

**AGENDA REGULAR MEETING  
PASADENA COMMUNITY ACCESS CORPORATION  
Tuesday, December 4, 2018  
7:00 p.m. at 150 S. Los Robles Ave., Suite 101**

**BOARD OF DIRECTORS**

Ann Marie Hickambottom (District 1)  
Grant Scott McComb, Chair (District 2)  
Robert Oltman (District 3)  
Perry Helm, (District 4)  
Yuny Parada (District 5)  
Ken Chawkins (District 6)  
Sally Howell, Vice-Chair (District 7)  
Gail Schaper-Gordon, Treasurer (Mayor's Representative)  
Lisa Derderian (City Manager's Representative)  
Beth Leyden, Secretary (PUSD Representative)  
Alexander Boekelheide (PCC Representative)

**STAFF**

George Falardeau, Executive Director CEO  
Chris Miller, Chief Operations Officer  
Bobbie Ferguson, Production Supervisor  
Aaron Wheeler, Head of Community Development  
Liza Rodriguez, Office Administrator/Asst. to the Executive Director CEO

**MISSION STATEMENT**

The Pasadena Community Access Corporation is dedicated to the community access function of the Pasadena Telecommunications system and shall be operated exclusively for charitable, scientific, literary and educational purposes. In fulfilling these purposes, the corporation shall strive to achieve communication, facilitation, and development of media skills toward the ends of self-expression and community cohesion and improvement.

Item on the agenda may not be called in order listed.

Agendas and supporting documents are available on the Internet at  
<http://www.pasadenamedia.org>

Materials related to an item on this Agenda submitted to Pasadena Media after distribution of agenda packet are available for public inspection in the Pasadena Media Administrative office at 150 S. Los Robles Avenue, Suite 101, Pasadena, during normal business hours.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact PCAC at (626) 794-8585. Notification 24 hours prior to the meeting will enable PCAC to make reasonable arrangements to assure accessibility to this meeting.

**DISTRIBUTION:**

PCAC Board of Directors  
City Council  
City Manager  
City Attorney  
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Los Angeles Times  
Pasadena Star News  
Pasadena Journal  
Pasadena Weekly  
Pasadena Now

**NOTICE OF REGULAR MEETING  
PASADENA COMMUNITY ACCESS CORPORATION (PCAC)  
BOARD OF DIRECTORS**

**NOTICE IS HEREBY GIVEN** that a regular meeting of the Pasadena Community Access Corporation (PCAC) Operating Company (dba Pasadena Media) is scheduled for **Tuesday, December 4, 2018**, starting at **7:00 p.m.**, at **Pasadena Community Access Corporation** located at **150 S. Los Robles Ave., Ste. 101, Pasadena, CA 91101**.

**AGENDA**

**PUBLIC MEETING**

- INTRODUCTION OF NEW MEMBERS/CALL TO ORDER/ROLL CALL
- APPROVAL OF NOVEMBER 6, 2018 BOARD MEETING
  - Motion to Approve
- PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA - Please limit comments to three minutes each.
- TREASURER REPORT
- EXECUTIVE DIRECTOR REPORT
- PCAC CITIZENS ADVISORY COMMITTEE REPORT: Presented by Committee Chair Phil Hopkins
- OLD BUSINESS
- NEW BUSINESS
  - PCAC BOARD OF DIRECTORS APPROVAL OF THE REVISED BUDGET FOR PCAC FY 18-19
    - Action Item
  - AUDIT PRESENTATION: FY 17-18 PCAC FINANCIAL STATEMENTS AND LANCE, SOLL AND LANGHARD, LLP'S REPORT
    - Action Item
- ANNOUNCEMENTS BY BOARD MEMBERS AND STAFF
- ADJOURNMENT

\_\_\_\_\_  
Grant McComb, Chair, PCAC Board of Directors

I HEREBY CERTIFY that this notice, in its entirety, was posted on both the Council Chambers Bulletin Board, Room 247, and the Information Kiosk (in the rotunda area), at City Hall, 100 N. Garfield Ave., Pasadena, CA, in Pasadena Community Access Corporation Suite 101, and a copy was distributed to the Central Library for posting on the 30<sup>th</sup> day of November, 2018.

\_\_\_\_\_  
Liza Rodriguez, Office Administrator

## **PASADENA COMMUNITY ACCESS CORPORATION (PCAC)**

MINUTES FOR THE REGULARLY SCHEDULED MEETING OF THE PCAC BOARD OF DIRECTORS FOR NOVEMBER 6, 2018.

MEETING HELD AT PCAC, 150 S. LOS ROBLES AVE., SUITE 101, PASADENA, CALIFORNIA, 91101

### **REGULAR MEETING**

#### **1. INTRODUCTION OF NEW MEMBERS/CALL TO ORDER/ROLL CALL**

Chair Grant Scott McComb called the meeting to order at 7:00 p.m.

Board Members Present, Absent or Late, at the time of the call to order:

Ann Marie Hickambottom, District 1, present  
Grant Scott McComb, Board Chair and District 2, present  
Robert Oltman, District 3, absent  
Perry Helm, District 4, present  
Yuny Parada, District 5, present  
Ken Chawkins, District 6, present  
Sally Howell, Vice-Chair, District 7, present  
Gail Schaper-Gordon, Treasurer, Mayor's Representative, present  
Beth Leyden, Secretary, PUSD Representative, present  
Alexander Boekelheide, PCC Representative, present  
Lisa Derderian, City/City Manager Representative, absent

Staff:

George Falardeau, Executive Director/CEO, present  
Chris Miller, Chief Operations Officer, present  
Javan Rad, Chief Assistant City Attorney, present

#### **2. APPROVAL OF MINUTES FOR October 2, 2018 BOARD MEETING**

Motion to approve the October 2nd minutes by Boekelheide, Second by Chawkins; Motion approved. No public comment.

#### **3. PUBLIC COMMENT**

No public comment.

#### **4. TREASURER'S REPORT**

As presented by Treasurer Schaper-Gordon per Board agenda packet. Noted that staff is being very frugal. Information item only. No action. No public comment.

5. EXECUTIVE DIRECTOR'S REPORT

As presented by ED Falardeau and staff, per Board agenda packet. Special mention by Falardeau of the tours of the new PCC and PUSD facilities, and how all three staffs (PCAC, PUSD, PCC) had a trifecta of very synergistic communication on how they can work together. Information item only. No public comment.

6. OLD BUSINESS

Recap of the Strategic Plan Retreat

- Discussion item only

7. NEW BUSINESS

No new business

8. ANNOUNCEMENTS BY BOARD MEMBERS AND STAFF

Miscellaneous announcements by Board Members.

9. ADJOURNMENT

- a. Motion to adjourn by Howell, Second by Parada. Meeting adjourned at 8:03 p.m.

FUTURE MEETING DATES

- December 4, 2018

<b>Pasadena Community Access Corporation</b>		
<b>Statement of Financial Position</b>		
<b>As of November 30, 2018</b>		
	<b>Total</b>	
	<b>As of Nov 30, 2018</b>	<b>As of Jun 30, 2018 (PP)</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Bank Accounts</b>		
1010 Petty Cash	200	200
1120 Bank of America Checking (1018)	222,167	145,188
1130 Bank of America Capital - Restricted (9451)	129,311	84,702
1150 Pex Debit Card	9,941	10,689
1160 Paypal	151	0
1170 PFCU Savings (7181)	100,215	100,202
<b>Total Bank Accounts</b>	<b>\$ 461,984</b>	<b>\$ 340,982</b>
<b>Accounts Receivable</b>		
1200 Accounts Receivable	1,843	820
<b>Total Accounts Receivable</b>	<b>\$ 1,843</b>	<b>\$ 820</b>
<b>Other Current Assets</b>		
1190 Undeposited Funds	100	0
1210 Other Receivables	0	18,263
1300 Prepaid Expenses	-271	6,728
1330 Prepaid Insurance	4,296	11,377
<b>Total Other Current Assets</b>	<b>\$ 4,125</b>	<b>\$ 36,368</b>
<b>Total Current Assets</b>	<b>\$ 467,952</b>	<b>\$ 378,170</b>
<b>Fixed Assets</b>		
1600 Production Equipment	340,454	340,369
1635 Leasehold Improvements	93,898	93,898
1650 Accumulated Depreciation	-251,511	-251,511
<b>Total Fixed Assets</b>	<b>\$ 182,841</b>	<b>\$ 182,756</b>
<b>Other Assets</b>		
1800 Security Deposit	1,000	1,000
<b>Total Other Assets</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>
<b>TOTAL ASSETS</b>	<b>\$ 651,793</b>	<b>\$ 561,925</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Accounts Payable</b>		
2000 Accounts Payable	783	0
<b>Total Accounts Payable</b>	<b>\$ 783</b>	<b>\$ 0</b>
<b>Other Current Liabilities</b>		
2100 Payroll Liabilities	10,385	21,010
2200 Accrued Vacation	20,538	20,538
2400 Accrued Liabilities	8,000	11,226
2800 Deferred Income	125,488	80,879
<b>Total Other Current Liabilities</b>	<b>\$ 164,410</b>	<b>\$ 133,654</b>
<b>Total Current Liabilities</b>	<b>\$ 165,194</b>	<b>\$ 133,654</b>
<b>Total Liabilities</b>	<b>\$ 165,194</b>	<b>\$ 133,654</b>
<b>Equity</b>		
3000 Opening Bal Equity	-36,271	-36,271
3100 Retained Earnings	464,542	464,542
Net Income	58,328	
<b>Total Equity</b>	<b>\$ 486,599</b>	<b>\$ 428,271</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 651,793</b>	<b>\$ 561,925</b>

**Pasadena Community Access Corporation**

**Pro Forma P&L - November 2018**

**FY 2019 YTD Actual vs FY 2019 Revised Budget**

		vs. 5 mo. Budget			vs. Full Year Budget		
	YTD Actual	YTD Budget	\$	%	2019 Budget	\$	%
<b>Income</b>							
City of Pasadena	455,000	455,000	-	0.0%	910,000	(455,000)	-50.0%
Contributions & Grants	506	3,333	(2,828)	-84.8%	8,000	(7,494)	-93.7%
Production Services	4,502	8,542	(4,040)	-47.3%	38,500	(33,998)	-88.3%
Program Services	966	2,500	(1,534)	-61.3%	10,000	(9,034)	-90.3%
Other Revenue	448	125	323	258.6%	300	148	49.4%
<b>Total Income</b>	<b>461,422</b>	<b>469,500</b>	<b>(8,078)</b>	<b>-1.7%</b>	<b>966,800</b>	<b>(505,378)</b>	<b>-52.3%</b>
<b>Expenses</b>							
Payroll Expenses	239,488	242,610	3,122	1.3%	573,442	333,954	58.2%
Payroll Taxes	18,096	21,350	3,253	15.2%	50,463	32,367	64.1%
Employee Benefits	43,482	43,994	512	1.2%	114,429	70,947	62.0%
Occupancy Expenses	85,416	85,188	(228)	-0.3%	184,682	99,266	53.7%
Accounting & Audit	4,095	9,160	5,065	55.3%	12,999	8,904	68.5%
Advertising & Marketing	995	1,500	505	33.7%	3,600	2,605	72.4%
Automobile Expense	315	604	289	47.8%	1,450	1,135	78.3%
Bank & Payroll Processing Fees	478	625	147	23.5%	1,500	1,022	68.1%
Board Materials & Expenses	49	50	1	2.0%	120	71	59.2%
Cable Drop Fees	680	1,781	1,101	61.8%	4,274	3,594	84.1%
Contract Labor	280	1,458	1,178	80.8%	3,500	3,220	92.0%
Dues and Subscriptions	2,080	2,080	-	0.0%	2,270	190	8.4%
Legal & Professional Fees	-	-	-		28,000	28,000	100.0%
Licenses, Permits & Other Fees	-	1,708	1,708	100.0%	4,100	4,100	100.0%
Meals & Entertainment	669	625	(44)	-7.0%	1,500	831	55.4%
Office Expense	1,107	3,792	2,685	70.8%	9,100	7,993	87.8%
Production Expense	5,367	7,230	1,863	25.8%	15,000	9,633	64.2%
Professional Development	184	500	316	63.2%	2,000	1,816	90.8%
Travel & Lodging	314	1,600	1,286	80.4%	4,000	3,686	92.2%
<b>Total Expenses</b>	<b>403,094</b>	<b>425,855</b>	<b>22,761</b>	<b>5.3%</b>	<b>1,016,429</b>	<b>613,335</b>	<b>60.3%</b>
<b>Net Operating Income</b>	<b>58,328</b>	<b>43,645</b>	<b>14,683</b>	<b>33.6%</b>	<b>(49,629)</b>	<b>107,957</b>	<b>-218%</b>

## **Executive Director CEO Report – November 2018**

Respectfully submitted by George Falardeau

- Met with Robin Salzer, a Restaurateur, and Grant McComb, PCAC Board Chair, to discuss local issues such as Measures I & J.
- Met with Phlunte Riddle to discuss city matters and her application for the position of Chief of Police for the City of Pasadena.
- Met with admin staff and Phil Hopkins, PCAC CAC Chair, to discuss PCAC's metrics, analytics and a potential tool for identifying viewers.
- Met with Bill Bogaard and Grant McComb to discuss the outcome of the election and impact of Measures I & J.
- Met with Bobbie Ferguson, Head of Production, and Aleigha Howa, one of our current interns, to discuss a potential news programming for Pasadena Media, TBA.
- Attended the Tournament of Roses Appreciation Dinner at The Langham hotel for city officials and supporters of the Tournament of Roses.
- Attended the Rotary's Fall 2018 R2R Quarterly Networking Event for Pasadena Media. This event involves exchanging ideas and making connections with fellow Rotarians from other San Gabriel Valley Clubs.

*Attached: Operations Report, Cable Complaints, Community Development Report and Production Services Report*

## **Operations Report - November 2018**

Respectfully submitted by Chris Miller, Chief Operations Officer

- **Scheduled Power Outage 12/1: Completed Successfully**  
Building staff, in conjunction with PWP, cut power to the building to perform maintenance at 7:00am. Power was restored at 10:22am. Charter and AT&T channels were restored at 10:29am. Streams were restored at 10:39am. This event gave me an opportunity to test our uninterruptible power supplies (UPS) attached to essential components. While they all performed as expected, the age of the batteries is showing and we will purchase replacements to extend run time.
- **Granicus Issues: Ongoing**  
Several issues with the recording and streaming of City Council meetings have occurred since the break in August. The Dept. of Information Technology, who oversees the Granicus video and meeting management suite, is currently deciding the extent of a system upgrade.
- **AB 1234 Ethics Training: Entire Staff Enrolled**  
While this ethics training is only required for Fair Political Practice (FPPC) Form 700 filers such as the Executive Director CEO and the Board of Directors, we inquired if our other staff could participate. All 12 PCAC employees are scheduled to attend the 12/11 session in the City Council chamber.
- **Employee Performance Reviews: Underway**  
We have aligned our annual evaluations to the end of the calendar year. The reviews are scheduled to be complete next week.
- **Form 990 Tax Return: Extension Filed**  
501(c)3 non-profit corporations must file a Form 990 on the 15th day of the fifth month following the end of the organization's taxable year. As our audit was not completed by November 15th, we filed a six-month extension. This is normal for our organization.
- **Threat to Franchise Fees & PEG: FCC Proposed Rulemaking, MB Docket No. 05-311 UPDATE** - Last month, I indicated that the City had not yet filed comments. I have attached the letter which was sent November 1st.
- **Cable Complaints Regarding PEG Channel Unavailability: Solved**  
The attached email chain indicates that the first issue we were notified about (X) was solved at the "tap" connecting the customer's house to Charter's cable on the pole. We were notified by the second affected customer (Y) by phone on 11/20 that he successfully watched the City Council Meeting the night before after a technician visited his home. While Charter responded to these two complaints effectively, staff remains concerned that these incidents are not isolated as Charter indicates. Staff will continue dialogue with Charter representatives on this matter.





OFFICE OF THE CITY MANAGER

November 1, 2018

Chairman Ajit Pai  
Commissioner Michael O'Rielly  
Commissioner Brendan Carr  
Commissioner Jessica Rosenworcel  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

**RE: MB Docket No. 05-311. Second Further Notice of Proposed Rulemaking. Implementation of Section 621(a)(1) of the Cable Communications Policy Act of 1984 as Amended by the Cable Television Consumer Protection and Competition Act of 1992.**

Honorable Chairman Pai and Commissioners O'Rielly, Carr, and Rosenworcel:

The City of Pasadena is strongly opposed to the Further Notice of Proposed Rulemaking (FNPRM), which proposes to allow cable companies to deduct the fair market value for a wide range of public benefits from their franchise fee obligations, namely public, educational, and government (PEG) channel capacity and transmission.

In 2006, California passed the Digital Infrastructure and Video Competition Act, which streamlined the deployment of cable services by making the California Public Utilities Commission (CPUC) the sole franchising authority in the state and preserved many of the provisions commonly found in local franchise ordinances. It was the intent of the state legislature to streamline deployment while keeping local government revenues intact, ensuring that local public rights-of-way remained under control of cities and counties, and that a sufficient amount of capacity on cable networks was preserved for public, educational, and government (PEG) access channels.

Unfortunately, while the FCC would normally exempt from their Orders states with a centralized franchising authority that have preserved such policies, this FNPRM provides no such exemption, threatening to undermine such priorities. As proposed, the FNPRMs broad definition of all "cable-related, in-kind contributions" other than PEG capital costs and build out requirements could be treated as "franchise fees," meaning:



Cable operators currently paying the typical five percent franchise fee permitted by federal law will be able to reduce their current franchise fee payment by the fair market value of all in-kind contributions, with the exception of PEG capital costs required by the franchise associated with the construction of PEG access facilities and build out requirements. There will be significant reductions in cable franchise fees, depending on how the “fair market” value for PEG capacity and transmission is calculated within any given jurisdiction. PEG programming would be severely limited, if not altogether eliminated in some or most jurisdictions.

PEG programming offers a host of community benefits, including public access channels, educational access channels, and government access channels all aimed at providing locally beneficial information. Public access channels are available for use by the general public, usually created by a diverse variety of individuals, groups, and organizations within a community that is non-commercial in nature and generally free from editorial oversight. Educational channels are typically dedicated for learning institutions, such as local schools, colleges, and/or universities for school related activities, fully televised courses of instruction, and other educational purposes. Government access channels are often the easiest and best ways for the local governments to be transparent, often televising city, county, school district, and other government meetings or live local election returns, town hall meetings, public debates, and other public policy topics.

In fact, in the City of Pasadena PEG has been utilized to fund equipment which is utilized by the Pasadena Unified School District and Pasadena City College for educational channels along with equipment to support the City of Pasadena’s Public Access/Government channel. Because of the large usage of PEG programming in the City, it’s expected that the local cable operator would request significant reductions related to fair market value of in-kind contributions.

The “fair market value” of such services may be impossible to discern and would likely be a source of litigation between cable operators and local governments. Most regrettably, however, is that this FNPRM threatens to limit or eliminate public, educational, and government access channels all meant to better help inform and empower the public. The potential loss of this public benefit alone should be concerning enough for the FCC to reject this FNPRM. Unfortunately, the FNPRM further threatens the use of local right of ways for non-cable related purposes as well.

The FNPRM also proposes to prohibit local governments from regulating the facilities and equipment used by cable operators in the provision of non-cable services, such as wireless communications services. If preempted from regulating these installations outside the franchise (since these franchises do not generally address the use of rights of way for non-cable facilities), local governments may lose their authority to manage a cable company’s deployment of non-cable facilities, such as “small cells.” This preemption would threaten to extend to fees for use of the rights of way, meaning:

- Cable companies can use local rights of way for any purpose, regardless of the terms of the franchise, and avoid having to pay fair compensation to the local government for the use of publicly funded assets in the rights of way.

- Cable companies could potentially install “small wireless facilities” with little to no public input, without having to meet any aesthetic or equipment size requirements aimed to mitigate blight and preserve community character.
- Cable companies would gain a significant advantage against their competitors, including telecommunications providers even though the FCC has just adopted an order lowering their deployment standards, resulting in a race-to-the-bottom deployment strategy for both cable and telecommunications companies.

Fair and appropriate use of the public right-of-way is the fundamental policy principle for the imposition of a cable franchise fee and any other reasonable conditions required to preserve the character of each community. While the cable and telecommunications industry continues to attack the responsibility of local governments to protect the public health and safety of their own communities, our residents stand to lose the most in terms of the public benefits they receive and the input they can provide for facilities installed in their own backyards. The FCC should instead consider ways that cable operators can: improve their services, help close digital divides, and expand deployment to rural and lower income communities. Unfortunately, this FRNPRM continues a recent pattern of lowering standards and public responsibility for the communications industry as a whole.

For these reasons, the City of Pasadena **opposes** the FNPRM and respectfully urges the FCC to reject the deterioration of PEG services and fair use of the public right-of-way.

Sincerely,



STEVE MERMELL  
City Manager  
City of Pasadena

cc: The Honorable Dianne Feinstein, United States Senate  
The Honorable Kamala Harris, United States Senate  
The Honorable Judy Chu, U.S. House of Representatives  
The Honorable Adam Schiff, U.S. House of Representatives  
Jennifer Quan, Regional Public Affairs Manager, League of California Cities  
League of California Cities, [cityletters@cacities.org](mailto:cityletters@cacities.org)  
Chris Giglio, CapitalEdge Advocacy LLC  
Chris Miller, Chief Operations Officer, Pasadena Media





Chris Miller &lt;chris@pasadenamedia.org&gt;

### 3 of 4 PEG channels out at YYYY Paloma St

Hidalgo, Peter G &lt;Peter.Hidalgo@charter.com&gt;

Tue, Nov 13, 2018 at 5:09 PM

To: Chris Miller &lt;chris@pasadenamedia.org&gt;

Hi Chris –

Thanks for this important customer report email.

I have forwarded this email and have escalated it to our residential team for appropriate field operations follow-up with Mr. Yyyyyyy.

Meanwhile regarding Xxx XXXXXXXX, a service visit was completed last week at an agreeable date and time for Mr. XXXXXXXX during which repairs were made at the service tap to repair the missing channels.

Kindest,  
- Peter

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 2211\_Email\_Signature\_Logo

Peter Hidalgo | Director, Government Affairs | 213.369.0016  
 212 S. Indian Hill Boulevard | Claremont, CA 91711  
 \*\* Updated email: Peter.Hidalgo@Charter.com

From: Chris Miller [mailto:chris@pasadenamedia.org]

Sent: Tuesday, November 13, 2018 4:38 PM

To: Hidalgo, Peter G &lt;Peter.Hidalgo@charter.com&gt;

Hi Peter,

I don't know who you want this to go to given the last issue, but I just got off the phone with Yyyyyy Yyyyyyy at YYYY Paloma St (626-###-####) who was very upset that he hasn't seen City Council meetings for over a month. I asked him to check the other PEG channels and he is only getting 96. Channels 3, 32 and 95 are all showing a grey screen. Please advise ASAP.

In addition to this issue, I still really need an explanation of the solution from whoever took care of Mr. XXXXXXXX. Is the signal really getting around town fine? Why was his box not displaying them?

By the way, these two residences are about a mile and a half apart. Please note that they both report that the channels stopped about a month ago. Just want to point that out.

Thank you in advance,  
Chris

Chris Miller  
 Chief Operations Officer  
 Pasadena Media  
 150 S. Los Robles Ave., Suite 101  
 Pasadena, CA 91101  
 626-794-8585 x 105

## Community Development Report - November 2018

Respectfully submitted by Aaron B. Wheeler, Head of Community Development

Members Tiers	New Volunteers For August	Total Volunteers Year to Date	Total Active Trainees & Producers Year to Date
Volunteers - Free Trainees - Paid Producers - Paid	23	268	66

### Monthly Programming

New Series	Local Episodes	Bicycled Episodes	Community Productions in Progress
1	53	26	62

### Media Training Courses

Orientation	23	Studio Camera	8	TD & Media Mgmt.	3	Teleprompter	-	Editing A	-
Producing Training	-	Floor Manager	8	Lighting	-	Character Generation	-	Editing B	-
Director	6	Audio	5	Field Production	7	Arroyo Profiles TV Training	12	Acting Bootcamp Training	6

Total Class Enrollments - Year to Date: 647

### Community Outreach & Networking

- Met with Karen Anderson, Arts & Enrichment Coordinator/GATE Specialist for the Pasadena Unified School District
- Posted and evaluating resumes for open Community Development's Studio Coordinator position
- Attended the PUSD Arts & Entertainment Advisory Board Meeting
- Met with KPFK Radio representative Kyianna Williams for upcoming partnership opportunities and new Arroyo channel content providers for 2019
- Hosted Pasadena Media's special training: Actor's Bootcamp with Eric Toms
- Met with Phil Hopkins concerning Arroyo channel and social media metrics
- Implemented social media management platforms Cyfe Dashboard and Later for Instagram
- Facebook usage and analytics for LIVE programming. Case Study: *NewsRap*

## Production Report - November 2018

Respectfully submitted by Bobbie Ferguson, Head of Production

- 30 productions and pre-production meetings were scheduled in the studio. 23 productions were created by Pasadena Media including 13 for the City of Pasadena.
- Staff is currently working on discussing policies and procedures for use of the new vocal booth and developing a potential podcasting program.
- Potential Beneficial Partnerships:
  - Upcoming meeting with Pasadena Public Library Director Michelle Perera to discuss the possibility of becoming partners to create a satellite location at the Pasadena Central Library
  - Staff is working to build a partnership between Pasadena Media, the City of Pasadena and Huntington Hospital by including regular health segments featuring Huntington doctors in the monthly KPAS production *Body, Mind, Spirit*
- Notable Completed Productions Include:
  - *Veterans Day Ceremony*
  - *Commercial Cannabis Application Workshop* - This is the first production that Pasadena Media staff has created with the City of Pasadena's Planning Department. This new relationship is due primarily to the invitation by PIO Lisa Derderian to attend the monthly PIO meetings, which allows staff to interact with city department contacts on a regular basis.
- Potential and Upcoming Productions:
  - *Heat Watch* - a program in progress focused on the activities of the Pasadena Fire Department
  - Staff is working with City of Pasadena Economic Development Manager Eric Duyshart for the Rotary Humanitarian STAR Awards to provide event coverage and produce a roll-in video to be played during the awards.
  - Pasadena Media intern Aleigha Howa made a presentation to admin staff about her background in news programming and how Pasadena Media can produce their own weekly news program. Staff will review and determine if this type of production will be possible with current resources.

FY19 Revised Budget Draft							
revised November 30, 2018							
		FY19 Revised	FY19 Adopted	Difference	%	FY18 Actuals	Difference
	<b>Income</b>						
1	4200 City of Pasadena	910,000	960,000	(50,000)	-5%	940,000	(30,000)
2	4300 Contributions & Grants	8,000	8,000	-	0%	6,984	1,016
3	4700 Production Services	38,500	38,500	-	0%	35,171	3,329
4	4800 Program Services	10,000	10,000	-	0%	10,299	(299)
5	4900 Other Revenue	300	300	-	0%	373	(73)
	<b>Total Income</b>	<b>966,800</b>	<b>1,016,800</b>	<b>(50,000)</b>	<b>-5%</b>	<b>992,828</b>	<b>(26,028)</b>
	<b>Expenses</b>						
6	5100 Salaries & Wages	575,645	573,442	2,203	0%	547,415	28,231
7	5200 Payroll Taxes	48,930	50,463	(1,533)	-3%	45,519	3,411
8	5300 Benefits	106,075	114,429	(8,354)	-7%	96,147	9,928
8a	5310 Health Benefits	80,858	88,726	(7,868)	-9%	75,690	5,168
8b	5320 Retirement	16,430	16,603	(173)	-1%	13,253	3,177
8c	5390 Workman's Compensation	8,787	9,100	(313)	-3%	7,204	1,583
9	6000 Occupancy Expenses	182,882	184,682	(1,800)	-1%	175,519	7,363
10	7120 Accounting & Audit	12,999	12,999	-	0%	13,547	(548)
11	7130 Advertising & Marketing	3,600	3,600	-	0%	2,842	758
12	7140 Automobile Expense	1,450	1,450	-	0%	798	652
13	7150 Bank & Payroll Processing	1,500	1,500	-	0%	1,257	243
14	7160 Board Materials & Expense	120	120	-	0%	308	(188)
15	7170 Cable Drop Fees	4,274	4,274	-	0%	1,371	2,903
16	7180 Contract Labor	3,500	3,500	-	0%	1,170	2,330
17	7240 Dues and Subscriptions	2,270	2,270	-	0%	2,270	-
18	7440 Legal & Professional Fees	28,000	28,000	-	0%	28,000	-
19	7460 Licenses, Permits & Other	154	4,100	(3,946)	-96%	218	(64)
20	7480 Meals & Entertainment	1,500	1,500	-	0%	1,361	139
21	7500 Office Expense	9,100	9,100	-	0%	5,867	3,233
22	7600 Production Expense	15,000	15,000	-	0%	12,924	2,076
23	7700 Professional Development	2,000	2,000	-	0%	1,525	475
24	7800 Travel & Lodging	4,000	4,000	-	0%	2,715	1,285
	<b>Total Expenses</b>	<b>1,002,999</b>	<b>1,016,429</b>	<b>(13,430)</b>	<b>-1%</b>	<b>940,773</b>	<b>62,226</b>
	<b>Net Gain or (Loss)</b>	<b>(36,199)</b>	<b>371</b>	<b>(36,570)</b>	<b>N/A</b>	<b>52,055</b>	<b>36,199</b>

PASADENA COMMUNITY ACCESS CORPORATION  
(A COMPONENT UNIT OF THE  
CITY OF PASADENA, CALIFORNIA)

FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

Prepared by:

GEORGE FALARDEAU, EXECUTIVE DIRECTOR



PASADENA COMMUNITY ACCESS CORPORATION  
(A COMPONENT UNIT OF THE CITY OF PASADENA, CALIFORNIA)  
FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Pasadena Community Access Corporation  
Pasadena, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Pasadena Community Access Corporation (the Corporation), a component unit of the City of Pasadena, California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 auditors' 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 Corporation'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 Corporation'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.

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



To the Board of Directors  
Pasadena Community Access Corporation  
Pasadena, California

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Pasadena Community Access Corporation as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year 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 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.

### *Prior Year Comparative Information*

The financial statements include (partial or summarized) prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2017, from which such partial information was derived.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November xx, 2018, on our consideration of the Corporation'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 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 Corporation's internal control over financial reporting and compliance.

*Lance, Soll & Lughard, LLP*

Brea, California  
November xx, 2018

## **PASADENA COMMUNITY ACCESS CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Pasadena Community Access Corporation's (a component unit of the City of Pasadena, California) (the Corporation) financial performance provides an overview of the Corporation's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Corporation's financial statements, which begin on page 7.

### **FINANCIAL HIGHLIGHTS**

- The Corporation's net position for the fiscal year ending June 30, 2018, was \$427,035, an increase of \$124,006 or 41%.
- During the year, the Corporation had operating expenses that were \$3,447 less than the \$993,241 generated from the operating agreement, service contracts, and other revenues from the Corporation's programs from the fiscal year ended June 30, 2018. This compares to last year, when operating revenues exceeded expenses by \$8,462.
- Total cost of all the Corporation's programs was \$989,794. The programmatic activities of the Corporation remained unchanged.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position (on pages 7 and 8) provide information about the activities of the Corporation as a whole and present a long-term view of the Corporation's finances. As the Corporation operates as a business-type activity, no additional fund statements are necessary. When the Corporation charges customers for the services it provides—whether to outside customers or to the City of Pasadena or other governments—these services are reported similarly to the way a business operates.

A Statement of Cash Flows is also presented using the direct method, which portrays inflows and outflows for specific classes of operations along with an indirect reconciliation of increases to net cash provided by operations. There were no non-cash entries during the year.

#### *Reporting the Corporation's Results as a Whole*

Our analysis of the Corporation as a whole begins on page 4. One of the most important questions asked about the Corporation's finances is, "Is the Corporation as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Corporation as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Corporation's *net position* and changes in them. You can think of the Corporation's net position—the difference between assets and liabilities—as one way to measure the Corporation's financial health, or *financial position*. Over time, *increases or decreases* in the Corporation's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Corporation's long-term contractual revenues and the condition of the Corporation's equipment and other assets, to assess the *overall health* of the Corporation.

## THE CORPORATION AS A WHOLE

The Corporation's net position increased from a year ago, from \$303,029 to \$427,035. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Corporation's activities.

Table 1

	June 30, 2018	June 30, 2017
Current and other assets	\$379,367	\$390,984
Capital assets, net	177,539	175,037
Total assets	556,906	566,021
Current Liabilities	(129,871)	(262,992)
Net position:		
Net investment in capital assets	177,539	175,037
Unrestricted	249,496	127,992
Total net position	\$427,035	\$303,029

*Unrestricted* net position—the part of net position that can be used to finance day-to-day operations without constraints established by debts, contribution restrictions, or other legal requirements—changed from \$127,992 at June 30, 2017, to \$249,496 at the end of this fiscal year. Unless restricted by donation or grant covenant (of which the Corporation has no such restrictions at the present time), the Corporation generally can use these net position to finance continuing operations in the coming fiscal year.

Table 2

	For the Year Ended June 30, 2018	For the Year Ended June 30, 2017	Percentage Change From 2017
<b>Revenues</b>			
<b>Operating revenues:</b>			
Operating Agreement	\$940,000	\$1,008,000	-6.7%
Service contracts	18,000	18,000	0.0%
Production and other operating revenue	35,241	38,790	9.1%
Total operating revenues	993,241	1,064,790	6.7%
<b>Nonoperating revenues:</b>			
Public, education & gov't (PEG) revenue	259,349	308,371	-15.9%
Interest income	56	60	-6.7%
Total nonoperating revenues	259,405	308,431	-15.9%
Total revenues	1,252,646	1,373,221	-8.8%
<b>Operating expenses:</b>			
Salaries and benefits	685,374	678,082	1.1%
Production expense	12,311	11,222	9.7%
Occupancy expense	175,227	235,575	-25.6%
Contractual services	26,150	22,400	16.7%
General and administrative	30,232	53,076	-43.0%
Depreciation	60,500	55,973	8.1%
Total operating expenses	989,794	1,056,328	-6.3%
<b>Nonoperating expenses:</b>			
PEG expense	138,846	289,470	-52.0%
Total expenses	1,128,640	1,345,798	-16.1%
<b>Net Income (loss)</b>	124,006	27,423	352.2%
Net position at beginning of year	303,029	275,606	-10.0%
Net position at end of year	\$427,035	\$303,029	40.9%

Although the Corporation's total cost of programs and services had a net decrease of 16.1% (\$217,158), a closer look shows that Operating expenditures decreased 6.3% (\$66,534), while PEG expenditures decreased 52.0% (\$150,624). The Corporation's revenues decreased by a net 8.8% (\$120,575), resulting from a combination of decreased Operating revenues and decreased deferred revenue recognition in Nonoperating revenue.

#### *Budgetary Highlights*

Over the course of the year, the Board of Directors reviewed the budget during regular monthly meetings. There were no budget reforecasts submitted for approval.

The Corporation's adopted operating budget was \$993,800 for the fiscal year ended June 30, 2018. Actual operating revenues were \$559 less than budget, and operating expenses were less than budget by \$4,006. Although depreciation was higher than budgeted, the Corporation's expenditures were lower overall due to a larger reduction in occupancy costs.



## CAPITAL ASSETS

At the end of 2018, the Corporation had \$177,539 invested in capital assets, net of accumulated depreciation. (See Table 3 below.) This amount represents a net increase (including additions and disposals) of \$2,502 or 1.4% over last year.

**Table 3**

	June 30, 2018	June 30, 2017
Construction in progress	\$ -	\$86,401
Production equipment	340,370	\$284,864
Leasehold improvements	93,897	-
Accumulated depreciation	(256,728)	(196,228)
Property and equipment, net	\$177,539	\$175,037

More detailed information about the Corporation's capital assets is presented in Note 3 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Corporation's Board of Directors considered many factors when setting the fiscal year 2019 budget. The major expense budget increase was the planned increase in payroll costs. Increases in healthcare insurance premiums and the rent escalator built into the lease, as well as decreases in office expenses were also included.

## CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our stakeholders including donors, customers, and the City of Pasadena's officials with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Corporation Office at 150 S. Los Robles Avenue, Suite 101, Pasadena, California, 91101. Our main office number is 626-794-8585 and our email is [info@pasadenamedia.org](mailto:info@pasadenamedia.org).

## PASADENA COMMUNITY ACCESS CORPORATION

## STATEMENT OF NET POSITION

JUNE 30, 2018 (WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2017)

	2018	2017
<b>Assets</b>		
Current:		
Cash and cash equivalents (Note 2)	\$ 340,981	\$ 357,247
Receivables:		
Accounts	19,063	3,432
Prepaid assets	19,323	30,305
<b>Total Current Assets</b>	<b>379,367</b>	<b>390,984</b>
Noncurrent:		
Capital assets, net of accumulated depreciation (Note 3)	177,539	175,037
<b>Total Noncurrent Assets</b>	<b>177,539</b>	<b>175,037</b>
<b>Total Assets</b>	<b>556,906</b>	<b>566,021</b>
<b>Liabilities</b>		
Current:		
Accounts payable and other liabilities	3,443	69,047
Related party payables (Note 12)	8,000	16,000
Advances from other agencies (Note 7)	80,879	141,272
Accrued salaries and benefits	17,011	17,883
Compensated absences (Note 9)	20,538	18,790
<b>Total Current Liabilities</b>	<b>129,871</b>	<b>262,992</b>
<b>Total Liabilities</b>	<b>129,871</b>	<b>262,992</b>
<b>Net Position</b>		
Net investment in capital assets	177,539	175,037
Unrestricted	249,496	127,992
<b>Total Net Position</b>	<b>\$ 427,035</b>	<b>\$ 303,029</b>

The accompanying notes are an integral part of these financial statements.



PASADENA COMMUNITY ACCESS CORPORATION

STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017)

	2018	2017
<b>Operating Revenues</b>		
Operating agreement	\$ 940,000	\$ 1,008,000
Service contracts	18,000	18,000
Production and other operating revenue	35,241	38,790
<b>Total Operating Revenues</b>	<b>993,241</b>	<b>1,064,790</b>
<b>Operating Expenses</b>		
Salaries and benefits	685,374	678,082
Production expense	12,311	11,222
Occupancy expense	175,227	235,575
Contractual services	26,150	22,400
General and administrative	30,232	53,076
Depreciation expense	60,500	55,973
<b>Total Operating Expenses</b>	<b>989,794</b>	<b>1,056,328</b>
Operating Income	3,447	8,462
<b>Nonoperating Revenues (Expenses)</b>		
Public, education, and government (PEG) revenue	259,349	308,371
PEG expense	(138,846)	(289,470)
Interest income	56	60
<b>Total Nonoperating Revenues (Expenses)</b>	<b>120,559</b>	<b>18,961</b>
Changes in Net Position	124,006	27,423
<b>Net Position</b>		
Beginning of Year	303,029	275,606
End of Year	<b>\$ 427,035</b>	<b>\$ 303,029</b>

The accompanying notes are an integral part of these financial statements.

PASADENA COMMUNITY ACCESS CORPORATION

STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017)

	2018	2017
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 35,241	\$ 38,790
Cash received from contracts	942,369	1,023,893
Cash paid to employees for services	(684,498)	(685,332)
Cash paid to suppliers for goods and services	(306,542)	(263,910)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(13,430)</b>	<b>113,441</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital grants received	198,956	148,150
PEG eligible expenses paid	(138,846)	(289,470)
Acquisition of capital assets	(63,002)	(86,401)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(2,892)</b>	<b>(227,721)</b>
<b>Cash Flows from Investing Activities:</b>		
Investment income	56	60
<b>Net Cash Provided by Investing Activities</b>	<b>56</b>	<b>60</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(16,266)</b>	<b>(114,220)</b>
Cash and Cash Equivalents at Beginning of Year	357,247	471,467
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 340,981</b>	<b>\$ 357,247</b>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>		
Operating Income	\$ 3,447	\$ 8,462
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities</b>		
Depreciation	60,500	55,973
(Increase) decrease in accounts receivable	(15,631)	(2,107)
(Increase) decrease in prepaid assets	10,982	17,316
Increase in accounts payable and accrued expenses	(72,728)	33,797
<b>Total Adjustments</b>	<b>(16,877)</b>	<b>104,979</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (13,430)</b>	<b>\$ 113,441</b>

The accompanying notes are an integral part of these financial statements.

**PASADENA COMMUNITY ACCESS CORPORATION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**Note 1: Organization and Summary of Significant Accounting Policies**

**a. Reporting Entity**

The Pasadena Community Access Corporation (the Corporation) was organized in 1983 as a nonprofit, telecommunications resource for the City of Pasadena, California (the City). The Corporation was organized to perform the community access function of the Pasadena telecommunications system pursuant to the Cable Communications Ordinance of the City. In 2011, the City Council determined that the Corporation should be reported as a discretely presented component unit of the City in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Board of Directors consists of eleven members with representatives from each of the seven City Council Districts, the Mayor, the City Manager, Pasadena Community College (PCC), and Pasadena Unified School District (PUSD). Residency is required except for the City Manager, PCC, and PUSD representatives. These operations constitute part of the overall financial reporting entity of the City and are accounted for as a discretely presented component unit in the City's Comprehensive Annual Financial Report consistent with GAAP. Revenues and expenses of the Corporation include direct revenues and expenses and certain allocations from the City.

**b. Basis of Presentation**

The Corporation's basic financial statements are presented in conformance with Governmental Accounting Standards Board (GASB) Statement No. 34, which established standards for external financial reporting for all state and local governmental entities. The basic financial statements include the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows.

**c. Basis of Accounting**

The Corporation is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Corporation utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

**d. Classification of Revenues and Expenses**

The Corporation classifies its revenues and expenses into the following classifications: operating revenues, operating expenses, nonoperating revenues, and nonoperating expenses.

Operating revenues consist of charges to customers for membership fees and use fees of the facilities and equipment, with the relating costs considered operating expenses. Nonoperating revenues consist of investment earnings and other nonoperating income.

PASADENA COMMUNITY ACCESS CORPORATION

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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Note 1: Organization and Summary of Significant Accounting Policies (Continued)

**e. Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of 3 months or less.

**f. Prepaid Assets**

Certain payments to vendors, which reflect costs applicable to future accounting periods, are recorded as prepaid assets.

**g. Capital Assets**

The Corporation capitalizes capital assets having an estimated useful life in excess of one year and acquisition cost of at least \$5,000. Capital assets, which include production equipment are recorded at cost and are depreciated over the estimated useful life of the asset using the straight-line method of depreciation. Donated capital assets are recorded at estimated fair value as of the date of the donation. All significant expenditures exceeding \$5,000 for repairs, renewals, and betterments that materially prolong the useful lives of the assets are capitalized.

The estimated useful lives of the assets are as follows:

Leasehold improvements	6 years
Furniture and fixtures	5 years
Production equipment	5 years

**h. Compensated Absences**

Regular full-time and part-time employees accrue vacation. Vacation time is accrued two to four weeks per year, depending on how long an employee has been with the Corporation. Part-time employees who work 20 hours per week or more are eligible to accrue vacation on a pro rata basis. It is the Corporation's policy to permit employees to accumulate earned but unused vacation benefits from year to year up to a maximum of two times a full-time employee's annual vacation amount.

All accumulated compensated absences are recorded as an expense and a liability at the time the benefit is earned.

**i. Net Position**

Net position represents the difference between assets and liabilities on the Statement of Net Position. Net positions were classified in the following categories: net investment in capital assets and unrestricted.

Net investment in capital assets consists of the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets, as applicable.

PASADENA COMMUNITY ACCESS CORPORATION

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislation adopted by the Corporation's Board of Directors, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use unrestricted resources first, and then restricted resources as they are needed.

**j. 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 of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**k. Comparative Data**

The amounts shown for the year ended June 30, 2018, in the accompanying financial statements are included to provide a basis for comparison with 2017 and present summarized totals only. Accordingly, the 2017 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

**Note 2: Cash and Cash Equivalents**

**a. Summary of Cash and Cash Equivalents**

As of June 30, 2018, cash and cash equivalents were reported in the accompanying financial statements:

Cash on hand	\$ 200
Deposits with financial institutions	340,781
Total cash and cash equivalents	<u>\$ 340,981</u>

**b. Deposits**

At June 30, 2018, the carrying amount of the Corporation's deposits was \$379,188 and the bank balance was \$340,981. The \$38,207 difference represents outstanding checks and other reconciling items. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.



PASADENA COMMUNITY ACCESS CORPORATION

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Note 2: Cash and Cash Equivalents (Continued)

c. 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 does 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 fair 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 the Corporation's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

d. Investments Authorized by the California Government Code

The table below identifies the investment types that are authorized for the Corporation by the California Government Code. Other than what is in the Government Code, the Corporation has no other investment policy.

Investment Types Authorized by the California Government Code	Authorized by Investment Policy	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Bankers' Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	Yes	92 days	20%	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	None
Joint Power Agency Pools (other investment pools)	Yes	N/A	None	None

e. Disclosures Relating to 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 Corporation manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The Corporation held no investments as of the year ended June 30, 2018.

PASADENA COMMUNITY ACCESS CORPORATION

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**Note 2: Cash and Cash Equivalents (Continued)**

**f. Disclosures Relating to 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 Corporation held no investments as of the year ended June 30, 2018.

**g. Concentration of Credit Risk**

In accordance with GASB Statement No. 40 requirements, the Corporation is considered to be exposed to concentration of credit risk whenever they have invested more than 5% of their total investments in any one issuer. Investments guaranteed by the U.S. Government and investments in mutual funds and external investment pools are excluded from this requirement. The Corporation held no investments as of the fiscal year ended June 30, 2018.

**Note 3: Capital Assets**

Capital asset activity for the year ended June 30, 2018 is as follows:

	Balance at June 30, 2017	Transfers	Additions	Disposals	Balance at June 30, 2018
Capital assets not being depreciated:					
Construction in Progress	\$ 86,401	\$ (93,897)	\$ 7,496	\$ -	\$ -
Capital assets being depreciated:					
Production Equipment	284,864	-	55,506	-	340,370
Leasehold Improvements	-	93,897	-	-	93,897
Less accumulated depreciation for:					
Production Equipment	(196,228)	-	(52,675)	-	(248,903)
Leasehold Improvements	-	-	(7,825)	-	(7,825)
Total capital assets	\$ 175,037	\$ -	\$ 2,502	\$ -	\$ 177,539

Depreciation expense for the year ended June 30, 2018, was \$60,500.

**Note 4: Defined Contribution Pension Plan**

Effective April 4, 2017, the Corporation adopted a Savings Incentive Match Plan for Employees Individual Retirement Account plan (the Plan) for which all employees who have completed ninety days of service are eligible to participate. The employees of the Corporation may elect to contribute to the Plan (subject to overall limits) in any one plan year. Each year the Corporation will make a matching contribution to the Plan on a dollar-for-dollar basis up to 3% of the employee's compensation, for the employees who are contributing to the Plan.

The Corporation contributed \$13,253 to the Plan for the year ended June 30, 2018.

PASADENA COMMUNITY ACCESS CORPORATION

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**Note 5: Operating Lease**

The Corporation leases office and production facilities in Pasadena, California, under an operating lease agreement. The lease term is through 2019. The Corporation is obligated to pay utilities, property taxes, insurance, and normal repairs and maintenance for the space that the Corporation occupies. The current monthly rent, including common area maintenance charges is \$12,515.

The minimum annual lease payments due during the term of the lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 133,916
Total	<u>\$ 133,916</u>

Total rent expense, including common area maintenance charges, for the year ended June 30, 2018 was \$139,980.

**Note 6: Other Provisions of Revenue and Contracts**

**a. Franchise Fees**

On December 2, 1983, a 15-year cable franchise agreement (the Agreement) was entered into by and between the City and a cable communications operator (Cable Operator). According to the terms of the Agreement, the Corporation is entitled to receive 2% of the Cable Operator's gross revenues (as defined in the Agreement) in return for providing the public access and public service programming function of the Cable Operator's communications system. This agreement expired during the year ended June 30, 1999. The City committed to continue to fund the agreement, after expiration, until a new agreement could be reached.

Effective October 1, 2000, the City and the Cable Operator entered into a new nonexclusive franchise agreement to operate a cable television system in the City. The agreement expired on October 17, 2005, and was extended on a month-to-month basis under mutual agreement with the Cable Operator while negotiating a franchise renewal. This agreement ended prior to statewide franchising that took effect in 2008.

The City now receives 5% of the state franchise holders' gross revenues derived from the provision of video service pursuant to California Public Utilities Code Section 5840. The franchise fee is considered General Fund revenue for the City and, although the City continues to fund the Corporation at approximately 75% of the franchise fee revenue, the funding amount is at the discretion of the Pasadena City Council.

**b. Management and Operating Agreement**

On February 10, 2015, the Corporation entered into an agreement with the City to provide operation and day-to-day management of the local PEG access system, for a period of twenty-five (25) years, commencing as of the date of the Agreement, and ending July 1, 2040.



PASADENA COMMUNITY ACCESS CORPORATION

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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**Note 6: Other Provisions of Revenue and Contracts (Continued)**

**c. 1% Public, Education, and Government (PEG) Allocation**

Pursuant to Pasadena Municipal Code 18.04.060, it was established that a fee would be paid to the City for the support of public, educational, and governmental access facilities and activities within the City. The Pasadena Municipal Code states that this fee shall be one percent (1%) of a cable provider's gross revenues, as defined in California Public Utilities Code Section 5860.

The Corporation serves as a receiving, holding, and disbursing entity for monies intended to promote noncommercial uses of the cable telecommunication medium. These funds are allocated as grants solely for PEG related purposes.

During the 2017-2018 fiscal year, the Corporation received \$143,451 in PEG funding, while spending \$203,844 on eligible PEG capital expenses, including the purchase of capital assets.

As shown in Note 7, cumulative unspent PEG funding of \$80,879 has been classified as advances from other agencies within these financial statements.

**d. Other Contracts**

The Corporation earns additional service contract revenue by providing various production services to Los Angeles County for Altadena Town Council Meetings.

**Note 7: Advances from other Agencies**

As discussed in Note 6, the Corporation received \$143,451 of PEG funding during the year ended June 30, 2018. Any PEG funds that have not been spent on approved capital expenditures will be deferred until earned. These unearned amounts are classified as advances from other agencies within these financial statements.

As of June 30, 2018, advances from other agencies were as follows:

Beginning advances from other agencies	\$	141,272
PEG Grant:		
PEG revenue received		198,957
PEG capital equipment expense		(203,844)
Capitalized production equipment		<u>(55,506)</u>
PEG subtotal		<u>(60,393)</u>
Ending advances from other agencies	\$	<u>80,879</u>

**Note 8: Concentrations of Revenue**

For the year ended June 30, 2018, income from the Operating Agreement accounted for 75% of total revenue.

PASADENA COMMUNITY ACCESS CORPORATION

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**Note 9: Compensated Absences**

Changes in compensated absences as of June 30, 2018, were as follows:

Balance at June 30, 2017	Incurred	Satisfied	Balance at June 30, 2018	Amount Due Within One Year	Amount Due in More than One Year
\$ 18,790	\$ 37,760	\$ (36,012)	\$ 20,538	\$ 20,538	\$ -

**Note 10: Risk Management**

The Corporation is covered under Special Liability, Property and Participant Accident policies through Alliant Insurance Services, Inc. Liability and Participant Accident claims are insured for up to \$1,000,000 per occurrence for any amount over the Corporation's deductible amount of \$1,000. Property claims are insured for up to \$25,000,000 per occurrence for any amount over the Corporation's deductible amount of \$1,000.

Workers' Compensation claims are covered under a purchased policy through Hartford Accident and Indemnity Company for claims up to \$1,000,000 for each occurrence for any amount over the Corporation's deductible amount of \$1,000.

**Note 11: Income Taxes**

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Corporation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Corporation and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year ending June 30, 2018.

The Corporation files forms 990 in the U.S. federal jurisdiction and the State of California.

**Note 12: Related Party Transactions**

The City of Pasadena (the City) bills the Corporation for advances and services rendered on the Corporation's behalf. Advances and services provided to the Corporation for the years ended June 30, 2018 and 2017, were \$20,000 and \$20,000, respectively. The amount payable to the City as of June 30, 2018 and 2017, was 8,000 and \$16,000, respectively. These costs are expected to be paid back in full by the Corporation to the City.

**Note 13: Subsequent Events**

The Corporation has evaluated subsequent events through November xx, 2018, the date on which the financial statements were available to be issued.

INDEPENDENT AUDITORS' 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 Directors  
Pasadena Community Access Corporation  
City of Pasadena, California

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 the business- type activities of the Pasadena Community Access Corporation, (the Corporation) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated November XX, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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 Corporation'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from 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*.



CPA & ADVISOR  
To the Board of Directors  
Pasadena Community Access Corporation  
City of Pasadena, California

#### **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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lance, Soll & Lughard, LLP*

Brea, California  
November XX, 2018

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