

**WKGC-AM/FM RADIO STATION**  
**A PUBLIC TELECOMMUNICATIONS ENTITY**  
**OPERATED BY**  
**GULF COAST COMMUNITY COLLEGE**

---

**Financial Audit**

For the Fiscal Years Ended  
June 30, 2009, and 2008



## BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President of Gulf Coast Community College who served during the 2008-09 fiscal year are listed below:

	<u>County</u>
William C. Cramer, Jr., Chair	Bay
Charles S. Isler, III, Vice Chair from 7-25-08	Bay
Karen L. Durden, Vice Chair to 7-24-08	Bay
Denise D. Butler	Franklin
James Allen Cox, Jr.	Gulf
Dan A. Estes	Bay
Dr. Stephen C. Myers	Bay
William C. Sumner	Gulf
Linda R. Wood	Gulf

Dr. Jim Kerley, President

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The audit team leader was Pamela L. Thompson, CPA, and the audit was supervised by Patricia S. Crutchfield, CPA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at [jimstultz@aud.state.fl.us](mailto:jimstultz@aud.state.fl.us) or by telephone at (850) 922-2263.

This report and other reports prepared by the Auditor General can be obtained on our Web site at [www.myflorida.com/audgen](http://www.myflorida.com/audgen); by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

**WKGC-AM/FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY GULF COAST COMMUNITY COLLEGE  
TABLE OF CONTENTS**

	<b>PAGE NO.</b>
<b>EXECUTIVE SUMMARY</b> .....	i
<b>INDEPENDENT AUDITOR’S REPORT ON FINANCIAL STATEMENTS</b> .....	1
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b> .....	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Assets .....	11
Statement of Revenues, Expenses, and Changes in Net Assets.....	12
Statement of Cash Flows.....	13
Notes to Financial Statements .....	14
<b>INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b> .....	
Internal Control Over Financial Reporting.....	24
Compliance and Other Matters .....	25
<b>PRIOR AUDIT FOLLOW-UP</b> .....	26

---

---

## EXECUTIVE SUMMARY

---

---

### Summary of Report on Financial Statements

Our audit disclosed that the WKGC-AM/FM Radio Station's basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

### Summary of Report on Internal Control and Compliance

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

### Audit Objectives and Scope

Our audit objectives were to determine whether WKGC-AM/FM Radio Station (Station) and its officers with administrative and stewardship responsibilities for Station operations had:

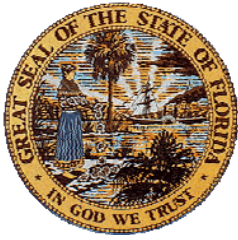
- Presented the Station's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements;
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements; and
- Taken corrective actions for findings included in our report No. 2009-037.

The scope of this audit included an examination of the Station's basic financial statements as of and for the fiscal years ended June 30, 2009, and 2008. We obtained an understanding of the Station's environment, including its internal control and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, both in manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

An examination of Federal awards administered by the Station is included within the scope of our Statewide audit of Federal awards administered by the State of Florida.

### Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent Station records in connection with the application of procedures required by auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450



PHONE: 850-488-5534  
FAX: 850-488-6975

The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of WKGC-AM/FM Radio Station (Station), a public telecommunications entity operated by Gulf Coast Community College (a component unit of the State of Florida), as of and for the fiscal years ended June 30, 2009, and 2008, as shown on pages 11 through 23. These financial statements are the responsibility of the Station'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 of the Station are intended to present only that portion of the financial position, and the changes in financial position and cash flows, of Gulf Coast Community College that is attributable to the Station's transactions. They do not purport to, and do not, present fairly the financial position of Gulf Coast Community College as of June 30, 2009, and 2008, and the changes in its financial position and its cash flows for the fiscal years 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 the Station as of June 30, 2009, and 2008, and the respective changes in its financial position and its cash flows for the fiscal years 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 a report on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The **MANAGEMENT'S DISCUSSION AND ANALYSIS** on pages 3 through 10, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,



David W. Martin, CPA  
November 2, 2009

---

---

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

---

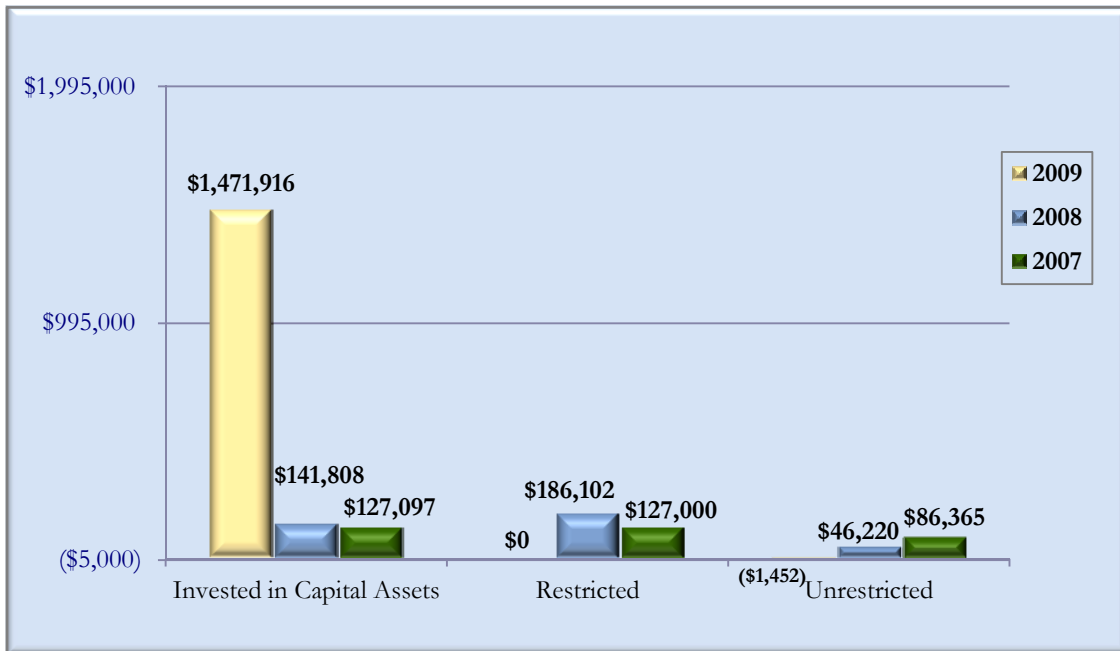
The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the WKGC-AM/FM Radio Station (Station) for the fiscal years ended June 30, 2009, and 2008, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of Station management. The Station is operated by Gulf Coast Community College (a component unit of the State of Florida) located in Panama City, Florida.

**FINANCIAL HIGHLIGHTS**

The financial statements provide both short-term and long-term information about the Station's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of revenues, expenses, and changes in net assets that are designed to provide consolidated financial information about the governmental activities of the Station presented on the accrual basis of accounting. The statement of net assets provides information about the Station's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is one way to measure the Station's financial health. The statement of revenues, expenses, and changes in net assets presents information about the change in the Station's net assets, the results of operations, during the fiscal year. An increase or decrease in net assets is an indication of whether the Station's financial health is improving or deteriorating.

Graphically displayed, the Station's net assets by category as of June 30, 2009, June 30, 2008, and June 30, 2007, are shown below:

**Net Assets: Station**

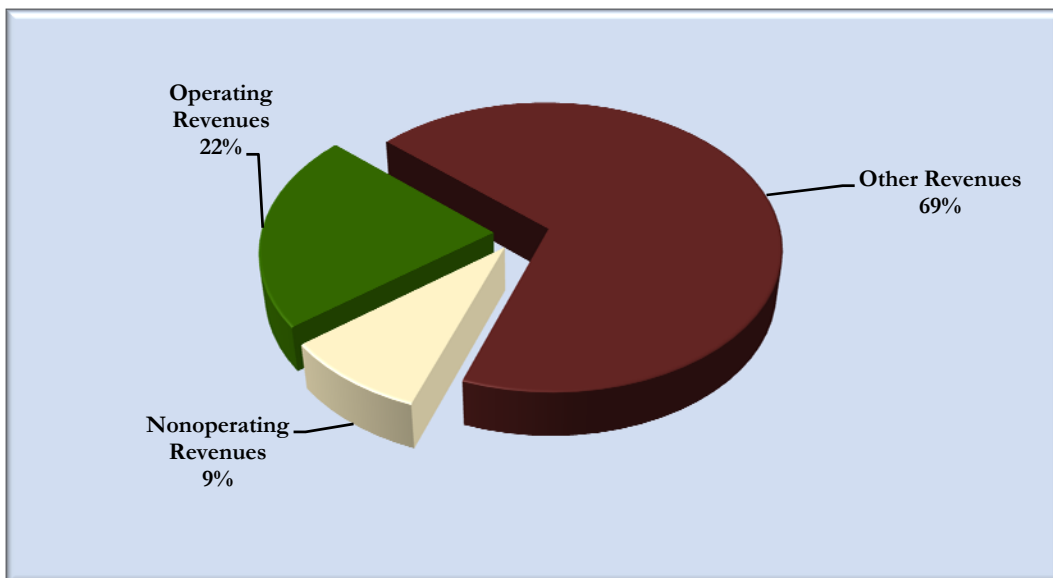


The Station’s combined net assets were \$1,470,464 at June 30, 2009, as compared to \$374,130 at June 30, 2008, due to an increase in capital appropriations, capital grants, and capital allocations from Gulf Coast Community College to construct a new radio tower.

The Station’s combined net assets were \$374,130 at June 30, 2008, as compared to \$340,462 at June 30, 2007, due primarily to an increase in due from other governmental agencies for a Public Education Capital Outlay (PECO) appropriation from the State and an increase in due from Corporation for Public Broadcasting for a Community Service Grant. These increases in current assets were partially offset by an increase in deferred revenue.

The following chart provides a graphical presentation of revenues by category for the 2008-09 fiscal year:

**Total Revenues: Station**



A \$403,856 loss from operations, offset by \$166,771 of nonoperating revenues and \$1,333,419 of other revenues, resulted in an increase in net assets of \$1,096,334 for the 2008-09 fiscal year. Nonoperating revenues for the 2008-09 fiscal year consisted of \$166,771 of general allocations from Gulf Coast Community College. For the 2007-08 fiscal year, the Station reported a \$229,787 loss from operations, offset by \$201,455 of general allocations from Gulf Coast Community College and \$62,000 of other revenues, which resulted in an increase in net assets of \$33,668 for the 2007-08 fiscal year. Nonoperating revenues for the 2007-08 fiscal year consisted of \$201,455 of general allocations from Gulf Coast Community College.

### **OVERVIEW OF FINANCIAL STATEMENTS**

Pursuant to GASB Statement No. 35, the Station's financial statements consist of the statement of net assets; the statement of revenues, expenses, and changes in net assets; the statement of cash flows; and notes to the financial statements. In addition to the financial statements, the MD&A is included as required supplementary information.

#### **THE STATEMENT OF NET ASSETS AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

One of the most important questions asked about the Station's finances is, "Is the Station, as a whole, better or worse off as a result of the year's activities?" The statement of net assets and the statement of revenues, expenses, and changes in net assets report information on the Station as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net assets. When the reverse occurs, the result is a decrease in net assets. The relationship between revenues and expenses may be thought of as the Station's operating results.

These two statements report the Station's net assets and changes in them. You can think of the Station's net assets, the difference between assets and liabilities, as one way to measure the Station's financial health, or financial position. Over time, increases or decreases in the Station's net assets are one indication of whether its financial health is improving or deteriorating.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

A condensed statement of assets, liabilities, and net assets for the respective fiscal years ended is presented in the following table:

**Assets, Liabilities, and Net Assets at June 30**

	Station		
	2009	2008	2007
<b>Assets</b>			
Current Assets	\$ 250,820	\$ 244,723	\$ 148,670
Capital Assets, Net	1,471,916	141,808	127,097
Other Noncurrent Assets		97,342	127,000
<b>Total Assets</b>	<b>1,722,736</b>	<b>483,873</b>	<b>402,767</b>
<b>Liabilities</b>			
Current Liabilities	226,659	88,611	25,754
Noncurrent Liabilities	25,613	21,132	36,551
<b>Total Liabilities</b>	<b>252,272</b>	<b>109,743</b>	<b>62,305</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	1,471,916	141,808	127,097
Restricted		186,102	127,000
Unrestricted	(1,452)	46,220	86,365
<b>Total Net Assets</b>	<b>\$ 1,470,464</b>	<b>\$ 374,130</b>	<b>\$ 340,462</b>
<b>Increase in Net Assets</b>	<b>\$ 1,096,334</b>	<b>293%</b>	<b>\$ 33,668</b> 10%

Revenues and expenses for the respective fiscal years are shown in the following table:

### Operating Results for the Fiscal Years

	Station		
	2008-09	2007-08	2006-07
<b>Operating Revenues</b>			
Donated Facilities and Administrative Support	\$ 171,728	\$ 175,327	\$ 162,568
Contributions and Membership Income	43,049	83,350	71,271
Community Service Grants:			
Corporation for Public Broadcasting	90,214	105,029	123,126
Florida Department of Education	95,867	107,467	111,945
In-Kind Contributions - Services and Other Intangibles	27,672	23,827	32,997
<b>Total Operating Revenues</b>	<b>428,530</b>	<b>495,000</b>	<b>501,907</b>
Less, Operating Expenses	832,386	724,787	708,633
<b>Operating Loss</b>	<b>(403,856)</b>	<b>(229,787)</b>	<b>(206,726)</b>
<b>Nonoperating Revenues</b>			
General Allocations from Gulf Coast Community College	166,771	201,455	209,113
<b>Income (Loss) Before Other Revenues</b>	<b>(237,085)</b>	<b>(28,332)</b>	<b>2,387</b>
Capital Appropriations	459,353	62,000	127,000
Capital Grants	346,703		
Capital Allocations from Gulf Coast Community College	527,363		
<b>Total Other Revenues</b>	<b>1,333,419</b>	<b>62,000</b>	<b>127,000</b>
<b>Increase in Net Assets</b>	<b>1,096,334</b>	<b>33,668</b>	<b>129,387</b>
Net Assets, Beginning of Year	374,130	340,462	211,075
<b>Net Assets, End of Year</b>	<b>\$ 1,470,464</b>	<b>\$ 374,130</b>	<b>\$ 340,462</b>

The Station's primary sources of funding were allocations from Gulf Coast Community College, Corporation for Public Broadcasting grants, Florida Department of Education Community Service grants, and donations. Station operating revenues for the fiscal years ending June 30, 2009, June 30, 2008, and June 30, 2007, were \$428,530, \$495,000, and \$501,907, respectively, and primarily consisted of:

- Donated facilities and support totaled \$171,728 for the 2008-09 fiscal year compared to \$175,327 for the 2007-08 fiscal year, representing a \$3,599 decrease due to decreased donations from Gulf Coast Community College. Donated facilities and support totaled \$175,327 for the 2007-08 fiscal year compared to \$162,568 for the 2006-07 fiscal year, representing a \$12,759 increase due to increased donations from Gulf Coast Community College.
- Contributions and membership income totaled \$43,049 for the 2008-09 fiscal year compared to \$83,350 for the 2007-08 fiscal year, representing a \$40,301 decrease due to decreased donations in membership contributions coupled with the loss of several large underwriters. Contributions and membership income totaled \$83,350 for the 2007-08 fiscal year compared to \$71,271 for the 2006-07 fiscal year, representing a \$12,079 increase due to increased donations and membership contributions.

For the 2008-09 fiscal year nonoperating revenues consisted primarily of general allocations from Gulf Coast Community College, which decreased \$34,684 compared to the 2007-08 fiscal year due primarily to a decrease in college funded salaries. Other revenues increased \$1,271,419 due to the receipt of several large grants primarily for

the construction of the new radio tower. For the 2007-08 fiscal year nonoperating revenues consisted primarily of general allocations from Gulf Coast Community College, which decreased \$7,658 compared to the 2006-07 fiscal year due primarily to a decrease in college funded salaries offset by an increase in accounts payable and in equipment purchases and equipment transferred to the station. Other revenues decreased \$65,000 due to a decrease in PECO appropriations.

Operating expenses for the Station for the respective fiscal years are shown in the following table:

#### Operating Expenses for the Fiscal Years

	Station		
	2008-09	2007-08	2006-07
<b>Operating Expenses</b>			
Programming and Production	\$ 230,538	\$ 291,949	\$ 291,639
Broadcasting	314,529	92,920	93,396
Program Information	1,615	8,591	9,385
Fund-Raising and Membership Development	32,402	50,091	69,809
Management and General	253,302	281,236	244,404
<b>Total Operating Expenses</b>	<b>\$ 832,386</b>	<b>\$ 724,787</b>	<b>\$ 708,633</b>

For the 2008-09 fiscal year, the increase in operating expenses is primarily due to an increase in depreciation expense related to construction of the new radio tower, offset by a decrease in salaries.

For the 2007-08 fiscal year, the increase in operating expenses is primarily due to an increase in donated facilities and administrative support from the college which is recorded in management and general expense.

#### **THE STATEMENT OF CASH FLOWS**

Another way to assess the Station's financial health is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess:

- An entity's ability to generate future net cash flows.
- Its ability to meet its obligations as they come due.
- Its need for external financing.

A summary of the Station’s cash flows for the 2008-09 and 2007-08 fiscal years is presented in the following table:

**Cash Flows for the Fiscal Years**

	Station		
	2008-09	2007-08	2006-07
Cash Provided (Used) by:			
Operating Activities	\$ (186,406)	\$ (275,257)	\$ (177,768)
Noncapital Financing Activities	166,771	201,455	209,113
Capital and Related Financing Activities	(162,342)	10,106	116,526
<b>Net Increase (Decrease) in Cash</b>	<b>(181,977)</b>	<b>(63,696)</b>	<b>147,871</b>
Cash, Beginning of Year	195,494	259,190	111,319
<b>Cash, End of Year</b>	<b>\$ 13,517</b>	<b>\$ 195,494</b>	<b>\$ 259,190</b>

Net cash used by operating activities for the 2008-09 fiscal year decreased by \$88,851 compared to the 2007-08 fiscal year primarily due to a decrease in payments to employees, coupled with an increase in grants and contracts. For the 2007-08 fiscal year, net cash used by operating activities increased by \$97,489 compared to the 2006-07 fiscal year primarily due to an increase in payments to suppliers. For the 2008-09, 2007-08, and 2006-07 fiscal years, allocations from Gulf Coast Community College totaling \$166,771, \$201,455, and \$209,113, respectively, are reported as cash flows from noncapital financing activities, and are used by the Station to finance normal operating activities. Capital and related financing activities for the 2008-09 fiscal year decreased as compared to the 2007-08 fiscal year primarily due to an increase in the purchase of capital assets partially offset by capital appropriations. For the 2007-08 fiscal year Capital and Related Financing Activities decreased as compared to the 2006-07 fiscal year primarily due to a reduction in PECO appropriation.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The Station is required, pursuant to GASB Statement No. 35, to depreciate capital assets. During the fiscal year ended June 30, 2009, the Station changed its capitalization policy from \$750 to \$5,000 for tangible personal property, \$25,000 for improvements other than buildings, and estimated useful lives to match the College’s capital asset records. As a result of the change in accounting estimate, the net book value of capital assets was increased by \$26,360. The Station recognized \$189,013 of depreciation expense for the 2008-09 fiscal year, compared to \$37,583 of depreciation expense for the 2007-08 fiscal year. The increase in depreciation expense is due primarily to the depreciation associated with the newly constructed radio tower. Refer to the notes to the financial statements for additional information on capital asset activity for the 2008-09 fiscal year.

A listing of capital assets, net of depreciation, for the respective years ended is presented in the following table:

**Capital Assets, Net at June 30**

Capital Assets	Station		
	2009	2008	2007
Construction in Progress	\$	\$ 29,658	\$
Buildings	119,601	59,898	74,871
Radio Tower	1,167,646		
Furniture, Machinery, and Equipment	184,669	52,252	52,226
<b>Total Capital Assets, Net</b>	<b>\$1,471,916</b>	<b>\$ 141,808</b>	<b>\$ 127,097</b>

The Station had no long-term debt outstanding at fiscal years ended June 30, 2009, and June 30, 2008.

**REQUESTS FOR INFORMATION**

The MD&A is designed to provide donors, members, investment managers, foundations, and taxpayers with a general overview of the financial position and activities of the WKGC-AM/FM Radio Station. Additional details can be requested by mail at the following address:

ATTN: Vice President of Administration and Finance  
 Gulf Coast Community College  
 4230 West Highway 98  
 Panama City, Florida 32401

**BASIC FINANCIAL STATEMENTS**

**WKGC-AM/FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY GULF COAST COMMUNITY COLLEGE  
STATEMENT OF NET ASSETS  
June 30, 2009, and 2008**

	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 6,326	\$ 33,152
Restricted Cash	7,191	65,000
Due from Gulf Coast Community College (Note 3)	1,874	10,619
Due from Other Governmental Agencies (Note 4)	217,593	62,000
Due from Corporation for Public Broadcasting		48,060
Prepaid Expenses	17,836	25,892
<b>Total Current Assets</b>	<b>250,820</b>	<b>244,723</b>
Noncurrent Assets:		
Restricted Cash		97,342
Depreciable Capital Assets, Net (Note 5)	1,471,916	112,150
Nondepreciable Capital Assets (Note 5)		29,658
<b>Total Noncurrent Assets</b>	<b>1,471,916</b>	<b>239,150</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,722,736</b>	<b>\$ 483,873</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 1,875	\$ 10,619
Due to Gulf Coast Community College (Note 6)	217,593	
Deferred Revenue (Note 7)	7,191	72,191
Long-Term Liabilities - Current Portion:		
Compensated Absences Payable (Note 8)		5,801
<b>Total Current Liabilities</b>	<b>226,659</b>	<b>88,611</b>
Noncurrent Liabilities:		
Compensated Absences Payable (Note 8)	24,783	21,132
Postemployment Healthcare Benefits Payable (Note 8)	830	
<b>Total Noncurrent Liabilities</b>	<b>25,613</b>	<b>21,132</b>
<b>TOTAL LIABILITIES</b>	<b>252,272</b>	<b>109,743</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	1,471,916	141,808
Restricted:		
Grants and Loans		26,760
Capital Projects		159,342
Unrestricted (Note 11)	(1,452)	46,220
<b>Total Net Assets</b>	<b>1,470,464</b>	<b>374,130</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,722,736</b>	<b>\$ 483,873</b>

The accompanying notes to financial statements are an integral part of this statement.

**WKGC AM/FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY GULF COAST COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
For the Fiscal Years Ended June 30, 2009, and 2008**

	<u>2009</u>	<u>2008</u>
<b>REVENUES</b>		
Operating Support and Services:		
Donated Facilities and Administrative Support	\$ 171,728	\$ 175,327
Contributions and Membership Income	43,049	83,350
Community Service Grants:		
Corporation for Public Broadcasting	90,214	105,029
Florida Department of Education	95,867	107,467
In-Kind Contributions - Services and Other Intangibles	27,672	23,827
<b>Total Operating Revenues</b>	<u>428,530</u>	<u>495,000</u>
<b>EXPENSES</b>		
Operating Expenses:		
Program Services:		
Programming and Production	230,538	291,949
Broadcasting	314,529	92,920
Program Information	1,615	8,591
<b>Total Program Services</b>	<u>546,682</u>	<u>393,460</u>
Supporting Services:		
Fund-Raising and Membership Development	32,402	50,091
Management and General	253,302	281,236
<b>Total Supporting Services</b>	<u>285,704</u>	<u>331,327</u>
<b>Total Operating Expenses</b>	<u>832,386</u>	<u>724,787</u>
<b>Operating Loss</b>	<u>(403,856)</u>	<u>(229,787)</u>
<b>NONOPERATING REVENUES</b>		
Support and Revenues:		
General Allocations from Gulf Coast Community College	166,771	201,455
<b>Loss Before Other Revenues, Expenses, Gains, or Losses</b>	<u>(237,085)</u>	<u>(28,332)</u>
Capital Appropriations	459,353	62,000
Capital Grants	346,703	
Capital Allocations from Gulf Coast Community College	527,363	
<b>Total Other Revenues</b>	<u>1,333,419</u>	<u>62,000</u>
<b>Increase in Net Assets</b>	1,096,334	33,668
Net Assets, Beginning of Year	374,130	340,462
<b>Net Assets, End of Year</b>	<u>\$ 1,470,464</u>	<u>\$ 374,130</u>

The accompanying notes to financial statements are an integral part of this statement.

**WKGC-AM/FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY GULF COAST COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
For the Fiscal Years Ended June 30, 2009, and 2008**

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Grants and Contracts	\$ 234,141	\$ 155,528
Payments to Suppliers	(164,173)	(179,103)
Payments to Employees	(299,423)	(335,032)
Contributions and Membership Receipts	43,049	83,350
<b>Net Cash Used by Operating Activities</b>	<u>(186,406)</u>	<u>(275,257)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
General Allocations from Gulf Coast Community College	166,771	201,455
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Appropriations	521,353	
Capital Grants	281,703	65,000
Capital Allocations from Gulf Coast Community College	527,363	
Purchases of Capital Assets	(1,492,761)	(54,894)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(162,342)</u>	<u>10,106</u>
<b>Net Decrease in Cash</b>	(181,977)	(63,696)
Cash, Beginning of Year	195,494	259,190
<b>Cash, End of Year</b>	<u>\$ 13,517</u>	<u>\$ 195,494</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Loss	\$ (403,856)	\$ (229,787)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	189,013	37,583
Loss on Disposal of Assets		2,600
Change in Accounting Estimates	(26,360)	
Changes in Assets and Liabilities:		
Due From Gulf Coast Community College	8,745	(7,678)
Due From Corporation for Public Broadcasting	48,060	(48,060)
Prepaid Expenses	8,056	(12,353)
Accounts Payable	(8,744)	7,678
Deferred Revenue		(8,908)
Compensated Absences Payable	(2,150)	(16,332)
Postemployment Healthcare Benefits Payable	830	
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>\$ (186,406)</u>	<u>\$ (275,257)</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Noncash Financing Activities:		
Donated Facilities and Administrative Support	\$ 171,728	\$ 175,327
In-Kind Contributions - Services and Other Intangibles	27,672	23,827
<b>Total Noncash Financing Activities</b>	<u>\$ 199,400</u>	<u>\$ 199,154</u>

The accompanying notes to financial statements are an integral part of this statement.

**WKGC-AM/FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY GULF COAST COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009, AND 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity.** WKGC-AM/FM Radio Station (Station) is operated by Gulf Coast Community College (a component unit of the State of Florida), located in Panama City, Florida. The College is under the general direction and control of the Florida Department of Education, Division of Florida Colleges. The Station is operated as a separate department of the College. Accordingly, the Station's financial statements are combined and reported in the College's financial statements for the fiscal years ended June 30, 2009, and 2008. The Station's financial statements as of and for the fiscal years ended June 30, 2009, and 2008, are intended to present that portion of the College's financial position, and the changes in financial position and cash flows, that is attributable to the Station's transactions.

**Basis of Presentation.** The Station's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public telecommunication entities operated by colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). GASB allows public colleges and universities various reporting options. The College elected to report as an entity engaged in only business-type activities. Accordingly, this election requires entitywide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net Assets
  - Statement of Revenues, Expenses, and Changes in Net Assets
  - Statement of Cash Flows (presented using the direct method in compliance with GASB Statement No. 9)
  - Notes to Financial Statements

The accompanying financial statements are not a complete presentation of the reporting entity, Gulf Coast Community College, but are reporting only the financial activity of the Station (a department within the College).

**Basis of Accounting.** Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The Station's financial statements are presented using the economic resources focus and the accrual basis of accounting.

**WKGC-AM/FM RADIO STATION  
 A PUBLIC TELECOMMUNICATIONS ENTITY  
 OPERATED BY GULF COAST COMMUNITY COLLEGE  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2009, AND 2008**

**Cash.** Cash deposits are held by banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, and collateralized with securities held in Florida’s multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

**Prepaid Expense.** Certain prepayments reflect costs applicable to future accounting periods, and are recorded as prepaid expense in the financial statements.

**Capital Assets.** Capital assets are recorded at historical cost except in the case of donated property, which is recorded at the estimated fair market value of the property at the date of receipt. The Station has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 for improvements other than buildings. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for maintenance and repairs are expensed.

The Station uses the straight-line method of calculating depreciation over the estimated useful life of the assets. Depreciation expense was \$189,013 and \$37,583 for the fiscal years ended June 30, 2009, and 2008, respectively. The following is a summary of the estimated useful life by asset category:

Asset Category	Estimated Useful Life
Buildings	40 Years
Radio Tower	10 Years
Furniture, Machinery, and Equipment	3 - 7 Years

**Broadcasting License.** A Standard Broadcast Station license for operation on an AM frequency was donated by a commercial broadcasting company in 1981, and recorded at its appraised value (\$172,500) at the time received. The value assigned was amortized by the straight-line method over a period of ten years. The license is fully amortized.

**Grant Reporting.** Community service grants from the Florida Department of Education and the Corporation for Public Broadcasting can be used to support the general operations of the Station and are, therefore, included in operating revenues.

**Revenue Recognition.** Contributions that are unrestricted are recorded as operating revenue in the accompanying statement of revenues, expenses, and changes in net assets when received. Cash advances received through community service grants from the Florida Department of Education, and other restricted grants, are recorded as deferred revenue when received. Revenues for these grants are recognized to the extent that eligibility requirements are met.

**WKGC-AM/FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY GULF COAST COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009, AND 2008**

General allocations from Gulf Coast Community College are recorded as nonoperating revenue when received. The balance of unexpended allocations reverts to the College's unrestricted net assets at the end of each fiscal year.

**Donated Facilities and Administrative Support.** Administrative support from Gulf Coast Community College consists of allocated financial costs and certain other expenses incurred by the College on behalf of the Station, and are reported as operating revenues and expenses in accordance with valuation guidelines prescribed by the Corporation for Public Broadcasting. Revenues and expenses for administrative support totaling \$171,728 and \$175,327 were reported for the fiscal years ended June 30, 2009, and 2008, respectively.

**In-Kind Contributions.** In-kind contributions generally consist of donated services and support from the Florida Department of Education and other telecommunications activities. The following is a summary of in-kind contributions revenues and expenses by category for the fiscal years ended June 30, 2009, and 2008:

<u>In-Kind Contributions</u>	<u>2009</u>	<u>2008</u>
Revenues:		
Services and Other Intangibles	\$ 27,672	\$ 23,827
Expenses:		
Management and General	\$ 24,399	\$ 21,895
Broadcasting	3,273	1,932
<b>Total Expenses</b>	<b>\$ 27,672</b>	<b>\$ 23,827</b>

**Pledges.** Due to the uncertainty as to the collectability of pledges, the Station does not report pledges receivable. Contribution revenue is recognized when the pledge is collected in cash.

## 2. CHANGE IN ACCOUNTING ESTIMATE

During the fiscal year ended June 30, 2009, the Station changed its capitalization policy from \$750 to \$5,000 for tangible personal property, \$25,000 for improvements other than buildings, and estimated useful lives to be consistent with the College's capitalization policy. As a result of the change in accounting estimate, the net book value of capital assets was increased by \$26,360.

## 3. DUE FROM GULF COAST COMMUNITY COLLEGE

The amounts reported as due from Gulf Coast Community College for fiscal years ended June 30, 2009, and 2008, represents expenses incurred by the Station, which will be reimbursed by the College. The reported amount is considered to be fully collectible.

**WKGC-AM/FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY GULF COAST COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009, AND 2008**

**4. DUE FROM OTHER GOVERNMENTAL AGENCIES**

The amount at June 30, 2009, consists of \$217,593 of Public Telecommunications Facilities Program (PTFP) Grant moneys due from the Federal government for the construction of the Station’s new radio tower. The amount at June 30, 2008, consists of \$62,000 of Public Education Capital Outlay allocations due from the State for construction of college facilities.

**5. CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2009, is shown below:

Description	Beginning Balance	Additions	Reductions	Change in Accounting Estimate (A)	Ending Balance
<b>Nondepreciable Capital Assets:</b>					
Construction in Progress	\$ 29,658	\$	\$ 29,658	\$	\$
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 29,658</b>	<b>\$</b>	<b>\$ 29,658</b>	<b>\$</b>	<b>\$</b>
<b>Depreciable Capital Assets:</b>					
Buildings	\$ 396,927	\$	\$	\$ (39,911)	\$ 357,016
Radio Tower	79,761	1,297,385			1,377,146
Furniture, Machinery, and Equipment	398,787	225,034	74,562	(141,994)	407,265
<b>Total Depreciable Capital Assets</b>	<b>875,475</b>	<b>1,522,419</b>	<b>74,562</b>	<b>(181,905)</b>	<b>2,141,427</b>
<b>Less, Accumulated Depreciation:</b>					
Buildings	337,029	8,479		(108,093)	237,415
Radio Tower	79,761	129,739			209,500
Furniture, Machinery, and Equipment	346,535	50,795	74,562	(100,172)	222,596
<b>Total Accumulated Depreciation</b>	<b>763,325</b>	<b>189,013</b>	<b>74,562</b>	<b>(208,265)</b>	<b>669,511</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>\$ 112,150</b>	<b>\$ 1,333,406</b>	<b>\$</b>	<b>\$ 26,360</b>	<b>\$ 1,471,916</b>

Note: (A) The Station made changes in the accounting estimate related to the useful lives of their capital assets during the 2008-09 fiscal year. See Note 2.

Depreciation expense was allocated to the various functions as follows:

	2009	2008
Programming and Production	\$ 3,392	\$ 20,554
Broadcasting	183,925	12,279
Fund Raising and Membership Development		653
Management and General	1,696	4,097
<b>Total</b>	<b>\$ 189,013</b>	<b>\$ 37,583</b>

**WKGC-AM/FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY GULF COAST COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009, AND 2008**

**6. DUE TO GULF COAST COMMUNITY COLLEGE**

The amount of \$217,593 reported as due to Gulf Coast Community College consists of amounts owed by the Station to the College for advances of capital expenditures pursuant to a reimbursement grant.

**7. DEFERRED REVENUE**

Deferred revenue include amounts received from certain grants, during the fiscal year ended June 30, 2009, and 2008, that will not be recognized as revenue until the subsequent fiscal year. Deferred revenue activity for the fiscal years ended June 30, 2009, and 2008, were as follows:

	2009	2008
Balances at Beginning of Year	\$ 72,191	\$ 16,099
CPB Digital Conversion Grants	64,110	65,000
Operating Grants	95,867	107,467
Funds Expended During the Year	(224,977)	(116,375)
<b>Balance at End of Year</b>	<b>\$ 7,191</b>	<b>\$ 72,191</b>

**8. LONG-TERM LIABILITIES**

Long-term liabilities of the Station at June 30, 2009, include compensated absences and postemployment healthcare benefits payable. Long-term liabilities activity for the fiscal year ended June 30, 2009, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated Absences Payable	\$ 26,933	\$	\$ 2,150	\$ 24,783	\$
Postemployment Healthcare Benefits Payable		830		830	
<b>Total Long-Term Liabilities</b>	<b>\$ 26,933</b>	<b>\$ 830</b>	<b>\$ 2,150</b>	<b>\$ 25,613</b>	<b>\$</b>

**Compensated Absences Payable.** Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave pursuant to Gulf Coast Community College Policy Nos. 6.070 and 6.075. Leave earned is accrued to the credit of the employee and records are kept on each employee’s unpaid (unused) leave balance. At June 30, 2009, the estimated liability for compensated absences, which includes the employer’s share of the Florida Retirement System and FICA contributions, totaled \$24,783. The current portion of the compensated absences liability is calculated based on terminal leave pay anticipated from those employees who have expressed their intent to retire during the 2009-10 fiscal year.

**WKGC-AM/FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY GULF COAST COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009, AND 2008**

**Postemployment Healthcare Benefits Payable.** The College implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits provided by the Florida Community Colleges Risk Management Consortium (Consortium) and life insurance benefits through purchased commercial insurance.

*Plan Description.* The College contributes to a cost-sharing, multiple-employer defined-benefit plan administered by the Consortium for postemployment healthcare benefits and is a single-employer defined-benefit plan for life insurance benefits. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College (including Radio Station employees) are eligible to participate in the College's healthcare and life insurance benefits. The College subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The College does not offer any explicit subsidies. Retirees are required to enroll in the Federal Medicare program for their primary health coverage as soon as they are eligible. The College and the Consortium do not issue stand-alone annual reports for the Plans and they are not included in the annual report of a public employee retirement system or another entity.

*Funding Policy.* Benefit provisions are pursuant to provisions of Section 112.0801, Florida Statutes, and benefits and contribution rates can be amended by the Board of Trustees. The College has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2008-09 fiscal year, no Station retirees received postemployment healthcare benefits and no Station retirees received postemployment life insurance benefits.

*Annual OPEB Cost and Net OPEB Obligation.* The College's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the Station's estimated portion of the College's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Station's net OPEB obligation:

**WKGC-AM/FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY GULF COAST COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009, AND 2008**

Description	Amount
Normal Cost (Service Cost for One Year)	\$ 400
Amortization of Unfunded Actuarial Accrued Liability	431
Interest on Normal Cost and Amortization	-
<b>Annual Required Contribution</b>	831
Interest on Net OPEB Obligation	14
Adjustment to Annual Required Contribution	(15)
<b>Annual OPEB Cost (Expense)</b>	830
Contribution Toward the OPEB Cost	-
<b>Increase in Net OPEB Obligation</b>	830
Net OPEB Obligation, Beginning of Year	-
<b>Net OPEB Obligation, End of Year</b>	\$ 830

The Station’s estimated portion of the College’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2009, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Beginning Balance, July 1, 2008	\$ -	0.0%	\$ -
2008-09	830	0.0%	830

*Funded Status and Funding Progress.* As of June 30, 2009, the Station’s actuarial accrued liability for benefits was \$8,738, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$8,738 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$169,028 for the 2008-09 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 5.2 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**WKGC-AM/FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY GULF COAST COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009, AND 2008**

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The College's initial OPEB actuarial valuation as of July 1, 2007, used the projected unit credit actuarial method to estimate the unfunded actuarial liability as of June 30, 2009, and the entry age cost actuarial method to estimate the 2008-09 fiscal year ARC. This method was selected because it is the same method used in the private sector for determination of retiree medical liabilities. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3 percent rate of return on invested assets, which is the College's expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3 percent per year, and an annual healthcare cost trend rate of 8 percent initially for the 2008-09 fiscal year, reduced by 1 percent for one year, then .5 percent per year thereafter, to an ultimate rate of 5 percent after five years. The unfunded actuarial accrued liability is being amortized over 30 years using the level dollar method. The remaining amortization period at June 30, 2009, was 28 years.

## **9. RETIREMENT PROGRAMS**

**Florida Retirement System.** All regular employees of the Radio Station are covered by the State-administered Florida Retirement System (FRS). Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Essentially all regular employees of participating employers are eligible and must enroll as members of FRS. FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the Public Employee Optional Retirement Program (PEORP).

Employees in the Plan vest at 6 years of service. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision; however, there is a benefit reduction

**WKGC-AM/FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY GULF COAST COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009, AND 2008**

for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability and death benefits and annual cost-of-living adjustments.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

The State of Florida establishes contribution rates for participating employers. Contribution rates during the 2008-09 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	0.00	9.85
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	10.91

Notes: (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include .05 percent for administrative costs of the Public Employee Optional Retirement Program.

The Station’s liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the Station. The Station’s contributions for the fiscal years ended June 30, 2007, June 30, 2008, and June 30, 2009, totaled \$33,902, \$24,663, and \$12,612, respectively, which were equal to the required contributions for each fiscal year.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the PEORP in lieu of the FRS defined-benefit plan. College employees already participating in the State College System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Senior Management Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest at one year of service. There were three Station participants during the 2008-09 fiscal year. Required contributions made to the PEORP totaled \$9,691.

**WKGC-AM/FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY GULF COAST COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009, AND 2008**

Financial statements and other supplementary information of the FRS are included in the State's comprehensive annual financial report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

**10. RISK MANAGEMENT PROGRAMS**

The Station is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Gulf Coast Community College provided coverage to the Station for these risks through the Florida Community Colleges Risk Management Consortium, which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide College risk management program. The Consortium is self-sustaining through member assessments (premiums) and is reinsured through commercial companies for claims in excess of specified amounts. Reinsurance from commercial companies provided excess coverage of up to \$200 million through February 2009 and \$175 million starting March 1, 2009. Insurance coverage obtained through the Consortium included health and hospitalization, life, dental, long-term disability, fire and extended property, general and automobile liability, workers' compensation, and other liability coverage. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years. Professional liability coverage was provided through purchased commercial insurance and settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years.

**11. DEFICIT UNRESTRICTED NET ASSETS**

The Station reported a deficit unrestricted net assets balance of \$1,452 at June 30, 2009. The deficit resulted primarily from the recognition of compensated absences payable and postemployment healthcare benefits payable, which are unfunded long-term liabilities. The remaining balance of unrestricted net assets \$24,161, after exclusion of \$24,783 in compensated absences payable and \$830 in postemployment healthcare benefits payable, may be used to meet the Station's ongoing obligations.



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450



PHONE: 850-488-5534  
FAX: 850-488-6975

The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

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

We have audited the financial statements of the WKGC-AM/FM Radio Station (Station), a public telecommunications entity operated by Gulf Coast Community College (a component unit of the State of Florida), as of and for the fiscal years ended June 30, 2009, and 2008, and have issued our report thereon included under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. As discussed in note 1, the Station's financial statements are intended to present the financial position, and changes in financial position and cash flows, of only that portion of Gulf Coast Community College that is attributable to the Station's transactions. 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 the Station's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Station's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Station's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted

accounting principles such that there is more than a remote likelihood that a misstatement of the Station's financial statements that is more than inconsequential will not be prevented or detected by the Station's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Station's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Station's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, rules, 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*.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA  
November 2, 2009

---

---

**PRIOR AUDIT FOLLOW-UP**

---

---

The Station had taken corrective actions for the finding included in our report No. 2009-037.