384	\$ 2,463,210
Capital assets, net	3,170,604	3,253,052	1,644,151
<b>Total Assets</b>	<u>5,827,410</u>	<u>5,826,436</u>	<u>4,107,361</u>
<b>Deferred Outflows</b>			
Deferred outflows related to pensions	<u>163,031</u>	<u>347,614</u>	<u>72,490</u>
<b>Liabilities</b>			
Current Liabilities	1,303,331	1,241,027	1,008,786
Noncurrent Liabilities	1,857,009	2,243,188	523,433
<b>Total Liabilities</b>	<u>3,160,340</u>	<u>3,484,215</u>	<u>1,532,219</u>
<b>Deferred Inflows</b>			
Deferred inflows related to pensions	<u>132,827</u>	<u>85,894</u>	<u>54,575</u>
<b>Net Position</b>			
Net investment in capital assets	1,755,604	1,653,052	1,644,151
Unrestricted	941,670	950,889	948,906
<b>Total Net Position</b>	<u>\$ 2,697,274</u>	<u>\$ 2,603,941</u>	<u>\$ 2,593,057</u>

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2017 and 2016  
(Required Supplementary Information)

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

Changes in Net Position	2017	2016	2015
<b>Program Revenues</b>			
Operating revenue	\$ 2,021,472	\$ 1,952,989	\$ 1,845,248
<b>General Revenues</b>			
Unrestricted investment earnings	15,440	3,340	333
Miscellaneous	27,875	36,723	36,768
Total General Revenues	43,315	40,063	37,101
Total Revenues	2,064,787	1,993,052	1,882,349
<b>Expenses</b>			
Operations	1,597,681	1,517,613	1,441,537
Non-capitalized equipment	18,487	15,216	22,918
Depreciation and amortization	312,436	374,144	204,050
Interest expense	42,850	75,195	1,545
Total Expenses	1,971,454	1,982,168	1,670,050
Change in Net Position	93,333	10,884	212,299
Net Position, Beginning (as originally presented)	2,603,941	2,593,057	2,871,614
Cumulative effect of change in accounting principle	-	-	(490,856)
Net Position, Beginning (as restated)	2,603,941	2,593,057	2,380,758
Net Position, Ending	\$ 2,697,274	\$ 2,603,941	\$ 2,593,057

**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.

EXHIBIT 2: PRELIMINARY

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

December 31, 2017 and 2016  
(Required Supplementary Information)

**Expenses**

Wages, benefits, franchise fee reimbursements, interest 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, 2017 and 2016, amounted to \$3,170,604 and \$3,253,052, 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 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 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, 2017 and 2016, the Commission owed \$1,600,000 and \$1,415,000, respectively, to the member cities.

**Budgetary Analysis**

During 2017 and 2016, franchise fee and PEG fee revenue exceeded budgeted amounts by approximately \$136,000 and \$163,000, respectively, which contributed to the increases in net position of \$93,333 and \$10,884, respectively.

**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.

TENTATIVE & PRELIMINARY

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**STATEMENTS OF NET POSITION**  
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and investments	\$ 2,473,394	\$ 2,363,101
Accounts receivable	168,868	197,006
Prepaid expenses	14,544	13,277
<b>TOTAL CURRENT ASSETS</b>	<u>2,656,806</u>	<u>2,573,384</u>
<b>CAPITAL ASSETS</b>		
Land	225,700	225,700
Building	1,443,850	1,443,850
Building improvements	59,354	59,354
Office and studio equipment	2,975,426	2,987,878
Vehicles	294,574	301,542
Less: accumulated depreciation	<u>(1,828,300)</u>	<u>(1,765,272)</u>
<b>TOTAL CAPITAL ASSETS, NET</b>	<u>3,170,604</u>	<u>3,253,052</u>
<b>TOTAL ASSETS</b>	<u>5,827,410</u>	<u>5,826,436</u>
<b>DEFERRED OUTFLOWS</b>		
Deferred outflows related to pensions	<u>163,031</u>	<u>347,614</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	190,000	185,000
Accounts payable and accrued expenses	121,898	131,743
Deferred franchise fee revenue	991,433	924,284
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,303,331</u>	<u>1,241,027</u>
<b>NONCURRENT LIABILITIES</b>		
Long-term debt, net of current portion	1,225,000	1,415,000
Net pension liability	<u>632,009</u>	<u>828,188</u>
<b>TOTAL LIABILITIES</b>	<u>3,160,340</u>	<u>3,484,215</u>
<b>DEFERRED INFLOWS</b>		
Deferred inflows related to pensions	<u>132,827</u>	<u>85,894</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,755,604	1,653,052
Unrestricted	941,670	950,889
<b>TOTAL NET POSITION</b>	<u>\$ 2,697,274</u>	<u>\$ 2,603,941</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>OPERATING REVENUES</b>		
Cable operating franchise fees	\$ 1,257,390	\$ 1,181,470
PEG fees	<u>764,082</u>	<u>771,519</u>
<b>TOTAL OPERATING REVENUES</b>	<u>2,021,472</u>	<u>1,952,989</u>
<b>OPERATING EXPENSES</b>		
Franchise fee reimbursements, city members	410,509	320,000
Personnel	688,677	700,900
Employee benefits	289,665	310,181
Office	101,649	85,276
Legal fees	14,397	8,719
Other administrative costs	52,532	53,214
Vehicle	7,640	3,402
Production	32,612	35,921
Depreciation	312,436	374,144
Studio equipment expense	<u>18,487</u>	<u>15,216</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>1,928,604</u>	<u>1,906,973</u>
<b>OPERATING INCOME</b>	<u>92,868</u>	<u>46,016</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment income	15,440	3,340
Other income	27,875	36,723
Interest expense	<u>(42,850)</u>	<u>(75,195)</u>
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<u>465</u>	<u>(35,132)</u>
<b>CHANGE IN NET POSITION</b>	93,333	10,884
<b>NET POSITION, BEGINNING</b>	<u>2,603,941</u>	<u>2,593,057</u>
<b>NET POSITION, ENDING</b>	<u><u>\$ 2,697,274</u></u>	<u><u>\$ 2,603,941</u></u>

TEMPORARY & PRELIMINARY



**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from operations	\$ 2,116,759	\$ 1,984,585
Payments to suppliers and vendors	(638,342)	(509,685)
Payments to employees	(952,621)	(940,070)
Other non-operating receipts	<u>27,646</u>	<u>33,508</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>553,442</u>	<u>568,338</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(230,739)	(210,071)
Interest expense	(42,850)	(75,195)
Payments on long-term debt	<u>(185,000)</u>	<u>(185,000)</u>
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(458,589)</u>	<u>(470,266)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	<u>15,440</u>	<u>3,340</u>
<b>NET CHANGE IN CASH AND INVESTMENTS</b>	110,293	101,412
<b>CASH AND INVESTMENTS, BEGINNING</b>	<u>2,363,101</u>	<u>2,261,689</u>
<b>CASH AND INVESTMENTS, ENDING</b>	<u><u>\$ 2,473,394</u></u>	<u><u>\$ 2,363,101</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 92,868	\$ 46,016
Adjustments:		
Depreciation	312,436	374,144
Loss on disposal of capital assets	751	12,026
Pension expense	59,857	88,906
Other non-operating receipts	27,646	33,508
Net change in assets, liabilities, and deferred outflows of resources:		
Accounts receivable	28,138	(8,799)
Prepaid expenses	(1,267)	37
Accounts payable and accrued expenses	(9,845)	6,846
Deferred franchise fee revenue	67,149	40,395
Deferred outflows - contributions after the measurement date	<u>(24,291)</u>	<u>(24,741)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 553,442</u></u>	<u><u>\$ 568,338</u></u>

TENTATIVE & PRELIMINARY

See accompanying notes to  
basic financial statements

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

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities:**

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

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

**Measurement Focus, Basis of Accounting and Basis of Presentation:**

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

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

**Cash and Investments:**

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

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

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

**Accounts Receivable:**

Bad debts are recorded on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. At December 31, 2017 and 2016, management considered all outstanding amounts to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

NORTH METRO TELECOMMUNICATIONS COMMISSION  
FINANCIAL SECRETARY

# 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

#### 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.

#### Compensated Absences:

Vested or accumulated vacation and sick leave is accrued for all eligible employees based on their past service and amounted to \$96,673 and \$105,931, as of December 31, 2017 and 2016, 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.

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

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

**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.

**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, laws or regulations of other governments, enabling legislation, constitutional provisions. At December 31, 2017 and 2016, 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.

**Reclassifications:**

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

TENTATIVE & PRELIMINARY

# NORTH METRO TELECOMMUNICATIONS COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### 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.

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, 2017 and 2016, the Commission had no deposits.

#### Investments:

At December 31, 2017 and 2016, investments included the following:

Description	2017	2016
External investment pool - 4M Fund	\$ 2,473,244	\$ 2,362,951

### NOTE 3. FRANCHISE FEE REIMBURSEMENTS

Included within franchise fee reimbursements for the years ended December 31, 2017 and 2016 are the following amounts paid by the Commission to its city members that represent refunded franchise fees:

	2017	2016
City of Blaine	\$ 224,235	\$ 172,346
City of Centerville	14,129	10,683
City of Circle Pines	19,202	15,321
City of Ham Lake	56,831	44,666
City of Lexington	7,151	5,750
City of Lino Lakes	66,218	52,807
City of Spring Lake Park	22,743	18,427
	<u>\$ 410,509</u>	<u>\$ 320,000</u>

INITIATIVE & PRELIMINARY

**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, 2016	Increases	Decreases	December 31, 2017
Land	\$ 225,700	\$ -	\$ -	\$ 225,700
Building	1,443,850	-	-	1,443,850
Building improvements	59,354	-	-	59,354
Office and studio equipment	2,987,878	230,739	(243,191)	2,975,426
Vehicles	301,542	-	(6,968)	294,574
Total depreciable assets	4,792,624	230,739	(250,159)	4,773,204
Building and improvements	(491,978)	(40,872)	-	(532,850)
Office and studio equipment	(1,208,683)	(220,612)	242,440	(1,186,855)
Vehicles	(64,611)	(50,952)	6,968	(108,595)
Total accumulated depreciation	(1,765,272)	(312,436)	249,408	(1,828,300)
Capital assets, net	\$ 3,253,052	\$ (81,697)	\$ (751)	\$ 3,170,604

Description	December 31, 2015	Increases	Decreases	December 31, 2016
Land	\$ 225,700	\$ -	\$ -	\$ 225,700
Building	1,443,850	-	-	1,443,850
Building improvements	59,354	-	-	59,354
Office and studio equipment	1,982,518	1,772,727	(767,367)	2,987,878
Vehicles	79,198	222,344	-	301,542
Total depreciable assets	3,564,920	1,995,071	(767,367)	4,792,624
Building and improvements	(448,509)	(43,469)	-	(491,978)
Office and studio equipment	(1,638,053)	(325,971)	755,341	(1,208,683)
Vehicles	(59,907)	(4,704)	-	(64,611)
Total accumulated depreciation	(2,146,469)	(374,144)	755,341	(1,765,272)
Capital assets, net	\$ 1,644,151	\$ 1,620,927	\$ (12,026)	\$ 3,253,052

Depreciation expense charged to operations for the years ended December 31, 2017 and 2016 was \$312,436 and \$374,144, respectively.

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**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 principal payments as of December 31, 2017 are as follows:

Year Ending December 31,	Amount
2018	\$ 190,000
2019	195,000
2020	200,000
2021	200,000
2022	205,000
Thereafter	425,000
	<u>\$ 1,415,000</u>

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

December 31, 2016	Additions	Payments	December 31, 2017
<u>\$ 1,600,000</u>	<u>\$ -</u>	<u>\$ 185,000</u>	<u>\$ 1,415,000</u>
December 31, 2015	Additions	Payments	December 31, 2016
<u>\$ -</u>	<u>\$ 1,785,000</u>	<u>\$ 185,000</u>	<u>\$ 1,600,000</u>

TENTATIVE DRAFT

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

**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 (General Employees Plan (accounted for in the General Employee Fund))

All full-time and certain part-time employees of the Commission are covered by the General Employees Plan. General Employees Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

**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.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. 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

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 and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year 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.

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

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

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar years 2017 and 2016. The Commission was required to contribute 7.50% for Coordinated Plan members in calendar years 2017 and 2016. The Commission's contributions to the General Employees Fund for the years ended December 31, 2017 and 2016, were \$45,344 and \$48,989, respectively.

The Commission's contributions were equal to the required contributions as set by state statute.

### General Employees Fund Pension Costs

At December 31, 2017 and 2016, the Commission reported a liability of \$632,009 and \$828,188, 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 \$6 million to the fund during 2017 and 2016. 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 \$7,940 and \$10,782 as of December 31, 2017 and 2016, respectively. The net pension liability was measured as of June 30, 2017 and 2016, 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 proportion 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, 2016 through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the Commission's proportionate share was 0.0099% which was an decrease of 0.0003% from its proportion measured as of June 30, 2016.

For the years ended December 31, 2017 and 2016, the Commission recognized pension expense of \$25,924 and \$114,790, respectively, for its proportionate share of the General Employees Plan's pension expense. In addition, the Commission recognized an additional \$229 and \$3,215, respectively, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund in 2017 and 2016.

## 7. CONJECTURE & PRELIMINARY

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

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

At December 31, 2017 and 2016, 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:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 20,829	\$ 41,804	\$ -	\$ 67,104
Changes in actuarial assumptions	108,107	63,359	162,160	-
Difference between projected and actual earnings on plan investments	7,212	-	156,826	-
Changes in proportion	2,592	27,664	3,887	18,790
Contributions to GERP subsequent to the measurement date	24,291	-	24,741	-
Total	<u>\$ 163,031</u>	<u>\$ 132,827</u>	<u>\$ 347,614</u>	<u>\$ 85,894</u>

\$24,291 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions to the General Employees Fund subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to GERP pensions will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2018	\$ 15,863
2019	34,055
2020	(17,178)
2021	(26,827)
2022	-
Thereafter	-

**Actuarial Assumptions:**

The total pension liability in the June 30, 2017 and 2016 actuarial valuations were determined using the following actuarial assumptions:

	2017	2016
Inflation	2.50% per year	2.50% per year
Active Member Payroll Growth	3.25% per year	3.25% per year
Investment Rate of Return	7.50%	7.50%

# NORTH METRO TELECOMMUNICATIONS COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for the General Employees Plan for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be: 1% per year through 2044 and then 2.5% thereafter for the General Employees Plan.

Actuarial assumptions used in the June 30, 2017 and 2016 valuations were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015.

The following changes in actuarial assumptions occurred in 2017:

#### General Employees Fund:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1% per year for all years to 1% per year through 2044 and 2.5% per year thereafter.

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 stocks	39%	5.10%
International stocks	19%	5.30%
Bonds	20%	0.75%
Alternative assets	20%	5.90%
Cash	2%	0.00%
	<hr/>	
Total	<u>100%</u>	

RELATIVE & PRELIMINARY

# NORTH METRO TELECOMMUNICATIONS COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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

#### Discount Rate:

The discount rate used to measure the total pension liability in 2017 and 2016 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Pension Liability Sensitivity:

The following presents the Commission's proportionate share of the net pension liability for all plans 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 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Lower Discount Rate (6.5%)	Discount Rate (7.5%)	1% Higher Discount Rate (8.5%)
Sensitivity of Net Pension Liability at Current Single Discount Rate	\$ 980,294	\$ 632,009	\$ 346,876

#### 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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Franchise fees	\$ 1,140,000	\$ 1,140,000	\$ 1,257,390	\$ 117,390
PEG fees	745,000	745,000	764,082	19,082
Interest	300	300	15,440	15,140
Other	20,000	20,000	27,646	7,646
Transfers from reserves	-	-	-	-
<b>TOTAL REVENUES</b>	<u>1,905,300</u>	<u>1,905,300</u>	<u>2,064,558</u>	<u>159,258</u>
<b>EXPENDITURES</b>				
Franchise fee reimbursements	345,000	345,000	410,509	(65,509)
Personnel	731,494	731,494	688,677	42,817
Employee benefits	259,970	259,970	254,099	5,871
Office	99,000	99,000	144,499	(45,499)
Legal fees	35,000	35,000	14,397	20,603
Other administrative costs	59,500	59,500	52,532	6,968
Vehicle	7,500	7,500	7,640	(140)
Production	28,000	28,000	32,612	(4,612)
Capital expenditures	<u>339,836</u>	<u>339,836</u>	<u>434,226</u>	<u>(94,390)</u>
<b>TOTAL EXPENDITURES</b>	<u>1,905,300</u>	<u>1,905,300</u>	<u>2,039,191</u>	<u>(133,891)</u>
<b>REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	25,367	<u>\$ 25,367</u>
Plus effect of capital assets purchased			230,739	
Plus effect of debt service			185,000	
Less effect of depreciation			(312,436)	
Less effect of net pension liability			<u>(35,337)</u>	
<b>CHANGE IN NET POSITION (GAAP BASIS)</b>			<u>\$ 93,333</u>	

TENTATIVE & PRELIMINARY

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Franchise fees	\$ 1,060,000	\$ 1,060,000	\$ 1,181,470	\$ 121,470
PEG fees	730,000	730,000	771,519	41,519
Interest	300	300	3,340	3,040
Other	20,000	20,000	33,508	13,508
Transfer from reserves	-	-	-	-
<b>TOTAL REVENUES</b>	<u>1,810,300</u>	<u>1,810,300</u>	<u>1,989,837</u>	<u>179,537</u>
<b>EXPENDITURES</b>				
Franchise fee reimbursements	320,000	320,000	320,000	-
Personnel	702,147	702,147	700,900	1,247
Employee benefits	251,637	251,637	246,016	5,621
Office	101,000	101,000	160,471	(59,471)
Legal fees	35,000	35,000	8,719	26,281
Other administrative costs	62,000	62,000	53,214	8,786
Vehicle	9,500	9,500	3,402	6,098
Production	28,000	28,000	35,921	(7,921)
Capital expenditures	301,016	301,016	410,287	(109,271)
<b>TOTAL EXPENDITURES</b>	<u>1,810,300</u>	<u>1,810,300</u>	<u>1,938,930</u>	<u>(128,630)</u>
<b>REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	50,907	<u>\$ 50,907</u>
Plus effect of capital assets purchased			210,071	
Plus effect of debt service			185,000	
Less effect of depreciation			(374,144)	
Less effect of net pension liability			(60,950)	
<b>CHANGE IN NET POSITION (GAAP BASIS)</b>			<u>\$ 10,884</u>	

**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 years ended December 31, 2017 and 2016, the Commission did not approve any specific budget adjustments.

INITIATIVE & PRELIMINARY

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S PERA CONTRIBUTIONS**  
**For the Year Ended December 31, 2017**

<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, 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.

EXHIBIT



**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF PERA NET PENSION LIABILITY**  
For the Year Ended December 31, 2017

Measurement Date	Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with NMTC (a)	Employer's Proportionate Share of the Net Pension Liability Associated with NMTC (a)	Employer's Covered-Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2017	December 31, 2017	0.0099%	\$ 632,009	\$ 7,940	\$ 639,949	\$ 637,427	99.2%	75.9%
June 30, 2016	December 31, 2016	0.0102%	\$ 828,188	\$ 10,782	\$ 838,970	\$ 629,160	131.6%	68.9%
June 30, 2015	December 31, 2015	0.0101%	\$ 523,434	-	\$ 523,434	\$ 592,187	88.4%	78.2%

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

TEMPORARY & PRELIMINARY

**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, 2017, 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 April 10, 2018.

**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) to determine the 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

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 did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies and listed as items 2017-1 and 2017-2 on the Schedule of Findings and Responses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's basic financial statements are free of 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**

North Metro Telecommunications Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

April 10, 2018

TENTATIVE & PRELIMINARY

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
For the Year Ended December 31, 2017

**2017-1 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.

**2017-2 Financial Reporting Process**

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

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of North Metro Telecommunications Commission as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated April 10, 2018.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit included all of the listed categories, except we did not test for compliance with the provisions for tax increment financing because the Commission has not established a tax increment financing district.

In connection with our audit, nothing came to our attention that caused us to believe that North Metro Telecommunications Commission failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. 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.

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.

April 10, 2018



# North Metro TV

March 2018 Update

## Program Production

In March, a total of **78 new programs** were produced utilizing the North Metro facilities, funds, and services. This constitutes **53:15:00 hours of new programming**.

- 26 programs were produced by the public
- 26 programs were produced by NMTV staff
- 26 programs were produced by City staff



## Van Shoots

The HD truck was used for **26:45:00** hours of production. Events produced live and recorded for additional playbacks include (Most tournament level games cannot be done live):

- Boys Hockey: 5AAAA Championship: Centennial vs. Maple Grove
- Girls Basketball: 5AAAA Semi-Final: Centennial vs. Park Center
- Boys Basketball: 7AAAA Quarter-Final: Anoka vs. Blaine
- Boys Basketball: 7AAAA Final: Forest Lake vs. Blaine



## Workshops

Workshop	Instructor	Organization	Students
Special Production Series Class 19	Eric Houston	Blaine/Ham Lake Girl Scouts	9
Intro to NMTV and Tour	Eric Houston	American Heritage Girls	18
Special Production Series Class 20	Eric Houston	Blaine/Ham Lake Girl Scouts	11
Camera	Eric Houston	General Public	4
Bad Movie Bros Taping	Eric Houston	Video Club	3
Special Production Series Class 21	Eric Houston	Blaine/Ham Lake Girl Scouts	9
Intro to North Metro TV	Eric Houston	General Public	5
Jim Henson and the Muppets Lecture	Eric Houston	General Public	14
Special Production Series Class 22/Premiere Night	Eric Houston	Blaine/Ham Lake Girl Scouts	27
Open Studio Night	Eric Houston	General Public	5
<b>10 Workshops</b>			<b>105 Students</b>

## Home Movie Transfers

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

Month	Hours Transferred	Tapes	Film Reels	DVDs	Photos/ Slides	Fees Paid
January	201.75	57	122	20	409	\$1,159.00
February	120.5	41	53	15	1,164	\$780.00
March	167.5	64	0	74	237	\$381.00
<b>TOTAL:</b>	<b>489.75</b>	<b>162</b>	<b>175</b>	<b>109</b>	<b>1,810</b>	<b>\$2,320.00</b>

## Public Usage Stats

For statistical purposes, the public access department documents total numbers of unique individuals and total hours of usage of the facility by the general public, every month. These numbers include regular users, class participants, individuals transferring videos, people who attend events, and any other public usage of the facility. The numbers do not take into account the many members of the public who work with any other NMTV department, such as news, sports, municipal, or educational.

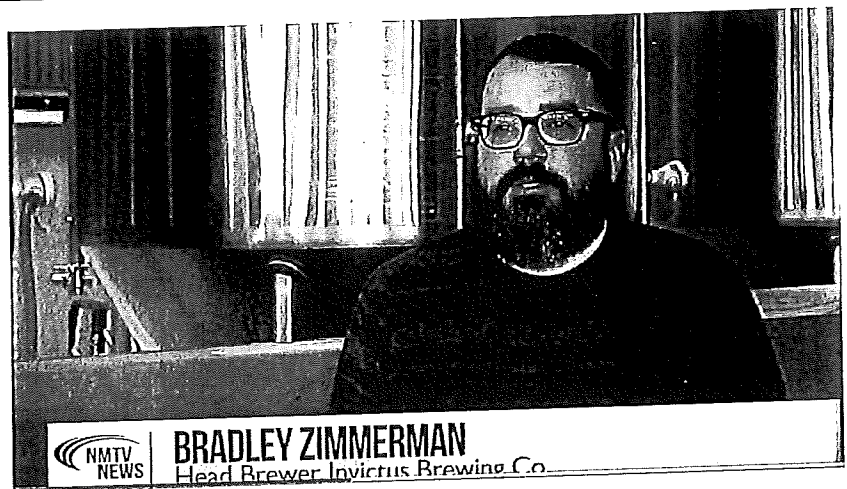
Month	Unique Individuals	Total Usage Hours
January	111	460
February	112	685.25
March	117	552.25
<b>TOTAL PUBLIC USAGE:</b>		<b>1,697.50</b>

## Production Highlights

### NMTV News Highlights

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

- Charity Hockey Game Makes Big Donation
- MN Food Share Month
- Local Survivor Awarded Labor Trafficking Grant
- Minnesotan Travels to Korea to Work At Olympics
- Paul the Barber Celebrates Retirement
- Invictus Brewing Company Moves Closer to Opening
- Metro North Chamber of Commerce Working With Women
- Wonders Ice Cream Opens in Blaine
- Lee Carlson Center Holds Fundraiser
- Habitat for Humanity Celebrates Four New Homes



In addition to daily playbacks of North Metro TV News on the cable systems, there are over 474 local stories archived for viewers on the NMTV YouTube page. The page can be accessed through the [northmetrotv.com](http://northmetrotv.com) website.



### Sports Den Winter Finale

The hour-and-a-half long Sports Den Winter Finale went out live on Monday, March 26th. Once again, the studio was filled with student athletes from Blaine, Centennial, and Spring Lake Park High Schools. The programming event included highlights from the hockey, wrestling, gymnastics and basketball seasons and interviews. Groups of student athletes were brought onto the set and asked questions about the past season and their future goals. The students all received a dvd copy of the program to thank them for attending and for being a fan of Sports Den. Replays of the program are playing on the NMTV channels, and is available On Demand, and on the NMTV YouTube page.



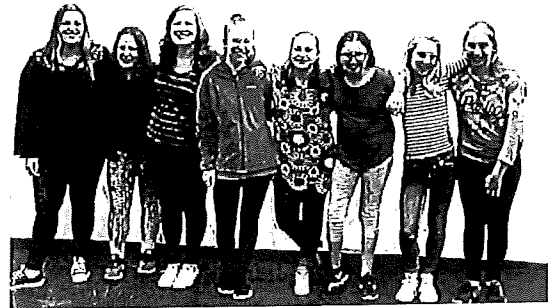
### Spring Mayor's Minutes

Municipal Producer, Trevor Scholl, has started his Spring round of Mayor's Minutes programs. The Blaine and Lexington versions were completed in March, along with the field work for the Centerville episode. The show is a casual report by the Mayor of what is going on in each City. It is generally pretty short...around three to five minutes...and is intended to give Cities a forum to highlight issues, plans and accomplishments. All City Mayor's are contacted and invited to participate.



### Girl Scouts Premiere Project

After a long and productive series of classes, the Blaine/Ham Lake Girl Scouts have completed their training and have produced seven video shorts about the lives and careers of pioneering women in film and television, and a PSA about things you can do without your cell phone. At the conclusion of the class series, a special premiere night was held for the girls, and their families and friends. All of the videos were played for the audience and the girls received well deserved recognition for their accomplishments. All of the videos can be seen on the North Metro TV website.



### Drone Requests

The NMTV drone is becoming a more common and popular tool for staff video productions. It is being used regularly for sports events, municipal productions, and other staff programs like "On Tap" and "Arrive Alive." City staff are beginning to request footage from the drone for their programs as well. We currently have three municipal drone shoots scheduled, by request of City Staff, including coverage of Circle Pines Clean Up Day, Lexington's Section 4AAA Girls Softball Tournament, and aerial coverage of Centerville's Fetes Des Lacs events. Once Spring arrives...if Spring arrives...drone operator, T.J. Tronson, will be recording new scenic drone shots of each of our Member Cities. In the meantime, if any City Department has a request for drone footage give us a call!

### Your City Staff

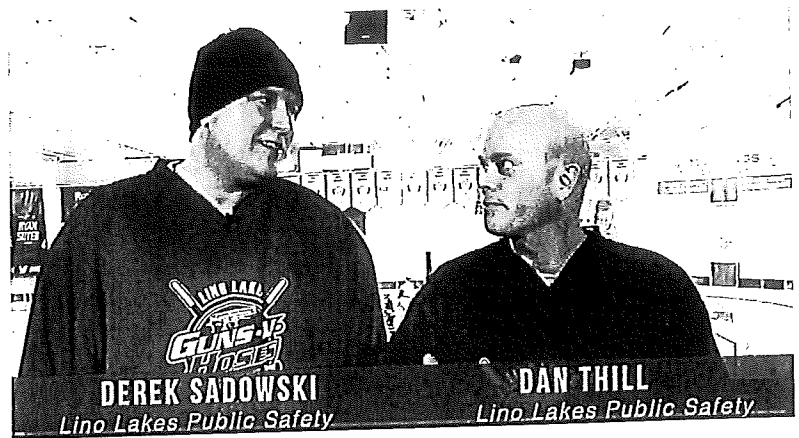
One episode of Your City Staff was produced in March. It featured Jean Keely, Blaine City Engineer. The episode highlighted her background, career, awards, and the work she does for the City of Blaine. The videos are presented as a news story on North Metro TV News, and then edited into a stand alone video for the City Channels.



## City Productions

Municipal Producer, Trevor Scholl, completed seven projects in March, and worked on several more, including Blaine's Lakes Eggstravaganza and Centerville's Spring edition of Mayor's Minutes. Projects completed include:

- Blaine's Mayor's Minutes
- Lexington's Mayor's Minutes
- Paul's Barbershop Retirement
- Open to Business: Blaine
- Lino Lakes Guns N Hoses Charity Hockey Game
- Mary Ann Young Senior Center Issues for Consideration by Blaine City Council



New and ongoing projects include:

- Editing and Spring b-roll for Centerville's Mayor's Minutes
- Shoot and edit Blaine Lakes Eggstravaganza
- Business matters episode featuring Pressed yoga and juice bar in Blaine
- Call Cities to get more Mayor's Minutes Organized
- Investigating story opportunities with Park and Rec departments with weather getting better
- Circle Pines District Day and a City promo
- Lino Lakes organics recycling
- Tower Days promo for Spring Lake Park
- Open to Business, each Cities involvement
- Ham Lake senior dance day
- Arranging interviews with each City's economic developer about Open to Business

Trevor touches base with contacts on a regular basis and also encourages Cities to contact him whenever they have an idea for a new show.

## Production equipment consulting for cities and schools

### Blaine

- No equipment assistance requested or required.
- **Centerville**
- No equipment assistance requested or required.

### Circle Pines

- 3/6/18: Checked out microphone issues. Mics seemed ok, but noticed a really touchy mixer in the control room. Set everything appropriately and notified Patrick of a potential issue with turning the pots during recording.
- 3/14/18: Contacted AVI Systems regarding a quote for the Circle Pines HD upgrade. Set up a meeting time with AVI and Patrick to go over HD needs for upgrade.
- 3/19/18: Met with Patrick and AVI Systems at Circle Pines City Hall regarding HD upgrade. They will be submitting a proposal.
- 3/21/18: Alpha Video finally returns calls and wants to submit a proposal for HD upgrade.
- 3/22/18: Met with Alpha Video regarding Circle Pines proposal.

### Ham Lake

- 3/21/18: Met with Denise and Z Systems for final walk through for Ham Lake project. Went through all details and made several changes. Met key installer for project.

### Lexington

- 3/19/18: Sent Bill an estimate for a 1 camera HD upgrade for Lexington.

### Lino Lakes

- 3/14/18: Installed the live streaming server in master control and ran a network cable to the switch, a video cable from the patch bay and a network cable to the monitor and keyboard switch. Will need a DVI-D to VGA adapter to function. Will order.
- 3/27/18: Sent Jeff Karlson an email outlining the remaining steps for installation of the streaming server, along with an anticipated timeline to get it up and operational.
- 3/27/18: Met with contract IT guy Ian to adapt fire-wall for new streaming server.
- 3/29/18: Schedule BizzyWeb to program website for new streaming server.
- 3/30/18: Updated Jeff Karlson on live streaming server progress.

### Spring Lake Park

- 3/29/18: Went to City Hall to work with cameras again. Broadcast Pix had Matt try a few new things with the system and none of them worked, so he experimented with more

settings and found a new camera device profile. He used that configuration for the new cameras and it worked! He has informed Broadcast Pix of the fix so that they will know if it ever comes up with someone else.

**All Cities**

- 3/19/18: Requested warranty and service contracts for Carousel equipment through Z Systems. Alpha not being responsive to requests.
- 3/20/19: Signed off on Tightrope/Carousel service contracts.

## City Channel 16 Playback Stats

City	Number of Times Programs Played	Hours Programmed on Channel
Blaine	176	175:47:23
Centerville	35	36:59:55
Circle Pines	205	143:15:43
Ham Lake	68	58:05:30
Lexington	94	80:58:37
Lino Lakes	94	80:45:39
Spring Lake Park	103	74:59:11
<b>Totals:</b>	<b>775 Program Playbacks</b>	<b>690:51:58 Hours of Video Programming on Channels</b>

## Programs Produced by the Public

Title	Producer	Runtime
Put Down Your Phone PSA	Kimberly Ryan/Blaine Ham Lake Girl Scouts	00:01:05
Off Constantly 30 Sec Super Bowl Halftime Recap	D. W. Bauer	00:00:30
Off Constantly 30 Sec Super Bowl Soils Recap	D. W. Bauer	00:00:30
Girl Scouts Presents: Women in Film (7 episodes)	Kimberly Ryan/Blaine Ham Lake Girl Scouts	00:12:57
Toastmasters Live (2 episodes)	Kent Hawks	00:56:28
Off Constantly	D.W. Bauer	00:26:24
Remember?	Sharon Shultz/MacKenzie Kaltow	00:36:19
Every Movie Ever (2 episodes)	Ben Daniels/Ryan Frieundschuh, Gavin Van Trease/Eric Houston	00:49:37
Bad Movie Bros	Video Club	00:29:29
A Fresh New Day	Anita Wardlaw	00:10:04
Cornerstone Church (2 episodes)	Rick Bostrom	00:59:28
The Power of Love (2 episodes)	Rick Larson	01:00:00
LovePower (2 episodes)	Ann Sandell	02:00:00
Rice Creek Watershed District Meeting (2 episodes)	Theresa Stasica	03:59:20
<b>26 New Programs</b>		<b>11:42:11 New Hours</b>

## Programs Produced by NMTV Staff

Title	Producer	Runtime
Anoka County Board Meeting (3/13/18)	T.J. Tronson	00:14:01
Anoka County Board Meeting (3/27/18)	T.J. Tronson	01:07:29
NMTC Meeting (3/21/18)	Ben Hayle	00:15:00
NMTV News (4 episodes)	Danika Peterson/Ben Hayle	01:31:38
Charity Hockey Game	Danika Peterson/Ben Hayle	00:04:29
Your City Staff: Jean Keely	Danika Peterson/Ben Hayle	00:05:11
Working With Women	Danika Peterson/Ben Hayle	00:03:47
Lexington's Mayor's Minutes	Trevor Scholl	00:05:04
Paul's Barbershop Retirement	Trevor Scholl	00:03:31
Blaine's Mayor's Minutes	Trevor Scholl	00:05:10
Open To Business: Blaine	Trevor Scholl	00:05:23
Guns N Hoses Hockey Game	Trevor Scholl	01:02:55
Mary Ann Young Senior Center Issues for Blaine City Council	Trevor Scholl	00:02:30
Adapted Floor Hockey: CI: North Suburban vs. Anoka-Hennepin	Kenton Kipp/J. Millington	01:05:28
Boys Hockey: 5AAAA Champ: Centennial/Maple Grove	Kenton Kipp/J. Millington	02:11:18
Girls Basketball: 5AAAA SF: Centennial/Park Center	Kenton Kipp/J. Millington	01:55:09
Boys Basketball: 7AAAA AF: Anoka/Blaine	Kenton Kipp/J. Millington	01:55:09
Boys Basketball: 7AAAA Final: Forest Lake/Blaine	Kenton Kipp/J. Millington	01:48:07
Adapted Floor Hockey: State CI Division 3rd Place Game: North Suburban vs. Anoka Hennepin	Kenton Kipp/J. Millington	01:10:16
Sports Den (3 episodes)	Kenton Kipp/J. Millington	01:27:50
Sports Den Winter Finale	Kenton Kipp/J. Millington	01:21:05
<b>26 New Programs</b>		<b>17:26:11 New Hours</b>

## Programs Produced by City Staff

Title	Producer	Runtime
Blaine City Council Meeting (3/1/18)	Blaine Staff	00:53:30
Blaine Planning Commission Meeting (3/13/18)	Blaine Staff	01:05:18
Blaine City Council Meeting (3/15/18)	Blaine Staff	01:05:11
Blaine Natural Resources Conservation Board Meeting (3/20/18)	Blaine Staff	00:20:23
Blaine Park Board Meeting (3/27/18)	Blaine Staff	01:03:37
Centerville City Council Meeting (3/14/18)	Centerville Staff	00:41:29
Centerville City Council Meeting (3/28/18)	Centerville Staff	01:39:59
Circle Pines Park Board Meeting (3/6/18)	Circle Pines Staff	00:25:22
Circle Pines City Council Meeting (3/13/18)	Circle Pines Staff	00:55:02
Circle Pines Planning Commission Meeting (3/19/18)	Circle Pines Staff	01:16:21
Circle Pines Utility Commission Meeting (3/21/18)	Circle Pines Staff	00:11:17
Circle Pines City Council Meeting (3/27/18)	Circle Pines Staff	00:38:43
Ham Lake City Council Meeting (3/5/18)	Ham Lake Staff	00:15:25
Ham Lake Planning Commission Meeting (3/12/18)	Ham Lake Staff	00:46:05
Ham Lake City Council Meeting (3/20/18)	Ham Lake Staff	00:53:40

<b>Title cont.</b>	<b>Producer cont.</b>	<b>Runtime cont.</b>
Ham Lake Park & Tree Commission Meeting (3/21/18)	Ham Lake Staff	00:31:51
Ham Lake Planning Commission Meeting (3/26/18)	Ham Lake Staff	00:56:07
Lexington City Council Meeting (3/1/18)	Lexington Staff	00:45:08
Lexington City Council Meeting (3/15/18)	Lexington Staff	00:49:59
Lino Lakes Park Board Meeting (3/5/18)	Lino Lakes Staff	01:42:56
Lino Lakes City Council Meeting (3/12/18)	Lino Lakes Staff	00:22:32
Lino Lakes Planning & Zoning Commission Meeting (3/14/18)	Lino Lakes Staff	02:57:20
Lino Lakes City Council Meeting (3/26/18)	Lino Lakes Staff	00:28:12
Lino Lakes Environmental Board Meeting (3/28/18)	Lino Lakes Staff	02:07:15
Spring Lake Park City Council Meeting (3/5/18)	Spring Lake Park Staff	00:20:39
Spring Lake Park City Council Meeting (3/19/18)	Spring Lake Park Staff	00:41:27
<b>26 New Programs</b>		<b>23:54:48 New Hours</b>

If you have any questions or comments regarding this monthly report please contact Heidi Arnson at 763.231.2801 or [harnson@northmetrotv.com](mailto:harnson@northmetrotv.com).

# North Metro TV

April 2018 Update

## Program Production

In April, a total of **78 new programs** were produced utilizing the North Metro facilities, funds, and services. This constitutes **63:15:00 hours of new programming.**

- 34 programs were produced by the public
- 18 programs were produced by NMTV staff
- 26 programs were produced by City staff



## Van Shoots

The HD truck was used for **22:15:00** hours of production. The Spring weather and field conditions resulted in many canceled shoots. Events produced live and recorded for additional playbacks include:

- Adapted Softball: Buffalo vs. Centennial
- Girls Lacrosse: Elk River vs. Spring Lake Park
- Softball: Anoka vs. Spring Lake Park
- Girls Lacrosse: Centennial vs. Blaine



## Workshops

Workshop	Instructor	Organization	Students
Editing	Eric Houston	General Public	1
<b>1 Workshop</b>			<b>1 Student</b>

(Instructor, Eric Houston was on vacation for half of April. Due to his busy schedule, before and after his vacation, only one class was taught in April.)

## Home Movie Transfers

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

Month	Hours Transferred	Tapes	Film Reels	DVDs	Photos/ Slides	Fees Paid
January	201.75	57	122	20	409	\$1,159.00
February	120.5	41	53	15	1,164	\$780.00
March	167.5	64	0	74	237	\$381.00
April	128.00	52	53	17	781	\$195.00
<b>TOTAL:</b>	<b>489.75</b>	<b>214</b>	<b>228</b>	<b>126</b>	<b>2,591</b>	<b>\$2,515.00</b>

## Public Usage Stats

For statistical purposes, the public access department documents total numbers of unique individuals and total hours of usage of the facility by the general public, every month. These numbers include regular users, class participants, individuals transferring videos, people who attend events, and any other public usage of the facility. The numbers do not take into account the many members of the public who work with any other NMTV department, such as news, sports, municipal, or educational.

Month	Unique Individuals	Total Usage Hours
January	111	460
February	112	685.25
March	117	552.25
April	47	295.5
<b>TOTAL PUBLIC USAGE:</b>		<b>1,993.00</b>

## Production Highlights

### NMTV News Highlights

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

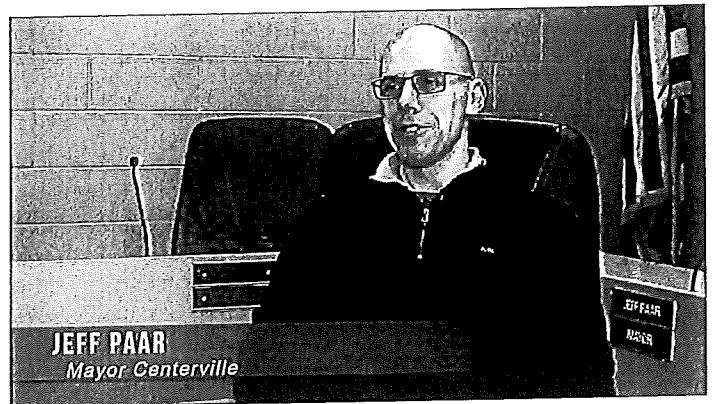
- Free Produce at NACE
- Spring Lake Park Schools Bring STEM to More Girls
- Anoka County Library Celebrates 60 Years
- Tamarisk: Serving Others Through Illness
- Panthers Foundation Invests in Spring Lake Park Schools
- Lupus 'Spiel USA Has Big Goals in Fifth Year
- Brenda Nolby of Jam Hops Named Minnesota Small Business Owner of the Year



In addition to daily playbacks of North Metro TV News on the cable systems, there are over 480 local stories archived for viewers on the NMTV YouTube page. The page can be accessed through the [northmetrotv.com](http://northmetrotv.com) website.

### Spring Mayor's Minutes

Municipal Producer, Trevor Scholl continued to produce episodes of the Spring round of Mayor's Minutes programs. The Centerville shoot was completed in April, along with the field work for the Lino Lakes episode. The show is a casual report by the Mayor of what is going on in each City. It is generally pretty short...around three to five minutes...and is intended to give Cities a forum to highlight issues, plans and accomplishments.



### Quiet Month

April was a quiet month at NMTV. Many of the sports departments scheduled shoots were canceled, due to weather and/or field conditions. They spent the down time coordinating future shoots and catching up on making program masters. The public access department was also quiet as Eric Houston, the Studio Coordinator, took a nice long vacation.

## Your City Staff

One episode of Your City Staff was produced in April. It featured Kate Manson, Payroll Clerk for the City of Circle Pines. The episode highlighted her background and the work she does for the City of Circle Pines. The videos are presented as a news story on North Metro TV News, and then edited into a stand alone video for the corresponding City Channel. If anyone has a suggestion for future features, please let Ben and Danika know!



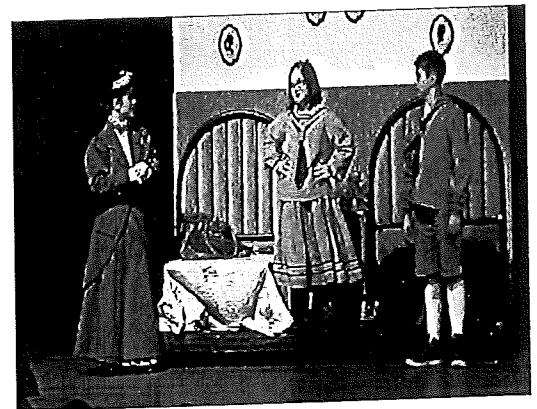
## Annual VIP Awards Ceremony

A lot of work has gone into the organizing for our 17th Annual VIP Awards Ceremony. This year it is being held on Tuesday, May 15th, at the Historic Heights Theatre. The evening will include a social time, the award ceremony, and then post-awards pictures. It is always a nice time to recognize those folks who help create the programming and environment that we all love at NMTV.

## School Projects

T.J. Tronson recorded four school plays and recorded most of the scenes for his annual production of Arrive Alive in April. Performances recorded include:

- The Centennial Middle School production of "Mary Poppins."
- The Blaine High School Special Education play, "Zootopia: How Full is Your Bucket"
- The Centennial School District's Annual "Centennial's Got Talent."
- The Blaine High School production of "Cinderella."

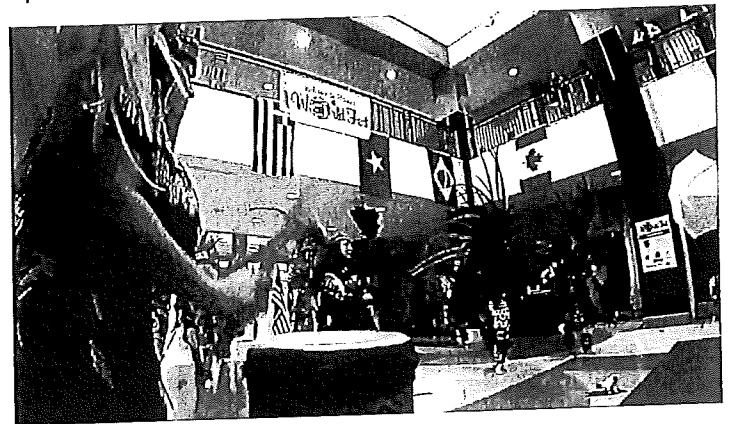


Mary Poppins was completed, but editing needs to be done on the remaining productions. Arrive Alive will be completed the first week of May.

## City Productions

Municipal Producer, Trevor Scholl, completed four projects in April and worked on several more, including the Lino Lakes' Mayor's Minutes, Hot Yoga and Pressed Juice business profile, and the Centennial School's District Days. Projects completed include:

- Centerville's Mayor's Minutes
- Lakes Eggstravaganza
- 4AAA High School Softball Tournament 2018 Preview
- WorldFest 2018 Preview



New and ongoing projects include:

- Editing and b-roll for Lino Lakes' Mayor's Minutes
- Shot and now editing Business matters episode featuring Pressed yoga and juice bar in Blaine
- Shot Centennial District Day
- Investigating story opportunities with Park and Rec departments with weather getting better
- Circle Pines City promo
- Lino Lakes organics recycling
- Tower Days promo for Spring Lake Park
- Open to Business, each Cities involvement
- Ham Lake senior dance day
- Arranging interviews with each City's economic developer about Open to Business

Trevor touches base with contacts on a regular basis and also encourages Cities to contact him whenever they have an idea for a new show.



## Production equipment consulting for cities and schools

### **Blaine**

- 4/4/18: Roark was having trouble with the Ross Touch-screen. Under warranty, referred to Alpha Video.

### **Centerville**

- 3/30/18: Z Systems met with Teresa Bender regarding an HD upgrade.

### **Circle Pines**

- 4/3/18: Answered Alpha questions regarding responsibility for broadcast set-up.
- 3/14/18: Contacted AVI Systems regarding a quote for the Circle Pines HD upgrade. Set up a meeting time with AVI and Patrick to go over HD needs for upgrade.
- 3/19/18: Met with Patrick and AVI Systems at Circle Pines City Hall regarding HD upgrade. They will be submitting a proposal.
- 3/21/18: Alpha Video finally returns calls and wants to submit a proposal for HD upgrade.
- 3/22/18: Met with Alpha Video regarding Circle Pines proposal.
- 4/6/18: Answered Erik Speer's questions regarding Circle Pines HD upgrade.
- 4/6/18: Received AVI's proposal for the Circle Pines upgrade.
- 4/9/18: Emailed Patrick Antonen regarding the status of the proposals for the HD upgrade.
- 4/26/18: Emailed Patrick Antonen about proposals. Alpha Video not getting back to Matt.
- 4/26/18: Alpha Video promised to have proposal done by the end of the day.

### **Ham Lake**

- 4/3/18: Z Systems had questions about how the reception monitor was hooked up. Matt went to Ham Lake and took photos for them. He also located M Space drawings of the current set-up and sent pictures of those to Z Systems as well.
- 4/3/18: Emailed Z Systems to order the Makito X and Brightsign for Ham Lake broadcast set-up.
- 4/17/18: Stopped by City Hall to verify power for camera locations. Recommended to Denise that outlets be installed next to camera locations.
- 4/17/18: Ross commissioning set for May 15th. Trying to change date. Too far out, and on same day as NMTV volunteer awards ceremony.
- 4/19/18: Emailed Jay Galentie regarding start and finish expectations for install.
- 4/20/18: Electrician at Ham Lake to install recommended outlets.
- 4/20/18: HD upgrade install scheduled for April 24.
- 4/24/18: Disassembled old Ham Lake control room.
- 4/26/18: Checked on HD upgrade progress. The install is progressing as planned.
- 4/20/18: Installed new Ross frame sync for Ham Lake in master control. Ran wiring to the Ham Lake Makito X decoder.
- 4/30/18: Obtain IP address for the Ham Lake Makito X.

### **Lexington**

- 3/30/18: Working to schedule site visit, at Lexington City Hall, with Z systems.

### **Lino Lakes**

- 4/2/18: Emailed Bizzyweb for progress update on incorporation of streaming server into Lino Lakes page on NMTV website.
- 4/3/18: Emailed Jeff Karlson to let him know that the Lino Lakes streaming service is on-line. Matt verified that the stream functioned on Chrome, Firefox, Internet Explorer and Safari.

### **Spring Lake Park**

- 4/25/18: Fixed audio issue. Turned down the analog audio output on the down-converter to Comcast. Got permission from Comcast to shut of the old demodulators.
- 4/26/18: Fixed camera and video issue. Something reset all the camera information in the Broadcast Pix system settings. Re-set all settings.
- 4/26/18: Fixed front TV monitor. Channel needed resetting.
- 4/26/18: Talked with Dan Buchholtz about monitors in council chamber. Discussed changes and made plans to wire in any new monitors.

### **All Cities**

- 4/30/18: Took out the VOD server in master control and sent out for overhaul. Meeting video on demand temporarily out of order.

## City Channel 16 Playback Stats

City	Number of Times Programs Played	Hours Programmed on Channel
Blaine	139	201:54:40
Centerville	36	61:29:30
Circle Pines	179	137:16:55
Ham Lake	76	70:25:56
Lexington	86	31:06:46
Lino Lakes	61	67:27:25
Spring Lake Park	118	93:19:38
<b>Totals:</b>	<b>695 Program Playbacks</b>	<b>663:00:50 Hours of Video Programming on Channels</b>

## Programs Produced by the Public

Title	Producer	Runtime
Chit Chat: Andrew Huber	Sharon Carlson	00:21:09
Every Movie Ever Made	Ben Daniels/Ryan Frieundschuh, Gavin Van Trease/Eric Houston	00:25:29
Bad Movie Bros	Video Club	00:47:15
His Legacy TV	Nonie Tanner	00:30:37
Don't	Donna Marie Beard	00:07:50
Sloan Sez: Episode 4	Danika Peterson	00:25:13
Cornerstone Church (3 epsidoes)	Rick Bostrom	01:25:38
The Power of Love (7 episodes)	Rick Larson	03:30:00
LovePower (6 episodes)	Ann Sandell	06:00:00
Rice Creek Watershed District Meeting (3 episodes)	Theresa Stasica	04:34:55
Oak Park Moments (6 episodes)	David Turnidge	03:35:37
Hope Church (3 episodes)	Cindy Hardy	02:17:13
<b>34 New Programs</b>		<b>24:00:56 New Hours</b>

## Programs Produced by NMTV Staff

Title	Producer	Runtime
Anoka County Board Meeting (4/10/18)	T.J. Tronson	00:50:10
Anoka County Board Meeting (4/24/18)	T.J. Tronson	01:23:40
Centennial Middle School's Production of Mary Poppins	T.J. Tronson	01:13:00
NMTV News (3 episodes)	Danika Peterson/Ben Hayle	01:15:19
Panther Foundation	Danika Peterson/Ben Hayle	00:04:56
Jam Hops' Brenda Nolby is Small Business Owner of the Year	Danika Peterson/Ben Hayle	00:04:47
Your City Staff: Kate Manson	Danika Peterson/Ben Hayle	00:02:42
On Tap	Ben Hayle	00:26:52
Lakes Eggstravaganza	Trevor Scholl	00:02:19
Centerville's Mayor's Minutes	Trevor Scholl	00:06:41
4AAA High School Softball Tournament 2018 Preview	Trevor Scholl	00:01:31
World Fest 2018 Preview	Trevor Scholl	00:02:00
Adapted Softball: Buffalo/Centennial	Kenton Kipp/J. Millington	01:09:14
Girls Lacrosse: Elk River/Spring Lake Park	Kenton Kipp/J. Millington	01:36:34
Softball: Anoka/Spring Lake Park	Kenton Kipp/J. Millington	01:56:27
Girls Lacrosse: Centennial/Blaine	Kenton Kipp/J. Millington	01:41:46
<b>18 New Programs</b>		<b>11:57:58 New Hours</b>

## Programs Produced by City Staff

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Title	Producer	Runtime
Blaine City Council Meeting (4/5/18)	Blaine Staff	01:34:58
Blaine Planning Commission Meeting (4/10/18)	Blaine Staff	03:48:09
Blaine Natural Resources Conservation Board Meeting (4/17/18)	Blaine Staff	00:44:20
Blaine City Council Meeting (4/19/18)	Blaine Staff	00:54:25
Blaine Park Board Meeting (4/24/18)	Blaine Staff	00:37:52
Centerville City Council Meeting (4/11/18)	Centerville Staff	02:14:50
Centerville City Council Meeting (4/25/18)	Centerville Staff	01:20:53
Circle Pines Park Board Meeting (4/3/18)	Circle Pines Staff	00:06:19
Circle Pines City Council Meeting (4/10/18)	Circle Pines Staff	01:08:00
Circle Pines Planning Commission Meeting (4/16/18)	Circle Pines Staff	00:32:00
Circle Pines Utility Commission Meeting (4/18/18)	Circle Pines Staff	00:49:09
Circle Pines City Council Meeting (4/24/18)	Circle Pines Staff	00:40:54
Ham Lake City Council Meeting (4/2/18)	Ham Lake Staff	00:28:16
Ham Lake Planning Commission Meeting (4/9/18)	Ham Lake Staff	00:32:53
Ham Lake City Council Meeting (4/16/18)	Ham Lake Staff	01:07:46
Ham Lake Planning Commission Meeting (3/23/18)	Ham Lake Staff	01:05:07
Lexington City Council Meeting (4/5/18)	Lexington Staff	00:08:16
Lexington City Council Meeting (4/19/18)	Lexington Staff	00:29:06
Lino Lakes Park Board Meeting (4/2/18)	Lino Lakes Staff	01:38:04
Lino Lakes City Council Meeting (4/9/18)	Lino Lakes Staff	01:13:42
Lino Lakes Planning & Zoning Commission Meeting (4/11/18)	Lino Lakes Staff	01:05:32
Lino Lakes City Council Meeting (4/23/18)	Lino Lakes Staff	00:30:40
Lino Lakes Environmental Board Meeting (4/25/18)	Lino Lakes Staff	02:07:09
Spring Lake Park City Council Meeting (4/2/18)	Spring Lake Park Staff	01:06:46
Spring Lake Park City Council Meeting (4/16/18)	Spring Lake Park Staff	00:35:03
Spring Lake Park Planning Commission Meeting (4/23/18)	Spring Lake Park Staff	00:38:25
<b>26 New Programs</b>		<b>27:18:44 New Hours</b>

If you have any questions or comments regarding this monthly report please contact Heidi Arnson at 763.231.2801 or [harnson@northmetrotv.com](mailto:harnson@northmetrotv.com).

# NORTH METRO TV

## Production Statistics 2018

Programming Statistics														18 Total				18 Average
	J	F	M	A	M	JU	A	S	O	N	D							
Cablecast Programs	2644.00	2465.00	2625.00	1393.00										9127.00			760.58	
Cablecast Hours	2108.00	1995.75	1948.75	1182.75										7235.25			602.94	
Programs Produced - Public	19.00	27.00	24.00	22.00										92.00			7.67	
Program Hours Produced - Public	12.25	12.50	7.75	13.50										46.00			3.83	
Prog. Produced - Affiliated Public	8.00	10.00	2.00	12.00										32.00			2.67	
Prog. Hours Produced - Affil. Public	5.25	6.50	4.00	10.50										26.25			2.19	
Programs Produced - City Staff	21.00	21.00	26.00	26.00										94.00			7.83	
Prog. Hours Produced - City Staff	20.75	23.50	24.00	27.25										95.50			7.96	
Programs Produced - NMTV Staff	31.00	29.00	26.00	18.00										104.00			8.67	
Prog. Hours Produced - NMTV Staff	21.00	16.50	17.50	12.00										67.00			5.58	
Total Public Programs Produced	27.00	37.00	26.00	34.00										124.00			10.33	
Total Staff Programs Produced	52.00	50.00	52.00	44.00										198.00			16.50	
Total Internal Programs Produced	79.00	87.00	78.00	78.00										322.00			26.83	
% Staff Produced Programs	65.82%	57.47%	66.67%	56.41%										61.49%			61.49%	
% Public Produced Programs	34.18%	42.53%	33.33%	43.59%										38.51%			38.51%	
External Programs Submitted	33.00	19.00	18.00	21.00										91.00			7.58	
External Program Hours	24.50	14.00	14.25	16.00										68.75			5.73	
Total New Programs	112.00	106.00	96.00	99.00										413.00			34.42	
Equipment Usage Statistics																		
Facility Hours Available	196.00	188.00	216.00	161.00										761.00			63.42	
Public Field Equipment Uses	6.00	12.00	11.00	9.00										38.00			3.17	
Studio A	73.75	76.25	72.75	28.00										250.75			20.90	
% of Available Time	37.63%	40.56%	33.68%	17.39%										32.95%			32.95%	
Studio B	5.75	28.25	7.50	31.75										73.25			6.10	
% of Available Time	2.93%	15.03%	3.47%	19.72%										9.63%			9.63%	
Public MAC A Edit Suite	102.75	81.25	98.50	48.25										330.75			27.56	
% of Available Time	52.42%	43.22%	45.60%	29.97%										43.46%			12.39%	
Public MAC B Edit Suite	101.00	70.25	84.50	94.25										350.00			29.17	
% of Available Time	51.53%	37.37%	39.12%	58.54%										45.99%			45.99%	
Public MAC C Edit Suite	79.75	67.50	92.25	46.75										286.25			23.85	
% of Available Time	40.69%	35.90%	42.71%	29.04%										37.61%			37.61%	
Production Van Statistics																		
Production Hours	38.00	60.50	26.75	22.25										147.50			12.29	
Number of Van Shoots	6.00	8.00	4.00	4.00										22.00			1.83	
Average Hours Per Shoot	6.33	7.56	6.69	5.56										6.70			1.02	
Number of New Volunteers	3.00	2.00	1.00	1.00										7.00			0.58	
Volunteer Hours	29.00	40.00	4.00	12.00										85.00			7.08	
Public Access Statistics																		
Number of Workshops	11.00	11.00	10.00	1.00										33.00			2.75	
Number of Students	78.00	65.00	105.00	1.00										249.00			20.75	
PAP Volunteer Hours	146.75	216.50	159.50	101.00										623.75			51.98	
Total Public Facility Usage Hours	460.00	685.25	552.25	295.50										1993.00			166.08	

## **EXECUTIVE COMMITTEE MINUTES**

Meeting of May 2, 2018

Executive Cmte. Present: Mike Murphy; Lexington, Cindy Hansen; Spring Lake Park, Dale Stoesz; Lino Lakes, Dick Swanson; Blaine

Absent:

Others Present: Heidi Arnson; Executive Director, Rose Valez; Admin. Asst., Greg Emmerich; CPA

### **CALL TO ORDER**

The Chair called the meeting to order at 6:00 p.m.

### **APPROVAL OF MINUTES**

**A motion to approve the March 7, 2018 Executive Committee meeting minutes was made by D.Stoesz. Second, C. Hanson. Motion approved.**

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

- G. Emmerich, a CPA with Harrington Langer & Associates, presented the 2017 audit. No abnormalities were identified and the Commission is in a good financial position.

**MOTION:** To recommend approval of the 2017 audit as presented. **Motion made by D. Stoesz. Second, C. Hanson. Motion approved.**

- The FCC has ruled against the North Metro Telecommunications Commission on its appeal of the FCC's ruling that Comcast was subject to effective competition in the North Metro franchise area. During the five years it took for the decision to be reached, the rules relating to rate regulation and the arrival of CenturyLink as a franchised competitor rendered the decision moot. The decision will have no new impact on the Commission.
- The franchise and PEG fee audits of Comcast are underway. A request for bids resulted in three proposals. During a meeting of the five audit participants, the Ashpaugh & Sculco proposal was chosen. According to the proposal, the audits and associated reports can be completed in 6 months, dependent upon the cooperation of the involved parties.
- The next quarterly meeting with CenturyLink has been scheduled for 10:00 a.m. on Wednesday, May 23rd at Mike Bradley's office.

### **OLD BUSINESS**

- There was no old business.

**NEW BUSINESS**

- Staff will be working on the 2019 budget in May and presenting the proposed 2019 budget at the June meetings. The cost of parking lot repairs and streaming servers for all Cities will be included.

**ADJOURN**

**Motion to adjourn made by M. Murphy. Second, D. Stoesz. Motion approved. The meeting was adjourned at 6:47 p.m.**

**Subject:** Fwd: Order released in CSR 8008-E  
**From:** Michael Bradley <mike@bradleylawmn.com>  
**Date:** 4/18/2018 3:07 PM  
**To:** Heidi Arnson <harnson@northmetrotv.com>

Hi Heidi,

The FCC ruled against the Commission on its Appeal of the FCC's ruling that Comcast was subject to effective competition. There is a link to the decision below. It took the FCC 5 years to rule on the Appeal. So long, in fact, that the rules relating to rate regulation changed and a competitive franchised cable operator entered the market essentially rendering the Appeal moot. The decision will have no new impact on Commission. The Appeal related to the Commission's authority to regulate Comcast's rates. The rules relating to rate regulation certification changed a couple of years ago. Basically, the FCC ruled that all jurisdictions were subject to effective competition and changed the burden of proving the lack of effective competition to the local franchising authority. All local franchising authorities were required to recertify for rate regulation certification. With the rule change and the introduction of CenturyLink into the marketplace, the Commission chose not to seek recertification.

Mike

Michael R. Bradley  
Bradley Berkland Hagen & Herbst, LLC  
(651) 379-0900 ext. 101  
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----- Forwarded message -----

**From:** Diana Sokolow <[Diana.Sokolow@fcc.gov](mailto:Diana.Sokolow@fcc.gov)>  
**Date:** Wed, Apr 18, 2018 at 2:28 PM  
**Subject:** Order released in CSR 8008-E  
**To:** "Horvitz, Steven ([SteveHorvitz@dwt.com](mailto:SteveHorvitz@dwt.com))" <[SteveHorvitz@dwt.com](mailto:SteveHorvitz@dwt.com)>,  
"mike@bradleylawmn.com" <[mike@bradleylawmn.com](mailto:mike@bradleylawmn.com)>

Please see the order released today, available at [https://apps.fcc.gov/edocs\\_public/attachmatch/FCC-18-49A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/FCC-18-49A1.pdf).

Diana Sokolow

Attorney Advisor

Before the  
Federal Communications Commission  
Washington, D.C. 20554

In the Matter of	)	
	)	
Comcast Cable Communications, LLC, on behalf	)	CSR 8008-E
of its subsidiaries and affiliates	)	
	)	
Petition for Determination of Effective Competition	)	
in Six Blaine, Minnesota Franchise Areas	)	
	)	
Application for Review	)	

**MEMORANDUM OPINION AND ORDER**

**Adopted: April 18, 2018**

**Released: April 18, 2018**

By the Commission: Commissioner Clyburn concurring.

**I. INTRODUCTION**

1. North Metro Telecommunications Commission (North Metro), a franchising authority whose jurisdiction includes the six Minnesota franchise areas at issue in this proceeding (the Communities),<sup>1</sup> has filed an Application for Review (AFR)<sup>2</sup> of the Media Bureau (Bureau) *Order* in the above-captioned proceeding.<sup>3</sup> The *Order* granted a petition for determination of effective competition filed by Comcast Cable Communications, LLC (Comcast), and revoked North Metro's previous certification to regulate basic cable service rates in the Communities. For the reasons set forth below, we deny North Metro's AFR.

**II. BACKGROUND**

2. A franchising authority may regulate basic cable service tier rates and equipment only if the Commission finds that the cable system is not subject to effective competition.<sup>4</sup> Under the Communications Act of 1934, as amended (the Act), a cable operator will be deemed subject to effective competition if it is shown that one of four statutory tests is satisfied.<sup>5</sup> The type of effective competition relevant to this proceeding is known as "competing provider effective competition."<sup>6</sup> Section 623(l)(1)(B) of the Act provides that the test for competing provider effective competition is satisfied if the franchise area is "(i) served by at least two unaffiliated multichannel video programming distributors [(MVPDs)] each of which offers comparable video programming to at least 50 percent of the households

<sup>1</sup> The Communities and their associated Community Unit Identification (CUID) numbers are Blaine (MN 0370), Centerville (MN 0371), Circle Pines (MN 0372), Ham Lake (MN 0374), Lino Lakes (MN 0376), and Spring Lake Park (MN 0377 and MN 0378). Comcast previously withdrew its request for a finding of effective competition in a seventh community, Lexington (MN 0375).

<sup>2</sup> North Metro Telecommunications Commission, Application for Review (filed May 30, 2013) (AFR). The AFR was filed pursuant to Section 1.115 of the Commission's rules. 47 CFR § 1.115.

<sup>3</sup> *Comcast Cable Comm'ns, LLC, Petition for Determination of Effective Competition in Six Blaine, Minnesota Franchise Areas*, Memorandum Opinion and Order, 28 FCC Rcd 5508 (MB 2013) (*Order*).

<sup>4</sup> See 47 U.S.C. § 543(a)(2)(A).

<sup>5</sup> *Id.* § 543(l); see also 47 CFR § 76.905(b).

<sup>6</sup> 47 U.S.C. § 543(l)(1)(B); see also 47 CFR § 76.905(b)(2).



in the franchise area; and (ii) the number of households subscribing to programming services offered by [MVPDs] other than the largest [MVPD] exceeds 15 percent of the households in the franchise area[.]”<sup>7</sup>

3. North Metro previously was certified by the Commission to regulate basic cable service rates in the Communities.<sup>8</sup> In August 2008, Comcast filed a petition requesting that the Commission make a finding of competing provider effective competition in the Communities and revoke North Metro’s certification.<sup>9</sup> In April 2013, the Bureau revoked North Metro’s certification to regulate cable rates in the Communities, finding that the presence of competing provider effective competition precluded such regulation.<sup>10</sup> The *Order* concluded that Comcast’s cable system serving the Communities is subject to effective competition pursuant to Section 623(l)(1)(B) and the Commission’s implementing rules, and is therefore exempt from cable rate regulation by North Metro in the Communities, because of the competing service provided by two direct broadcast satellite (DBS) providers, DIRECTV, Inc. (DIRECTV) and DISH Network (DISH).<sup>11</sup> Specifically, the *Order* found that the number of households subscribing to programming services offered by the two DBS providers exceeded 18 percent in each of the six Communities, and that it exceeded 27 percent in four of the six Communities.<sup>12</sup> In response to the *Order*, North Metro filed the AFR. Comcast then filed an opposition,<sup>13</sup> to which North Metro filed a reply.<sup>14</sup>

4. In June 2015, the Commission reversed its decades-old rebuttable presumption that cable operators were not subject to effective competition and adopted a new rebuttable presumption that cable operators are subject to competing provider effective competition.<sup>15</sup> In the absence of a demonstration to the contrary, the Commission now presumes that cable systems are subject to competing provider effective competition.<sup>16</sup> For those effective competition cases that were pending when the Commission adopted its new rebuttable presumption, and for which the franchising authority did not file a revised recertification (Form 328) containing new evidence, the Commission considers only the record before it in deciding the cable operator’s petition.<sup>17</sup> Here, North Metro did not file a revised Form 328.<sup>18</sup>

<sup>7</sup> 47 U.S.C. § 543(l)(1)(B); 47 CFR § 76.905(b)(2).

<sup>8</sup> See AFR at 6.

<sup>9</sup> Comcast Cable Communications, LLC, Petition for Special Relief (filed Aug. 18, 2008) (Petition).

<sup>10</sup> *Order*.

<sup>11</sup> *Id.* at 5508, para. 1.

<sup>12</sup> *Id.* at 5516, Attach. A (finding that DBS penetration in the Communities ranged from 18.39% to 32.81%).

<sup>13</sup> Comcast Cable Communications, LLC, Opposition to Application for Review (filed June 10, 2013) (Opposition).

<sup>14</sup> North Metro Telecommunications Commission, Reply to Opposition to Application for Review (filed June 20, 2013) (Reply).

<sup>15</sup> See *Amendment to the Commission’s Rules Concerning Effective Competition; Implementation of Section 111 of the STELA Reauthorization Act*, Report and Order, 30 FCC Rcd 6574 (2015) (*Effective Competition Order*), *aff’d sub nom. Nat’l Ass’n of Telecomms. Officers and Advisors v. FCC*, 862 F.3d 18 (D.C. Cir. 2017). The Commission continues to presume that cable systems are not subject to any of the other three types of effective competition, as defined by Sections 623(l)(1)(A), (C), and (D) of the Act and Sections 76.905(b)(1), (3) and (4) of the Commission’s rules. 47 CFR § 76.906(b). See also *Effective Competition Order*, 30 FCC Rcd at 6587, para. 18.

<sup>16</sup> See 47 U.S.C. § 543(l)(1); 47 CFR §§ 76.905(b), 76.906. Pursuant to the *Effective Competition Order*, any franchising authority that was certified to regulate the basic service tier rates and equipment that wished to remain certified after the new presumption went into effect was required to file a revised certification (Form 328) within 90 days of the effective date of the new rules. *Effective Competition Order*, 30 FCC Rcd at 6592, para 27.

<sup>17</sup> *Effective Competition Order*, 30 FCC Rcd at 6594, para. 30. Where a pending application for review involves a franchising authority that filed a revised Form 328 during the 90-day time frame, the Commission will consider the existing record along with the new certification. *Id.* at 6593, para. 28.

Accordingly, we consider the record before us, which is based on filings that the parties submitted to the Commission between 2008 and 2013, to resolve the AFR.

### III. DISCUSSION

5. Upon consideration of the AFR and the record before us, we affirm the conclusion in the *Order* that Comcast is subject to effective competition because it has satisfied both elements of the competing provider test for effective competition in the Communities.

6. North Metro does not dispute that Comcast satisfied the first part of the competing provider test, which is whether the franchise area is served by at least two unaffiliated MVPDs, each of which offers comparable video programming to at least 50 percent of the households in the franchise area.<sup>19</sup> Instead, on review, North Metro argues that there are several reasons the Commission should overturn the Bureau's finding that Comcast has satisfied the second part of the competing provider effective competition test, which is whether more than 15 percent of the households in the franchise area subscribe to competing providers.

7. *DBS Subscriber Data and Number of Households.* First, North Metro argues that "the Bureau fundamentally erred . . . by relying on unverified zip+4 DBS subscriber numbers from Comcast" after North Metro provided "*prima facie* evidence showing actual and potential errors in those numbers."<sup>20</sup> North Metro also repeats its claim that the Bureau should have used Metropolitan Council household numbers<sup>21</sup> rather than household numbers from the 2000 Census, and that the Bureau should not have used 2000 Census data along with more recent 2008 DBS subscriber numbers.<sup>22</sup>

8. We affirm the Bureau's acceptance of DBS numbers based on nine-digit zip codes as providing sufficiently precise subscriber data.<sup>23</sup> We reject North Metro's claim that the Bureau

(Continued from previous page)

<sup>18</sup> See *Findings of Competing Provider Effective Competition Following December 8, 2015 Filing Deadline for Existing Franchise Authority Recertification*, Public Notice, 30 FCC Rcd 14293 at App. E (MB 2015).

<sup>19</sup> AFR at 7-12. See also *Order*, 28 FCC Rcd at 5510, para 7 (finding the first part of the competing provider test satisfied).

<sup>20</sup> AFR at 8.

<sup>21</sup> According to North Metro, the Metropolitan Council "is the planning agency for the region in which the Communities lie." See *Order*, 28 FCC Rcd at 5513, para. 15. We agree with the Bureau's explanation that Section 623(l)(B)(ii) of the Act "requires that we measure 'households,' a term for which the Census Bureau has adopted a detailed definition," and that Congress intended to apply the Census Bureau's definition of "household" to the test for competing provider effective competition. *Id.* at 5513, para. 16 (citing *Implementation of Sections of the Cable Television Consumer Protection & Competition Act of 1992: Rate Regulation: Buy-Through Prohibition*, Third Order on Reconsideration, 9 FCC Rcd 4316, 4324, para. 17 (1994) ("As used in the Cable Act, we presume that Congress did not intend 'households' to have a different meaning than in the 1990 Census"), *reversed in part on other grounds*, *Time Warner Entertainment Co., L.P. v. FCC*, 56 F.3d 151 (D.C. Cir. 1995), *cert. denied*, 516 U.S. 1112 (1996). There is no evidence that the Metropolitan Council uses that definition.

<sup>22</sup> AFR at 17. We note that North Metro opposed the Bureau's consideration of a supplement that Comcast submitted in 2012, and the Bureau did not consider the supplement. See *infra* n. 36. The supplement contained 2010 Census household data and more recent DBS subscriber totals, and it used those figures to conclude that the 15 percent threshold was still met in each of the six communities at issue. See *Opposition* at 13.

<sup>23</sup> *Order*, 28 FCC Rcd at 5512, paras. 12-13 ("Nine-digit zip codes are very small and the ones on the edge of a franchise area closely match its boundaries. . . . Nine-digit zip codes are so small that a typical one has no DBS subscribers or only one or two (compared to 2,000 to 4,000 DBS subscribers in the five-digit zip codes involved in this case). The areas in a nine-digit zip code that fall outside a Community are statistically insignificant.") (internal footnote omitted). See also *id.* at 5514, para. 19 (noting that some of North Metro's criticisms of Comcast's data mean that the data "would understate DBS subscribership, thus hurting Comcast's case. No unfairness to North Metro or any franchise authority results from such errors").

erroneously used a “best guess” standard and should have independently reviewed the DBS subscribership figures, and the underlying nine-digit zip code determinations, or required Comcast to provide further support for its calculations.<sup>24</sup> To the contrary, Comcast provided North Metro and the Bureau with a list of every nine-digit zip code that Comcast relied upon, as well as the DBS subscriber count for each such zip code, and we find that the Bureau reasonably determined that the nine-digit zip code data was sufficiently more detailed, precise, and reliable than the five digit zip code data in this case.<sup>25</sup> In addition, while North Metro claims that it was speculative for the Bureau to conclude that any errors resulting from the use of Comcast’s nine-digit zip code data would be “statistically insignificant,”<sup>26</sup> it has submitted no evidence that causes us to reconsider the Bureau’s conclusion about the unlikelihood that “areas in a nine-digit zip code that fall outside a Community would alter the applicable percentages below the statutory requirement of 15 percent or more.”<sup>27</sup> The Bureau based its determination on the DBS subscribership percentages shown in Attachment A to the *Order*, all of which are at least three percentage points higher than the required minimum of 15 percent and four of which are at least twelve percentage points higher.<sup>28</sup> Thus, even if Comcast’s data included some small number of DBS subscribers that reside outside of the Communities, we agree with the Bureau that this would be unlikely to change the outcome of the *Order*, and North Metro failed to offer reliable evidence to the contrary.

9. Further, we agree with the Bureau, for the reasons set forth in its *Order*, that North Metro did not demonstrate that the Metropolitan Council household numbers were as reliable as household numbers from the Census.<sup>29</sup> We also find that it is a reasonable practice for the Bureau to use the U.S. Census data that was most recent at the time an effective competition petition was filed, given that Census household data is most consistent with Congress’s intent, even if the applicable subscribership figures are from a different year than the data.<sup>30</sup>

10. North Metro asserts that, because Comcast provided imprecise data concerning two of the Communities, Lexington and Circle Pines, the Commission should presume that inaccuracies pervade all of Comcast’s provided data.<sup>31</sup> We disagree. Regarding the community of Lexington, Comcast had

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<sup>24</sup> AFR at 8.

<sup>25</sup> See *supra* n.23. See also Opposition at 3-4; *Commission Clarifies Standards for Evidence of Competing Provider Effective Competition for Cable Service*, Public Notice, 24 FCC Rcd 8198 (MB 2009).

<sup>26</sup> AFR at 10; *Order*, 28 FCC Rcd at 5512, para. 13.

<sup>27</sup> See *supra* n.23. See also AFR at 13 (acknowledging that it “might be true” that North Metro’s concerns in this regard are “improbable in the extreme” and “statistically insignificant,” but nonetheless speculating without support that “the types of mistakes [North Metro] identified could, if they are widespread, have a significant impact on the correct number of DBS subscribers in a franchise area”); Opposition at 7, n.23 (“The AFR speculates about a potential reporting error for a hypothetical ‘new subdivision or annexation,’ AFR at 11, but it presents no evidence of any such error.”).

<sup>28</sup> *Order*, 28 FCC Rcd at 5516, Attach. A (reporting DBS penetration rates as follows: Blaine, 27.80%; Centerville, 31.01%; Circle Pines, 18.39%; Ham Lake, 32.81%; Lino Lakes, 31.40%, Spring Lake Park, 18.58%).

<sup>29</sup> See *id.* at 5513-14, paras. 16-17 (discussing the uncertainties associated with the Metropolitan Council data, including how the Council defines a household, and whether that definition is consistent with the detailed Census Bureau definition).

<sup>30</sup> See *id.*; see also *Marcus Cable Associates, LLC d/b/a Charter Communications, Petition for Determination of Effective Competition in Denton, TX (TX0580)*, Memorandum Opinion and Order, 25 FCC Rcd 4369, 4372, paras. 7 & 9 (2010) (rejecting an argument that the Commission should apply more current household numbers that were inconsistent with the Census Bureau’s definition of “household”); *supra* n.21. Here, Comcast filed its petition in 2008, and the Bureau considered 2008 DBS subscriber numbers along with the most recent at the time of filing 2000 Census data.

<sup>31</sup> AFR at 9-10.

withdrawn its request for a finding of effective competition in that community.<sup>32</sup> Regarding the community of Circle Pines, we agree with the Bureau's determination in the *Order* that Comcast had produced sufficient evidence to refute North Metro's objections about the data.<sup>33</sup> Further, even if we accept as true North Metro's contention that there are 293 (and not 312) DBS subscribers within Circle Pines' corporate limits,<sup>34</sup> using the 2000 Census figure of 1,697 households for that community would still yield a DBS penetration rate of 17.26 percent, which is in excess of the 15 percent statutory threshold. We also disagree with North Metro that any imprecision in the data regarding these two communities automatically undermines the reliability of data from the other communities. Before the Bureau, North Metro provided little detail about the other five communities under consideration (*i.e.*, Blaine, Centerville, Ham Lake, Lino Lakes, and Spring Lake Park).<sup>35</sup> Likewise, in its AFR, North Metro fails to offer factual support for its claim that the data from the other communities is suspect.<sup>36</sup>

11. *Discovery.* Second, North Metro argues that the Bureau "erred in not allowing [North Metro] to engage in any form of discovery . . . despite the fact that 47 [CFR] § 76.939 requires cable operators to respond to franchising authorities' requests for information."<sup>37</sup> We conclude that the Bureau did not err. We agree with the Bureau conclusion that North Metro's discovery request pertained to the five-digit zip code-based showings of DBS subscriber numbers that Comcast initially submitted, and thus was rendered moot by Comcast's later submission of more precise DBS subscriber numbers based on nine-digit zip code data.<sup>38</sup> The lack of the requested discovery thus was irrelevant to North Metro's "ability to evaluate the merits of Comcast's Petition."<sup>39</sup> Although North Metro, in its AFR, expressed concern that it had "no way of knowing exactly how zip+4 zip codes were allocated to a given Member

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<sup>32</sup> *Order*, 28 FCC Rcd at 5514-15, para. 20.

<sup>33</sup> *Id.* at 5512-13, para. 14.

<sup>34</sup> *See* AFR at 4.

<sup>35</sup> *Order*, 28 FCC Rcd at 5514, para. 20.

<sup>36</sup> North Metro also expresses concern that Comcast's calculations regarding Blaine were imprecise, because in its Petition Comcast initially submitted DBS subscribership figures based on five-digit zip codes, then in its reply submitted lower DBS subscribership figures based on nine-digit zip codes, and later in a supplement submitted subscribership figures higher than the initial figures and also based on nine-digit zip codes. AFR at 11-12. We agree with the Bureau's conclusion that it was proper for Comcast initially to submit subscribership figures based on five-digit zip codes, and then in its reply to produce subscribership figures based on nine-digit zip codes, given that "North Metro had proposed that nine-digit data be used but chose not to produce it." *Order*, 28 FCC Rcd at 5509, para. 4. In addition, North Metro previously objected to the submission of Comcast's supplement, and the Bureau concluded that it would rely on the pre-supplement data rather than the supplement. *Id.* at 5509-10, para. 5. With regard to fluctuations in subscribership figures, we agree with the Bureau that while parties should submit evidence that is "as accurate as is reasonably practical," the statute "does not require that cable operators establish DBS subscribership with perfect precision." *Id.* at 5514-15, para. 20. In addition, when we use the 2000 Census household figure of 15,898, the 15 percent threshold for competing provider effective competition is met regardless of whether we use the DBS subscribership figure from Comcast's Petition (5,050, yielding a DBS penetration rate of 31.77 percent) or from its reply (4,420, yielding a DBS penetration rate of 27.80 percent). *See* Petition at Ex. 6; Comcast, Reply to Opposition, at Ex. D (Nov. 17, 2008). Further, as Comcast states in its Opposition, all DBS penetration rates calculated in its supplement ranged from 21.93 percent to 33.31 percent. *See* Opposition at 13, n.42. Accordingly, regardless of which DBS subscribership figures are used for Blaine, the test for competing provider effective competition is met.

<sup>37</sup> AFR at 8. *See also Order*, 28 FCC Rcd at 5509, para. 3.

<sup>38</sup> *Order*, 28 FCC Rcd at 5509, para. 3.

<sup>39</sup> AFR at 8-9.

City[.]”<sup>40</sup> North Metro did not revise its request for discovery from Comcast during the pendency of the proceeding in an attempt to obtain that information.

12. *Burden of Proof.* Third, North Metro argues that “the Bureau unlawfully shifted the burden of proof to [North Metro]” because it accepted “Comcast’s unverified information over [North Metro’s] documented, reproducible and fully explained data submissions.”<sup>41</sup> We find that the burden that the Bureau applied was proper.<sup>42</sup> The Bureau addressed North Metro’s argument and properly concluded that throughout the proceeding, the burden of proof properly remained on the cable operator, consistent with the versions of Sections 76.906 and 76.907(b) of the Commission’s rules that were in effect at that time.<sup>43</sup> The Bureau evaluated the record evidence provided by both parties and found that Comcast met its burden by producing data demonstrating that DBS subscribership was in excess of 15 percent. North Metro failed to rebut this showing with data that was at least as reliable as the Census data.<sup>44</sup> We cannot assess the reliability of the Metropolitan Council figures, given that it is unclear how the Metropolitan Council defines “household” or what methodology it uses to arrive at its numbers, whereas Census data is clearly accepted as reliable.<sup>45</sup> In any event, North Metro has not asserted that use of data from the Metropolitan Council would result in a failure to meet the test for competing provider effective competition. In fact, Comcast made calculations using Metropolitan Council data and concluded that the test is still met.<sup>46</sup>

13. Upon review of the Application for Review and the entire record, we conclude that North Metro has failed to demonstrate the Bureau erred.<sup>47</sup> We therefore affirm the Bureau’s finding of effective competition.

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<sup>40</sup> *Id.* at 11.

<sup>41</sup> AFR at 13.

<sup>42</sup> See, e.g., *Marcus Cable Associates, LLC d/b/a Charter Communications*, Memorandum Opinion and Order, 25 FCC Rcd 4369 (2010) (upholding the Bureau’s order, which applied data based on the 2000 Census rather than alternate data advocated by the franchising authority).

<sup>43</sup> Order, 28 FCC Rcd at 5509, para. 4; 47 CFR §§ 76.906, 76.907(b) (2013).

<sup>44</sup> See Order, 28 FCC Rcd at 5513, para. 16; *supra* para. 9.

<sup>45</sup> North Metro asserts that the Bureau could have used a previously provided Metropolitan Council website to investigate how the Metropolitan Council defines a household. AFR at 16. We agree with Comcast that it is not “the Bureau’s responsibility to engage in such research, particularly when [North Metro] never informed the Bureau that this information appears on the website.” Opposition at 12 (footnote omitted). See also Opposition at 12, n. 40 (“If the information were available somewhere on this Metropolitan Council website, [North Metro] should have provided a narrative explanation, as well as a direct link or physical copy. Interestingly, while the AFR implies that the information is available somewhere at this general website, see AFR at 16, [North Metro] fails again to provide a direct link or physical copy.”).

<sup>46</sup> See Opposition at 12.

<sup>47</sup> We note that North Metro provides a policy argument for reinstating its previous certification to regulate cable prices, asserting that “eliminating the regulatory authority of the only governmental body capable of disciplining rates[] harms cable subscribers and is not in the public interest, because it is now a virtual certainty that subscriber rates will increase at an even faster pace.” Reply at 3 (footnote omitted). We cannot accept this argument, as these assertions are irrelevant to the statutory test for competing provider effective competition. See 47 U.S.C. § 543(l)(1)(B).

**IV. ORDERING CLAUSE**

14. Accordingly, **IT IS ORDERED** that the Application for Review filed by North Metro Telecommunications Commission in the above-captioned proceeding **IS DENIED**.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch  
Secretary

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

Tuesday, May 1, 2018

**CALL TO ORDER**

The meeting began at 10:35 a.m.

**MEMBERS PRESENT**

B. Petracek, D. Buchholtz, J. Karlson, P. Antonen, D. Krueger

**MEMBERS ABSENT**

C. Arneson, M. Statz

**OTHERS PRESENT**

H. Arnson

**APPROVAL OF MEETING NOTES**

The meeting notes of March 6, 2018 were approved by consensus.

**EXECUTIVE DIRECTOR REPORT**

- After five years, the FCC ruled against the Commission on its appeal of the FCC's ruling that Comcast was subject to effective competition in the North Metro area. During the five years, the rules relating to rate regulation changed, and CenturyLink became a franchised competitor. As such, the decision is moot and will have no new impact on the Commission.
- The franchise and PEG fee audits of Comcast are underway. A request for bids for consultants to conduct the audits resulted in three proposals. A phone conference was held, with the five potential participants in the audits, and a proposal was chosen. Ashpaugh & Sculco will be performing the audits with an estimated completion date of 6 months. However, the completion date will depend upon the cooperation of the involved parties.
- H. Arnson noted that she would be creating the 2019 budgets in May and would need information from the Cities regarding employee benefits and anticipated COLA increases. The group also discussed purchasing streaming servers for each City so that the City channels could be streamed 24 hours a day on the internet. This is currently being done for the City of Lino Lakes. The group requested that streaming servers and associated costs be included in the 2019 budget proposal.
- The next quarterly meeting with CenturyLink has been scheduled for 10:00 am on Wednesday, May 23rd, at the offices of Mike Bradley.

**OLD BUSINESS**

- There was no old business.

**NEW BUSINESS**

- There was no new business.

**ADJOURNMENT**

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

MACTA Annual Conference and Trade Show  
June 13, 2018  
University of Minnesota  
Agenda



8:00 – 8:45 Registration, Continental Breakfast & Visit with Vendors .....Foyer Area

8:45 - 9:00 Welcome.....Meeting Room 1

**9:00 – 10:15 GENERAL SESSION**

Closed Captioning .....Meeting Room 1

Section 508 standards of the Rehabilitation Act were updated by the Access Board last year. While these standards may not apply directly to PEG channels, it's possible they may have implications for local governments because of our requirement to comply with ADA standards. Find out more about legal requirements on closed captioning and what solutions are available for live and post production captioning.

10:15 – 10:45 Break and Visit with Vendors .....Foyer Area

**10:45 – 12:00 GENERAL SESSION**

On Camera Coaching .....Meeting Room 1

Do you want to build your confidence, and polish your performance? Professional On Camera Trainer and Coach Michelle Hutchison will lead this session in the craft of on camera and professional presenting. This is a great opportunity for reporters, interviewers, camera operators, technicians, managers and directors... yes everyone!

**12:00 – 1:15 NETWORKING LUNCHEON**

NATO Update .....Luncheon Ballroom

1:15 – 1:45 Dessert and Visit with Vendors .....Foyer Area

**1:45 – 3:00 CONCURRENT WORKSHOPS**

**CONTENT/TECHNICAL – Live to Web Video** .....Meeting Room 1

Facebook Live, Periscope, and other applications have made a huge impact on live online content delivery. In this session, learn how PEG stations can use live streaming services to their advantage.

**POLICY/LEGAL – Legislative and Regulatory Roundtable Discussions** .....Meeting Room 2

Learn everything you wanted to know about 5G, followed by roundtable discussions on franchise renewals, the future of competitive franchising, and more. We'll have subject experts at each of the tables to help guide the discussions. \*This will be a closed session for franchising authorities and their advisors and consultants.

**3:00 – 4:15 GENERAL SESSION**

Crisis Communication .....Meeting Room 1

Are you ready to help handle an incident or crisis in your community? What would you do to help? Your entire staff may be needed to help keep your community informed and offer the public guidance. Hear from those who have had to deal with similar issues including the plans made and roles that staff played.

4:15 Closing Remarks - Conference Concludes



# How Comcast is trying to change the cable game

- By mae anderson, ap technology writer
- NEW YORK — Apr 25, 2018, 3:52 PM ET

The Associated Press

FILE- This combo of file photos shows a Netflix logo on an iPhone in Philadelphia on July 17, 2017, bottom, and a Comcast sign on Oct. 12, 2017, in Hialeah, Fla. Comcast is trying to refigure the traditional cable bundle, adding services like Netflix to its subscription packages and offering internet-only TV streaming. The moves come as Comcast, the world's largest cable company, and other cable operators try to work out relationships with once fierce rivals in a changing media landscape. (AP Photo/File)[more](#)

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If you can't beat them, join them. Comcast is trying to refigure the traditional cable bundle, adding services like Netflix to its subscription packages and offering internet-only TV streaming.

Comcast, the world's largest cable company, and other cable operators are trying to work out new relationships with once fierce rivals in a changing media landscape.

Comcast and others have been trying to build a business that combine both the "pipes" — the internet services that connect everyone — and the producers of shows, movies, and other video.

Cable operators and internet service providers say this business model is key to their survival, given the inroads companies like Google and Apple have made on their turf.

In this environment, Comcast reported a strong first quarter, boosted by \$1.6 billion in ad revenue from NBC's broadcast of the Super Bowl and the Olympics.

Philadelphia-based Comcast's net income rose 21 percent to \$3.12 billion, or 66 cents per share, from \$2.57 billion, or 53 cents per share a year ago. Excluding a one-time benefit from the federal tax overhaul and the gain on the sale of an asset, net income totaled 62 cents per share. That beat analyst estimates of 59 cents per share, according to FactSet.

Revenue rose 11 percent to \$22.79 billion from \$20.59 billion last year, edging past analyst expectations of \$22.75 billion.

Also on Wednesday, Comcast made a bid for British broadcaster Sky Plc for 22 billion pounds (\$30 billion), topping an offer from Rupert Murdoch's 21st Century Fox and sparking a possible bidding war.

# Comcast is only increasing internet speeds for customers who also pay for cable

Chris Mills     @chrisfmills

As we've documented ad nauseam before, cable companies are struggling with falling profits due largely to cord cutting. With over a million customers jumping ship from traditional pay TV every year, the cable companies are finding themselves increasingly unnecessary, apart from one vital service: Internet.

As a result, we've seen internet prices steadily creep up even as service doesn't get any better, and usage caps are extended to more and more markets. Now, Comcast has come up with a fun new way to leverage the only service anyone cares about into more money: Bundling better internet service with its outdated cable packages.

According to the *Houston Chronicle*, Comcast recently increased speeds for subscribers in the Houston market, but only for customers who are subscribed to cable television as well as internet:

Customers who have the 60-Megabits-a-second tier and whose internet service is bundled with up to four other Comcast products will see their download speeds jump to 150 Mbps. Customers on the 150 Mbps tier with the Starter or Triple Play packages will increase to 250 Mbps.

Customers with the 250-Mbps service will see their speeds jump to either 400 Mbps or 1 Gbps, depending on the package.

Those speed increases aren't insignificant. 60Mbps is slow enough that a few people streaming things in HD can cause latency spikes for other clients on the network. 150Mbps should be more than sufficient for a busy household, and 250Mbps takes care of even the nerdiest of homelabbers.

Using internet features as an incentive to keep other products isn't a new tactic for telecoms companies. AT&T already gives unlimited data to customers that also subscribe to its cell plans or pay TV.

"This year alone, we have boosted speeds for Internet-only customers and customers in packages in more than two dozen different states across the country which added at least 50 Mbps more speed for these customers," Comcast said in a statement. "In a few of our markets, we are also testing different multi-product packages by changing the Internet tiers for various packages we offer. Importantly, all of our internet tiers can be purchased as a stand-alone service by ANY Xfinity customer."

Sky is based in London but has strong news and pay-TV operations across Europe, and is particularly prized for its sports broadcasting operations, including the English Premier League soccer matches.

Comcast has been leading the way in marrying pipes with the entertainment that flows through them. It bought NBCUniversal's cable channels and movie studio in 2013 and added Dreamworks Animation in 2016. It has been tinkering with the traditional cable bundle, offering a la carte subscription services and so called "skinny bundles." Earlier this month, Comcast said it will add Netflix to some cable bundles.

The Netflix move was an effort to offer customers more "choice, value and flexibility," Sam Schwartz, chief business development officer at Comcast Cable said at the time — words not often used to describe traditional take-it-or-leave-it cable bundles.

But combining the distribution of entertainment with its producers has drawn new concerns about monopoly. The Department of Justice is in the middle of a lawsuit against AT&T and Time Warner, claiming that their proposed \$85 billion merger would harm consumers.

AT&T and Time Warner argue they're simply trying to stay afloat in the new streaming environment. But the Justice Department says the merged company could exert monopolistic control — for instance, by charging rivals like Comcast higher prices for Time Warner Channels like CNN or HBO, which would likely push up consumer prices as well.

# CenturyLink no longer working to expand Prism TV service

by Daniel Frankel |  
Apr 10, 2018 8:07am

LAS VEGAS — After shuttering the beta test for its OTT service Stream last month, CenturyLink confirmed to Fierce that it will also no longer work to promote and grow its linear Prism TV product.

“Due to emerging market trends in video content and delivery, we do not plan to expand our Prism TV service offering,” CenturyLink spokesperson Francie Dudrey told Fierce, in a statement delivered at the NAB Show yesterday. “We will continue to provide service and support to our current Prism TV subscribers and make the service available to qualified customers who request it in the markets where we currently offer Prism TV.”

Last month, it was reported that CenturyLink is no longer offering its Prism TV service to new customers, offering instead DirecTV satellite service.

Residential services account for only around 25% of CenturyLink revenue following the company’s transformational \$34 billion purchase of Level 3 Communications. With that purchase, company officials said, the company is now firmly focused on the global enterprise telecom services marketplace.

With that priority, the expensive gambit of licensing programming and building pay TV services is being reconsidered at the company, which had planned at one point to build virtual MVPD service Stream into a Prism replacement.

There has been speculation that CenturyLink might divest its consumer-facing assets, but the company doesn’t have any plans to discuss that this time.

For her part, Dudrey also addressed the ending of the Stream beta test.

“CenturyLink continually evaluates the products and services we offer and makes changes when needed,” she said in another statement. “We conducted various trials of our CenturyLink Stream over-the-top video solution, but plan to discontinue this service in April 2018. We are exploring options to meet market demand for streaming video services.”

# POTs and PANs

## Pretty Advanced New Stuff from CCG Consulting

[RSS Feed](#) [Facebook](#)

April 16, 2018

### The Trajectory of Cord Cutting

#### 1 Comment

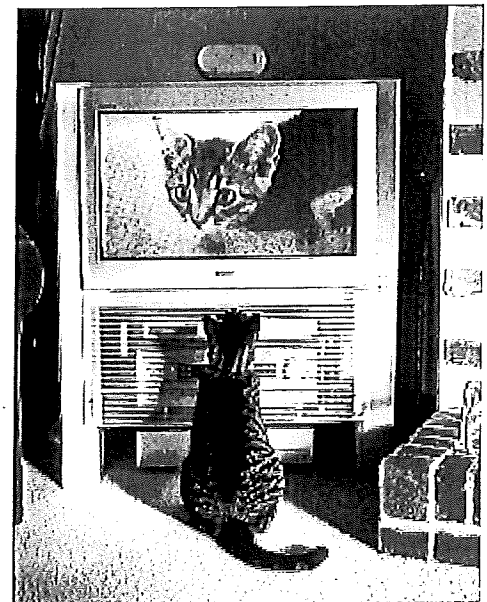
([https://potsandpansbyccg.com/2014/03/17/whats-up-with-cord-cutters/fatty\\_watching\\_himself\\_on\\_tv/#main](https://potsandpansbyccg.com/2014/03/17/whats-up-with-cord-cutters/fatty_watching_himself_on_tv/#main))2017 was the year that cord cutting became a real phenomenon. The industry has been talking about cord cutting for around 5 years. In the beginning the phenomenon manifested by a slowing and stalling of the growth of cable subscribers. Many industry pundits a few years ago opined that cord cutting was a minor phenomenon because they believed that people couldn't walk away from their favorite programming.

But in 2016 the industry as a whole lost a million customers. That sounds like a lot, but in an industry with roughly 90 million customers, the hope of the industry was that cord cutting would take decades to have any major bottom line impact. 2017 then saw a loss of 2.4 million customers and the whole industry now agrees that cord cutting is real and that it is accelerating.

The big question now is the future trajectory for cord cutting – how is this going to affect the industry over the next five years? We have past experience from watching another major telecom product take a nose dive. Back in the mid-1990s almost 99% of US homes had landlines. Today that number is down to just under 44% according to surveys done annually by the Center for Disease Control (CDC). The government agency has been asking about landline penetrations as part of a much broader survey for several decades.

I would venture to say that hardly anybody in the industry can easily tell you how fast we have been losing landlines. It's something we all know about, but I know I had no idea about the rate of decline of decline of landlines since the 1990s.

Just like with cable TV, in the early years the rate of landline loss was relatively slow. I remember being asked about landline losses in 1997, the year I started CCG Consulting. At that time the



industry was losing around 1 million customers per year. But a lot of prognosticators predicted that sale of landlines would collapse since everybody was going to change to cellphones.

But the CDC statistics tell a different story. Those statistics show that by 2004 the industry still had a 93% market penetration. Since then there has been a steady decline of landline that make an almost straight line graph to end at today's penetration rate of 44%. I doubt that there were any industry experts in 2004 who would have predicted that there would still be a 44% penetration of landlines in 2017. During the 13-year period from 2004 to 2017 roughly 4.5 million households dropped landlines each year. The rate of loss is neither accelerating or declining.

There is no reason to think that the decline of cable TV will happen in the identical fashion. But for the first five years of customer losses the two industries have nearly the same story. Losses started slowly, and even after five years the rate of loss of cable customers is still half of the annual loss of landlines.

The industries are also different. In telecom the two biggest phone companies at the beginning of the decline of landlines were Verizon and AT&T and they also have been the biggest beneficiaries of the growth of the cellphones that replace landlines. Both companies are larger and far more profitable now than they were in the mid-90s. We are unlikely to see the same thing happening in cable. It appears that cord cutters are fleeing to a wide array of programming alternatives – and most of those alternatives are not owned by the same companies that have been profiting from cable TV.

The cable companies are clearly losing customers and revenues. The two satellite TV companies alone lost 1.7 million customers just in 2017. Continued losses of that magnitude are going to quickly affect some of the biggest cable providers. The programmers are also losing paying customers at a rapid clip. When households flee to online video providers they replace traditional 200-channel lineups with much smaller ones, meaning that a lot of individual cable networks are bleeding customers.

What might make the difference between cable and landline industries is the way the industry is reacting to the losses. In the landline world we saw the emergence of lower-cost alternatives to telco landlines as the cable companies got into the business. Even today cable landlines mostly cost less than telco landlines. I would have to think that the ability for customers to cut costs helped to stave off landline losses.

But the cable industry seems to be reacting by raising rates even faster than historically. It looks like the programmers want to get as much money as possible out of the industry before it disappears. That mentality is pushing up cable rates faster than ever and high prices seem to be the major motivation behind cord cutting. My guess is that if the cable industry stays on the same trajectory as today that it's going to lose customers far faster than the historic drop in landlines. But my crystal ball is no better than anybody else's, so like everybody else I'll keep watching the statistics.

Posted by [CCGConsulting](#) in [The Industry](#)

CenturyLink Drops TV Services, May Ditch Residential Broadband  
by Karl Bode  
Friday Apr 13 2018 10:05 EDT

CenturyLink is what you might call a hot mess right now. The company's lagging broadband upgrades make it clear that residential customers across countless markets simply aren't a priority. That apathy has resulted in a steady stream of customer defections as customers in many un-upgraded markets flee to faster cable speeds. While millions of customers within its footprint struggle with sub-6 Mbps speeds, CenturyLink has shifted its focus toward enterprise service with its recent acquisition of Level 3.

CenturyLink is also facing a wave of lawsuits over fraudulent billing, after a whistleblower revealed the company routinely overbills its users and upgrades users to services they neither wanted nor asked for.

While this is all occurring, there's every indication the company is giving up completely on TV service; both its Prism IPTV service, and the company's short-lived foray into streaming video.

CenturyLink recent stated that the company would be killing off its creatively-named CenturyLink Stream streaming video service after only a year or so of trials. The company's website now says the service is ending and CenturyLink is no longer taking new customers. The company gives no explanation for axing the service, though it's believed that the one-two punch of CenturyLink's residential apathy and consumer disinterest doomed the project.

Users in our forums also say that CenturyLink has effectively given up on its more traditional Prism IPTV service, something the company has been hinting at for the better part of a year. Customers who used to subscribe to Prism TV are now being sold DirecTV as a bundle. Though **that** hasn't gone smoothly either, with CenturyLink recently having been sued for sloppily exposing user data to the open internet.

"Due to emerging market trends in video content and delivery, we do not plan to expand our Prism TV service offering," CenturyLink tells Fierce Wireless. "We will continue to provide service and support to our current Prism TV subscribers and make the service available to qualified customers who request it in the markets where we currently offer Prism TV."

CenturyLink also confirmed the death of its streaming video ambitions.

"CenturyLink continually evaluates the products and services we offer and makes changes when needed," the company said in another statement. "We conducted various trials of our CenturyLink Stream over-the-top video solution, but plan to discontinue this service in April 2018. We are exploring options to meet market demand for streaming video services."

There have been ongoing rumors that CenturyLink may just divest its consumer-facing assets (read: sell off all unwanted residential networks) and focus entirely to business services, but the company remains mum on such plans. At the very least CenturyLink is signaling that it no longer thinks residential broadband, especially upgrades for un-upgraded areas, are particularly important, which will only drive defections.

In short: pay TV margins are tightening, upgrading aging DSL lines is expensive, and CenturyLink may just prefer to focus on more profitable business-grade services in the largely urban areas it appears to actually care about. As with Frontier's dysfunction, this is all great news for cable operators happy to see even less viable competition across many of their markets, but less stellar for customers who'll see higher prices and less incentive for improvement as a result.



# The Costs and Benefits of Digital Disruption

Cable's tech-driven transformation poses a major consumer loyalty test

CABLE MSOs SIT in one of the more disrupted spots in the communications industry. By disrupted, we mean the easily changeable nature of customer loyalty, as consumers react to a less-than-perfect experience and the growing influence of other communications entities trying to acquire those customers.

Consumers these days are increasingly willing to cut the cord and migrate to less-expensive streaming alternatives such as Roku, Google Chromecast and Apple TV. Leichtman Research Group data shows the clear reason why. An annual survey of TV households shows the average cable bill rose about 39% from 2011 to 2015, which is almost eight times the rate of inflation. The most recent cable bill average is now over \$103 per month, with zero chance of that price remaining flat going into the next year.

## Threats on Multiple Fronts

Bill sticker shock notwithstanding, cable providers must now face the new challenge of the eventual introduction of 5G networks delivering Gigabit performance, new fixed wireless access options and yet another unique ability to create a bundled offering that displaces the cable provider completely. Can you blame a customer with a high bill for looking at other options, especially from companies that can bundle services together just as well?

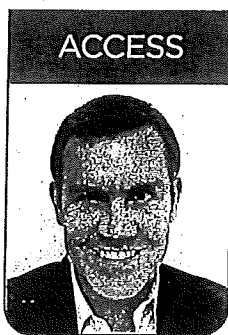
Cable MSOs have thus been forced to reshape their businesses, with much of that coming in the form of a complete digital transformation of infrastructure, and processes that help meet the expectations of consumers and business customers. Today's cable networks have brought broadband access to households that now have become accustomed to HD and 4K video services and internet speeds of 100 Megabits per second-plus. Over the next few years, we can expect further digital transformation in the form of hybrid networks that provide higher capacity, less risk of delay or latency,

**“Can you blame a customer with a high bill for looking at other options, especially from companies that can bundle services together just as well?”**

lower power consumption and hopefully the ability to satisfy the end users' demand for service at a price point that doesn't increase the rate of cord-cutting.

With demand for internet bandwidth continuing to grow at more than 20% per year thanks to video streaming, enterprise cloud computing, big data, social media and mobile data delivery, meeting these demands must be cost-efficient, energy-efficient and reliable.

As we watch top-tier cable providers invest in fiber-to-the-home deployments, cable's traditional fiber-coaxial networks will still provide the anchor points for service evolution and transformation, and will still have the capability to roll out new services, as ongoing investment has already been able to deliver more bandwidth.



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Ongoing investments in the Converged Cable Access Platform (CCAP) and DOCSIS 3.1 have benefited the customer, with bandwidth performance metrics showing upwards of 10 Gbps downstream and 1 Gbps upstream. The embrace of CCAP has the transformative effect of increasing business agility, forging a smaller footprint, and creating lower power consumption and more IP video capability, giving the user more capabilities and enhanced security — all of which should help reduce total cost of ownership as a whole.

As SDN/NFV (software-defined networking/network functions virtualization) becomes a greater influence on the cable provider, one cannot discount the existing expectations and needs for what will be a hybrid network environment in the short to medium term. Cable providers will thus have physical and virtual functionality evolving in parallel. This, along with investments in remote PHY, which supports both FTTx (fiber to the x) and SDN/NFV initiatives, all contribute to the digital transformation around an IP network between the core and the node.

The move to a virtualized, software-based architecture can help deliver network optimization, increase agility and create new opportunities for MSOs. However, any cable operator planning to reap the benefits from NFV and SDN must shift its focus from technology to business, and ensure all business support systems are up to the task. As a wise man once said, if you can't bill for it, it's a charity.

## Virtualization Hits Home

Network-level virtualization will also transfer to the home, as we already see services move from a physical set-top box environment to an eventual virtual one. The \$400-plus set-top box with a hard drive is set to be replaced by a cloud-based DVR that sources not just content, but applications such as program guides and DVR as cloud-based functions.

Cable MSOs will no longer be limited by the functionality of a dedicated set-top box and will make gains from much faster time to market for new products and services offered both from within and outside the cable provider. How about that customer call requiring a \$100-plus truck roll to correct an issue that may or may not exist? It can likely be mitigated by a remote software update. What about replacing that \$400 set-top box every three years or so? Virtual CPE means a \$50 dumb box in the home can extract value from the cloud and be easily updated and configured on the fly and extends the life of home-based equipment. Analytics can also now be

embedded in the cloud for easier data management and decision-making.

Can we calculate a long-term price for all of this digital transformation? For the cable provider, it means more innovation, faster delivery of new digital services and a much “stickier” service environment to demonstrate to the customer that all this innovation is actually worth paying for. That translates to retention.

And let's face it: If cable bills aren't going down any time soon, creating a product and service advantage will be a paramount requirement for the industry in the coming years. ■

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