



**PUBLIC CABLE TELEVISION AUTHORITY**  
**A Joint Powers Agency of the Cities of Fountain Valley, Stanton, and Westminster**  
7800 Katella Avenue, Stanton, CA 90680

***REGULAR MEETING AGENDA***

**December 17, 2025**  
**9:00 A.M.**

**MEETING LOCATION:** Stanton City Hall – Council Chamber  
7800 Katella Avenue, Stanton, CA 90680

IN ACCORDANCE WITH THE REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE SECTION 54954.2, THIS AGENDA IS POSTED NOT LESS THAN 72 HOURS PRIOR TO THE MEETING DATE AND TIME ABOVE. ALL WRITTEN MATERIALS RELATING TO EACH AGENDA ITEM ARE AVAILABLE FOR PUBLIC INSPECTION IN THE OFFICE OF THE CITY CLERK OF EACH MEMBER CITY OF PCTA:

Fountain Valley City Hall, 10200 Slater Avenue, Fountain Valley, CA 92708  
Stanton City Hall, 7800 Katella Avenue, Stanton, CA 90680  
Westminster City Hall, 8200 Westminster Boulevard, Westminster, CA 92683

ALL AGENDAS, NOTICES, AND RELATED DOCUMENTS CAN BE ACCESSED ONLINE AT:  
<https://www.fountainvalley.gov/599/Public-Cable-Television-Authority>.

IN THE EVENT ANY MATTER NOT LISTED ON THIS AGENDA IS PROPOSED TO BE SUBMITTED TO THE BOARD FOR DISCUSSION AND/OR ACTION, IT WILL BE DONE IN COMPLIANCE WITH BROWN ACT REQUIREMENTS.

**ORDER OF BUSINESS:**

1. Call to Order
2. Pledge of Allegiance & Roll Call
3. Public Comments: Persons wishing to address the Board on PCTA matters may as determined by the Chair; comments are limited to three minutes or deferred until the specific agenda item.
4. Consent Calendar: All matters listed under the Consent Calendar are considered to be routine and will be enacted on simultaneously with one motion without discussion, unless separate action and/or discussion is requested by a board member, staff, or a member of the public.
  - A. Minute Approval of October 15, 2025: See backup to Item 4A.
  - B. Receive/File Register: None at time of posting.
  - C. Receive/File Treasurer's/Administrative Expenditure Reports: None at time of posting.

5. Reports:
  - A. Report of Board
  - B. Report of Treasurer
  - C. Report of Attorney
  - D. Report of Administration
  
6. New Business
  - A. Presentation and review of the Public Cable Television Authority Fiscal Year End 2023 Audit Report.
    - i. Summary: Per the Board's request, PCTA's auditing firm, Davis Farr LLP., will present and review the FYE 2023 audit findings. (Attachment 6A)
    - ii. Recommended Action: Receive and file.
  
  - B. Cablecast annual subscription renewal for all three member-cities.
    - i. Summary: PCTA's annual Cablecast subscription for Westminster, Stanton and Fountain Valley are due for renewal. (Attachment 6B)
    - ii. Recommended Action: Approve renewal of PCTA's annual Cablecast subscription for Westminster not to exceed \$6,079.76, Stanton not to exceed \$6,051.94 and Fountain Valley not to exceed \$6,051.94.
  
7. ADJOURNMENT TO January 21, 2026 at Stanton City Hall Council Chambers, 7800 Katella Avenue, Stanton, CA 90680.



## Regular Meeting of October 15, 2025

10660 Western Avenue, Stanton, CA 92680 (Stanton Central Park – Multipurpose Room)

1. **Call to Order:** Chair Shawver called the meeting to order at 9:20 A.M.

2. **Roll Call:**

Present: Chair David J. Shawver, City of Stanton, Director Patrick Harper, City of Fountain Valley, Director NamQuan Nguyen, City of Westminster, Vice Chair Mark Nguyen, City of Westminster, and Director John Warren, City of Stanton

Absent: NONE

Excused: Director Ted Bui, City of Fountain Valley

3. **Public Comments:** None

4. **Consent Calendar:**

Director Harper motioned to approve the Consent Calendar, Seconded by NamQuan Nguyen

Motion carried by the following vote:

AYES: 5 (M. Nguyen, Harper, Shawver, N. Nguyen, Warren)

NOES: None

ABSTAIN: None

ABSENT: Bui

Motion unanimously carried 5-0

A. Minutes Approved: Regular Meeting of August 20, 2025

5. **Reports:**

A. Report of Board

i. None.

B. Report of Treasurer

i. Reported on status of PCTA accounts and budget status.

C. Report of Attorney

i. None.

D. Report of Administration

i. Staff gave an update on the status of the Westminster Chamber A/V upgrades.

**6. New Business****A. Presentation and review of the Public Cable Television Authority Fiscal Year 2025/2026 Budget.**

- i. Summary: PCTA annually prepares and reviews its operating budget.
- ii. Recommended Action: Adopt the Fiscal Year 2025/2026 Budget.

Board moves to adopt the Fiscal Year 2025/2026 Budget with a \$7,000.00 credit towards Westminster's Budget to offset two relocated City Council meetings.

Motion/Second – M. Nguyen/N. Nguyen

AYES: 5 (Harper, M. Nguyen, Shawver, N. Nguyen, Warren)  
 NOES: None  
 ABSTAIN: None  
 ABSENT: Bui

**B. Discussion regarding addressing member-city budget deficits.**

- i. Summary: In an effort to extend the life of PCTA PEG funds, it has been determined that direction is needed on how to address member-city budget overages.
- ii. Recommended Action: Board provide direction to staff.

Board has determined that member-city PEG budget overages will be offset by member-city Franchise Fee Administration funds.

Motion/Second – Shawver/Warren

AYES: 5 (M. Nguyen, Harper, Shawver, N. Nguyen, Warren)  
 NOES: None  
 ABSTAIN: None  
 ABSENT: Bui

**7. ADJOURNMENT: 9:59 A.M.**

To the next regularly scheduled meeting, November 19, 2025 at 9 A.M. in the Stanton City Council Chambers, 7800 Katella Avenue, Stanton, CA 90680.

**PUBLIC CABLE TELEVISION AUTHORITY**

**Basic Financial Statements**

**Year ended June 30, 2023**

**PUBLIC CABLE TELEVISION AUTHORITY****Basic Financial Statements****Year ended June 30, 2023****TABLE OF CONTENTS**

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## **Independent Auditor's Report**

Board of Directors  
Public Cable Television Authority  
Fountain Valley, California

### **Report on the Audit of the Financial Statements**

#### ***Disclaimer of Opinion***

We were engaged to audit the financial statements of the governmental activities and major fund of the Public Cable Television Authority (the Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

#### ***Basis for Disclaimer of Opinion***

Adequate supporting documentation was not available for our audit for the year ended June 30, 2023. As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded balances, and the elements making up the financial statements of the governmental activities and major fund of the Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

#### ***Emphasis of Matter***

The financial statements for the year ended June 30, 2023 reflect certain prior period adjustments as described further in note 7 to the financial statements. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial

statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our responsibility is to conduct an audit of the Authority's financial statements 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. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of the Authority and to meet our other ethical responsibilities with the relevant ethical requirement relating to our audit.

### ***Report on Summarized Comparative Information***

We were previously engaged to audit the Authority's financial statements as of and for the year ended June 30, 2022, and we issued a disclaimer of opinion on those financial statements in our report dated June 23, 2025. The summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the financial statements from which it has been derived.

### ***Other Matters***

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not effected by this missing information.

### ***Report on Other Legal and Regulatory Requirements***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025 on our consideration of the Authority'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 solely 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 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 the Authority's internal control over financial reporting and compliance.

*Davis Farr LLP*

Irvine, California  
December 3, 2025

**BASIC FINANCIAL STATEMENTS**

**PUBLIC CABLE TELEVISION AUTHORITY**  
**Statement of Net Position**  
**June 30, 2023**  
**(with comparative information for prior year)**

	<u>2023</u>	<u>2022</u>
Assets:		
Cash and investments	\$ 1,297,718	\$ 1,604,614
Franchise fees receivable	289,668	320,746
PEG support fees receivable	57,934	64,149
Capital assets, being depreciated, net	<u>901,446</u>	<u>900,751</u>
Total assets	<u>2,546,766</u>	<u>2,890,260</u>
Liabilities:		
Accounts payable	12,968	5,106
Payroll tax payable	105	27
Direct deposit liabilities	-	(3,943)
Suspense	3,445	3,456
Franchise fees payable	<u>278,342</u>	<u>566,229</u>
Total liabilities	<u>294,860</u>	<u>570,875</u>
Net Position:		
Investment in capital assets	901,446	900,751
Restricted	<u>1,350,460</u>	<u>1,908,465</u>
Total net position	<u>\$ 2,251,906</u>	<u>\$ 2,809,216</u>

See accompanying notes to the basic financial statements.

**PUBLIC CABLE TELEVISION AUTHORITY**  
**Statement of Activities**  
**Year ended June 30, 2023**  
**(with comparative information for prior year)**

Function	Expenses	Charges for Services	Totals	
			2023	2022
Governmental activities:				
Cable franchise	1,209,976	-	(1,209,976)	(1,233,023)
Public, Education and Government programs (note 6)	<u>510,972</u>	<u>243,199</u>	<u>(267,773)</u>	<u>(28,706)</u>
Total	<u>\$ 1,720,948</u>	<u>243,199</u>	<u>(1,477,749)</u>	<u>(1,261,729)</u>
General revenues:				
Franchise fee			1,212,432	1,264,158
Investment income			<u>17,934</u>	<u>4,672</u>
Total general revenues			1,230,366	1,268,830
Change in net position			(247,383)	7,101
Net position, beginning of year (as restated)			<u>2,499,289</u>	<u>2,312,284</u>
Net position, end of year			<u>\$ 2,251,906</u>	<u>2,319,385</u>

See accompanying notes to the basic financial statements.

**PUBLIC CABLE TELEVISION AUTHORITY**  
**Balance Sheet - Governmental Funds**  
**June 30, 2023**  
**(with comparative information for prior year)**

	General Fund	Totals	
		2023	2022
<b>Assets:</b>			
Cash and investments (Note 2)	\$ 1,297,718	1,297,718	1,604,614
Franchise fees receivable	289,668	289,668	320,746
PEG support fees receivable	57,934	57,934	64,149
Total assets	<u>\$ 1,645,320</u>	<u>1,645,320</u>	<u>1,989,509</u>
<b>Liabilities:</b>			
Accounts payable	12,968	12,968	5,106
Payroll tax payable	105	105	27
Direct deposit liabilities	-	-	(3,943)
Suspense	3,445	3,445	3,456
Franchise fees payable	278,342	278,342	566,229
Total liabilities	<u>294,860</u>	<u>294,860</u>	<u>570,875</u>
<b>Fund Balances:</b>			
Unassigned	<u>1,350,460</u>	<u>1,350,460</u>	<u>1,418,634</u>
Total fund balances (deficit)	<u>1,350,460</u>	<u>1,350,460</u>	<u>1,418,634</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,645,320</u>	<u>1,645,320</u>	<u>1,989,509</u>

See accompanying notes to the basic financial statements.

**PUBLIC CABLE TELEVISION AUTHORITY**

**Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position**

**Year ended June 30, 2023**

Fund balances of governmental funds		\$ 1,350,460
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental fund balance sheet.		
Capital assets (note 3)	\$ 2,115,655	
Accumulated depreciation	<u>(1,214,209)</u>	
		<u>901,446</u>
Net position of governmental activities		<u><u>\$ 2,251,906</u></u>

See accompanying notes to the basic financial statements.

## PUBLIC CABLE TELEVISION AUTHORITY

Statement of Revenue, Expenditures, and Changes in  
Fund Balance - Governmental FundsYear ended June 30, 2023  
(with comparative information for prior year)

	General Fund	Totals	
		2023	2022
Revenues:			
Franchise Fees	\$ 1,212,432	1,212,432	1,264,158
PEG support fees	243,199	243,199	253,464
Interest income	17,934	17,934	4,672
Total revenues	<u>1,473,565</u>	<u>1,473,565</u>	<u>1,522,294</u>
Expenditures:			
Current:			
Distribution to members	1,150,103	1,150,103	1,139,401
Professional fees	13,531	13,531	20,283
Payroll Tax	522	522	811
Mileage	86	86	43
Director's Fee	5,500	5,500	6,800
Administration	-	-	2,890
Dues and subscription	1,485	1,485	154
Insurance	3,310	3,310	5,730
Supplies, postage and communication	4,959	4,959	4,463
Rent	7,200	7,200	30,068
Operating Expense	22,730	22,730	21,450
Bank Charges	550	550	930
PEG channel	511,667	511,667	462,072
Total expenditures	<u>1,721,643</u>	<u>1,721,643</u>	<u>1,695,095</u>
Net changes in fund balance	(248,078)	(248,078)	(172,801)
Fund balances (deficit) at beginning of year (as restated)	<u>1,598,538</u>	<u>1,598,538</u>	<u>1,591,435</u>
Fund balances (deficit) at end of year	<u>\$ 1,350,460</u>	<u>1,350,460</u>	<u>1,418,634</u>

See accompanying notes to the basic financial statements.

**PUBLIC CABLE TELEVISION AUTHORITY****Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balance of Governmental Funds to the Statement of Activities****Year ended June 30, 2023**

Net changes in fund balances - total governmental funds \$ (248,078)

Amounts reported for governmental activities in the statement of activities are different because:

When capital assets owned by the Authority are purchased or constructed, the resources expended for those assets are reported as expenditures in the governmental fund. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

(695)

Change in net position of governmental activities \$ (247,383)

See accompanying notes to the basic financial statements.

**PUBLIC CABLE TELEVISION AUTHORITY****Notes to the Basic Financial Statements****Year ended June 30, 2023****(1) Summary of Significant Accounting Policies**

The basic financial statements of the Public Cable Television Authority (the "Authority" or "PCTA") have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

**(a) Reporting Entity**

The Authority is a public entity created in 1971 pursuant to a joint powers agreement between the Cities of Fountain Valley, Westminster and Huntington Beach (member cities). In 1981, the City of Stanton was admitted as a member of the Authority. In 2019, the City of Huntington Beach terminated its membership with the Authority. The Authority was created for the purpose of exercising the common powers of the member cities to regulate the Community Antenna Television System (CATV) within these cities.

In 2004, the joint powers agreement was amended to include the regulation of open video systems, or cable television systems (collectively "cable systems") and any and all services, including non-cable services provided on or through said cable systems. The powers of the Authority include, but are not limited to, granting franchises, administering franchises, renewing franchises, administering channels allocated for city, school, public safety or community uses, conducting research, appearing before or communicating with administrative or legislative bodies, acquiring, constructing, financing, managing and operating a community antenna television system or cable television system and all other necessary and incidental powers with respect to cable system and the services provided on or through those systems.

With the passage of California Assembly Bill (AB) 2987, the Digital Infrastructure and Video Competition Act of 2006 (DIVCA), new competitive video service providers such as Verizon and AT&T were able to provide video services in all PCTA communities. In addition, pursuant to this law, Time Warner Cable's franchise with the PCTA was automatically converted to a state franchise as of January 2, 2008. Although the state became the franchisor of all video service providers serving the PCTA member cities at this time, the PCTA maintained the authority for the enforcement of customer services requirements and other standards as well as maintained its regulatory responsibilities over PEG access channel support and operations.

The Authority is financially accountable to the member cities and is being governed by the Board of Directors appointed by the City Council of each member city.

**(b) Basis of Accounting and Measurement Focus**

The *basic financial statements* of the Authority are composed of the following:

- (a) Government-wide financial statements
- (b) Fund financial statements
- (c) Notes to the basic financial statements

**PUBLIC CABLE TELEVISION AUTHORITY****Notes to the Basic Financial Statements****(Continued)****(1) Summary of Significant Accounting Policies (Continued)**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Under the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) associated with their activity are included on the statement of net position. Operating statements present increases (revenues) and decreases (expenses) in total net position. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Program revenues include charges for services from Public, Education and Government (PEG) programs fees. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Franchise fees and other items not properly included among program revenues are reported instead as general revenues. Franchise fees, PEG fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available where cash is received by the government.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets.

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, and then from unrestricted resources.

**(c) Investments**

For financial reporting purposes, investments are adjusted to their fair value whenever the difference between fair market value and the carrying amount is material.

**(d) Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods, which are accounted for under the consumption method and are recorded as prepaid items in both the government-wide and fund financial statements.

**(e) Capital Assets**

The Authority's policy is to capitalize assets with an initial individual cost of more than \$500 and an estimated useful life of more than one year. All assets are depreciated on a straight-line basis. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the statement of net position.

**PUBLIC CABLE TELEVISION AUTHORITY****Notes to the Basic Financial Statements****(Continued)****(1) Summary of Significant Accounting Policies (Continued)****(f) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and the governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Authority does not have any applicable deferred outflows of resources.

In addition to liabilities, the statement of net position and the governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any applicable deferred inflows of resources.

**(g) Net Position**

In the government-wide financial statements, net position is classified in the following categories:

Investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets. The Authority has no debt related to capital assets.

Restricted net position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position - This amount is all net position that does not meet the definition of "investment in capital assets" or "restricted net position".

**(h) Net Position Flow Assumption**

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Authority's practice to consider restricted net position to have been depleted before unrestricted net position is applied.

**(i) Fund Balances**

In the governmental fund financial statements, fund balances are classified in the following categories:

**PUBLIC CABLE TELEVISION AUTHORITY****Notes to the Basic Financial Statements****(Continued)****(1) Summary of Significant Accounting Policies (Continued)**

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation. The Authority's restricted fund balance as of June 30, 2023, includes unspent PEG revenues in the amount of \$1,350,460. This amount is restricted exclusively for PEG channel facilities and operating costs per Assembly Bill 2987.

Unassigned - This category is for any balances that have no restrictions placed upon them.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Authority's policy is to apply restricted fund balance first.

When an expenditure is incurred for purposes for which committed or unassigned fund balance classifications could be used, and all those funds are available, the Authority will spend in the order of the committed and unassigned.

**(j) Fund Balances**

The Authority adopts a budget for expenditures only. Revenues, distributions to members, and capital expenditures are not budgeted.

**(k) Estimates:**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**(2) Cash and Investments**

Cash as of June 30, 2023 is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	<u>\$ 1,297,718</u>
Total cash	<u><u>\$ 1,297,718</u></u>

**PUBLIC CABLE TELEVISION AUTHORITY****Notes to the Basic Financial Statements****(Continued)****(2) Cash and Investments (Continued)**

Cash as of June 30, 2023 consisted of the following:

Cash - deposits	\$ 118,471
Investment in Local Agency Investment Fund	<u>1,179,247</u>
Total cash	<u>\$ 1,297,718</u>

***Investments Authorized by the California Government Code***

The table below identifies the investment types that are authorized for the Authority by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
United States Treasury Obligations	5 years	None	None
United States Government Sponsored Entities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75 million

N/A -Not Applicable

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing shorter term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations. The Authority's investments in LAIF are available on demand.

**Notes to the Basic Financial Statements**

**(Continued)**

**(2) Cash and Investments (Continued)**

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority's investments in LAIF are not rated.

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The Authority's had no deposits with financial institutions that are insured by the Federal Deposit Insurance Corporation.

***Investment in Local Agency Investment Fund (LAIF)***

The Authority is a voluntary participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

***Fair Value Measurements***

The Authority categorizes its fair value measurement within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets (significant other observable inputs), and Level 3 inputs are significant unobservable inputs. The Authority's investment in LAIF is not subject to the fair value measurement hierarchy.

**PUBLIC CABLE TELEVISION AUTHORITY****Notes to the Basic Financial Statements****(Continued)****(3) Capital Assets**

Changes in capital assets for the year ended June 30, 2023, are as follows:

	<u>Balance at July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2023</u>
Capital assets, being depreciated:				
Furniture, fixtures and equipment	2,114,960	695	-	2,115,655
Less accumulated depreciation:				
Furniture, fixtures and equipment	<u>(1,214,209)</u>	<u>-</u>	<u>-</u>	<u>(1,214,209)</u>
Total capital assets being depreciated, net	<u>900,751</u>	<u>695</u>	<u>-</u>	<u>901,446</u>
Total	<u>\$ 900,751</u>	<u>695</u>	<u>-</u>	<u>\$ 901,446</u>

**(4) Franchise Agreement**

In August 1976, the Authority granted a franchise to Dickinson Communications, Ltd. On October 2, 1979, the franchise was assigned to Dickinson Pacific Cablesystems, a partnership (Grantee). The franchise provided for the construction and operation of a CATV within the Cities of Fountain Valley, Westminster, and Stanton, financed entirely by the Grantee through use of its own funds or other private capital.

The original terms of the franchise gave the member cities, or their nominees, the option to purchase the CATV system upon expiration of the franchise term. Alternatively, the member cities could acquire the system by extending the franchise of the Grantee to operate the system for an additional 5 years, at the termination of which Grantee would convey title in the system to the member cities or their nominees. The original term of the franchise was for 15 years to 1994. This was subsequently extended to 1999.

In February of 1989, the Board approved the transfer of the franchise to KBL Cable, Inc., as well as an additional five year extension of the franchise to the year 2004. The Board also approved and the member cities accepted a settlement agreement of ten million dollars, which deleted from the original agreement their rights to purchase the CATV system at the end of the franchise term or to acquire the system at the end of the franchise extension. The Authority distributed the ten million dollars to its participating members in March, 1989.

In February, 1996, Time Warner, Inc. completed its purchase of KBL Cable, Inc. The terms of the Authority's franchise agreement were not changed.

In August 2000, the Authority approved the transfer of control of the franchise granted to Time Warner Inc. to AOL Time Warner, Inc. (AOL).

**PUBLIC CABLE TELEVISION AUTHORITY****Notes to the Basic Financial Statements****(Continued)****(4) Franchise Agreement (Continued)**

In August 2002, AOL/Time Warner sought the Authority's consent to the transfer of the franchise, from AOL to Time Warner Cable Inc. (TWC). The Authority approved the transfer in March 2003. The terms of the Authority's franchise agreement were not changed.

The franchise agreement expired on September 30, 2004. However, the Authority continued to receive franchise fees equal to 5% of gross revenues under the terms of the expired franchise agreement until January 1, 2009, when the provisions of AB 2987 took effect for existing cable television franchisees.

In January 2007, pursuant to AB 2987, the Authority became eligible to receive franchise fees from other video service providers, including Time Warner Cable, Inc. (collectively, the "cable system operators"). In addition to a franchise fee of 5% of gross revenue, new PEG facilities support fee, which was effective January 1, 2009 for existing cable system operators and effective immediately for any new cable system operators. AB 2987 provided that the cable system operators shall pay to the Authority a PEG support fee of 1% of the cable system operators' gross revenues per year from cable television operations within the franchised cities.

On February 15, 2017, the Board adopted ordinance 2017-1 that reauthorized the PEG support fee for Frontier and AT&T. On November 15, 2017, the Board adopted ordinance 2017-2 that reauthorized the PEG support fee for Charter/Spectrum.

**(5) Franchise Fees and Member Distributions**

Under the terms of AB 2987, cable system operators shall pay to the Authority 5% of the cable system operators' gross revenues per year from cable system operations within the franchised cities. For new cable system operators, AB 2987 requirements were effective beginning January 1, 2007. The cable system operators voluntarily made quarterly payments in fiscal year ended June 30, 2023, totaling \$1,212,432.

The Authority uses the franchise fee revenue to pay for the operating expenses for the current year. Any balances remaining are distributed to the participating member cities. During the current year, the participating members total franchise fees (net of expenses) amounted to \$1,150,103. Each member's distributable share was as follows:

Westminster	\$ 455,263
Fountain Valley	514,263
Stanton	<u>180,315</u>
Total	<u>\$1,150,103</u>

**PUBLIC CABLE TELEVISION AUTHORITY****Notes to the Basic Financial Statements****(Continued)****(6) Public, Education and Government (PEG) Support Fees**

Under DIVCA, local entities may require video service providers to provide PEG support fees up to 1% of gross revenues. PCTA has required the video service providers serving its communities to pay to the Authority 1% of the cable system operators' gross revenues per year. As a preexisting cable television franchisee, Time Warner was exempt from paying PEG support fees until January 2008, when Time Warner was transferred to a state franchise. All other video service providers were required to pay PEG support fees under their state franchises beginning as early as January 2007.

During the fiscal year ended June 30, 2023, the PEG support fees amounted to \$511,667.

The Authority uses the PEG support fees to pay for the costs associated with the PEG access channel. During the current year, the Authority had the following PEG channel-related expenditures, which were paid for through PEG support fees:

Salary and insurance	\$ 139,441
Repairs and maintenance	1,472
Professional fees	20,440
Mileage	478
Truck expense	5,011
Seminars and conventions	385
Dues and subscriptions	6,983
Supplies	3,274
Capital Expenditures	186,941
Miscellaneous	5,045
Video production and streaming equipment	89,070
Equipment video production support	<u>53,127</u>
Total	<u>\$ 511,667</u>

**PUBLIC CABLE TELEVISION AUTHORITY****Notes to the Basic Financial Statements****(Continued)****(7) Prior Period Adjustment**

Fund Balance at beginning of year	\$ 1,418,634
Restatement	<u>179,904</u>
Fund Balance at beginning of year as restated	<u>\$ 1,598,538</u>
Net Position at beginning of year	\$ 2,319,385
Restatement	<u>179,904</u>
Net Position at beginning of year as restated	<u>\$ 2,499,289</u>

A prior period adjustment was recorded to correct reporting errors identified during the current year. As a result, the Fund Balance and Net Position at the beginning of the year were adjusted, as restated.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PUBLIC CABLE TELEVISION AUTHORITY****Schedule of Expenditures  
Budget and Actual - General Fund****Year ended June 30, 2023**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Expenditures:				
Personal Admin Expense	\$ -	-	6,022	6,022
Operating Admin Expense	-	-	53,851	53,851
PEG channel	-	-	511,667	511,667
Total Budgeted Expenditures	\$ -	\$ -	571,540	571,540
Distributions to members *			1,150,103	1,150,103
Total Expenditures	\$ -	\$ -	1,721,643	1,721,643

\* The Authority does not budget these amounts.

**Budgets and Budgetary Data:**

The Authority's Executive Director prepares and submits an administrative and PEG budget to the Board of Directors each year. The budget is not adopted in accordance with generally accepted accounting principles. For certain expenditures which are budgeted, the budget does not differ substantially from the modified accrual basis of accounting. The Authority does not budget revenues or distributions to members. The Board of Directors must approve all supplemental appropriations to the budget between major accounts.

See accompanying notes to the basic financial statements.

**2023-001 - Lack of Audit Support and Accounting Records**

The absence of adequate audit support, compounded by staff turnover, severely limited our ability to assess the design and effectiveness of internal controls over key financial transactions. Additionally, we were unable to obtain sufficient appropriate audit evidence necessary to support the accuracy and completeness of the financial statements. Some of these areas included capital assets, credit card payments, franchise fee payments, lease agreement and prior period adjustments. These limitations were fundamental to the audit, and as a result, we were unable to express an opinion on the financial statements. This finding is repeated for the fiscal year June 20, 2023.

Additionally, as part of our unpredictability test during the year, we selected an additional sample of 25 ACH transactions. Of the 25 transactions tested, 5 did not have underlying support other than the transaction that occurred.

**Recommendation**

We recommend that PCTA strengthen its financial reporting processes and internal controls. Management should ensure that all accounting records and supporting documentation are properly maintained and accessible. Procedures should be established to preserve and organize key financial data. Implementing these measures will support accurate financial reporting and facilitate future audits.

**Management's Response Regarding Corrective Action Taken or Planned**

New management, along with our current bookkeepers, have implemented more stringent processes for both reporting and internal controls. We will continue to refine these steps to provide the most accurate financial reporting possible.

**2023-002 - No Accounting Over Capital Assets**

During our review of capital assets, we noted that the detailed capital asset listing had not been updated to reflect current year activity for the period under audit. Additionally, supporting documentation for capital asset additions, disposals, and existing assets was unavailable. This finding is repeated for the fiscal year ended June 30, 2023, due to the continued lack of supporting documentation and the absence of an up to date capital asset listing.

**Recommendation**

We recommend the Authority perform an extensive review of its capital assets. This review should include verifying the physical existence of assets, updating the capital asset listing to reflect additions and deletions, and ensuring that all relevant supporting documentation is maintained and readily accessible. These actions will improve the accuracy of financial reporting and help ensure compliance with accounting standards.

**Management's Response Regarding Corrective Action Taken or Planned**

Management is currently in the process of conducting a review of its capital assets in order to update the capital asset listing .

**2023-003 – Absence of a Budget**

During our review, we noted that PCTA did not have a formal adopted budget in place for the fiscal year. The absence of a budget limits the organization's ability to effectively monitor financial performance, plan for expenditures, and ensure alignment with operational goals. This finding is repeated for the fiscal year June 20, 2023.

#### Recommendation

We recommend that PCTA adopt a formal annual budget and ensure it is approved by the Board prior to the start of each fiscal year. A formal budget helps provide financial direction, supports accountability, and serves as a tool for ongoing financial oversight.

#### Management's Response Regarding Corrective Action Taken or Planned

Management acknowledges the importance of a formal budget. PCTA is currently in the process of preparing a budget and will present it to the Board for approval. Going forward, PCTA will establish procedures to ensure a budget is adopted annually prior to the beginning of each fiscal year.

### **2023-004 – Payment to Employees**

During our test of expenses, we noted recurring payments to two employee's for payroll expenses; however, supporting documentation, such as a Personnel Action Form (PAF), was not available for review. The absence of this documentation impairs the ability to verify the appropriateness of the payments and whether they were authorized in accordance with internal policies. This finding is repeated for the fiscal year June 20, 2023.

#### Recommendation

We recommend that all payroll-related disbursements be supported by appropriate documentation, including approved Personnel Action Forms. This practice helps ensure proper authorization, consistency with employment terms, and adherence to internal control procedures over payroll processing.

#### Management's Response Regarding Corrective Action Taken or Planned

Management recognizes the importance of proper supporting documentation for any transactions and will look into this particular matter for an appropriate remedy.

### **2023-005 – Segregation of Duties**

During our review of internal controls over cash disbursements, we noted that a single individual has the ability to prepare disbursements in the form of checks or wires, and record transactions in the general ledger. This concentration of duties increases the risk of errors or irregularities occurring without detection. This finding is repeated for the fiscal year June 20, 2023.

#### Recommendation

To ensure proper segregation of duties, check/warrant registers should be reviewed and approved prior to finalization from someone independent from accounts payable. In addition, controls should be in place that prevent one individual from creating and authorizing a wire transfer. As compensating control, a bank statement could be reviewed by someone independent of accounts payable to compare cancelled checks and wires to those reviewed by the board of directors and ensure there were no unauthorized disbursements.

#### Management's Response Regarding Corrective Action Taken or Planned

The Davis Farr recommendation for segregation of duties is currently being implemented. PCTA Management as well as PCTA's Treasurer are the two entities that can initiate the transaction of any funds, as well as regular review of statements by the Treasurer.

#### **2023-006 – Absence of a Lease Agreement**

During our review of expenses, we noted payments made to the City of Stanton that did not have underlying documentation. Management has indicated that the payments are for an office lease between the Authority and the City. We were unable to obtain a lease agreement between the two entities outlining the terms of the agreement.

#### Recommendation

We recommend that the Authority enter into a formal lease agreement with the City of Stanton. The lease should outline the parties to the lease, premise descriptions, terms and payments between the two entities and enter into by those with legal authority to execute the agreement.

#### Management's Response Regarding Corrective Action Taken or Planned

Management acknowledges the lack of a current formal lease agreement with the City of Stanton. While the original lease agreement expired in 2023, both PCTA and Stanton have verbally agreed to continue the lease agreement on a month-to-month basis. Management is currently underway with the vacating process of the leased property.

Date: 12/4/2025

## Quotation



John Delmont  
11258 Monarch St. Unit A  
Garden Grove, CA 92841  
714-894-6100  
FAX 714-894-6110  
[jdeltmont@vmivideo.com](mailto:jdeltmont@vmivideo.com)  
[www.vmivideo.com](http://www.vmivideo.com)

Danny Hitt

TBD

Ship to: PCTA/ City of Westminster  
Danny Hitt  
8200 Westminster Blvd.  
Westminster, CA 92683 Expires Cableca  
Update 12.4.25

Tax	Terms	Drop Ship	Ship Via	FOB	Required By	PO #
YES	Net 30	NO	Best Way	Origin		

Qty	Manufacturer	Item	Description	Unit Price	Total
-----	--------------	------	-------------	------------	-------

3	Cablecast	CBLCABLE CAST-REN	Ongoing subscription fee to maintain ONE branded Cablecast OTT Channel. AppleTV, Roku, FireTV	\$245.00	\$735.00
1	Cablecast	CBLREFLECT BND	Annual Cloud-based reflection service operating in conjunction with both Cablecast Live and Cablecast VOD servers	\$2,550.00	\$2,550.00
6	Cablecast	CBLGOLD-CH- 1YR	VIO2 (2ins/outs) x3 = 6 units Annual support subscription per I/O. Same day email, phone and remote login support. Includes all new software releases.	\$380.00	\$2,280.00

subtotal	<b>\$5,565.00</b>
9.25% tax	<b>\$514.76</b>
<b>Total</b>	<b>\$6,079.76</b>

Comments:

Date: 12/4/2025

Quotation



John Delmont  
11258 Monarch St. Unit A  
Garden Grove, CA 92841  
714-894-6100  
FAX 714-894-6110  
[jdeltmont@vmivideo.com](mailto:jdeltmont@vmivideo.com)  
[www.vmivideo.com](http://www.vmivideo.com)

Darlene Mena  
  
TBD

Ship to: PCTA/ City of Stanton  
Danny Hitt  
7800 Katella Ave.  
Stanton, CA 90680 Expires Cablecast R  
Update 12.4.25

Tax	Terms	Drop Ship	Ship Via	FOB	Required By	PO #
YES	Net 30	NO	Best Way	Origin		

Qty	Manufacturer	Item	Description	Unit Price	Total
-----	--------------	------	-------------	------------	-------

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subtotal	<b>\$5,565.00</b>
8.75% tax	<b>\$486.94</b>
<b>Total</b>	<b>\$6,051.94</b>

Comments:



Quotation

ITEM 6B

Page 1 of 1

John Delmont  
11258 Monarch St. Unit A  
Garden Grove, CA 92841  
714-894-6100  
FAX 714-894-6110  
[jdeltmont@vmivideo.com](mailto:jdeltmont@vmivideo.com)  
[www.vmivideo.com](http://www.vmivideo.com)

Date: 12/4/2025

Darlene Mena  
  
TBD

Ship to: PCTA/ City of Fountain Valley  
Danny Hitt  
10200 Slater Avenue  
Fountain Valley, CA 92708  
Expires Cable Update 12.4.25

Tax	Terms	Drop Ship	Ship Via	FOB	Required By	PO #
YES	Net 30	NO	Best Way	Origin		

Qty	Manufacturer	Item	Description	Unit Price	Total
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subtotal	<b>\$5,565.00</b>
8.75% tax	<b>\$486.94</b>
<b>Total</b>	<b>\$6,051.94</b>

Comments: