

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT BOARD AGENDA
REGULAR MEETING
January 10, 2007
District Board Room
3401 CSM Drive, San Mateo

NOTICE ABOUT PUBLIC PARTICIPATION AT BOARD MEETINGS

The Board welcomes public discussion.

- * *The public's comments on agenda items will be taken at the time the item is discussed by the Board.*
- * *To comment on items not on the agenda, a member of the public may address the Board under "Statements from the Public on Non-Agenda Items"; at this time, there can be discussion on any matter related to the Colleges or the District, except for personnel items. No more than 20 minutes will be allocated for this section of the agenda. No Board response will be made nor is Board action permitted on matters presented under this agenda topic.*
- * *If a member of the public wishes to present a proposal to be included on a future Board agenda, arrangements need to be made through the Chancellor's Office at least seven days in advance of the meeting. These matters will be heard under the agenda item "Presentations to the Board by Persons or Delegations." A member of the public may also write to the Board regarding District business; letters can be addressed to 3401 CSM Drive, San Mateo CA 94402.*
- * *Persons with disabilities who require auxiliary aids or services will be provided such aids with a three-day notice. For further information, contact the Executive Assistant to the Board at (650) 574-6550.*
- * *Regular Board meetings are taped; tapes are kept for one month.*

6:00 p.m. ROLL CALL

Pledge of Allegiance

DISCUSSION OF THE ORDER OF THE AGENDA

MINUTES

07-1-1 [Minutes of the Regular Meeting of the Board of Trustees of December 18, 2006](#)

PRESENTATIONS TO THE BOARD BY PERSONS OR DELEGATIONS

STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

NEW BUSINESS

07-1-1A [Approval of personnel actions: changes in assignment, compensation, placement, leaves, staff allocations and classification of academic and classified personnel](#)

Approval of Consent Agenda

All items on the consent agenda may, by unanimous vote of the Board members present, be approved by one motion after allowing for Board member questions about a particular item. Prior to a motion for approval of the consent agenda, any Board member, interested student or citizen or member of the staff may request that an item be removed to be discussed in the order listed, after approval of remaining items on the consent agenda.

07-1-1CA [Approval of 2007-08 Budget and Planning Calendar](#)

07-1-2CA [Approval of Child Development Services with the City of Pacifica](#)

- 07-1-3CA [Approval to Extend Electricity Agreement with Constellation NewEnergy, Inc.](#)
- 07-1-4CA [Approval of Trustees' Fund for Program Improvement Projects for College of San Mateo](#)
- 07-1-5CA [Approval of Payment to The South Bay Regional Public Safety Training Consortium for the 2005-06 Peace Officers Training Academy, College of San Mateo](#)

Other recommendations

- 07-1-1B [Nominations for Board of Directors, California Community College Trustees, 2007](#)
- 07-1-100B [Receipt and Acceptance of the 2005-06 KCSM Audit Report](#)
- 07-1-101B [Authorization to Adjust Board Member Compensation in Compliance with Legislation](#)

INFORMATION REPORTS

- 07-1-1C [Acceptance of Gifts by the District](#)

STATEMENTS FROM BOARD MEMBERS

COMMUNICATIONS

RECESS TO CLOSED SESSION

1. Closed Session Personnel Items
 - A. Public Employment
 1. Employment: **Cañada College** – EOPS Director, University Center/Academic Support Services; **College of San Mateo** – Instructional Aide II, Technology Division; **District** – Human Resources Representative, Human Resources; Human Resources Representative, Human Resources; Evening Custodian, Facilities, Planning, Operations; Staff Assistant, Facilities, Planning, Operations; Custodian, Facilities, Planning, operations; Custodian, Facilities, Planning, Operations; Evening Custodian, Facilities, Planning, Operations; Custodian, Facilities, Planning, Operations
 - B. Public Employee Discipline, Dismissal, Release
 1. Retirement: **College of San Mateo** – Accounting Technician, Administrative Services; Administrative Assistant, Office of the Vice President of Student Services; Instructional Aide II, Technology/CIS Department; **Skyline College** – Instructor, Science, Mathematics & Technology Division

CLOSED SESSION ACTIONS TAKEN

ADJOURNMENT

UNADOPTED MINUTES
December 18, 2006
San Mateo, California

The meeting was called to order at 6:04 p.m. by President Mandelkern

Board Members Present: President Mandelkern, Vice President-Clerk Hausman (via telephone), Trustees Holober, Miljanich and Schwarz, and Student Trustee Young

Others Present: Chancellor Galatolo, Executive Vice Chancellor Keller, Skyline College President Morrow, Cañada College Interim President Mohr, CSM Vice President Claire, and District Academic Senate President Kapp

Pledge of Allegiance

ORGANIZATION OF THE BOARD OF TRUSTEES

President Mandelkern announced that tonight is the annual organizational meeting of the Board to elect officers for the coming year, as required by the Education Code. President Mandelkern stated that it has been a privilege to lead the Board and mentioned accomplishments by the Board that further the quality of education to students. These accomplishments include passage of a bond measure which helps to provide new buildings and programs for students, and the hiring of new staff including incoming CSM President Mike Claire.

President Mandelkern called for nominations for Board President. Trustee Miljanich nominated Vice President-Clerk Hausman for the position. It was moved by Trustee Holober and seconded by Trustee Schwarz to elect Vice President-Clerk Hausman to serve as President. The motion carried by a vote of 4-0, with Vice President-Clerk Hausman abstaining.

President Hausman called for nominations for Board Vice President-Clerk. Trustee Miljanich nominated Trustee Holober for the position. It was moved by Trustee Schwarz and seconded by Trustee Mandelkern to elect Trustee Holober to serve as Vice President-Clerk. The motion carried by a vote of 4-0, with Trustee Holober abstaining.

President Hausman called for nominations for the position of Representative of the Board to elect members to the County Committee on School District Organization. Trustee Schwarz nominated Trustee Mandelkern for the position. It was moved by Trustee Miljanich and seconded by Trustee Schwarz to elect Trustee Mandelkern to serve as Board Representative. The motion carried by a vote of 4-0, with Trustee Mandelkern abstaining.

It was moved by Trustee Mandelkern and seconded by Vice President-Clerk Holober to continue the appointment of Chancellor Galatolo as Secretary for the Board. The motion carried, all members voting "Aye."

President Hausman thanked the Board and District staff for the flowers, cards and notes of support during her recuperation from surgery. She said that she would continue to conduct the meeting and would ask that Vice President-Clerk Holober take over upon her request. President Hausman thanked Trustee Mandelkern for a very fine year of leadership and asked Vice President-Clerk Holober to present Trustee

Mandelkern with a gift from the Board of an engraved crystal octagon tower. Vice President-Clerk Holober praised Trustee Mandelkern's leadership, mentioning the ribbon cuttings and groundbreaking that have been visual representations of accomplishments; contract negotiations with all three bargaining units; and his skill at chairing meetings, allowing all Board members the chance to provide input.

DISCUSSION OF THE ORDER OF THE AGENDA

President Hausman announced that in order to accommodate Auditor Terri Montgomery, it is requested that Board Report No. 06-12-100B, Receipt and Acceptance of the 2005-06 District Audit Report, and Board Report No. 06-12-101B, District Capital Outlay – Bond Fund Financial and Performance Reports, be placed next on the agenda. There were no objections.

NEW BUSINESS

RECEIPT AND ACCEPTANCE OF THE 2005-06 DISTRICT AUDIT REPORT (06-12-100B)

Auditor Terri Montgomery from the firm of Vavrinek, Trine, Day & Co., LLP, presented the audit report. She noted that it is important to look for the phrase "present fairly" in the Independent Auditor's Report, and that this phrase is present on page 2 of the report. Auditor Montgomery pointed out that pages 4-15 of the report show Management's Discussion and Analysis, and pages 16-30 show the audited financial statements. Auditor Montgomery referred to page 52, Reconciliation of Annual Financial and Budget Report with Fund Financial Statements, stating that the purpose of the audit is to validate the figures given to the auditor. Page 64 of the report shows one recommendation by the auditor regarding instructor certification of enrollment. She said that certification is completed by the majority of instructors, but not by all.

RECEIPT AND ACCEPTANCE OF THE 2005-06 DISTRICT CAPITAL OUTLAY – BOND FUND FINANCIAL AND PERFORMANCE REPORTS (06-12-101B)

Auditor Montgomery explained that the Financial Report looks at revenues and expenditures and the Performance Report audits how the funds were spent, in order to assure that funds were spent only on projects approved by the voters. In the Financial Report, it is again important to see the words "present fairly" which appear on page 1. Page 3 shows the activity for the year.

On page 3 of the Performance Report, each fund is accounted for separately as required. No expenditures reviewed by the auditor were inappropriate.

Trustee Mandelkern noted that the report gave a bond approval date of August, 2005. Auditor Montgomery said this will be corrected.

After hearing the reports and subsequent discussion, it was moved by Trustee Miljanich and seconded by Trustee Schwarz to approve the receipt and acceptance of the 2005-06 District Audit Report. The motion carried, all members voting "Aye." It was moved by Trustee Mandelkern and seconded by Trustee Schwarz to approve the receipt and acceptance of the 2005-06 District Capital Outlay – Bond Fund Financial and Performance Reports. The motion carried, all members voting "Aye."

Chancellor Galatolo commended Executive Vice Chancellor Jim Keller and staff for the preparation of the Management's Discussion and Analysis section (pages 4-15) of the District Audit Report.

MINUTES

It was moved by Trustee Miljanich and seconded by Trustee Schwarz to approve the minutes of the Regular Meeting of the Board of November 8, 2006. The motion carried, all members voting "Aye."

It was moved by Trustee Miljanich and seconded by Trustee Schwarz to approve the minutes of the Special Meeting of the Board of November 21, 2006. The motion carried, all members voting "Aye."

PRESENTATIONS TO THE BOARD BY PERSONS OR DELEGATIONS

None

STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES

Executive Reports were presented by Chancellor Galatolo, Skyline President Morrow, CSM Vice President Claire, Cañada President Mohr, Executive Vice Chancellor Keller and District Academic Senate President Kapp.

Chancellor Galatolo expressed gratitude to Trustee Mandelkern for his dedicated leadership and sound judgment during his term as President. He congratulated President Hausman, wishing her a speedy recovery, and Vice President-Clerk Holober. Chancellor Galatolo welcomed guest Rachel Young, sister of Student Trustee Richael Young.

Chancellor Galatolo reported that he, Director of Community/Government Relations Barbara Christensen and Chief Financial Officer Kathy Blackwood were in New York last week to sell \$332 million in taxpayer-authorized bonds. He said that the timing was exceptional, achieving a total interest rate of 4.48%, which will save taxpayers millions of dollars each year.

Adding to her written report, President Morrow thanked Trustee Mandelkern for his dedicated and capable service, and added her congratulations to President Hausman and Vice President-Clerk Holober.

Vice President Claire said that President Kelly is on vacation and he is representing her at the meeting. Adding to the written report, he thanked Trustee Mandelkern for his outstanding leadership and congratulated President Hausman and Vice President-Clerk Holober.

Adding to his written report, President Mohr expressed gratitude to Trustee Mandelkern for his leadership and sense of partnership, and also congratulated President Hausman and Vice President-Clerk Holober.

Executive Vice Chancellor Keller noted that the District was awarded the highest bond rating of any community college in the State. He said that everyone benefits from both this high rating and low interest rates. He said that the proceeds from the bond sale will be received by the District on December 21.

District Academic Senate President Kapp said that he is very impressed with the bond rating and the favorable issuance of the bonds. He thanked Trustee Mandelkern for his leadership and noted that he has been a friend to faculty. He congratulated President Hausman and Vice President-Clerk Holober. President Kapp said that, at this time of year, faculty is very busy correcting papers and tests and compiling grades.

Chancellor Galatolo announced that there will be no student report this evening.

Chancellor Galatolo congratulated Jan Roecks in advance on her appointment as Manager of General Services for the District.

Copies of the Executive Statements/Reports were available for distribution at the meeting and are attached to the official minutes of record.

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

None

NEW BUSINESS, continued

APPROVAL OF PERSONNEL ACTIONS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (06-12-1A)

It was moved by Trustee Schwarz and seconded by Trustee Miljanich to approve the actions in Board Report No. 06-12-1A. Regarding the request to add a full-time Maintenance Engineer as the result of the addition of new buildings at the College of San Mateo, Trustee Mandelkern asked how the District is assessing the need for new personnel. Executive Director of Facilities Planning and Operations José Nuñez responded that the addition is needed to maintain the service level rather than increasing it. Executive Vice Chancellor Keller added that in determining the need for personnel, a resource allocation model making square footage the determinant was used. After this discussion, the motion carried, all members voting “Aye.”

APPROVAL OF CONSENT AGENDA (06-12-1CA – 06-12-4CA)

The Consent Agenda consists of the following Board reports:

- | | |
|-----------|--|
| 06-12-1CA | Approval of Trustees’ Fund for Program Improvement Projects for Cañada College and Skyline College |
| 06-12-2CA | Declaration of Surplus Property |
| 06-12-3CA | Approval of Renewal of Contract with Action Vending |
| 06-12-4CA | Acceptance of External Grant Funds |

Trustee Mandelkern requested that Board Report No. 06-12-3CA be removed from the Consent Agenda for separate discussion. After this request, it was moved by Trustee Miljanich and seconded by Trustee Schwarz to approve the Consent Agenda. The motion carried, all members voting “Aye.”

APPROVAL OF RENEWAL OF CONTRACT WITH ACTION VENDING (06-12-3CA)

Trustee Mandelkern asked if any consideration has been given to adding healthy snacks and drinks to the vending machines. Executive Director of Construction Planning and General Services Rick Bennett replied that he has been in discussion with Action Vending regarding this topic. He said that the District has recently partnered with Healthy Silicon Valley and the program should begin in the spring. Trustee Mandelkern asked if there are guidelines regarding the drinks available in the soda machines. Executive Director Bennett replied that there are diet sodas, water and juice available as well as regular soda. He added that the term “healthy” is relative. President Hausman said that getting people to purchase healthy food and drinks is a national problem. Following discussion, it was moved by Trustee Mandelkern and seconded by Trustee Schwarz to approve the renewal of the contract with Action Vending. The motion carried, all members voting “Aye.”

Other Recommendations

APPROVAL OF COMMUNITY SERVICES CLASSES, WINTER-SPRING 2007 – CAÑADA COLLEGE, COLLEGE OF SAN MATEO, AND SKYLINE COLLEGE (06-12-1B)

It was moved by Trustee Miljanich and seconded by Trustee Schwarz to approve the Community Services classes. The motion carried, all members voting “Aye.”

ADOPTION OF RESOLUTION 06-20 OF THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT BOARD OF TRUSTEES IN SUPPORT OF THE DREAM ACT (06-12-2B)

It was moved by Trustee Miljanich and seconded by Trustee Schwarz to approve Resolution 06-20. Vice President-Clerk Holober noted that this issue has come before the Board previously and asked what the status of the legislation is. Chancellor Galatolo replied that the status is not known. Vice President-Clerk Holober said that the resolution is consistent with the Board’s previous support position. After this discussion, the motion carried, all members voting “Aye.”

APPROVAL OF AMENDMENT OF DISTRICT RULES AND REGULATIONS SECTIONS 7.28, STUDENT RECORDS, AND 2.35, USE OF DISTRICT COMMUNICATIONS SYSTEMS; AND ADDITION OF SECTION 2.36, POLICY ON USE OF STUDENT EMAIL ADDRESSES (06-12-102B)

It was moved by Trustee Miljanich and seconded by Trustee Schwarz to approve the proposed amendments of and addition to District Rules and Regulations. The motion carried, all members voting “Aye.”

INFORMATION REPORTS

ACCEPTANCE OF GIFTS BY THE DISTRICT (06-12-1C)

The Board received the report which covered the period late June 2006 through mid-December 2006.

FIRST QUARTER REPORT OF AUXILIARY OPERATIONS, 2006-07 (06-12-2C)

The Board received the report which covered the period July 1, 2006 through September 30, 2006.

REPORT ON CAMPUS UTILITY SHUT DOWNS (06-12-3C)

Executive Director of Facilities Planning and Operations José Nuñez distributed a report on utility shutdowns and discussed the information in the report, including scheduled and unscheduled shutdowns at the campuses; coordination processes; pre and post shutdown procedures; and lessons learned. A copy of the report is attached to the official minutes of record.

Trustee Mandelkern said that his primary concern is unscheduled shutdowns which affect instruction when classes are cancelled; he asked if anything had been learned from the recent shutdowns. Executive Director Nuñez replied that part of the problem is that the infrastructure is more than 40 years old. He said that the Construction Planning Department is conducting a study to determine which electrical panels need upgrading and the report is due in January. He also noted that with hundreds of projects in process, accidents will happen. Trustee Mandelkern asked if the system is being overtaxed and if construction should be halted and the infrastructure evaluated before proceeding further. Executive Director Nuñez said that he believes construction should keep moving forward and that planning will be adjusted as necessary when the report is issued.

Trustee Schwarz said that the report presented by Executive Director Nuñez is reassuring. She is concerned about the perception by the public who might wonder why there are problems with something as fundamental as power outages while there are beautiful new athletic fields, etc. She asked if there is a way to reassure the public. Executive Director Nuñez said that communication should be coordinated with the marketing departments.

Vice President-Clerk Holober said that the Board was notified of the shutdowns in a timely fashion. Trustee Schwarz added that students and parents of children at the Child Development Center were also notified quickly. Vice President-Clerk Holober said he believes that the best method(s) for notification should be discussed. Methods could include radio, telephone greeting, web site announcement, and mass email. Executive Director Nuñez said he will talk with Director of ITS Frank Vaskelis and Associate Director Eric Raznick regarding this issue.

CSM President-elect Claire said that safety is the first concern and that procedures need to be tightened, including better signage to address traffic problems.

STATEMENTS FROM BOARD MEMBERS

Trustee Mandelkern expressed thanks for the gift presented to him and for the comments regarding his presidency.

Trustee Schwarz attended a theater performance at Cañada College and commented that the department has an exceptional group of young people. She also attended the CSEA holiday luncheon, the Skyline College Automotive Technology lunch and ribbon cutting, and the District holiday party.

Trustee Miljanich said that she will be attending the 2007 Annual Legislative Conference in Sacramento in January.

Vice President-Clerk Holober attended the Skyline College Automotive Technology lunch and ribbon cutting and commented that is it a wonderful facility. He also attended the CSEA holiday luncheon and the District holiday party.

COMMUNICATIONS

Chancellor Galatolo recommended that nominations for the Board of Directors of the California Community College Trustees be placed on the agenda for the January 10 Regular Meeting.

President Hausman requested that Vice President-Clerk Holober chair the meeting from this point on as she would be ending the conference call.

MEETING OF THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT FINANCING CORPORATION

The meeting was called to order at 7:35 p.m. by Corporation President Mandelkern.

Naming of Officers for 2007

The new officers for 2007 will be:

President – Helen Hausman

Vice President – Ron Galatolo

Secretary – Richard Holober

Treasurer – Jim Keller

It was moved by Trustee Schwarz and seconded by Corporation President Mandelkern to approve the new officers. The motion carried, all members voting "Aye."

Trustee Mandelkern continued to chair the Corporation meeting in the absence of President Hausman.

Approval of Minutes of December 14, 2005 Meeting

It was moved by Trustee Schwarz and seconded by Corporation Secretary Holober to approve the minutes. The motion carried, all members voting "Aye."

Information Report on Defeasance of Certificates of Participation

Trustee Mandelkern reported that the San Mateo County Community College District 2004 Certificates of Participation were defeased on Wednesday, April 26, 2006. The amount defeased was \$31,297,842.10.

Adjournment

The meeting of the Financing Corporation was adjourned at 7:43 p.m.

RECESS TO CLOSED SESSION

The Board recessed to Closed Session at 7:50 p.m.

The Board reconvened to Open Session at 9:30 p.m.

CLOSED SESSION ACTIONS TAKEN

Vice President-Clerk Holober reported that, at the Closed Session just concluded, the Board considered the personnel items listed on the printed agenda and voted 4-0 to approve the actions in Board Report No. 1-A and 1-B.

ADJOURNMENT

It was moved by Trustee Miljanich and seconded by Trustee Schwarz to adjourn the meeting. The motion carried, all members voting "Aye." The meeting was adjourned at 9:32 p.m.

The next meeting of the Board will be a Regular Meeting on January 10, 2007 in the District Board Room.

Submitted by

Ron Galatolo
Secretary

Approved and entered into the proceedings of the December 18, 2006 meeting.

Richard Holober
Vice President-Clerk

BOARD REPORT NO. 07-01-1A

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor-Superintendent
PREPARED BY: Harry W. Joel, Vice-Chancellor,
Human Resources and Employee Relations, (650) 358-6767

APPROVAL OF PERSONNEL ACTIONS

Changes in assignment, compensation, placement, leaves, staff allocations and classification of academic and classified personnel:

A. Reassignment

College of San Mateo

1. Colleen Kirby-Banas Associate Professor Business/Creative Arts Division

Recommend approval to continue temporary reassignment through Spring 2007 replacing Audrey Behrens who is on medical disability leave. Temporary reassignment was Board approved on September 11, 2006.

District

1. Timothy Granillo Maintenance Engineer Facilities, Planning, Operations

Reassignment from Utility Engineer to Maintenance Engineer, effective December 14, 2006, replacing Robert Spacher who was reassigned.

2. Luis Martinez Maintenance Engineer Facilities, Planning, Operations

Reassignment from Utility Engineer to Maintenance Engineer, effective December 14, 2006, replacing Alan Gotelli who was reassigned.

3. Robert Spacher Senior Maintenance Engineer Facilities, Planning, Operations

Reassignment from Maintenance Engineer to Senior Maintenance Engineer, effective December 07, 2006.

Skyline

1. Persis Morrice Program Service Coordinator Admissions and Records

Reassignment from Admissions and Records Assistant III to Program Services Coordinator – Degree Audit, effective November 1, 2006. This new allocation was approved by the Board on August 16, 2006.

BOARD REPORT NO. 07-01-1A

B. Transfers

1. Phillip Fong Maintenance Engineer Facilities, Planning, Operations

Lateral transfer from Maintenance Engineer at the College of San Mateo to Maintenance Engineer at Skyline College, effective December 18, 2006.

C. Changes in Staff Allocation

Cañada College

Recommend approval of a change in staff allocation to increase one Program Services Coordinator in the Business and Workforce Development Division from 67% to 100%. The increased allocation will be funded by the First 5 of San Mateo County grant.

It is also recommended that the incumbent, Susan Eftekhari, be increased accordingly effective January 1, 2007.

College of San Mateo

Recommend an increase in staff allocation to add one 100% of full-time, twelve (12) month per year, "Program Services Coordinator – Coastside," at range 27 of the classified salary schedule in the Office of the President effective January 2, 2007.

D. Leave of Absence

College of San Mateo

1. Audrey Behrens Associate Professor Business/Creative Arts

Recommend approval to continue a medical leave of absence without pay through Spring 2007.

E. Short-Term, Non-Continuing Assignments

The following is a list of requested classified short-term, non-continuing services that require Board approval prior to the employment of temporary individuals to perform these services, pursuant to Assembly Bill 500 and its revisions to Education Code 88003:

<i>Location</i>	<i>Division/Department</i>	<i>No. of Pos.</i>	<i>Start and End Date</i>		<i>Services to be performed</i>
CSM	Business Services	1	01/16/07	06/30/07	Accounting Technician: To assist the Accounting Technician in the facilities rental area of Business Services.

BOARD REPORT NO. 07-1-1CA

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor-Superintendent
PREPARED BY: James W. Keller, Executive Vice Chancellor, 358-6790

APPROVAL OF 2007-08 BUDGET AND PLANNING CALENDAR

The budget development process for 2007-08 requires formulation of a budget calendar. Included in the 2007-08 calendar is consultation with the Committee for Budget and Finance, which is a subcommittee of the District Shared Governance Council in matters relating to finance.

The calendar provides timelines for planning, discussions and decisions by the Board, and concludes with adoption of the Final Budget for 2007-08 on September 5, 2007.

RECOMMENDATION

It is recommended that the Board of Trustees approve the attached 2007-08 Budget and Planning Calendar.

Budget and Planning Calendar, 2007-08

<u>Date</u>	<u>Campus & District Review/Action</u>	<u>Committee for Budget and Finance Consultation</u>	<u>Board Review/Action</u>
September	Campuses Finalize Spring 2007 Schedule of Classes		
November – December		Review of Budget and Planning Calendar, discussion of budget strategies and resource allocation, and budget development process	
January 10	Governor's Budget Proposal		
January	Chancellor's Council review/revise draft of Budget and Planning Calendar and budget development process; discussion of Governor's Budget; District revenue/expenditure implications.	Review of Governor's Budget and discussion of District revenue and expenditure implications (inform DSGC at its next meeting). Finalize resource allocation recommendation.	Approval of 2007-08 Budget and Planning Calendar, review of Governor's Budget, review of State and District revenue and expenditure implications, and discussion of program and operational priorities.
January/ February	Chancellor's Council discussions of budget strategies and allocations. Approve resource allocation.	Continuing discussion of State budget and District revenue/expenditure options.	Board policy discussions/decision regarding budget adjustments which impact existing positions.
February	Legislative Analyst's Office Review of Governor's Proposed Budget		
February	Campuses Finalize Summer Session 2007 Schedule of Classes	Review of preliminary District revenue assumptions and expenditure plans.	Review of preliminary District revenue assumptions and expenditure plans.
February/ March	Discussion of budget priorities at Colleges and with Chancellor's Cabinet.	Review of 2006-07 Mid-Year Budget Report	Review of 2006-07 Mid-Year Budget Report
March	Campuses Finalize Fall 2007 Schedule of Classes	Review of Board budget priorities and Districtwide allocations (inform DSGC at its next meeting).	Review/approval of 2007-08 budget priorities and Districtwide allocations.
April			Budget workshop with Board; review budget assumptions for Tentative budget.
May 11	Site Tentative Budgets completed. Work resumes to develop final budget after tentative budget is loaded.		
Mid-May	Governor's May Revise		
May	Review of Governor's May Revise	Review of Governor's May Revise (inform	Governor's May Revise; budget priorities, goals and objectives.

<u>Date</u>	<u>Campus & District Review/Action</u>	<u>Committee for Budget and Finance Consultation</u>	<u>Board Review/Action</u>
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		DSGC at its next meeting).	
June	District Office completes budget input and prepares Tentative Budget document	Review of 2007-08 Tentative Budget	
June 27			Adoption of 2007-08 Tentative Budget and 2007-08 Gann Limit.
June-August	Final adjustments to budget are made.		
July	Enactment of 2007-08 State Budget		
August	Legislative Trailer Bills		
August	2006-07 books are closed. District Office completes budget input and prepares Final Budget document.		
Sept.5			Public Hearing/Adoption of 2007-08 Final Budget.

BOARD REPORT NO. 07-1-2CA

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor-Superintendent
PREPARED BY: Kathy Blackwood, Chief Financial Officer, 358-6869

**APPROVAL OF CHILD DEVELOPMENT SERVICES WITH THE
CITY OF PACIFICA**

The District (Cañada College) receives funding from the Child Development Division of the California Department of Education through a General Center contract to assist in providing child development services. The College has requested and received permission from the State to allow the City of Pacifica to provide child development services. This arrangement allows the District to continue to receive funding from the state on the existing contract and serve children within San Mateo County. The board approved a similar arrangement with the Redwood City School District for 2005-2006.

The City of Pacifica will be paid \$29.84 per day of certified enrollment under the District's General Center contract, for a maximum of \$32,829. Both the rate and the maximum will be increased by the state COLA when received. This will be funded from the State contract.

RECOMMENDATION

It is recommended that the Board approve the agreement with the City of Pacifica for Child Development Services from February 1st, 2007 through June 30th, 2007 in an amount not to exceed \$32,829 plus COLA.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT AGREEMENT
WITH CITY OF PACIFICA FOR CHILD DEVELOPMENT SERVICES**

This Agreement is made and entered into this 1st day of February, 2007 by and between the San Mateo County Community College District, a political subdivision of the State of California, having its principle business address at 3401 CSM Drive, San Mateo, CA 94402 (hereinafter called "District") and City of Pacifica having its principle business address at 170 Santa Maria Avenue, Pacifica, CA 94044, (hereinafter called "Contractor").

WHEREAS, it is necessary and desirable that Contractor be engaged by District for the purpose of performing services hereinafter described;

NOW, THEREFORE, in consideration of the payments hereinafter set forth, Contractor shall perform services for District in accordance with the terms and conditions set forth herein and in Exhibit A attached hereto and by this reference made a part hereof. District shall make payment to Contractor in the manner specified in Exhibit A.

1. TERM AND TERMINATION. This Agreement shall commence on February 1, 2007 and terminate on June 30, 2007. Notwithstanding the foregoing, if any applicable law limits the permissible length of the term of this Agreement, then the term of this Agreement shall not extend beyond the length permitted by law. Either party may terminate this Agreement upon thirty (30) days' written notice to the other party.
2. AMENDMENTS. This Agreement may be amended only by written instrument signed by both District and Contractor which writing shall state expressly that it is intended by the parties to amend the terms and conditions of this Agreement.
3. GOVERNING LAW AND EXTENT OF AGREEMENT. This Agreement, including all exhibits attached hereto and incorporated herein by reference, shall be construed in and governed by the laws of the State of California and constitutes the sole agreement of the parties hereto and correctly states the rights, duties and obligations of each party. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are of no force or effect. In the event of a conflict between the terms and conditions set forth herein and those in the exhibits attached hereto, the terms and conditions set forth herein shall prevail.
4. INDEPENDENT CONTRACTORS. It is understood that this is an Agreement by and between independent contractors and is not intended to, and shall not be construed to, create the relationship of agent, servant, employee, partnership, joint venture of association, or any other relationship whatsoever other than that of independent contractor. Except as District may specify in writing, Contractor shall have no authority, expressed or implied, to act on behalf of District in any capacity whatsoever. Contractor shall have no authority, expressed or implied, pursuant to this Agreement to bind District to any obligation whatsoever.
5. TIME OF PERFORMANCE. Time is of the essence and Contractor shall perform the services required by this Agreement in an expeditious and timely manner so as not to unreasonably delay the purpose of this Agreement.

6. FAIR EMPLOYMENT PRACTICES/EQUAL OPPORTUNITY ACTS. District is an equal opportunity employer. By entering into this Agreement, Contractor certifies that he/she is in compliance with the Equal Employment Opportunity Requirement of Executive Order 11246, Title VII of the Civil Rights Act of 1973, the California Fair Employment Practices Act and any other Federal or State laws and regulations related to Equal Employment Opportunity. Contractor's personnel policies shall be made available to District upon request.

7. OWNERSHIP OF PROPERTY. All tangible and intangible property developed, produced and/or provided by Contractor under this Agreement shall become the sole property of District. District's ownership of property developed, produced and/or provided under this Agreement includes, but is not limited to, any specifications, drawings, sketches, models, samples, tools, computer programs, technical information, confidential business information, scripts, customer or personnel information or data, written, oral or otherwise (all hereinafter referred to as "Information"), obtained by Contractor from District or developed by Contractor hereunder or in contemplation hereof shall remain or become the sole property of District. Any copyrightable works or other intellectual property developed in connection with this Agreement shall remain or shall become the sole property of District and, in accordance with Education Code section 72207, Contractor understands that the District's governing board may secure copyrights, in the name of the District, to all such works. If Contractor desires to make use of any such District work for any purpose not related to this agreement, Contractor must first secure prior written consent of District for such use. All copies of such Information in written, graphic or other tangible form shall be returned to District upon termination of this Agreement. Information shall be kept confidential by Contractor, shall be used only in performing hereunder, and may be used for other purposes only upon prior written approval of District Executive Vice Chancellor.

8. LICENSES, PATENTS, PERMITS. Contractor shall apply for and maintain in current status all licenses, patents and permits necessary in performance of the work required under this Agreement.

9. LIABILITY AND INSURANCE. Contractor shall be responsible for all damages to persons or properties that occur as a result of Contractor's or Contractor's employees fault or negligence in connection with the performance of this Agreement.

Contractor shall procure and maintain during the life of this Agreement, Comprehensive General Liability insurance which provides for injuries including accidental death, per any one occurrence in an amount not less than \$2,000,000 per occurrence and \$4,000,000 annual aggregate; property damage insurance in an amount not less than \$2,000,000 per occurrence; and business automobile liability insurance in an amount not less than \$2,000,000 including coverage for owned, non-owned and hired vehicles.

Contractor shall have in effect, during the entire life of this Agreement, Workers' Compensation and Employer Liability Insurance providing full statutory coverage. In signing this Agreement, Contractor makes the following certification, required by Section 1861 of the California Labor Code (select one):

1 I am aware of the provisions of Section 3700 of the California Labor Code, which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of the Code, and I will comply with such provisions before commencing the performance of the work of the Agreement.

or

1 I have no employees and, therefore, will not submit a Certificate of Workers' Compensation.

Subcontractor Signature

Certificates of Insurance for coverages required herein shall be filed with District's Executive Vice Chancellor *prior to the commencement of work*. The certificates shall provide that if the policy or policies be canceled by the insurance company or Contractor during the term of this Agreement, thirty (30) days written notice prior to the effective date of such cancellation will be given to District's Executive Vice Chancellor. The certificates shall also show the information that the San Mateo County Community College District is named on Contractor's Comprehensive General Liability and Property Damage policies as co-insured or added thereon by endorsement as a named insured or additional insured.

10. INDEMNIFICATION. Contractor shall indemnify and save harmless District, its officers, agents, employees and servants from all claims, suits or actions of every name, kind, description, brought for, or on account of, injuries to or death of any person or damage to property resulting from performance of any work required under this Agreement by Contractor, its officers, agents, employees and/or servants.

The duty of Contractor to indemnify and save harmless, as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code; provided, however, that nothing herein shall be construed to require Contractor to indemnify District, its officers, agents, employees and servants against any responsibility or liability in contravention of Section 2782 of the Civil Code.

The indemnification and hold harmless agreement set forth above includes, but is not limited to, Contractor's agreement at its sole expense to indemnify District from and defend or settle any claim or action brought against District to the extent that it is based on a claim that any services furnished hereunder infringed a patent, copyright, trademark, service mark, trade secret, or other legally protected intellectual property rights. Contractor shall pay all costs, fees (including attorneys' fees) and damages which may be incurred by District for any such claim or action or settlement thereof.

11. ASSIGNABILITY. Contractor shall not assign this Agreement or any portion thereof to a third party without the prior written consent of District, and any attempted assignment without such prior written consent in violation of this paragraph 11 is null and void and automatically shall terminate this Agreement. In the event of any assignment, Contractor shall remain liable to District as principal for the performance of all obligations under this Agreement.
12. FAILURE TO PERFORM. If, at any time, in the opinion of District, Contractor fails to render services of proper quality or has failed to perform, keep, and observe any of the terms or conditions herein contained on the part of Contractor to be performed, kept, and observed, District may give Contractor written notice to correct such conditions or cure such default; and if any such condition or fault shall continue for ten (10) days after said written notice, then, and in that event, this Agreement shall cease and expire. Thereupon District or its duly authorized representative may employ other parties to carry this Agreement to completion as District may deem proper.
13. FORCE MAJEURE. Neither party shall be responsible for delays or failure in performance resulting from acts beyond the control of such parties. Such acts shall include, but not be limited to, Acts of God, labor disputes, civil disruptions, acts of war, epidemics, fire, electrical power outages, earthquakes or other natural disasters.
14. DISPUTE RESOLUTION. Should any dispute arise out of this Agreement, the parties agree to meet in mediation and attempt to reach a resolution with the assistance of a mutually agreed upon mediator. The mediation process shall provide for the selection, within fifteen (15) days of either party notifying the other of the existence of a dispute, by both parties of a disinterested third person as mediator and shall be concluded within forty-five (45) days from the commencement of the mediation unless a time requirement is extended by stipulation of both parties.

If a mediated settlement is reached, neither party shall be the prevailing party for the purposes of the mediated settlement. Each party agrees to bear an equal quota of the expenses of the mediator.

Neither party shall be permitted to file legal action without first meeting in mediation and maintaining a good faith attempt to reach a mediated resolution.

15. SEVERABILITY. Should any part of this Agreement be declared through a final decision by a court or tribunal of competent jurisdiction to be unconstitutional, invalid, or beyond the authority of either party to enter into or to carry out, such decision shall not affect the validity of the remainder of this Agreement, which shall continue in full force and effect, provided that the remainder of this Agreement, absent the unexercised portion, can be interpreted reasonably to give effect to the intentions of the parties.
16. WAIVERS. No waiver of default by District of any terms or conditions hereof to be performed, kept, or observed by Contractor shall be construed to be or act as a waiver of any subsequent default of any of the terms and conditions herein contained.
17. NOTICES. All notices to be given between the parties hereto shall be in writing and may be served by commercial express/overnight courier service or by depositing the same in the United States mail, postage prepaid and certified receipt requested and addressed to:

"DISTRICT"
San Mateo County Community College District
James W. Keller, Executive Vice Chancellor
3401 CSM Drive
San Mateo, CA 94402

"CONTRACTOR"
City of Pacifica
170 Santa Maria Avenue
Pacifica, CA 94044

Either party by written notice to the other party may change the address of the notice or the names of the persons or parties to receive written notices.

18. EXPENDITURE OF PUBLIC FUNDS. Contractor agrees to comply with Government Code Section 8546.7 which provides that any contract involving expenditure of public funds in excess of \$10,000 requires that the contracting parties shall be subject to the examination and audit of the Auditor General for a period of three (3) years after final payment under the contract.
19. CAPTIONS. Any captions to or headings of the articles, sections, subsections, paragraphs, or subparagraphs of this Agreement are solely for the convenience of the parties, are not a part of this Agreement, and shall not be used for the interpretation or determination of validity of this Agreement or any provision hereof.
20. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute one and the same instrument.

21. EXECUTION. By their signatures below, each of the following represents that they have authority to execute this Agreement and to bind the party on whose behalf their execution is made.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate.

**SAN MATEO COUNTY COMMUNITY
COLLEGE DISTRICT**

CITY OF PACIFICA

By: _____
James W. Keller, Executive Vice Chancellor

By: _____

Name/Title of Authorized Signatory

Date: _____

Date: _____

Employer Identification Number 94-3084147

Employer Identification Number (EIN):

EXHIBIT A

General Center Subcontract with City of Pacifica

In order to delegate operating responsibility from the DISTRICT to CONTRACTOR for preschool services authorized by the DISTRICT’s General Center (CCTR-6396) contract with the California Department of Education (CDE), the parties hereby agree as follows:

1. The CONTRACTOR shall provide preschool services to eligible children for which they will be reimbursed for actual and allowable costs through these Subcontracts. All activities authorized by these Subcontracts will be performed within the authorized program policies, approved budget, contract funding terms and conditions, appropriate Child Development rules and regulations, and the CDE directives, in accordance with the application and contract between the DISTRICT and the CDE, a copy of which is available upon request.
2. The DISTRICT shall monitor, evaluate, and provide technical assistance to the CONTRACTOR in the conduct of activities delegated under these Subcontracts. The CONTRACTOR shall make reports to the DISTRICT as may be required by the Child Development Division of the CDE or the DISTRICT to perform their duties, and will maintain such records and provide access to those records as the state agency or DISTRICT deems necessary. Such reports shall include, but not be limited to, records which fully disclose the amount and disposition by the CONTRACTOR of those funds, the total cost of the activity for which the funds are used, the share of the cost provided from other sources, and such other records as will facilitate an effective audit. The CONTRACTOR shall maintain such records for five years after the completion of the activities for which the funds are used.
3. SERVICE REQUIREMENTS

General Center Contract CCTR-6396

CONTRACTOR shall be reimbursed in accordance with the Determination of Reimbursable Amount section of the Funding Terms and Conditions at a rate not to exceed **\$29.84** per child per day of full-time enrollment and a Maximum Reimbursable Amount (MRA) of **\$32,829**. Both of these rates (per day and MRA) will be increased by any state COLA received by DISTRICT for this contract.

Minimum Child Days of Enrollment (CDE) Requirement	2,200
Minimum Days of Operation (MDO) Requirement	200
MRA = CDE x reimbursement rate	

An administrative fee of eight percent (8%) has been deducted from the Pilot Reimbursement Rate.

4. These Subcontracts are contingent upon funding from the State, and these Subcontracts are null and void to the extent that such funding is no longer received by the DISTRICT. The CONTRACTOR is liable for any audit exception caused by or as a result of, the CONTRACTOR's performance or lack of performance as required by the Subcontracts. The consideration paid to the CONTRACTOR, as provided in these Subcontracts, is full compensation for all the CONTRACTOR's expenses incurred in the performance of the Subcontracts. The CONTRACTOR will use fiscal controls and California State Accounting Manual procedures to ensure proper disbursement of, and accounting for, state funds under each account.
5. The right to use any equipment or supplies purchased with state funds rests with the CONTRACTOR only as long as the Subcontract is in effect. Upon termination of the Subcontract all rights to all

equipment and remaining supplies shall revert to the DISTRICT. The purchase of any unit of equipment exceeding seven thousand five hundred dollars (\$7,500) and/or having a useful life expectancy of two (2) years or more and purchased with state funds may not be purchased until CONTRACTOR has obtained prior written authorization from the DISTRICT and the Child Development Division of the CDE.

6. CONTRACTOR's travel and per diem expenses can be reimbursed only at rates not exceeding those amounts paid to the California Department of Education employees computed in accordance with Department of Personnel Administration Regulations, California Administrative Code, 2 Cal. Code of Regs., Chapter 3, sub-chapter 1, article 2 (2 Cal. Code of Regs. Sections 599.615- 599.638.1).
7. CONTRACTOR is responsible for hiring of qualified staff and maintaining required ratios in accordance with licensing and California Department of Education requirements. In addition, SUBCONTRACTOR is responsible for seeing that sites meet all licensing requirements.
8. The CONTRACTOR shall submit requests for reimbursement under this Subcontract at least quarterly by the 15th day of the month following the end of the quarter. Reports of enrollment, attendance and expenditures are to be submitted monthly for the State Preschool contract on CDE Child Development Fiscal Services form CDFS 8501 and quarterly for the General Center contract on form CDFS 9500. Copies of these reports may be found at the CDE website using the following links:
<http://www.cde.ca.gov/fg/aa/cd/documents/cdfs850105.doc>,
<http://www.cde.ca.gov/fg/aa/cd/documents/cdfs950005.doc>.

Services will be billed to "San Mateo County Community College District" and become payable after satisfactory completion of services and upon presentation of detailed invoice(s) specifying services being provided. Invoices shall be sent to: SMCCCD, Accounts Payable Office, 3401 CSM Drive, San Mateo, CA 94402

BOARD REPORT NO. 07-1-3CA

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor-Superintendent

PREPARED BY: José D. Nuñez, Vice Chancellor, Facilities Planning, Maintenance & Operations,
650-358-6836

**APPROVAL TO EXTEND ELECTRICITY AGREEMENT WITH
CONSTELLATION NEWENERGY, INC.**

On September 25, 2002 (Board Report No. 02-9-104B), the Board approved ratification of an electricity service agreement with AES/NewEnergy, Inc. (now known as Constellation NewEnergy, Inc.) for the period September 1, 2002 through June 30, 2003. The Board subsequently approved renewals of that agreement on June 25, 2003 (Board Report No. 03-6-12CA), December 15, 2004 (Board Report No. 04-12-2CA), May 18, 2005 (Board Report No. 05-05-3CA), December 14, 2005 (Board Report No. 05-12-5CA) and most recently on March 22, 2006 (Board Report No. 06-3-4CA) for the period July 1, 2006 through June 30, 2007.

The Community College League, together with the League's Energy Consultant and with Constellation NewEnergy (CNE), has worked closely with participating Districts to ascertain if remaining on direct access electrical service is in their best interests. For the past several years, electricity prices have been trending high due to international demand, high crude oil and natural gas prices, a strong economy in the United States, and recent natural disasters. Utility generation rates are expected to continue to increase significantly over the next several years, so maintaining direct access service offers budget certainty. By procuring direct access electricity, the District preserves its ability to purchase electricity in the future using this method, thus retaining the best opportunity to achieve favorable market rates for the commodity, as well as lock in costs for budgeting purposes. Furthermore, returning to bundled service requires a three-year commitment to that procurement method, exposing the District to potential new exit fees should we want to return to direct access. For these reasons, together with the proven benefits of being on direct access for the past 6 years, procuring direct access electricity from an Energy Service Provider (ESP) is in the District's best interest.

The term for the extension will be one year for the period July 1, 2007 through June 30, 2008. The contract will include service on a full-requirement, fixed-price basis. The exact price per kWh is not known at this time; however, the current indicative price is at \$0.076 per kWh. An indicative price is the only price available at this time because wholesalers will only hold fixed prices open for a few minutes. California Independent System Operator (ISO) charges, all applicable taxes, and any new California Public Utilities Commission or Department of Water and Power charges are passed through to the District. Energy distribution charges will continue to be billed directly by PG&E.

RECOMMENDATION

It is recommended that the Board of Trustees authorize the Executive Vice Chancellor to renew the agreement with Constellation NewEnergy, Inc. for provision of direct access electric energy service, as detailed above, for the period July 1, 2007 through June 30, 2008.

BOARD REPORT NO. 07-1-4CA

TO: Members of the Board of Trustees
 FROM: Ron Galatolo, Chancellor-Superintendent
 PREPARED BY: James W. Keller, Executive Vice Chancellor, 358-6790

**APPROVAL OF TRUSTEES’ FUND FOR PROGRAM IMPROVEMENT PROJECTS
 FOR COLLEGE OF SAN MATEO**

On September 11, 2006, the Board of Trustees approved a special appropriation for the Trustees’ Fund for Program Improvement, set at the same level as in prior years, or \$50,000 (Board Report No. 06-9-101B). Additionally, \$53,370.95 was carried over to continue programs committed in prior years but not completed by June 30, 2006. The total 2006-07 allocation and 2005-06 carryover has been allocated as follows:

	06-07 Allocation	05-06 Carryover	Total Funds Available
Cañada College	\$10,227.77	\$11,670.47	\$21,898.24
College of San Mateo	22,846.23	16,718.45	39,564.68
Skyline College	<u>16,926.00</u>	<u>24,982.03</u>	<u>41,908.03</u>
Total	\$50,000.00	\$53,370.95	\$103,370.95

The total funding available for ongoing and new proposals in 2006-07 is \$103,370.95.

Attached as Exhibit A are descriptions of three new proposals submitted for 2006-07 by College of San Mateo for \$3,500 each.

RECOMMENDATION

It is recommended that the Board of Trustees approve the projects submitted by College of San Mateo in the amount of \$10,500, as described in the attached exhibit, for Trustees’ Fund for Program Improvement support.

College of San Mateo
Trustees' Fund for Program Improvement

Project Title: "Elementary Chinese II Online Course Design"

Project Director: Jing Wu

Project Amount: \$3,500.00

There is an increasing demand in Chinese language learning from College of San Mateo students and our community. Designing a new online course for the existing *Elementary Chinese II* is much needed to accommodate our students and community. The flexibility of the online course will help more students to acquire Chinese language at CSM. Furthermore, the first Chinese online course, *Elementary Chinese I*, has been effectively offered in the Fall of 2006. Designing and offering the next level course, *Elementary Chinese II*, will help to retain the current students, supporting them to continue their online learning. It will also form a Chinese online course series to allow our College to offer a competitive Chinese program among the community colleges on the Peninsula.

Project Title: Fulbright Scholar in Residence

Project Director: Kate Motoyama

Project Amount: \$3,500.00

College of San Mateo has been awarded a Fulbright Scholar in Residence (SIR) for spring 2007; only two other California community colleges have received this opportunity in the past few years. Dr. Yukio Tsuda of Tuskuba University will teach SPCH 150 (Intercultural Communication) and make himself available for conversations and presentations to any interested party on campus, in the District, and throughout our county. Not only will this provide personal and professional development, but the presence of the SIR and his participation in our college life will infuse cross-cultural perspectives across the curriculum.

Project Title: Tutorials for Writing and Critical Thinking

Project Directors: Sandra Stefani Comerford and Juanita Alunan

Project Amount: \$3,500.00

Currently, College of San Mateo's Writing Center offers help only to students who are enrolled in CSM English courses. We want to make sure that students receive the help they need with writing in all their courses. With our College's current emphasis on integrative learning and the addition of a one lab hour by arrangement to seventeen sections of non-English courses for Writing across the Curriculum (WAC), students will be coming to the Writing Center to get help with their papers for courses outside the English Department in Spring 2007. Therefore, the Writing Center will substantially increase the number of students that it serves next semester, with the goal of adding a one hour by arrangement for WAC to more non-English courses each semester.

BOARD REPORT NO. 07-1-5CA

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor-Superintendent
PREPARED BY: Martha Tilmann, Dean, Technology Division, 574-6228

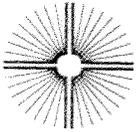
**APPROVAL OF PAYMENT TO THE
SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM
FOR THE 2005-06 PEACE OFFICERS TRAINING ACADEMY
COLLEGE OF SAN MATEO**

On September 11, 1996, the Board approved a Joint Powers Agreement with the South Bay Regional Public Safety Training Consortium (Board Report No. 96-9-104B) for District membership in the Consortium. The South Bay Regional Public Safety Training Consortium is an organization of local community colleges established in 1995 for the purpose of coordinating a regional approach to the offering of public safety instruction in the Bay Area. Membership in this joint powers agency currently includes the following districts: San Mateo County Community College District, Foothill-DeAnza, Fremont-Newark, Gavilan, Hartnell, San Jose-Evergreen, and West Valley-Mission.

As a member of the consortium, College of San Mateo sponsors one of two annual sessions of the Peace Officers Standards and Testing (P.O.S.T.) certified police academy. For the 2005-2006 P.O.S.T. Academy, the College paid \$253,400 and received 119 FTES from the Consortium. For the 2006-2007 year, the estimated cost per FTES is \$2,181. Based upon this amount, the College is expected to generate a minimum of 119 FTES for the 2006-2007 year.

RECOMMENDATION

It is recommended that the Board of Trustees approve payment to the South Bay Regional Public Safety Training Consortium in the amount not to exceed \$263,000 for 2006-2007 sponsorship of the Peace Officers Standards and Training certified academy.



COMMUNITY COLLEGE LEAGUE
OF CALIFORNIA

Date: December 1, 2006
To: California Community College Trustees
California Community College Chancellors/Superintendents
From: Scott Lay
Subject: CCCT Board Election - 2007

The California Community College Trustees (CCCT) board serves a major role within the Community College League of California. Meeting five times a year, the twenty-one member board provides leadership and direction to ensure a strong voice for locally elected governing board members.

From January 1 through February 15, nominations for membership on the CCCT board will be accepted in the League office. Nominations are to be made by a member district board of trustees; and each district may nominate only members of its board.

Each nominee must be a local community college district trustee, other than the student trustee, and must have consented to be nominated. Only one trustee per district may serve on the board.

An official Biographical Sketch Form and Statement of Candidacy **must** accompany the Nominating Ballot mailed to the League office, and please use only these forms. Nomination materials should be sent by certified mail – return receipt requested. Faxed materials will **not** be accepted due to the quality of transmission.

The election of members of the CCCT board will take place between March 10 and April 25. Each member district board of trustees will have one vote for each vacancy on the CCCT board. Eleven persons will be elected to the board this year. Ten incumbents are eligible to run for re-election. The ten candidates who receive the most votes will serve two-year terms. The eleventh top vote getter will serve a one-year term. Election results will be announced at the CCCT annual conference. The newly elected members of the board will assume their responsibilities at the conclusion of the annual conference, May 6.

If you have any questions about the CCCT board election process, please call the League office.

Attachments: (mailed only to CCC Chancellors/Superintendents)

- Official Nominating Ballot
- Official Biographical Sketch Form
- Official Statement of Candidacy
- CCCT Board Terms of Office
- CCCT Board Roster



Must be returned to the League office **postmarked no later than February 15**, along with the statement of candidacy and biographic sketch form. **Faxed material will not be accepted.**

Community College League of California
2017 "O" Street
Sacramento, CA 95814

The governing board of the _____ Community
College District nominates _____ to be a
candidate for the CCCT Board.

This nominee is a member of the _____ Community
College District governing board, which is a member in good standing of the Community College League of
California. The nominee has been contacted and has given permission to be placed into nomination.
Enclosed are the Statement of Candidacy and the CCCT Biographical Sketch Form for our nominee.

Signature of Clerk or Secretary of Governing Board

CCCT BOARD
BIOGRAPHIC SKETCH FORM

Must be returned to the League office **postmarked no later than February 15**, along with the nominating ballot and statement of candidacy. **Faxed material will not be accepted.**

PERSONAL

Name: _____ Date: _____

Address: _____

City: _____ Zip: _____

Phone: _____ (home) _____ (office)

E-Mail: _____

EDUCATION

Certificates/Degrees: _____

PROFESSIONAL EXPERIENCE

Present Occupation: _____

Other: _____

COMMUNITY COLLEGE ACTIVITIES

College District Where Board Member: _____

Years of Service on Local Board: _____

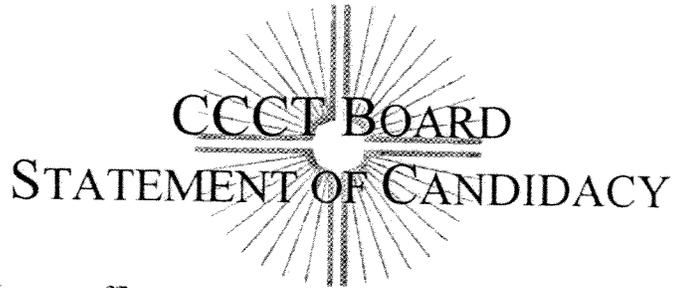
Offices and Committee Memberships Held on Local Board: _____

State Activities (*CCCT and other organizations boards, committees, workshop presenter; Chancellor's Committees, etc*) _____

National Activities (*ACCT and other organizations, boards, committees, etc.*): _____

CIVIC AND COMMUNITY ACTIVITIES

OTHER



CCCT BOARD
STATEMENT OF CANDIDACY

Must be returned to the League office **postmarked no later than February 15**, along with the nominating ballot and biographic sketch form. **Faxed material will not be accepted.**

CANDIDATE'S NAME: _____ DATE: _____

What do you see as the major issues and activities that should be considered by CCCT and the League in the next two years? **(50 words or less; any portion of the statement beyond this limit will not be included.)**

What do you feel you can contribute in these areas? **(50 words or less; any portion of the statement beyond this limit will not be included.)**

CCCT BOARD
FY 2007 TERMS OF OFFICE

NAME	TERMS SERVED	TERM EXPIRES	ELIGIBILITY FOR ADDITIONAL CONSECUTIVE TERMS
Albiani	00/02, 02/04, 04/06, 06/08	08	1
Barreras	06/08	08	4
Batiste	00/02, 02/04, 04/06, 06/08	08	1
Bader	11/06-5/07*	07	4
Beck	01/02**, 02/04, 04/06, 06/08	08	1
Clark	99/01, 01/03, 03/05, 05/07	07	1
Fong	1/04-5/04*, 04/06, 06/08	08	2
Garcia	6/99-5/00*, 00/02, 02/04, 04/06, 06/08	08	0
Grier	12/01-05/02*, 02/04, 04/06, 06/08	08	1
Hayden Jr.	99/01, 01/03, 03/05, 05/07	07	1
Howald	9/04-5/05*, 05/07	07	3
Mann	05/07	07	4
Meng	04/06, 06/08	08	3
Mercer	02/03**, 03/05, 05/07	07	2
Ortell	1/04-5/04*, 04/06, 06/08	08	2
Quintero	11/06-5/07*	07	4
Serna	05/07	07	4
Singer	04/05**, 05/07	07	3
Takano	97/99, 99/01, 01/03, 03/05, 05/07	07	0
Villegas	7/00-5/01*, 01/03, 03/05, 05/07	07	1

*Initially Appointed

**Elected to One-Year Term

CALIFORNIA COMMUNITY COLLEGE TRUSTEES
2006-2007 BOARD ROSTER

KAY ALBIANI, Immediate Past President

Los Rios CCD
10221 Sheldon Road
Elk Grove, CA 95624
916.682-2445 (res)
916.682-2336 (fax)
gil@albiani.com

ROSEANNE BADER

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Pomona, CA 91768
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909.598-2303 (CCD fax)
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650.949-6207 (bus)
fongpaul@fhda.edu

REBECCA J. GARCIA, 1st Vice President

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43 Rosewood Drive
Watsonville, CA 95076
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831.479-6425 (CCD fax)
garciabecca@aol.com

ANITA GRIER

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dralgrier@aol.com

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Desert Hot Springs, CA 92240
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760.341-9732 (CCD fax)
chaydendccd@aol.com

WALT HOWALD

Coast CCD
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714.438-4882 (CCD fax)
whowald@ccd.edu

BRYAN HUGHS

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619.388-7877 (bus)
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BOARD REPORT NO. 07-1-100B

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor-Superintendent
PREPARED BY: James W. Keller, Executive Vice Chancellor, 358-6790

**RECEIPT AND ACCEPTANCE OF THE 2005-06
KCSM AUDIT REPORT**

Attached are copies of the audits of KCSM-FM and KCSM-TV financial records, prepared by the Board-approved firm of Vavrinek, Trine, Day & Company. The audits were based upon the fiscal year ending June 30, 2006. A representative of the auditing firm will be present at this meeting to respond to questions about the audit in general and about the firm's findings and recommendations.

RECOMMENDATION

It is recommended that the Board of Trustees receive and accept the 2005-06 audit reports for KCSM-FM and KCSM-TV, which were filed with the Corporation for Public Broadcasting prior to the January 31, 2007 due date.

KCSM-FM

**A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2006

**KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

JUNE 30, 2006

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Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
KCSM-FM

We have audited the accompanying financial statements of KCSM-FM (a public telecommunications entity operated by the San Mateo County Community College District) as of June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the KCSM-FM resource of the general fund of San Mateo County Community College District and do not purport to, and do not, present fairly the financial position of the San Mateo County Community College District as of June 30, 2006, and the changes in its financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KCSM-FM as of June 30, 2006, and the changes in financial position and cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2006, on our consideration of KCSM-FM's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in assessing the results of our audit.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California

October 6, 2006

KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET ASSETS
JUNE 30, 2006

ASSETS**Current assets**

Cash	\$ 557,237
Accounts receivable	785
Total current assets	<u>558,022</u>

Noncurrent assets

Capital assets	309,819
Accumulated depreciation	<u>(130,282)</u>
Total noncurrent assets	<u>179,537</u>
TOTAL ASSETS	<u><u>737,559</u></u>

LIABILITIES**Current Liabilities**

Accounts payable	<u>11,588</u>
------------------	---------------

NET ASSETS

Investment in capital assets	179,537
Unrestricted	<u>546,434</u>
TOTAL NET ASSETS	<u><u>\$ 725,971</u></u>

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

**KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006**

OPERATING REVENUES

Direct Income

CPB community service grants	\$ 200,310
Business and industry	58,835
Subscription and membership	1,381,111
Other income	3,200
Facilities use	51,183

Indirect support

San Mateo County Community College District	328,493
---	---------

Total Operating Revenues

2,023,132

OPERATING EXPENSES

Programming and production	578,703
Broadcasting	230,892
Program information and promotion	84,597
Management and general	651,419
Fundraising support	394,863
Underwriting and grant solicitation	38,248

Total Operating Expenses

1,978,722

CHANGE IN NET ASSETS

44,410

NET ASSETS AT BEGINNING OF YEAR

681,561

NET ASSETS AT END OF YEAR

\$ 725,971

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

**KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES	
CPB community service grants	\$ 200,310
Business and industry	58,835
Subscription and membership	1,393,086
San Mateo County Community College District	328,493
Other income	54,383
Payments to suppliers	(1,172,470)
Payment to /(on behalf of) employees	(791,260)
Net Cash Provided By Operating Activities	<u>71,377</u>
NET INCREASE IN CASH	71,377
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	485,860
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 557,237</u>
 RECONCILIATION OF NET OPERATING REVENUES TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income	\$ 44,410
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	25,387
Changes in assets and liabilities	
Decrease in accounts receivable	11,974
Increase in accounts payable	(10,394)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 71,377</u>
 NONCASH TRANSACTIONS	
Indirect support - San Mateo Community College District	<u>\$ 328,493</u>

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

**KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

KCSM-FM is a public telecommunications radio station operated by San Mateo County Community College District. KCSM-FM is a program of San Mateo County Community College District general fund, and all activities are also reported within the financial statements of the District.

These financial statements are not intended to, and do not purport to, present fairly the financial position and changes in the financial position of the San Mateo County Community College District in compliance with accounting principles generally accepted in the United States of America.

Basis of Accounting

The KCSM-FM financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). In addition, the District applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

KCSM-FM operates as a proprietary resource within the general fund; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost and expenses, including depreciation, of providing goods or services to its customers be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. KCSM-FM is not an entity separate from the College District and, therefore, does not present a Management Discussion and Analysis section.

Enterprise format accounts for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets and all liabilities of the enterprise are recorded on its statement of net assets, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

For internal operating purposes, the District's Board of Trustees has established separate sub-funds, each of which includes a separate self-balancing set of accounts and a separate Board approved budget for the activities of KCSM-FM. These sub-funds are combined into the single enterprise fund format presented in the accompanying financial statements.

The District's Board of Trustees adopts annual budgets on a basis consistent with accounting principles generally accepted in the United States of America.

**KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

Land, Buildings and Improvements

KCSM-FM records assets purchased at cost. The value of donated goods is recorded when there is an objective basis available to measure their value. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. KCSM-FM depreciates all equipment using the straight-line method of depreciation over the estimated useful life of the related assets, ranging from 5 to 20 years.

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 reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Flows

For the purposes of the statement of cash flows, KCSM-FM considers all investments with a maturity of six months or less to be cash equivalents.

Income Taxes

KCSM-FM is a program of San Mateo County Community College District. San Mateo County Community College District is a public educational institution and is considered to be a political subdivision of the State of California and is therefore tax exempt and not subject to filing information returns.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2006, are classified in the accompanying financial statements as a governmental fund investment in the amount of \$557,237. Cash accounts maintained by KCSM-FM are held by San Mateo County Community College District in pooled amounts at the County Treasury.

**KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

Policies and Practices

KCSM - FM is authorized through the District under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury – KCSM – FM and the District are considered to be involuntary participants in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the entity's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S Agency Securities	5 years	None	None
Banker's Acceptance	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	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	None
Joint Powers Authority Pools	N/A	None	None

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. KCSM-FM and the District manages exposure to interest rate risk by depositing funds with the San Mateo County Treasury. KCSM-FM's share of deposits with the County Treasury was a \$557,237. The weighted average maturity of the San Mateo pooled investments at June 30, 2006, was approximately 1.4 years.

**KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 3 – EQUIPMENT

Changes in equipment are summarized as follows:

	<u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2006</u>
Equipment	\$ 309,819	\$ -	\$ -	\$ 309,819
Less - Accumulated Depreciation	<u>104,895</u>	<u>25,387</u>	<u>-</u>	<u>130,282</u>
Net Equipment	<u>\$ 204,924</u>	<u>\$ (25,387)</u>	<u>\$ -</u>	<u>\$ 179,537</u>

Current year depreciation expense was \$25,387.

NOTE 4 – DONATED SERVICES

During the year, many KCSM-FM individuals donate significant amounts of time and services in an effort to advance the programs and objectives of the station. These services have not been recorded in the financial statements because no objective basis is available to measure the value of such services.

NOTE 5 – RELATED PARTY TRANSACTIONS

During the year, KCSM-FM received indirect administrative support from San Mateo Community College District, the entity that operates the station, in the amount of \$328,493.

INDEPENDENT AUDITORS' REPORT



Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

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**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***

Governing Board
KCSM-FM
San Mateo, California

We have audited the financial statements of KCSM - FM resource of the general fund of San Mateo County Community College District as of and for the year ended June 30, 2006, which comprises the KCSM - FM basic financial statements and have issued our report thereon dated October 6, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered KCSM-FM's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KCSM-FM's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Governing Board, management, the California Department of Education, the State Chancellor's Office, Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trune, Day & Co LLP

Pleasanton, California
October 6, 2006



Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Trustees
KCSM – FM

We have examined management's assertion included in the accompanying Corporation for Public Broadcasting (CPB) Schedule of Non-Federal Financial Support that KCSM – FM complied with CPB's Fiscal Year 2006, Financial Reporting Guidelines governing the amounts reported as Non-Federal Financial Support (NFFS) during the fiscal year ended June 30, 2006. Management is responsible for KCSM – FM's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about KCSM – FM's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about KCSM – FM's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on KCSM – FM compliance with specified requirements.

In our opinion, management's assertion that KCSM – FM complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2006, is fairly stated.

This report is intended solely for the information and use of management of KCSM-FM, the District, and the Corporation for Public Broadcasting and is not intended to be and should not be used by anyone other than the specified parties.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
October 6, 2006

Schedule A
KCSM-FM (1314)
San Mateo, CA

NFFS Excluded?

If you have an NFFS Exclusion, please click the "NFFS X" button, and enter your NFFS data.



Source of Income

	2005 data	2006 data	
1. Amounts provided directly by federal government agencies	\$0	\$	0
A. PTFP (NTIA) Facilities Grants	\$0	\$	0
B. Department of Education	\$0	\$	0
C. Department of Health and Human Services	\$0	\$	0
D. National Endowment for the Arts and Humanities	\$0	\$	0
E. National Science Foundation	\$0	\$	0
F. Other Federal Funds (specify)	\$0	\$	0
<u>Add</u>			
2. Amounts provided by Public Broadcasting Entities (e.g. CPB, PBS, NPR, etc., including other stations and regional networks. See Guidelines for complete list.)	\$194,995	\$	200,310
A. CPB - Community Service Grants (for radio enter unrestricted portion only)	\$176,352	\$	200,310
B. CPB - Digital Project Grants	\$0	\$	0
C. CPB - Restricted portion of Radio Community Service Grants	\$0	\$	0
D. CPB - TV Interconnection grants	\$0	\$	0
E. CPB - all other funds	\$18,643	\$	0
F. PBS - all payments except copyright royalties and other pass-through payments. See Guidelines for details.	\$0	\$	0
G. NPR - all payments except pass-through payments. See Guidelines for details.	\$0	\$	0
H. Public broadcasting stations - all payments	\$0	\$	0
I. Other PBE funds (specify)	\$0	\$	0
<u>Add</u>			
3. Local boards and departments of education or other local government or agency sources	\$0	\$	0
4. State boards and departments of education or other state government or agency sources	\$0	\$	0
5. State colleges and universities	\$0	\$	0
6. Other state-supported colleges and universities	\$0	\$	0
7. Private colleges and universities	\$0	\$	0

8. Foundations and nonprofit associations \$0 \$ 0

	2005 data	2006 data
8a. How much of this revenue was received as underwriting?	\$0	\$ 0

9. Business and Industry \$204,961 \$ 110,018

	2005 data	2006 data
9a. How much of this revenue was received as underwriting?	\$127,283	\$ 58,835

Exclusion Description	Amount
Rentals of studio space, equipment, tower, parking space	\$ 51,183

Add Another Exclusion

10. Memberships and subscriptions (net of write-offs) \$1,262,320 \$ 1,381,111

	2005 data	2006 data
10a. Total number of contributors.	18,370	17,829

11. Revenue from Friends groups less any revenue included on line 10 \$0 \$ 0

	2005 data	2006 data
11a. Total number of Friends contributors.	0	0

12. Revenue from subsidiary enterprises and related organizations (See instructions) \$0 \$ 0

Form of Revenue

	2005 data	2006 data
13. Auction revenue	\$0	\$ 0
A. Gross auction revenue	\$0	\$ 0
B. Direct auction expenses	\$0	\$ 0
14. Special fundraising activities	\$0	\$ 0
A. Gross special fundraising revenues	\$0	\$ 0
B. Direct special fundraising expenses	\$0	\$ 0
15. Passive income	\$0	\$ 0
A. Interest and dividends (other than on endowment funds)	\$0	\$ 0
B. Royalties	\$0	\$ 0
C. PBS or NPR pass-through copyright royalties	\$0	\$ 0

16. Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)	\$0	\$	0
A. Gains from sales of property and equipment - do not report losses	\$0	\$	0
B. Realized gains/losses on investments (other than endowment funds)	\$0	\$	0
C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)	\$0	\$	0
17. Endowment revenue	\$0	\$	0
A. Contributions to endowment principal	\$0	\$	0
B. Interest and dividends on endowment funds	\$0	\$	0
C. Realized and unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen - e.g. "-1,765")	\$0	\$	0
18. Capital fund contributions	\$0	\$	0
A. Facilities and equipment (except funds received from federal or public broadcasting sources)	\$0	\$	0
B. Other	\$0	\$	0
<u>Add</u>			
19. Gifts and bequests from major individual donors	\$0	\$	0
2005 data	0		
2006 data	0		
19a. Total number of major individual donors			
20. Other Direct Revenue	\$2,213	\$	3,200
Description			
production costs	3,200		
Amount			
<u>Add Another Item</u>			
21. Total Revenue (Sum of lines 1 through 12, 13a, 14a, and 15 through 20).	\$1,664,489	\$	1,694,639

Adjustments to Revenue

	2005 data	2006 data
22. Federal revenue from line 1.	\$0	\$ 0
23. Public broadcasting revenue from line 2.	\$194,995	\$ 200,310
24. Capital funds exclusion (from line 18a) - TV only	\$0	\$ 0
25. Other revenue on line 21 not meeting the source, form, purpose, or recipient criteria If this is a negative amount, add a hyphen (e.g. "-1,765")	\$77,678	\$ 51,183
26. Other automatic subtractions from total revenue	\$0	\$ 0
A. Auction expenses - limited to the lesser of lines 13a or 13b	\$0	\$ 0

B. Special fundraising event expenses – limited to the lesser of lines 14a or 14b	\$0	\$	0
C. Gains from sales of property and equipment – line 16a	\$0	\$	0
D. Realized gains/losses on investments (other than endowment funds) – line 16b	\$0	\$	0
E. Unrealized investment and actuarial gains/losses (other than endowment funds) – line 16c	\$0	\$	0
F. Realized and unrealized net investment gains/losses on endowment funds – line 17c	\$0	\$	0
27. Total Direct Nonfederal Financial Support (Line 21 less Lines 22 through 26). (Forwards to line 1 of the Summary of Nonfederal Financial Support)	\$1,391,816	\$	1,443,146

Comments

Comment	Name	Date	Status
Schedule B WorkSheet			
KCSM-FM (1314)			
San Mateo, CA			

	2005	2006
1. Determine Station net direct expenses		
1a. Total station operating expenses and capital outlays (forwards from line 10 of Schedule E)	\$1,542,170	\$ 1,978,722
Deductions (lines 1b.1. through 1b.7.):	\$19,741	\$ 0
1b.1. Capital outlays (from Schedule E, line 9 total)		
1b.2. Depreciation	\$17,423	\$ 25,387
1b.3. Amortization	\$0	\$ 0
1b.4. In-kind contributions (services and other assets)	\$0	\$ 0
1b.5. Indirect administrative support (see Guidelines for instructions)	\$36,170	\$ 507,858
1b.6. Donated property and equipment (if not included on line 1b.1)	\$0	\$ 0
1b.7. Other	\$0	\$ 0
Add		
1b.8. Total deductions	\$73,334	\$ 533,245
1c. Station net direct expenses	\$1,468,836	\$ 1,445,477
2. Institutional support rate calculation (Note: Choose one method only - either 2a or 2b)		
2a. Net direct expense method		
2a.1. Station net direct Expenses (forwards from line 1)	\$1,468,836	\$ 1,445,477
2a.2. Licensee net direct activities	\$60,847,953	\$ 64,705,006
2a.3. Percentage of allocation (2a.1 divided by 2a.2) (forward to line 2c.5 below)	\$2.413945	\$ 2.233949

2b. Salaries and wages method

2b.1. Station salaries and wages	\$0	\$	0
2b.2. Licensee salaries and wages for direct activities	\$0	\$	0
2b.3. Percentage of allocation (2b.1 divided by 2b.2) (forward to line 2c.5 below)	%0	%	0

2c. Institutional support calculation

2c.1. Choose applicable cost groups that benefit the station

- Budget and Analysis
- Campus Mail Service
- Computer Operations
- Financial Operations
- Human Resources
- Insurance
- Internal Audit
- Legal
- Payroll
- President's Office
- Purchasing
- Other
- Not Applicable

2c.2. Costs per licensee financial statements	\$42,367,893	\$	38,429,516
2c.3. LESS: Cost groups that do not benefit the operations of the public broadcast station	\$27,721,995	\$	23,724,937
2c.4. Costs benefiting station operations	\$14,645,898	\$	14,704,579
2c.5. Percentage of allocation (from line 2a.3 or 2b.3)	%2.413945	%	2.233949
2c.6. Total institutional costs benefiting station operations	\$353,544	\$	328,492

3. Physical plant support rate calculation

3a. Net square footage occupied by station	0		0
3b. Licensee's net assignable square footage	0		0
3c. Percentage of allocation (3a divided by 3b) (forward to line 3d.5 below)	%0	%	0
3d.1. Choose applicable cost groups that benefit the station			

- Building Maintenance
- Custodial Services
- Director of Operations
- Elevator Maintenance
- Grounds and Landscaping
- Motor Pool
- Refuse Disposal
- Roof Maintenance
- Utilities
- Security Services
- Facilities Planning
- Other
- Not Applicable

3d.2. Costs per licensee financial statements	\$0	\$	0
3d.3. LESS: Cost groups that do not benefit the operations of the public broadcast station	\$0	\$	0
3d.4. Costs benefiting station operations	\$0	\$	0
3d.5. Percentage of allocation (from line 3c.)	%0	%	0
3d.6. Total physical plant support costs benefiting station operations	\$0	\$	0
4. Total costs benefiting station operations (forwards to line 1 on tab 3)	\$0	\$	328,492

Comments

Comment	Name	Date	Status
Occupancy List KCSM-FM (1314) San Mateo, CA			

Type of Occupancy	Location	Value
--------------------------	-----------------	--------------

Schedule B Totals
KCSM-FM (1314)
San Mateo, CA

2005 data	2006 data
------------------	------------------

1. Total support activity benefiting station	\$353,544	\$	328,492
2. Occupancy value	3,843	\$	0
3. Deductions: Fees paid to the licensee for overhead recovery, assessment, etc.	\$0	\$	0
4. Deductions: Support shown on lines 1 and 2 in excess of revenue reported in financial statements.	\$3,843	\$	0
5. Total Indirect Administrative Support (Forwards to Line 2 of the Summary of Nonfederal Financial Support)	\$353,544	\$	328,492

Print Request

6. Please enter an institutional type code for your licensee.

OT

Comments

Comment	Name	Date	Status
Schedule C KCSM-FM (1314) San Mateo, CA			

	2005 data	Donor Code	2006 data
1. PROFESSIONAL SERVICES (must be eligible as NFFS)	\$0		\$ 0
A. Legal	\$0		\$ 0
B. Accounting and/or auditing	\$0		\$ 0
C. Engineering	\$0		\$ 0
D. Other professionals (see specific line item instructions in Guidelines before completing)	\$0		\$ 0
<u>Add</u>			
2. GENERAL OPERATIONAL SERVICES (must be eligible as NFFS)	\$0		\$ 0
A. Annual rental value of space (studios, offices, or tower facilities)	\$0		\$ 0
B. Annual value of land used for locating a station-owned transmission tower	\$0		\$ 0
C. Station operating expenses	\$0		\$ 0
D. Other (see specific line item instructions in Guidelines before completing)	\$0		\$ 0
<u>Add</u>			
3. OTHER SERVICES (must be eligible as NFFS)	\$0		\$ 0
A. ITV or educational radio	\$0		\$ 0
B. State public broadcasting agencies (APBC, FL-DOE, NYN, eTech Ohio, PPTN)	\$0		\$ 0
C. Local advertising	\$0		\$ 0
D. National advertising	\$0		\$ 0
4. Total in-kind contributions - services and other assets eligible as NFFS (sum of lines 1 through 3), forwards to Line 3a. of the Summary of Nonfederal Financial Support	\$0		\$ 0
5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$0		\$ 0
A. Compact discs, records, tapes and cassettes	\$0		\$ 0
B. Exchange transactions	\$0		\$ 0
C. Federal or public broadcasting sources	\$0		\$ 0
D. Fundraising related activities	\$0		\$ 0

E. ITV or educational radio outside the allowable scope of approved activities	\$0	\$	0
F. Local productions	\$0	\$	0
G. Program supplements	\$0	\$	0
H. Programs that are nationally distributed	\$0	\$	0
I. Promotional items	\$0	\$	0
J. Regional organization allocations of program services	\$0	\$	0
K. State PB agency allocations other than those allowed on line 3(b)	\$0	\$	0
L. Services that would not need to be purchased if not donated	\$0	\$	0
M. Other	\$0	\$	0
<u>Add</u>			
6. Total in-kind contributions - services and other assets (line 4 plus line 5), forwards to Schedule F, line 1c. Must agree with in-kind contributions recognized as revenue in the AFS.	\$0	\$	0

Comments

Comment Name Date Status
 Schedule D
 KCSM-FM (1314)
 San Mateo, CA

	2005 data	Donor Code	2006 data
1. Land (must be eligible as NFFS)	\$0		\$ 0
2. Building (must be eligible as NFFS)	\$0		\$ 0
3. Equipment (must be eligible as NFFS)	\$0		\$ 0
4. Vehicle(s) (must be eligible as NFFS)	\$0		\$ 0
5. Other (specify) (must be eligible as NFFS)	\$0		\$ 0
<u>Add</u>			
6. Total in-kind contributions - property and equipment eligible as NFFS (sum of lines 1 through 5), forwards to Line 3b. of the Summary of Nonfederal Financial Support	\$0		\$ 0
7. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$0		\$ 0
a) Exchange transactions	\$0		\$ 0
b) Federal or public broadcasting sources	\$0		\$ 0
c) TV only—property and equipment that includes new facilities (land and structures), expansion of existing facilities and acquisition of new equipment	\$0		\$ 0
d) Other (specify)	\$0		\$ 0
<u>Add</u>			
	\$0		

8. Total in-kind contributions - property and equipment (line 6 plus line 7), forwards to Schedule F, line 1d. Must agree with in-kind contributions recognized as revenue in the AFS.

\$ 0

Comments

Comment	Name	Date	Status
Schedule E KCSM-FM (1314) San Mateo, CA			

EXPENSES

(Operating and non-operating)

PROGRAM SERVICES

	2005 data	2006 data
1. Programming and production	\$539,308	\$ 578,703
2. Broadcasting and engineering	\$241,789	\$ 230,892
3. Program information and promotion	\$81,212	\$ 84,597

SUPPORT SERVICES

	2005 data	2006 data
4. Management and general	\$194,527	\$ 626,032
5. Fund raising and membership development	\$375,456	\$ 394,863
6. Underwriting and grant solicitation	\$72,714	\$ 38,248
7. Depreciation and amortization (if not allocated to functional categories in lines 1 through 6)	\$17,423	\$ 25,387
8. Total Expenses (sum of lines 1 to 7) must agree with audited financial statements	\$1,522,429	\$ 1,978,722

INVESTMENT IN CAPITAL ASSETS

Cost of capital assets purchased or donated

	2005 data	2006 data
9. Total capital assets purchased or donated	\$19,741	\$ 0
9a. Land and buildings	\$0	\$ 0
9b. Equipment	\$19,741	\$ 0
9c. All other	\$0	\$ 0
10. Total expenses and investment in capital assets (Sum of lines 8 and 9)	\$1,542,170	\$ 1,978,722

Additional Information

(Lines 11 + 12 must equal line 8 and Lines 13 + 14 must equal line 9)

	2005 data	2006 data
11. Total expenses (direct only)	\$1,522,429	\$ 1,978,722
12. Total expenses (indirect and in-kind)	\$0	\$ 0

13. Investment in capital assets (direct only)	\$19,741	\$	0
14. Investment in capital assets (indirect and in-kind)	\$0	\$	0

Comments

Comment	Name	Date	Status
Schedule F KCSM-FM (1314) San Mateo, CA			

Consolidate Grantee (optional)

To consolidate this AFR with one or more separate AFRs from your joined grantees, for which the financial statements are consolidated, select a grantee and then check the consolidate grantee box:

KCSM-TV

Consolidate

You must click on "Save" button in order to save consolidation.

2006 data

1. Data from AFR

a. Schedule A, Line 21	\$	1,694,639
b. Schedule B, Line 5	\$	328,492
c. Schedule C, Line 6	\$	0
d. Schedule D, Line 8	\$	0
e. Total from AFR	\$	2,023,131

Choose Reporting Model

You must choose one of the three reporting models in order to complete Schedule F. After making your selection, click the "Choose" button below, which will display your reporting model. When changing to a different reporting model all data entered in the current reporting model will be lost.

- FASB
 GASB Model A proprietary enterprise-fund financial statements with business-type activities only
 GASB Model B public broadcasting entity-wide statements with mixed governmental and business-type activities

Choose

2006 data

2. FASB

a. Total support and revenue - unrestricted	\$	1,822,821
b. Total support and revenue - temporarily restricted	\$	0
c. Total support and revenue - permanently restricted	\$	200,310
d. Total from AFS, lines 2a-2c	\$	2,023,131

Reconciliation

2006 data

3. Difference (line 1 minus line 2)

\$ 0

4. If the amount on line 3 is not equal to \$0, click the "Add" button and list the reconciling items.

\$ 0

[Add](#)

Comments

Comment	Name	Date	Status
---------	------	------	--------



Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

VALUE THE DIFFERENCE

October 6, 2006

To the Board of Directors
KCSM-FM

We have audited the financial statements of KCSM-FM for the year ended June 30, 2006, and have issued our report thereon dated October 6, 2006. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of KCSM-FM. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by KCSM-FM are described in Note 1 to the financial statements. The application of existing policies was not changed during 2006. We noted no transactions entered into by the KCSM-FM during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements was the allocation indirect costs.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the KCSM-FM's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the KCSM-FM, either individually or in the aggregate, indicate matters that could have a significant effect on the KCSM-FM's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the KCSM-FM's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the KCSM-FM's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the Board, and management of KCSM-FM and is not intended to be and should not be used by anyone other than these specified parties.

Vavinek, Trine, Day & Co LLP

Pleasanton California
October 6, 2006

KCSM-TV

**A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2006

KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

JUNE 30, 2006

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Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
KCSM-TV

We have audited the accompanying financial statements of KCSM-TV (a public telecommunications entity operated by the San Mateo County Community College District) as of June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the KCSM-TV resource of the general fund of the San Mateo County Community College District and do not purport to, and do not, present fairly the financial position of the San Mateo County Community College District as of June 30, 2006, and the changes in its financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KCSM-TV as of June 30, 2006, and the changes in financial position and cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2006, on our consideration of KCSM-TV's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in assessing the results of our audit.

Vavrinek, Trine, Day & Co. LLP
Pleasanton, California
October 6, 2006

KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET ASSETS
JUNE 30, 2006

ASSETS**Current Assets**

Accounts receivable	\$ 67,876
---------------------	-----------

Noncurrent assets

Capital assets	4,300,098
----------------	-----------

Accumulated depreciation	(1,574,588)
--------------------------	-------------

Total noncurrent assets	<u>2,725,510</u>
--------------------------------	------------------

TOTAL ASSETS	<u><u>2,793,386</u></u>
---------------------	-------------------------

LIABILITIES**Current Liabilities**

Cash overdraft	546,367
----------------	---------

Accounts payable	32,501
------------------	--------

Deferred income	99,633
-----------------	--------

Total liabilities	<u>678,501</u>
--------------------------	----------------

NET ASSETS

Investment in capital assets	2,725,510
------------------------------	-----------

Unrestricted	(610,625)
--------------	-----------

TOTAL NET ASSETS	<u><u>\$ 2,114,885</u></u>
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The accompanying notes are an integral part of these financial statements.

KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

OPERATING REVENUES

Direct Income

CPB community service grants	\$ 691,447
CPB television interconnection grants	13,791
CPB other income	40,911
Business and industry	19,966
Subscription and membership	1,298,777
Local donation - digital conversion	227,099
Royalties	70,699
Other income	45,871
San Mateo County Community College District	1,075,396

Indirect Support

San Mateo County Community College District	930,847
Total Operating Revenues	<u>4,414,804</u>

OPERATING EXPENSES

Programming and production	1,437,978
Broadcasting	1,523,013
Program information and promotion	155,330
Management and general	1,835,976
Fundraising support	374,697
Underwriting and grant solicitation	126,885
Total Operating Expenses	<u>5,453,879</u>
Operating Loss	(1,039,075)

OTHER INCOME

Transfer from district	<u>2,347,268</u>
------------------------	------------------

CHANGE IN NET ASSETS

CHANGE IN NET ASSETS	1,308,193
NET ASSETS AT BEGINNING OF YEAR	806,692
NET ASSETS AT END OF YEAR	<u>\$ 2,114,885</u>

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

KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

CPB community service grants	\$ 691,447
CPB television interconnection grants	123,013
CPB other income	40,911
Business and industry	19,966
Subscription and membership	1,398,410
Local donation - digital conversion	227,099
Royalties	70,699
Other income	45,871
Payments to suppliers	(2,434,918)
Payment to /(on behalf of) employees	(2,614,009)
Net Cash Used By Operating Activities	<u>(2,431,511)</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of equipment	(40,911)
Transfer from District	3,260,427
Net Cash Provided By Capital Financing Activities	<u>3,219,516</u>

NET INCREASE IN CASH

	788,005
CASH AND CASH EQUIVALENTS (OVER DRAFT) AT BEGINNING OF YEAR	<u>(1,334,372)</u>
CASH AND CASH EQUIVALENTS (OVER DRAFT) AT END OF YEAR	<u>\$ (546,367)</u>

**RECONCILIATION OF NET OPERATING REVENUES TO NET CASH
USED BY OPERATING ACTIVITIES**

Operating loss	\$ (1,039,075)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	421,912
Changes in assets and liabilities	
Decrease in accounts receivable	109,222
Decrease in due from other funds	(2,006,243)
Decrease in accounts payable	(16,960)
Decrease in deferred income	99,633
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (2,431,511)</u>

NONCASH TRANSACTIONS

Indirect support - San Mateo Community College District	<u>\$ 930,847</u>
---	-------------------

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

**KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

KCSM-TV is a public telecommunications radio station operated by San Mateo County Community College District. KCSM-TV is a program of San Mateo County Community College District general fund, and all activities are also reported within the financial statements of the District.

These financial statements are not intended to, and do not purport to, present fairly the financial position and changes in the financial position of the San Mateo County Community College District in compliance with accounting principles generally accepted in the United States of America.

Basis of Accounting

The KCSM-TV financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). In addition, the District applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

KCSM-TV operates as a proprietary resource within the general fund; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost and expenses, including depreciation, of providing goods or services to its customers be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. KCSM-TV is not an entity separate from the College District and, therefore, does not present a Management Discussion and Analysis section.

Enterprise format accounts for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets and all liabilities of the enterprise are recorded on its statement of net assets, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

For internal operating purposes, the District's Board of Trustees has established separate sub-funds, each of which includes a separate self-balancing set of accounts and a separate Board approved budget for the activities of KCSM-TV. These sub-funds are combined into the single enterprise fund format when presented in the accompanying financial statements.

The District's Board of Trustees adopts annual budgets on a basis consistent with accounting principles generally accepted in the United States of America.

**KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

Land, Buildings and Improvements

KCSM-TV records assets purchased at cost. The value of donated goods is recorded when there is an objective basis available to measure their value. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. KCSM-TV depreciates all equipment using the straight-line method of depreciation over the estimated useful life of the related assets, ranging from 5 to 20 years.

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 reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Flows

For purposes of the statement of cash flows, KCSM-TV considers all investments with a maturity of six months or less to be cash equivalents.

Income Taxes

KCSM-TV is a program of San Mateo County Community College District. San Mateo County Community College District is a public educational institution and is considered to be a political subdivision of the State of California and is therefore tax exempt and not subject to filing information returns.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2006, are classified in the accompanying financial statements as an overdraft in governmental fund investments in the amount of \$(546,367). Cash accounts maintained by KCSM-TV are held by San Mateo County Community College District in pooled amounts at the San Mateo County Treasury. For cash flow purposes, San Mateo County Community College District allows KCSM-TV to have negative cash balances in anticipation of accounts receivable being collected and the District contributing funds necessary to operate KCSM-TV. At June 30, 2006, cash overdraft amounted to \$546,367 for this purpose.

KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Policies and Practices

KCSM - TV is authorized through the District under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury – KCSM – TV and the District are considered to be involuntary participants in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the entity's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S Agency Securities	5 years	None	None
Banker's Acceptance	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	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	None
Joint Powers Authority Pools	N/A	None	None

KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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. KCSM-TV and the District manages exposure to interest rate risk by depositing funds with the San Mateo County Treasury. KCSM-TV's share of deposits with the County Treasury was a negative (\$546,367). The weighted average maturity of the San Mateo pooled investments at June 30, 2006 was approximately 1.4 years.

NOTE 3 - EQUIPMENT

Changes in equipment are summarized as follows:

	Beginning of Year	Additions	Deletions	End of Year
Equipment	\$ 4,259,187	\$ 40,911	\$ -	\$ 4,300,098
Less - Accumulated Depreciation	1,152,676	421,912	-	1,574,588
Net Equipment	<u>\$ 3,106,511</u>	<u>\$ (381,001)</u>	<u>\$ -</u>	<u>\$ 2,725,510</u>

Current year depreciation expense was \$421,912.

NOTE 4 - DONATED SERVICES AND MATERIALS

During the year, many KCSM-TV individuals donate significant amounts of time and services in an effort to advance the programs and objectives of the station. These services have not been recorded in the financial statements because no objective basis is available to measure the value of such services.

NOTE 5 - RELATED PARTY TRANSACTIONS

During the year, KCSM-TV received indirect administrative support from San Mateo County Community College District, the entity that operates the station, in the amount of \$930,847.

During the year, KCSM-TV also received \$1,075,396 of support for payroll and benefits from San Mateo County Community College District.

INDEPENDENT AUDITORS' REPORT



Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

VALUE THE DIFFERENCE

**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***

Governing Board
KCSM-TV
San Mateo, California

We have audited the financial statements of KCSM - TV resource of the general fund of San Mateo County Community College District as of and for the year ended June 30, 2006, which comprises the KCSM - TV basic financial statements and have issued our report thereon dated October 6, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered KCSM-TV's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KCSM-TV's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Governing Board, management, the California Department of Education, the State Chancellor's Office, Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
October 6, 2006

**Vavrinek, Trine, Day & Co., LLP**

Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Trustees
KCSM – TV

We have examined management's assertion included in the accompanying Corporation for Public Broadcasting (CPB) Schedule of Non-Federal Financial Support that KCSM – TV complied with CPB's Fiscal Year 2006 Financial Reporting Guidelines governing the amounts reported as Non-Federal Financial Support (NFFS) during the fiscal year ended June 30, 2006. Management is responsible for KCSM – TV's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about KCSM – TV's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about KCSM – TV's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on KCSM – TV compliance with specified requirements.

In our opinion, management's assertion that KCSM – TV complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2006, is fairly stated.

This report is intended solely for the information and use of management of KCSM-TV, the District, and of the Corporation for Public Broadcasting and is not intended to be and should not be used by anyone other than the specified parties.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
October 6, 2006

Schedule A
KCSM-TV (1722)
San Mateo, CA

NFFS Excluded?

If you have an NFFS Exclusion, please click the "NFFS X" button, and enter your NFFS data.



Source of Income

	2005 data	2006 data	
1. Amounts provided directly by federal government agencies	\$0	\$	0
A. PTFP (NTIA) Facilities Grants	\$0	\$	0
B. Department of Education	\$0	\$	0
C. Department of Health and Human Services	\$0	\$	0
D. National Endowment for the Arts and Humanities	\$0	\$	0
E. National Science Foundation	\$0	\$	0
F. Other Federal Funds (specify)	\$0	\$	0
Add			
2. Amounts provided by Public Broadcasting Entities (e.g. CPB, PBS, NPR, etc., including other stations and regional networks. See Guidelines for complete list.)	\$1,021,572	\$	746,149
A. CPB - Community Service Grants (for radio enter unrestricted portion only)	\$642,093	\$	691,447
B. CPB - Digital Project Grants	\$0	\$	0
C. CPB - Restricted portion of Radio Community Service Grants	\$0	\$	0
D. CPB - TV Interconnection grants	\$12,944	\$	13,791
E. CPB - all other funds	\$366,535	\$	40,911
F. PBS - all payments except copyright royalties and other pass-through payments. See Guidelines for details.	\$0	\$	0
G. NPR - all payments except pass-through payments. See Guidelines for details.	\$0	\$	0
H. Public broadcasting stations - all payments	\$0	\$	0
I. Other PBE funds (specify)	\$0	\$	0
Add			
3. Local boards and departments of education or other local government or agency sources	\$0	\$	0
4. State boards and departments of education or other state government or agency sources	\$0	\$	0
5. State colleges and universities	\$0	\$	0
6. Other state-supported colleges and universities	\$1,030,184	\$	1,075,396
7. Private colleges and universities	\$0	\$	0

8. Foundations and nonprofit associations		\$40,000	\$	0
	2005 data			
8a. How much of this revenue was received as underwriting?	\$0	\$		0
	2006 data			
9. Business and Industry		\$67,040	\$	65,837
	2005 data			
9a. How much of this revenue was received as underwriting?	\$2,675	\$		19,966
	2006 data			

Exclusion Description	Amount
Production, taping, or other broadcast related activities	\$ 43,525
Sale of premiums	\$ 2,346

Add Another Exclusion

10. Memberships and subscriptions (net of write-offs)		\$1,079,668	\$	1,298,777
	2005 data			
10a. Total number of contributors.	13,208			15,312
	2006 data			
11. Revenue from Friends groups less any revenue included on line 10		\$0	\$	0
	2005 data			
11a. Total number of Friends contributors.	0			0
	2006 data			
12. Revenue from subsidiary enterprises and related organizations (See instructions)		\$0	\$	0

Form of Revenue

	2005 data	2006 data
13. Auction revenue	\$0	\$ 0
A. Gross auction revenue	\$0	\$ 0
B. Direct auction expenses	\$0	\$ 0
14. Special fundraising activities	\$0	\$ 0
A. Gross special fundraising revenues	\$0	\$ 0
B. Direct special fundraising expenses	\$0	\$ 0
15. Passive income	\$95,796	\$ 70,699
A. Interest and dividends (other than on endowment funds)	\$0	\$ 0
B. Royalties	\$18,614	\$ 20,407

C. PBS or NPR pass-through copyright royalties		\$77,182	\$	50,292
16. Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)		\$0	\$	0
A. Gains from sales of property and equipment - do not report losses		\$0	\$	0
B. Realized gains/losses on investments (other than endowment funds)		\$0	\$	0
C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)		\$0	\$	0
17. Endowment revenue		\$0	\$	0
A. Contributions to endowment principal		\$0	\$	0
B. Interest and dividends on endowment funds		\$0	\$	0
C. Realized and unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen - e.g. "-1,765")		\$0	\$	0
18. Capital fund contributions		\$8,031	\$	227,099
A. Facilities and equipment (except funds received from federal or public broadcasting sources)		\$8,031	\$	227,099
B. Other		\$0	\$	0
<u>Add</u>				
19. Gifts and bequests from major individual donors		\$0	\$	0
	2005 data	2006 data		
19a. Total number of major individual donors	0	0		
20. Other Direct Revenue		\$0	\$	0
<u>Add</u>				
21. Total Revenue (Sum of lines 1 through 12, 13a, 14a, and 15 through 20).		\$3,342,291	\$	3,483,957

Adjustments to Revenue

	2005 data	2006 data
22. Federal revenue from line 1.	\$0	\$ 0
23. Public broadcasting revenue from line 2.	\$1,021,572	\$ 746,149
24. Capital funds exclusion (from line 18a) - TV only	\$0	\$ 227,099
25. Other revenue on line 21 not meeting the source, form, purpose, or recipient criteria. If this is a negative amount, add a hyphen (e.g. "-1,765")	\$64,365	\$ 45,871
26. Other automatic subtractions from total revenue	\$0	\$ 0
A. Auction expenses -- limited to the lesser of lines 13a or 13b	\$0	\$ 0
B. Special fundraising event expenses -- limited to the	\$0	\$ 0

lesser of lines 14a or 14b			
C. Gains from sales of property and equipment – line 16a	\$0	\$	0
D. Realized gains/losses on investments (other than endowment funds) – line 16b	\$0	\$	0
E. Unrealized investment and actuarial gains/losses (other than endowment funds) – line 16c	\$0	\$	0
F. Realized and unrealized net investment gains/losses on endowment funds – line 17c	\$0	\$	0
27. Total Direct Nonfederal Financial Support (Line 21 less Lines 22 through 26). (Forwards to line 1 of the Summary of Nonfederal Financial Support)	\$2,248,323	\$	2,464,838

Comments

Comment	Name	Date	Status
other revenue includes facilities use revenues, lease revenue and other misc revenue	James Ball	12/4/2006	Note
Schedule B WorkSheet KCSM-TV (1722) San Mateo, CA			

	2005	2006
1. Determine Station net direct expenses		
1a. Total station operating expenses and capital outlays (forwards from line 10 of Schedule E)	\$6,088,539	\$ 5,494,790
Deductions (lines 1b.1. through 1b.7.):	\$396,880	\$ 40,911
1b.1. Capital outlays (from Schedule E, line 9 total)		
1b.2. Depreciation	\$401,071	\$ 421,912
1b.3. Amortization	\$0	\$ 0
1b.4. In-kind contributions (services and other assets)	\$0	\$ 0
1b.5. Indirect administrative support (see Guidelines for instructions)	\$1,066,766	\$ 935,931
1b.6. Donated property and equipment (if not included on line 1b.1)	\$0	\$ 0
1b.7. Other	\$0	\$ 0
1b.8. Total deductions	\$1,864,717	\$ 1,398,754
1c. Station net direct expenses	\$4,223,822	\$ 4,096,036
2. Institutional support rate calculation (Note: Choose one method only - either 2a or 2b)		
2a. Net direct expense method		
2a.1. Station net direct Expenses (forwards from line 1)	\$4,223,822	\$ 4,096,036
2a.2. Licensee net direct activities	\$60,847,953	\$ 64,705,006

2a.3. Percentage of allocation (2a.1 divided by 2a.2) (forward to line 2c.5 below)	%6.941601	%	6.330323
2b. Salaries and wages method			
2b.1. Station salaries and wages	\$0	\$	0
2b.2. Licensee salaries and wages for direct activities	\$0	\$	0
2b.3. Percentage of allocation (2b.1 divided by 2b.2) (forward to line 2c.5 below)	%0	%	0
2c. Institutional support calculation			
2c.1. Choose applicable cost groups that benefit the station			
<input checked="" type="checkbox"/> Budget and Analysis			
<input checked="" type="checkbox"/> Campus Mail Service			
<input checked="" type="checkbox"/> Computer Operations			
<input checked="" type="checkbox"/> Financial Operations			
<input checked="" type="checkbox"/> Human Resources			
<input checked="" type="checkbox"/> Insurance			
<input checked="" type="checkbox"/> Internal Audit			
<input checked="" type="checkbox"/> Legal			
<input checked="" type="checkbox"/> Payroll			
<input checked="" type="checkbox"/> President's Office			
<input checked="" type="checkbox"/> Purchasing			
<input checked="" type="checkbox"/> Other			
<input type="checkbox"/> Not Applicable			
2c.2. Costs per licensee financial statements	\$42,367,893	\$	38,429,516
2c.3. LESS: Cost groups that do not benefit the operations of the public broadcast station	\$27,721,995	\$	23,724,937
2c.4. Costs benefiting station operations	\$14,645,898	\$	14,704,579
2c.5. Percentage of allocation (from line 2a.3 or 2b.3)	%6.941601	%	6.330323
2c.6. Total institutional costs benefiting station operations	\$1,016,660	\$	930,847
3. Physical plant support rate calculation			
3a. Net square footage occupied by station	0		0
3b. Licensee's net assignable square footage	0		0
3c. Percentage of allocation (3a divided by 3b) (forward to line 3d.5 below)	%0	%	0
3d.1. Choose applicable cost groups that benefit the station			

- Building Maintenance
- Custodial Services
- Director of Operations
- Elevator Maintenance
- Grounds and Landscaping
- Motor Pool
- Refuse Disposal
- Roof Maintenance
- Utilities
- Security Services
- Facilities Planning
- Other
- Not Applicable

3d.2. Costs per licensee financial statements	\$0	\$	0
3d.3. LESS: Cost groups that do not benefit the operations of the public broadcast station	\$0	\$	0
3d.4. Costs benefiting station operations	\$0	\$	0
3d.5. Percentage of allocation (from line 3c.)	\$0	%	0
3d.6. Total physical plant support costs benefiting station operations	\$0	\$	0
4. Total costs benefiting station operations (forwards to line 1 on tab 3)	\$0	\$	930,847

Comments

Comment	Name	Date	Status
Occupancy List KCSM-TV (1722) San Mateo, CA			

Type of Occupancy	Location	Value
-------------------	----------	-------

Schedule B Totals
KCSM-TV (1722)
San Mateo, CA

2005 data	2006 data
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1. Total support activity benefiting station	\$1,016,660	\$	930,847
2. Occupancy value	14,155	\$	0
3. Deductions: Fees paid to the licensee for overhead recovery, assessment, etc.	\$0	\$	0
4. Deductions: Support shown on lines 1 and 2 in excess of revenue reported in financial statements.	\$14,155	\$	0
5. Total Indirect Administrative Support (Forwards to Line 2 of the Summary of Nonfederal Financial Support)	\$1,016,660	\$	930,847

6. Please enter an institutional type code for your licensee.

OT

Comments

Comment Name Date Status

Schedule C
KCSM-TV (1722)
San Mateo, CA

	2005 data	Donor Code	2006 data	
1. PROFESSIONAL SERVICES (must be eligible as NFFS)	\$0		\$	0
A. Legal	\$0		\$	0
B. Accounting and/or auditing	\$0		\$	0
C. Engineering	\$0		\$	0
D. Other professionals (see specific line item instructions in Guidelines before completing)	\$0		\$	0
Add				
2. GENERAL OPERATIONAL SERVICES (must be eligible as NFFS)	\$0		\$	0
A. Annual rental value of space (studios, offices, or tower facilities)	\$0		\$	0
B. Annual value of land used for locating a station-owned transmission tower	\$0		\$	0
C. Station operating expenses	\$0		\$	0
D. Other (see specific line item instructions in Guidelines before completing)	\$0		\$	0
Add				
3. OTHER SERVICES (must be eligible as NFFS)	\$0		\$	0
A. ITV or educational radio	\$0		\$	0
B. State public broadcasting agencies (APBC, FL-DOE, NYN, eTech Ohio, PPTN)	\$0		\$	0
C. Local advertising	\$0		\$	0
D. National advertising	\$0		\$	0
4. Total in-kind contributions - services and other assets eligible as NFFS (sum of lines 1 through 3), forwards to Line 3a. of the Summary of Nonfederal Financial Support	\$0		\$	0
5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$0		\$	0
A. Compact discs, records, tapes and cassettes	\$0		\$	0
B. Exchange transactions	\$0		\$	0
C. Federal or public broadcasting sources	\$0		\$	0
D. Fundraising related activities	\$0		\$	0

E. ITV or educational radio outside the allowable scope of approved activities	\$0	\$	0
F. Local productions	\$0	\$	0
G. Program supplements	\$0	\$	0
H. Programs that are nationally distributed	\$0	\$	0
I. Promotional items	\$0	\$	0
J. Regional organization allocations of program services	\$0	\$	0
K. State PB agency allocations other than those allowed on line 3(b)	\$0	\$	0
L. Services that would not need to be purchased if not donated	\$0	\$	0
M. Other <u>Add</u>	\$0	\$	0
6. Total in-kind contributions - services and other assets (line 4 plus line 5), forwards to Schedule F, line 1c. Must agree with in-kind contributions recognized as revenue in the AFS.	\$0	\$	0

Comments

Comment Name Date Status
 Schedule D
 KCSM-TV (1722)
 San Mateo, CA

	2005 data	Donor Code	2006 data
1. Land (must be eligible as NFFS)	\$0		\$ 0
2. Building (must be eligible as NFFS)	\$0		\$ 0
3. Equipment (must be eligible as NFFS)	\$0		\$ 0
4. Vehicle(s) (must be eligible as NFFS)	\$0		\$ 0
5. Other (specify) (must be eligible as NFFS) <u>Add</u>	\$0		\$ 0
6. Total in-kind contributions - property and equipment eligible as NFFS (sum of lines 1 through 5), forwards to Line 3b. of the Summary of Nonfederal Financial Support	\$0		\$ 0
7. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$0		\$ 0
a) Exchange transactions	\$0		\$ 0
b) Federal or public broadcasting sources	\$0		\$ 0
c) TV only—property and equipment that includes new facilities (land and structures), expansion of existing facilities and acquisition of new equipment	\$0		\$ 0
d) Other (specify) <u>Add</u>	\$0		\$ 0
	\$0		

8. Total in-kind contributions - property and equipment (line 6 plus line 7), forwards to Schedule F, line 1d. Must agree with in-kind contributions recognized as revenue in the AFS.

\$ 0

Comments

Comment	Name	Date	Status
Schedule E KCSM-TV (1722) San Mateo, CA			

EXPENSES

(Operating and non-operating)

PROGRAM SERVICES	2005 data	2006 data
1. Programming and production	\$1,520,570	\$ 1,437,978
2. Broadcasting and engineering	\$1,406,985	\$ 1,523,013
3. Program information and promotion	\$166,061	\$ 155,330
SUPPORT SERVICES	2005 data	2006 data
4. Management and general	\$1,581,138	\$ 1,414,064
5. Fund raising and membership development	\$397,982	\$ 374,697
6. Underwriting and grant solicitation	\$217,852	\$ 126,885
7. Depreciation and amortization (if not allocated to functional categories in lines 1 through 6)	\$401,071	\$ 421,912
8. Total Expenses (sum of lines 1 to 7) must agree with audited financial statements	\$5,691,659	\$ 5,453,879

INVESTMENT IN CAPITAL ASSETS

Cost of capital assets purchased or donated

	2005 data	2006 data
9. Total capital assets purchased or donated	\$396,880	\$ 40,911
9a. Land and buildings	\$0	\$ 0
9b. Equipment	\$396,880	\$ 40,911
9c. All other	\$0	\$ 0
10. Total expenses and investment in capital assets (Sum of lines 8 and 9)	\$6,088,539	\$ 5,494,790

Additional Information

(Lines 11 + 12 must equal line 8 and Lines 13 + 14 must equal line 9)

	2005 data	2006 data
11. Total expenses (direct only)	\$5,691,659	\$ 5,453,879
12. Total expenses (indirect and in-kind)	\$0	\$ 0

13. Investment in capital assets (direct only)	\$396,880	\$	40,911
14. Investment in capital assets (indirect and in-kind)	\$0	\$	0

Comments

Comment	Name	Date	Status
Schedule F KCSM-TV (1722) San Mateo, CA			

Consolidate Grantee (optional)

To consolidate this AFR with one or more separate AFRs from your joined grantees, for which the financial statements are consolidated, select a grantee and then check the consolidate grantee box:

KCSM-FM

Consolidate

You must click on "Save" button in order to save consolidation.

2006 data

1. Data from AFR

a. Schedule A, Line 21	\$	3,483,957
b. Schedule B, Line 5	\$	930,847
c. Schedule C, Line 6	\$	0
d. Schedule D, Line 8	\$	0
e. Total from AFR	\$	4,414,804

Choose Reporting Model

You must choose one of the three reporting models in order to complete Schedule F. After making your selection, click the "Choose" button below, which will display your reporting model. When changing to a different reporting model all data entered in the current reporting model will be lost.

- FASB
 GASB Model A proprietary enterprise-fund financial statements with business-type activities only
 GASB Model B public broadcasting entity-wide statements with mixed governmental and business-type activities

Choose

2006 data

2. FASB

a. Total support and revenue - unrestricted	\$	3,668,655
b. Total support and revenue - temporarily restricted	\$	0
c. Total support and revenue - permanently restricted	\$	746,149
d. Total from AFS, lines 2a-2c	\$	4,414,804

Reconciliation

2006 data

3. Difference (line 1 minus line 2) \$ 0

4. If the amount on line 3 is not equal to \$0, click the "Add" button and list the reconciling items. \$ 0

Add

Comments	Name	Date	Status
Comment			



Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

VALUE THE DIFFERENCE

October 6, 2006

To the Board of Directors
KCSM-TV

We have audited the financial statements of KCSM-TV for the year ended June 30, 2006, and have issued our report thereon dated October 6, 2006. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of KCSM-TV such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by KCSM-TV are described in Note 1 to the financial statements. The application of existing policies was not changed during 2006. We noted no transactions entered into by KCSM-TV during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements was the allocation of expenses to programs.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the KCSM-TV's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Organization, either individually or in the aggregate, indicate matters that could have a significant effect on the Organization's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the KCSM-TV's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the KCSM-TV's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the Board, and management of KCSM-TV and is not intended to be and should not be used by anyone other than these specified parties.

Vavinek, Trine, Day & Co LLP
Pleasanton, California
October 6, 2006

BOARD REPORT NO. 07-1-101B

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor-Superintendent
PREPARED BY: Barbara Christensen, Director of Community/Government Relations, 574-6560

**AUTHORIZATION TO ADJUST BOARD MEMBER COMPENSATION
IN COMPLIANCE WITH LEGISLATION**

SB 214, which was adopted by the Legislature and signed by the Governor in October 2001, allows the Board to adopt a 5% increase in compensation on an annual basis. Any increase that is approved by the Board is effective as of the date approved by the Board and may not be retroactive.

At the Board meeting of January 23, 2002, the Board approved an amendment to District Rules and Regulations Section 1.30, Compensation of Board members, and authorization to adjust Board member compensation in compliance with new legislation (Board Report No. 02-1-109B).

Since 2002, the Board has acted four times to increase Board compensation, for a total increase of 20%. In the same time period, District employees have received 25.9% in compensation increases.

RECOMMENDATION

It is recommended that the Board implement the 5% annual compensation increase for all Board members for the year 2007, effective January 10, 2007.

BOARD REPORT NO. 07-1-1C

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor-Superintendent
PREPARED BY: Ginny Brooks, Executive Assistant to the Board of Trustees
358-6753

ACCEPTANCE OF GIFTS BY THE DISTRICT

Rules and Regulations Section 8.38, Gifts and Donations, requires that a periodic report of gifts and donations valued at \$250 or more be made to the Board of Trustees. All gifts are promptly acknowledged when received. Following are gifts that have been offered for use in various departments at the Colleges from late June 2006 through mid-December 2006. Donor information is also included.

GIFTS

DONOR

COLLEGE OF SAN MATEO

10 Self-Contained Breathing Apparatus; 10 Spare Bottles; 10 Masks
To be used for teaching by Technology/FIRE Division
Value: \$1,000.00

San Bruno Fire Department
555 El Camino Real
San Bruno, CA 94066

Xantrex ProSine 1800I Inverter with Transfer Switch
To be used for teaching by Technology-Electronics Division
Value: \$1,618.34

Laurence D. Nelson
P.O. Box 789
El Granada, CA 94018