



See what's possible.

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

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

KCSM-FM
A PUBLIC COMMUNICATIONS ENTITY OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
San Mateo County Community College District
San Mateo, California

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of KCSM-FM (a public telecommunications entity operated as a program of the San Mateo County Community College District), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise KCSM-FM's basic financial statements as listed in the table of contents.

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, 2023 and 2022, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KCSM-FM and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the KCSM-FM's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the KCSM-FM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements of KCSM-FM are intended to present the financial position, the change in financial position, and cash flows of only that portion of the San Mateo County Community College District that is attributable to the transactions of the program. They do not purport to, and do not, present fairly the financial position of San Mateo County Community College District as of June 30, 2023 and 2022, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters*Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2023 on our consideration of the KCSM-FM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KCSM-FM's internal control over financial reporting and compliance.



San Diego, California
November 27, 2023

**KCSM-FM
A PUBLIC COMMUNICATIONS ENTITY OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Introduction

The San Mateo County Community College District's (the District) Annual Financial Report presents management's discussion and analysis of KCSM-FM's financial activities during the fiscal years ended June 30, 2023 and June 30, 2022. The discussion has been prepared by management and is best read in conjunction with the financial statements and the notes following this section.

There are three basic financial statements that provide information KCSM-FM's financial activities as a whole. These statements are:

- Statements of Net Position
- Statements of Revenues, Expenses and Change in Net Position
- Statements of Cash Flows

Financial Overview Summary

Compared with the prior year balance, total net position increased by over \$448 thousand, and ended in excess of \$3.1 million as of June 30, 2023. The increase in net position was primarily due to continued efforts to reduce operating costs and increase underwriting/memberships.

Reporting for the District and KCSM-FM as a Whole

Economic position of the District with the State

The District continues its community-supported (basic aid) status for the thirtieth consecutive year (since FY 2011-12). When the State sets the District's revenue limit (determining how many students the District is funded to serve) and deducts from the revenue limit local property taxes, student fees, funds received from the Education Protection Account, and an on-going allocation since FY 2015-16 for full-time faculty hiring, there is no need for State apportionment to sum to the revenue limit. This means that the District has more resources than it would normally receive as a revenue limit district and is no longer subject to the State's budgetary constraints for general apportionment resources. The District is firmly in community-supported status and anticipates receiving upwards of \$96 million in FY 2023-24 in excess of what the District would have received had it been subject to the revenue limit established by the State. In addition to an increase in property taxes, the District continues to receive funds from the dissolution of Redevelopment Agencies (RDAs). As fewer property taxes divert to the RDAs, the District receives more revenue. The former RDAs are also slowly selling assets, which brings additional one-time resources to the District's coffers. The District's revenues have steadily increased over the years; however, the impact of economic headwinds, soaring inflation, interest rates, stock-market fluctuation, and fears of recession, are affecting the Bay Area real estate market. Given the District's community-supported status and its reliance on property taxes, which is dependent on assessed valuation (an economic lagging indicator), the District is anticipating lower property tax revenue increases in the out years and budgeting accordingly to ensure a balanced budget. The FY 2023-24 Final Budget anticipates an increase of 6.87%, which is consistent with data from the Assessor's Office.¹ For 2024-25 and FY 2025-26 the District is budgeting a conservative 6.25% and 6% respectively year-over-year increase in property taxes and will revise these assumptions accordingly as more information becomes available.

¹ <https://smcacre.org/assessor/news/san-mateo-countys-property-assessment-roll-continues-surge-reaching-record-3078>

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Reporting for the District and KCSM-FM as a Whole, continued

Economic position of the District with the State, continued

KCSM-FM is one of a handful of all-Jazz stations remaining in the nation. The station is funded mostly by listener contributions - 90%. In FY 2022-23, the station slightly increased the number of on-going monthly contributions (sustainers). The efforts to modify and improve the fund drive process has produced growth in revenue to the station, as KCSM-FM consistently meets or exceeds its fundraising goals. Following the announcement of the KCSM internship program in FY 2021-22, KCSM trained its first internship class from the College of San Mateo's Digital Media Department. This program is developed based on the curriculum of the Digital Media Program. KCSM's internship program is a concerted effort to strengthen the link between the radio station and the campus, as well as, to be actively supportive of the Digital Media Department and the student body. KCSM-FM identified its biggest opportunity for audience growth to be outside of KCSM's designated market area, with continued efforts underway to cast a wider net through its desktop player and dedicated app, where the station has been able to increasingly reach a newer audience nationally and overseas.

KCSM-FM
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STATEMENTS OF NET POSITION

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,098,987	\$ 2,645,175
Accounts receivable	61,334	35,105
Prepaid expenses	8,300	9,749
Total current assets	3,168,621	2,690,029
Noncurrent Assets		
Capital assets, net	154,093	167,652
Total Noncurrent Assets	154,093	167,652
Total Assets	3,322,714	2,857,681
LIABILITIES		
Current Liabilities		
Accounts payable	109,987	116,293
Other liabilities	23,099	-
Total Liabilities	133,086	116,293
NET POSITION		
Investment in capital assets	154,093	167,652
Unrestricted	3,035,535	2,573,736
Total net position	\$ 3,189,628	\$ 2,741,388

The Statement of Net Position above includes all assets and liabilities of KCSM-FM using the accrual basis of accounting, which is similar to the accounting basis used by private companies. Net Position, the difference between total assets and total liabilities, is one way to measure the financial condition of KCSM-FM. The following are explanatory remarks for the statement:

- Cash and cash equivalents consist of cash in the San Mateo County Investment Pool.
- Accounts receivable primarily consists of revenues from local sources from which KCSM-FM had earnings but which were not received as of the fiscal year's closing date.
- Capital assets, net of depreciation, are the net historical value of equipment less accumulated depreciation.
- Accounts payable consist of payables to the local vendors which KCSM-FM incurred but for which payments were not issued as of the end of the fiscal year.
- According to GASB Statements, equity is reported as Net Position rather than Fund Balance. KCSM-FM's net position is classified as follows:
 - Investment in Capital Assets: this represents KCSM-FM's total investment in capital assets, net of accumulated depreciation and any liabilities issued to acquire the capital assets.
 - Unrestricted Net Position: this includes resources from fees, District support, and other services. These resources are used for transactions relating to the general operations of KCSM-FM and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose.

KCSM-FM
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SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Change in Net Position shown below consists of operating and non-operating results of KCSM-FM. Operating revenues represent all revenues from exchange transactions, in which each party gives and receives essentially equal value. Non-operating revenue consists of non-exchange transactions including support received from the District.

	2023	2022
Operating Revenues		
Direct Income		
Business and industry	\$ 137,417	\$ 82,405
Facilities use	4,585	-
Other sales	1,711	113
Indirect Support		
San Mateo County Community College District	359,801	328,038
Total Operating Revenues	503,514	410,556
Operating Expenses		
Programming and production	697,796	613,050
Broadcasting	416,307	487,678
Program information and promotion	146,830	220,089
Management and general	976,112	688,778
Fundraising support	138,671	129,848
Underwriting and grant solicitation	4,652	-
Total Operating Expenses	2,380,368	2,139,443
Loss From Operations	(1,876,854)	(1,728,887)
Non-Operating Revenues		
Membership and donations	2,174,449	1,988,622
CPB community service grants	150,645	134,581
Total Non-Operating Revenues	2,325,094	2,123,203
Change in Net Position	448,240	394,316
Net Position, Beginning of Year	2,741,388	2,347,072
Net Position, End of Year	\$ 3,189,628	\$ 2,741,388

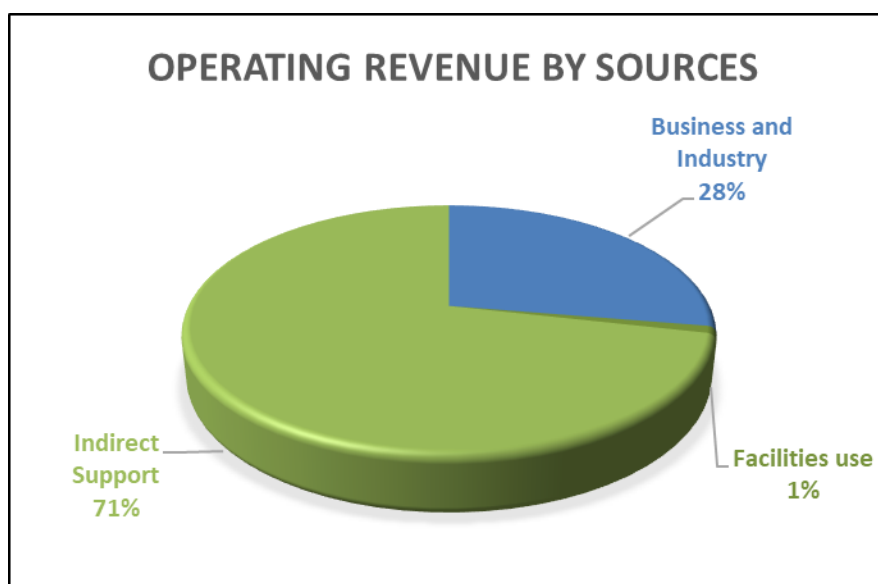
KCSM-FM
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STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION, continued

Explanatory information for the statement is as follows:

- CPB Community Service Grants: Payment from Corporation for Public Broadcasting designated to help provide a non-commercial, educational program stream to the community.
- Other Sales: Income that does not fit into other categories (e.g., gifts, donations, sales of tapes and videos).
- Business and Industry: Financial support from companies and corporations to support the station's operations.
- Membership and Donations: Financial support from individuals to support the operations of the station.
- Indirect Support: Expenses or facilities paid by the San Mateo County Community College District.

Below is an illustration of KCSM-FM operating revenues by source:



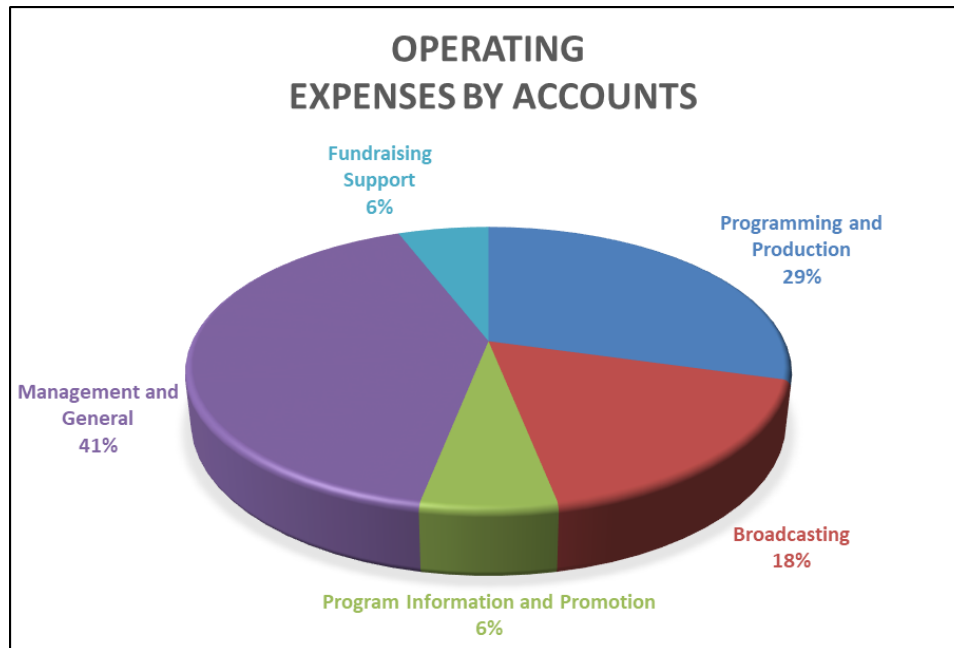
Year-over-year revenues and expenses changed mainly due to the following:

- Revenue increased mainly due to an increase in business and industry revenues.
- Expenses increased mainly due to increases in programming and production and management and general offset slightly by a decreases in broadcasting and program information and promotion operational cost.

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STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION, continued

Below is an illustration of KCSM-FM operating expenses by source:



KCSM-FM's operating expenses are shown in the chart above. The following are explanatory comments for the Statement of Operating Expenses by Accounts:

- Programming and Production: Expenses incurred to purchase, schedule, produce and prepare programs for broadcast.
- Broadcasting: Expenses incurred to prepare, store, check quality, verify automation asset management, play out, and monitor program streams. Also included in this category is the maintenance, repair, design and installation of equipment necessary for the technical operations of the station. All costs for transmission such as rent and power are accounted for in this category.
- Program Information and Promotions: Expenses for all labor and costs to maintain the website; and design, outsource production of, and procurement of promotional materials.
- Management and General: Expenses for management services such as station manager(s), accounting, and administrative and legal services. Also included in this account is depreciation.
- Depreciation of capital assets is computed and recorded by the straight-line method. KCSM-FM maintains a capitalization threshold of \$5,000 for equipment and \$100,000 for building improvements. Useful lives of the assets are estimated as follows:
 - 5 to 20 years for equipment
 - 25 to 50 years for improvements
 - 25 to 50 years for buildings
- Fundraising Support: All costs for pledge premiums, membership administrative services, and database management costs.

KCSM-FM
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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STATEMENT OF CASH FLOWS

The Statement of Cash Flows shown below provides information about cash receipts and cash payments during the fiscal year. The statement also assists readers in understanding KCSM-FM's ability to generate net cash flows, and its ability to meet obligations as they come due or KCSM-FM's need for assistance via external financing. KCSM-FM has adopted the direct method, and under this method, data for cash flow present operating activities by major categories of gross receipts and gross payments as well as the resulting net amount. Additional explanatory information for the statement is as follows:

- The main cash receipts from operating and non-operating activities consist of subscriptions and memberships, District support and CPB grants. Cash outlays include payment of salaries, benefits, supplies, programming, production and operating expenses.

	2023	2022
Cash Flows from Operating Activities		
Business and industry	\$ 137,417	\$ 82,405
Facilities use	4,585	-
Other sales	1,711	113
District support	382,900	255,456
Payments to suppliers	(916,820)	(729,278)
Payments to employees	(1,460,604)	(1,460,604)
Net cash provided (used) by operating activities	(1,850,811)	(1,851,908)
Cash Flows from Financing Activities		
Memberships and donations	2,174,449	1,988,622
CPB community service grants	150,645	134,581
Net cash provided (used) by financing activities	2,325,094	2,123,203
Net change in cash and cash equivalents	453,812	271,295
Cash and Cash Equivalents, Beginning of Year	2,645,175	2,373,880
Cash and Cash Equivalents, End of Year	\$ 3,098,987	\$ 2,645,175

**KCSM-FM
A PUBLIC COMMUNICATIONS ENTITY OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Economic Factors and the 2023-24 Budget

Being community-supported, the District's revenues primarily consist of property tax revenues and student fees and are relatively predictable. The County Assessor's Office has stated that the combined roll's assessed valuation increased 6.87% countywide in FY 2023-24 over the prior year. Accordingly, the District has projected property tax revenues in FY 2023-24 to increase by 6.87%. This coupled with solid reserves of over 15% puts the District on solid financial footing. The District is also aware that many outside circumstances, including worldwide unrest, interest rates and inflation, are warnings that the positive economic conditions may not continue in the out years. Given such, the District is anticipating lower property tax revenue increases over the next couple of years and is planning accordingly by setting aside one-time funding to buttress against a potential economic downturn. The District continues to build multi-year financial plans and has planned for balanced budgets through FY 2026-27.

KCSM FM: The station continues to focus on controlling costs and increasing revenue. Because of these efforts the station's recurring monthly contributors remain steady and new memberships increased by 3% over the previous year.

In FY 2022-23, KCSM hired a full-time Underwriting Representative to manage and focus on generating additional revenue for the station. Because of the pandemic, underwriting had practically disappeared but the station has steadily seen a slow return of underwriting dollars.

KCSM continues to explore new technologies and processes to improve productivity, efficiency, and control costs. In addition, KCSM is exploring securing local and regional underwriters in support of Jazz Programming at the station.

Contacting the Financial Management Office

This financial report is designed to provide citizens, taxpayers, students, investors and creditors with a general overview of KCSM-FM's finances and to illustrate the District's accountability for funding received. Questions or concerns about this report or requests for additional financial information should be addressed to Bernata Slater, Chief Financial Officer, by phone at 650-358-6755 or by e-mail at slaterb@smccd.edu.

FINANCIAL SECTION

KCSM-FM
A PUBLIC COMMUNICATIONS ENTITY OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

ASSETS	2023	2022
Current Assets		
Cash and cash equivalents	\$ 3,098,987	\$ 2,645,175
Accounts receivable	61,334	35,105
Prepaid expenses	8,300	9,749
Total current assets	3,168,621	2,690,029
Noncurrent Assets		
Capital assets, net	154,093	167,652
Total Noncurrent Assets	154,093	167,652
Total Assets	3,322,714	2,857,681
LIABILITIES		
Current Liabilities		
Accounts payable	109,987	116,293
Other liabilities	23,099	-
Total Liabilities	133,086	116,293
NET POSITION		
Investment in capital assets	154,093	167,652
Unrestricted	3,035,535	2,573,736
Total net position	\$ 3,189,628	\$ 2,741,388

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

KCSM-FM
**A PUBLIC COMMUNICATIONS ENTITY OPERATED AS A PROGRAM OF THE
 SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
Operating Revenues		
Direct Income		
Business and industry	\$ 137,417	\$ 82,405
Facilities use	4,585	-
Other sales	1,711	113
Indirect Support		
San Mateo County Community College District	359,801	328,038
Total Operating Revenues	503,514	410,556
Operating Expenses		
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Net Position, Beginning of Year	2,741,388	2,347,072
Net Position, End of Year	\$ 3,189,628	\$ 2,741,388

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

KCSM-FM
A PUBLIC COMMUNICATIONS ENTITY OPERATED AS A PROGRAM OF THE
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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities		
Business and industry	\$ 137,417	\$ 82,405
Facilities use	4,585	-
Other sales	1,711	113
District support	382,900	255,456
Payments to suppliers	(916,820)	(729,278)
Payments to employees	(1,460,604)	(1,460,604)
Net cash provided (used) by operating activities	(1,850,811)	(1,851,908)
Cash Flows from Financing Activities		
Memberships and donations	2,174,449	1,988,622
CPB community service grants	150,645	134,581
Net cash provided (used) by financing activities	2,325,094	2,123,203
Cash Flows from Investing Activities		
Purchase of capital assets	(20,471)	-
Net cash provided (used) by investing activities	(20,471)	-
Net change in cash and cash equivalents	453,812	271,295
Cash and Cash Equivalents, Beginning of Year	2,645,175	2,373,880
Cash and Cash Equivalents, End of Year	\$ 3,098,987	\$ 2,645,175
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	\$ (1,876,854)	\$ (1,728,887)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	34,030	(77,514)
Changes in assets and liabilities:		
Accounts receivable	(26,229)	(32,705)
Prepaid expenses	1,449	(6,893)
Accounts payable and other liabilities	16,793	(5,909)
Net cash provided (used) by operating activities	\$ (1,850,811)	\$ (1,851,908)

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

KCSM-FM
A PUBLIC COMMUNICATIONS ENTITY OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: KCSM-FM is a public telecommunications radio station operated as a program of the 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).

For financial reporting purposes, San Mateo County Community College District is considered a special purpose government engagement only in business-type activities. Accordingly, KCSM-FM's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Net Position: KCSM-FM's net position is classified as follows:

Net investment in capital assets – this represents KCSM-FM's total investment in capital assets, net of accumulated depreciation and any liabilities issued to acquire the capital assets.

Unrestricted net position – this includes resources from fees, District support, and other services. These resources are used for transactions relating to the general operations of KCSM-FM and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose.

Classifications of Revenues and Expenses: Operating revenue includes activities that have the characteristics of exchange transactions, such as sales and services of auxiliary enterprises, and District Support. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as local grants, and gifts and contributions. Operating expenses are those expenses directly attributable to the operations of KCSM-FM.

Capital Assets: 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 acquisition value at the date of donation. KCSM-FM maintains a capitalization threshold of \$5,000. 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.

KCSM-FM
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Income Taxes: KCSM-FM is a program of the San Mateo County Community College District. The 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, 2023 and 2022, are classified in the accompanying financial statements in the amount of \$3,098,987 and \$2,645,175, respectively. Cash accounts maintained by KCSM-FM are held by the San Mateo County Community College District in pooled amounts in the San Mateo County Investment Pool.

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 the San Mateo 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.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial risk classifications is required.

The District's deposits in the fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County Treasurer has indicated that there are no derivatives in the pool as of June 30, 2023.

KCSM-FM
A PUBLIC COMMUNICATIONS ENTITY OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – DEPOSITS AND INVESTMENTS, continued

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 Issuer	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	7 years	100%	100%
Obligations of U.S. Agencies or Government Sponsored Enterprises	7 years	40%	100%
U.S. Agency Securities	7 years	25%	100%
Commercial Paper	270 days	40%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Banker's Acceptance	180 days	15%	5%
Collateralized Time Deposits	1 year	15%	5%
Mortgage Backed Securities/CMO's	5 years	20%	5%
Asset Backed Securities	5 years	20%	5%
Corporate Bonds, Medium Term Notes & Covered Bonds	5 years	30%	5%
US Instrumentalities	5 years	30%	None
CA Municipal Obligations	5 years	30%	5%
Repurchase Agreements	92 days	100%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Mutual Funds	N/A	20%	10%
Local Government Investments (LGIPs)	N/A	20%	10%

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 manage 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 \$3,098,987 as of June 30, 2023 and \$2,645,175 as of June 30, 2022. The fair value of this investment at June 30, 2023 and June 30, 2022 is approximately \$3,029,858 and \$2,570,500, respectively, with a weighted average maturity of approximately 1.65 years and 1.45 years respectively.

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NOTE 3 – CAPITAL ASSETS

Changes in equipment are summarized as follows as of June 30, 2023:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Equipment	\$ 583,132	\$ 20,471	\$ -	\$ 603,603
Less: Accumulated depreciation	415,480	34,030	-	449,510
Net Capital Assets	\$ 167,652	\$ (13,559)	\$ -	\$ 154,093

Changes in equipment are summarized as follows as of June 30, 2022:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Equipment	\$ 482,537	\$ 100,595	\$ -	\$ 583,132
Less: Accumulated depreciation	392,399	23,081	-	415,480
Net Capital Assets	\$ 90,138	\$ 77,514	\$ -	\$ 167,652

Depreciation expense for the years ended June 30, 2023, and June 30, 2022 was \$34,030 and \$23,081 respectively, and is included in management and general expenses.

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 the College District totaling \$359,801 for the year ended June 30, 2023 and \$328,038 for the year ended June 30, 2022. This consisted of licensee indirect costs as agreed upon under the terms of a signed memorandum of understanding.

OTHER INDEPENDENT AUDITORS' REPORT



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of the
San Mateo County Community College District
San Mateo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KCSM-FM a program of the San Mateo County Community College District as of and for the year ended June 30 2023, and the related notes to the financial statements, which collectively comprise KCSM-FM's financial statements, and have issued our report thereon dated November 27, 2023. The financial statement of KCSM-FM do not purport to present fairly the financial position of San Mateo County Community College District as of June 30, 2023, the changes in its position, or its cash flows, thereof for the year then ended.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered KCSM-FM's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KCSM-FM's internal control. Accordingly, we do not express an opinion on the effectiveness of KCSM-FM's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



San Diego, California
November 27, 2023