

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

Financial Audit

For the Fiscal Years Ended
June 30, 2010, and 2009



STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President of Gulf Coast Community College who served during the 2009-10 fiscal year are listed below:

	<u>County</u>
Charles S. Isler, III, Vice Chair to 7-15-09, Chair from 7-16-09	Bay
Denise D. Butler, Vice Chair from 7-16-09	Franklin
William C. Cramer, Jr., to 12-28-09, Chair to 7-15-09(1)	Bay
Karen L. Durden	Bay
Dan A. Estes	Bay
Shirley J. Jenkins from 9-02-09 (2)	Gulf
Dr. Stephen C. Myers (3)	Bay
William C. Sumner (3)	Gulf
Linda R. Wood	Gulf

Dr. Jim Kerley, President

- Notes: (1) Board member resigned effective December 28, 2009, and the position remained vacant to June 30, 2010.
- (2) Position remained vacant from July 1, 2009, to September 1, 2009.
- (3) Board member served beyond the end of his term, May 31, 2010.

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 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; 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
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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.

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, 2010, and 2009. 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

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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, 2010, and 2009, as shown on pages 10 through 21. 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, 2010, and 2009, 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, 2010, and 2009, 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.

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS** on pages 3 through 9 and **OTHER REQUIRED SUPPLEMENTARY INFORMATION** on page 23 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Respectfully submitted,



David W. Martin, CPA
November 15, 2010

MANAGEMENT’S DISCUSSION AND ANALYSIS

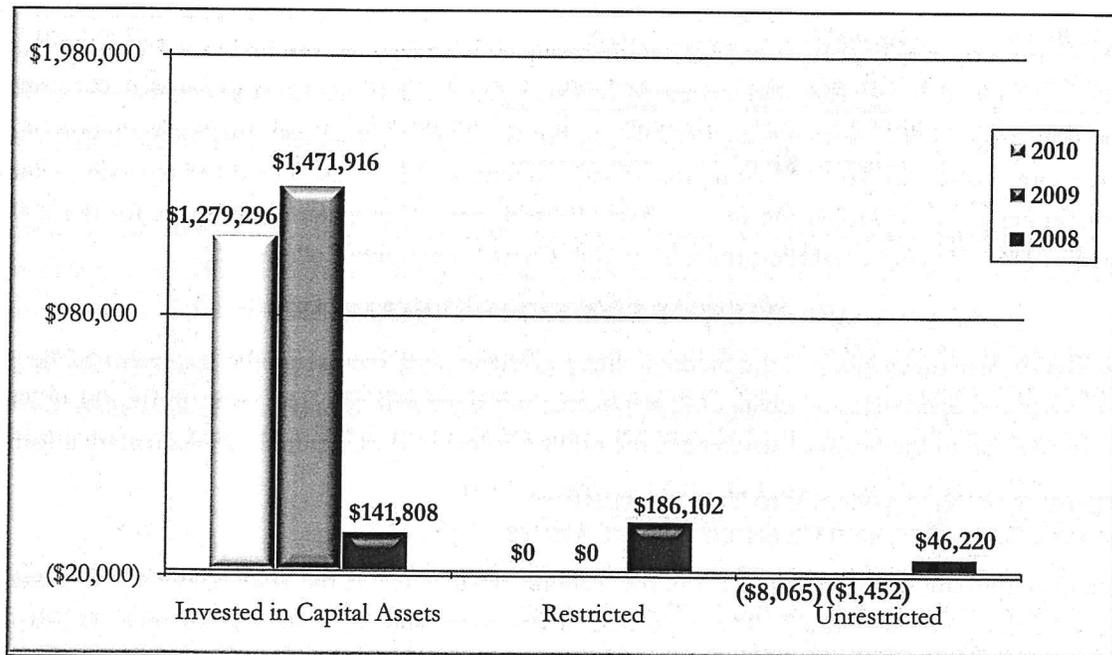
The management’s discussion and analysis (MD&A) provides an overview of the financial position and activities of the WKGC-AM/FM Radio Station (Station) for the fiscal years ended June 30, 2010, and 2009, and should be read in conjunction with the financial statements and notes thereto. This overview 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 for the fiscal years ended June 30, 2010, June 30, 2009, and June 30, 2008, are shown below:

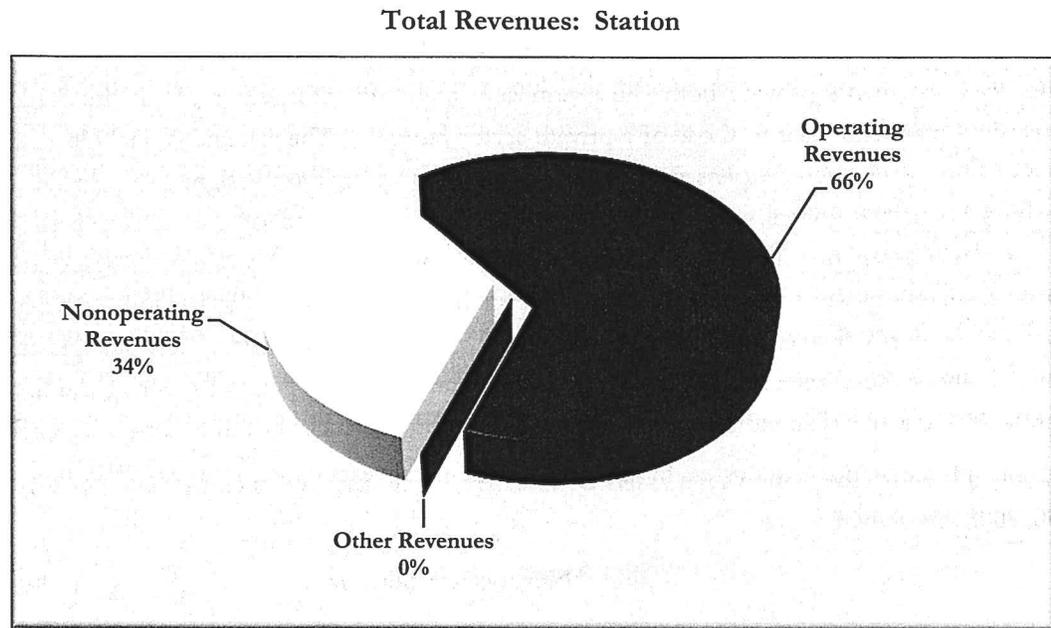
Net Assets: Station



The Station's combined net assets were \$1,271,231 at June 30, 2010, as compared to \$1,470,464 at June 30, 2009, due to an increase in the net operating loss, which was offset partially by an increase in nonoperating revenues. There were no capital appropriations, capital grants, or capital allocations from Gulf Coast Community College in 2009-10 fiscal year as there had been in 2008-09 fiscal year.

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

The following chart provides a graphical presentation of revenues by category for the 2009-10 fiscal year:



A \$424,019 loss from operations, offset by \$224,786 of nonoperating revenues, resulted in a decrease in net assets of \$199,233 for the 2009-10 fiscal year. Nonoperating revenues for the 2009-10 fiscal year consisted of \$224,786 of general allocations from Gulf Coast Community College. For the 2008-09 fiscal year, the Station reported a \$403,856 loss from operations, offset by \$166,771 of nonoperating revenues and \$1,333,419 of other revenues, which 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.

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		
	2010	2009	2008
Assets			
Current Assets	\$ 29,978	\$ 250,820	\$ 244,723
Capital Assets, Net	1,279,296	1,471,916	141,808
Other Noncurrent Assets			97,342
Total Assets	1,309,274	1,722,736	483,873
Liabilities			
Current Liabilities	10,439	226,659	88,611
Noncurrent Liabilities	27,604	25,613	21,132
Total Liabilities	38,043	252,272	109,743
Net Assets			
Invested in Capital Assets	1,279,296	1,471,916	141,808
Restricted			186,102
Unrestricted	(8,065)	(1,452)	46,220
Total Net Assets	\$ 1,271,231	\$ 1,470,464	\$ 374,130
Increase (Decrease) in Net Assets	\$ (199,233) -14%	\$ 1,096,334 293%	

Current assets decreased by \$220,842 mostly due to a decrease in due from other governmental agencies for Public Telecommunications Facilities Program (PTFP) Grant moneys, which were due from the Federal government for the construction of the Station's new radio tower at June 30, 2009.

Current liabilities decreased by \$216,220 mostly due to a decrease in due to Gulf Coast Community College for moneys owed to the College related to the construction of the Station's new radio tower at June 30, 2009.

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

Operating Results for the Fiscal Years

	Station		
	2009-10	2008-09	2007-08
Operating Revenues			
Donated Facilities and Administrative Support	\$ 168,584	\$ 171,728	\$ 175,327
Contributions and Membership Income	49,432	43,049	83,350
Federal Grants	14,380		
Community Service Grants:			
Corporation for Public Broadcasting	93,556	90,214	105,029
Florida Department of Education	72,907	95,867	107,467
In-Kind Contributions - Services and Other Intangibles	26,279	27,672	23,827
Other Operating Revenues	8,777		
Total Operating Revenues	433,915	428,530	495,000
Less, Operating Expenses	857,934	832,386	724,787
Operating Loss	(424,019)	(403,856)	(229,787)
Nonoperating Revenues			
General Allocations from Gulf Coast Community College	224,786	166,771	201,455
Loss Before Other Revenues	(199,233)	(237,085)	(28,332)
Capital Appropriations		459,353	62,000
Capital Grants		346,703	
Capital Allocations from Gulf Coast Community College		527,363	
Total Other Revenues		1,333,419	62,000
Increase (Decrease) in Net Assets	(199,233)	1,096,334	33,668
Net Assets, Beginning of Year	1,470,464	374,130	340,462
Net Assets, End of Year	\$ 1,271,231	\$ 1,470,464	\$ 374,130

The Station's primary sources of funding were general 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, 2010, June 30, 2009, and June 30, 2008, were \$433,915, \$428,530, and \$495,000, respectively, and primarily consisted of:

- Donated facilities and support totaled \$168,584 for the 2009-10 fiscal year compared to \$171,728 for the 2008-09 fiscal year, representing a \$3,144 decrease due to decreases in donations from Gulf Coast Community College. 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.
- Contributions and membership income totaled \$49,432 for the 2009-10 fiscal year compared to \$43,049 for the 2008-09 fiscal year, representing a \$6,383 increase due to increased underwriting. 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 and membership contributions coupled with the loss of several large underwriters.
- In the 2009-10 fiscal year, the Station received \$14,380 from the Florida Department of Education for American Recovery and Reinvestment Act (ARRA) Federal funds.

- Community Service Grants from the Florida Department of Education decreased by \$22,960 during the 2009-10 fiscal year due to a decrease in State appropriations.
- Other operating revenues increased by \$8,777 during the 2009-10 fiscal year as a result of additional funding from the Corporation from Public Broadcasting.

For the 2009-10 fiscal year, nonoperating revenues consisted primarily of general allocations from Gulf Coast Community College, which increased \$58,015 compared to the 2008-09 fiscal year due primarily to an increase in College funded salaries. Other revenues decreased \$1,333,419 from a reduction in capital appropriations and grants due to the completion of the new radio tower in the prior fiscal year. 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 and increases in capital appropriations and allocations primarily for the construction of the new radio tower.

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

Operating Expenses for the Fiscal Years

	Station		
	2009-10	2008-09	2007-08
Operating Expenses			
Programming and Production	\$ 205,923	\$ 230,538	\$ 291,949
Broadcasting	339,846	314,529	92,920
Program Information	15,560	1,615	8,591
Fund-Raising and Membership Development	53,508	32,402	50,091
Management and General	243,097	253,302	281,236
Total Operating Expenses	\$ 857,934	\$ 832,386	\$ 724,787

For the 2009-10 fiscal year, as a result of the Station broadcasting more live programming, Programming and Production expenses decreased by \$24,615 and Broadcasting expenses increased by \$25,317. Fundraising and Membership Development expenses were lower than usual during the 2008-09 fiscal year as a result of a vacant position during the 2008-09 fiscal year that returned to a normal level for the 2009-10 fiscal year. Due to staffing changes and changes in responsibilities of staff during the 2009-10 fiscal year, the overall increase in operating expenses is primarily due to an increase in salary expense.

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.

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 respective fiscal years is presented in the following table:

Cash Flows for the Fiscal Years

	Station		
	2009-10	2008-09	2007-08
Cash Provided (Used) by:			
Operating Activities	\$ (229,545)	\$ (186,406)	\$ (275,257)
Noncapital Financing Activities	224,786	166,771	201,455
Capital and Related Financing Activities		(162,342)	10,106
Net Decrease in Cash	(4,759)	(181,977)	(63,696)
Cash, Beginning of Year	13,517	195,494	259,190
Cash, End of Year	\$ 8,758	\$ 13,517	\$ 195,494

Net cash used by operating activities for the 2009-10 fiscal year increased by \$43,139 compared to the 2008-09 fiscal year primarily due to a decrease in grants and contracts, coupled with an increase in payments to employees. For the 2008-09 fiscal year, net cash used by operating activities 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 2009-10, 2008-09, and 2007-08 fiscal years, general allocations from Gulf Coast Community College totaling \$224,786, \$166,771, and \$201,455, 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 2009-10 fiscal year decreased as compared to the 2008-09 fiscal year primarily due to a decrease in the purchase of capital assets related to the radio tower that was completed during the prior fiscal year. For the 2008-09 fiscal year, capital and related financing activities 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Station is required, pursuant to GASB Statement No. 35, to depreciate capital assets. As a result, the Station recognized \$192,620 of depreciation expense for the 2009-10 fiscal year, compared to \$189,013 of depreciation expense for the 2008-09 fiscal year. During the fiscal year ended June 30, 2009, the Station changed its capitalization threshold from \$750 to \$5,000 for tangible personal property and changed estimated useful lives to match 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. Refer to the notes to the financial statements for additional information on capital asset activity for the 2009-10 fiscal year.

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

Capital Assets, Net at June 30

Capital Assets	Station		
	2010	2009	2008
Construction in Progress	\$ 111,122	\$ 119,601	\$ 29,658
Buildings	1,033,154	1,167,646	59,898
Radio Tower	135,020	184,669	52,252
Furniture, Machinery, and Equipment			
Total Capital Assets, Net	\$1,279,296	\$1,471,916	\$ 141,808

The Station had no long-term debt outstanding for the fiscal years ended June 30, 2010, 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
5230 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, 2010, and 2009**

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets:		
Cash	\$ 1,567	\$ 6,326
Restricted Cash	7,191	7,191
Due from Gulf Coast Community College (Note 3)	3,248	1,874
Due from Other Governmental Agencies (Note 4)		217,593
Prepaid Expenses	<u>17,972</u>	<u>17,836</u>
Total Current Assets	<u>29,978</u>	<u>250,820</u>
Noncurrent Assets:		
Depreciable Capital Assets, Net (Note 5)	<u>1,279,296</u>	<u>1,471,916</u>
Total Noncurrent Assets	<u>1,279,296</u>	<u>1,471,916</u>
TOTAL ASSETS	<u>\$ 1,309,274</u>	<u>\$ 1,722,736</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 3,248	\$ 1,875
Due to Gulf Coast Community College (Note 6)		217,593
Deferred Revenue (Note 7)	<u>7,191</u>	<u>7,191</u>
Total Current Liabilities	<u>10,439</u>	<u>226,659</u>
Noncurrent Liabilities:		
Compensated Absences Payable (Note 8)	27,084	24,783
Other Postemployment Benefits Payable (Note 8)	<u>520</u>	<u>830</u>
Total Noncurrent Liabilities	<u>27,604</u>	<u>25,613</u>
TOTAL LIABILITIES	<u>38,043</u>	<u>252,272</u>
NET ASSETS		
Invested in Capital Assets	1,279,296	1,471,916
Unrestricted (Note 11)	<u>(8,065)</u>	<u>(1,452)</u>
Total Net Assets	<u>1,271,231</u>	<u>1,470,464</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,309,274</u>	<u>\$ 1,722,736</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 REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Fiscal Years Ended June 30, 2010, and 2009

	<u>2010</u>	<u>2009</u>
REVENUES		
Operating Support and Services:		
Donated Facilities and Administrative Support	\$ 168,584	\$ 171,728
Contributions and Membership Income	49,432	43,049
Federal Grants	14,380	
Community Service Grants:		
Corporation for Public Broadcasting	93,556	90,214
Florida Department of Education	72,907	95,867
In-Kind Contributions - Services and Other Intangibles	26,279	27,672
Other Operating Revenues	8,777	
Total Operating Revenues	<u>433,915</u>	<u>428,530</u>
EXPENSES		
Operating Expenses:		
Program Services:		
Programming and Production	205,923	230,538
Broadcasting	339,846	314,529
Program Information	15,560	1,615
Total Program Services	<u>561,329</u>	<u>546,682</u>
Supporting Services:		
Fund-Raising and Membership Development	53,508	32,402
Management and General	243,097	253,302
Total Supporting Services	<u>296,605</u>	<u>285,704</u>
Total Operating Expenses	<u>857,934</u>	<u>832,386</u>
Operating Loss	<u>(424,019)</u>	<u>(403,856)</u>
NONOPERATING REVENUES		
Support and Revenues:		
General Allocations from Gulf Coast Community College	224,786	166,771
Loss Before Other Revenues	<u>(199,233)</u>	<u>(237,085)</u>
Capital Appropriations		459,353
Capital Grants		346,703
Capital Allocations from Gulf Coast Community College		527,363
Total Other Revenues		<u>1,333,419</u>
Increase (Decrease) in Net Assets	(199,233)	1,096,334
Net Assets, Beginning of Year	1,470,464	374,130
Net Assets, End of Year	<u>\$ 1,271,231</u>	<u>\$ 1,470,464</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, 2010, and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Grants and Contracts	\$ 189,620	\$ 234,141
Payments to Suppliers	(152,728)	(164,173)
Payments to Employees	(315,869)	(299,423)
Contributions and Membership Receipts	49,432	43,049
	<u>(229,545)</u>	<u>(186,406)</u>
Net Cash Used by Operating Activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
General Allocations from Gulf Coast Community College	<u>224,786</u>	<u>166,771</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Appropriations		521,353
Capital Grants		281,703
Capital Allocations from Gulf Coast Community College		527,363
Purchases of Capital Assets		<u>(1,492,761)</u>
		<u>(162,342)</u>
Net Cash Used by Capital and Related Financing Activities		
	(4,759)	(181,977)
Net Decrease in Cash	<u>13,517</u>	<u>195,494</u>
Cash, Beginning of Year		
	<u>\$ 8,758</u>	<u>\$ 13,517</u>
Cash, End of Year		
RECONCILIATION OF OPERATING LOSS		
TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (424,019)	\$ (403,856)
Adjustments to Reconcile Operating Loss		
to Net Cash Used by Operating Activities:		
Depreciation Expense	192,620	189,013
Change in Accounting Estimates		(26,360)
Changes in Assets and Liabilities:		
Due From Gulf Coast Community College	(1,374)	8,745
Due From Corporation for Public Broadcasting		48,060
Prepaid Expenses	(136)	8,056
Accounts Payable	1,373	(8,744)
Compensated Absences Payable	2,301	(2,150)
Other Postemployment Benefits Payable	(310)	830
	<u>(229,545)</u>	<u>(186,406)</u>
NET CASH USED BY OPERATING ACTIVITIES		
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Noncash Financing Activities:		
Donated Facilities and Administrative Support	\$ 168,584	\$ 171,728
In-Kind Contributions - Services and Other Intangibles	<u>26,279</u>	<u>27,672</u>
Total Noncash Financing Activities	<u>\$ 194,863</u>	<u>\$ 199,400</u>

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

**WKGC-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010, AND 2009**

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, 2010, and 2009. The Station's financial statements as of and for the fiscal years ended June 30, 2010, and 2009, 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
- Other Required Supplementary Information

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.

The Station follows GASB pronouncements and FASB pronouncements issued on or before November 30, 1989, unless the FASB pronouncements conflict with GASB pronouncements. Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Accounting*, the Station has the option to elect to apply all pronouncements of FASB issued after

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November 30, 1989, unless those pronouncements conflict with GASB pronouncements. The Station has elected not to apply FASB pronouncements issued after November 30, 1989.

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 \$192,620 and \$189,013 for the fiscal years ended June 30, 2010, and 2009, 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 (FDOE) and the Corporation for Public Broadcasting (CPB) 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 FDOE, 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.

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.

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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 CPB. Revenues and expenses for administrative support totaling \$168,584 and \$171,728 were reported for the fiscal years ended June 30, 2010, and 2009, respectively.

In-Kind Contributions. In-kind contributions generally consist of donated services and support from the FDOE 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, 2010, and 2009:

<u>In-Kind Contributions</u>	<u>2010</u>	<u>2009</u>
Revenues:		
Services and Other Intangibles	\$ 26,279	\$ 27,672
Expenses:		
Management and General	\$ 25,931	\$ 24,399
Broadcasting	348	3,273
Total Expenses	<u>\$ 26,279</u>	<u>\$ 27,672</u>

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 and changed 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 during the 2008-09 fiscal year.

3. DUE FROM GULF COAST COMMUNITY COLLEGE

The amounts reported as due from Gulf Coast Community College for fiscal years ended June 30, 2010, and 2009, represent expenses incurred by the Station, which will be reimbursed by the College. The reported amount is considered to be fully collectible.

4. DUE FROM OTHER GOVERNMENTAL AGENCIES

The amounts 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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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5. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2010, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Depreciable Capital Assets:				
Buildings	\$ 357,016	\$	\$	\$ 357,016
Radio Tower	1,377,146			1,377,146
Furniture, Machinery, and Equipment	407,265			407,265
Total Depreciable Capital Assets	2,141,427			2,141,427
Less, Accumulated Depreciation:				
Buildings	237,415	8,479		245,894
Radio Tower	209,500	134,492		343,992
Furniture, Machinery, and Equipment	222,596	49,649		272,245
Total Accumulated Depreciation	669,511	192,620		862,131
Total Depreciable Capital Assets, Net	\$ 1,471,916	\$ (192,620)	\$	\$ 1,279,296

Depreciation expense was allocated to the various functions as follows:

	2010	2009
Programming and Production	\$ 3,392	\$ 3,392
Broadcasting	187,532	183,925
Management and General	1,696	1,696
Total	\$ 192,620	\$ 189,013

For capital assets partially financed with United States Department of Commerce NTIA/PTFP grants, the Federal Government requires a ten-year lien establishing it as the priority secured creditor. This is to enforce its reversionary interest in the fixed asset for a ten-year period (dating from the PTFP's approval of the final inventory for the grant) in case the Station defaults on the terms and conditions of the grant. The capital assets against which the Federal Government has a lien are:

Capital Assets	DOC Grant No.	Original Cost	Lien Through
Tower	12-01-N06013	\$ 438,387	2019

6. DUE TO GULF COAST COMMUNITY COLLEGE

The amount of \$217,593 reported as due to Gulf Coast Community College on June 30, 2009, consisted of amounts owed by the Station to the College for advances of capital expenditures pursuant to a reimbursement grant.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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7. DEFERRED REVENUE

Deferred revenue includes amounts received from certain grants, during the fiscal year ended June 30, 2010, and 2009, that will not be recognized as revenue until the subsequent fiscal year. Deferred revenue activity for the fiscal years ended June 30, 2010, and 2009, were as follows:

	2010	2009
Balances at Beginning of Year	\$ 7,191	\$ 72,191
CPB Digital Conversion Grants		64,110
Operating Grants	87,287	95,867
Funds Expended During the Year	(87,287)	(224,977)
Balance at End of Year	\$ 7,191	\$ 7,191

8. LONG-TERM LIABILITIES

Long-term liabilities of the Station at June 30, 2010, include compensated absences and other postemployment benefits payable. Long-term liabilities activity for the fiscal year ended June 30, 2010, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated Absences Payable	\$ 24,783	\$ 2,301	\$	\$ 27,084	\$
Other Postemployment Benefits Payable	830	385	695	520	
Total Long-Term Liabilities	\$ 25,613	\$ 2,686	\$ 695	\$ 27,604	\$

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, 2010, the estimated liability for compensated absences, which includes the employer's share of the Florida Retirement System and FICA contributions, totaled \$27,084. 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 2010-11 fiscal year.

Other Postemployment Benefits Payable. The College follows Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain other postemployment healthcare and life insurance benefits provided by the Florida College System Risk Management Consortium (Consortium).

Plan Description. The College contributes to an agent multiple-employer defined benefit plan administered by the Florida College System Risk Management Consortium (Consortium) for postemployment healthcare benefits and 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

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College's healthcare and life insurance benefits. The College subsidizes the premium rates paid by retirees by allowing them to participate in the plans 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 for retiree coverage. Retirees are required to enroll in the Federal Medicare program for their primary health coverage as soon as they are eligible. Neither the College nor the Consortium issue a stand-alone annual report for the plans and they are not included in the annual report of a public employee retirement system or another entity.

Funding Policy. Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes, and the Board of Trustees can amend the benefits and contribution rates. 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 plans are financed on a pay-as-you-go basis. For the 2009-10 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. 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:

<u>Description</u>	<u>Amount</u>
Normal Cost (Service Cost for One Year)	\$ 435
Amortization of Unfunded Actuarial Accrued Liability	254
Interest on Normal Cost and Amortization	-
Annual Required Contribution	689
Interest on Net OPEB Obligation	16
Adjustment to Annual Required Contribution	(320)
Annual OPEB Cost (Expense)	385
Contribution Toward the OPEB Cost	(695)
Decrease in Net OPEB Obligation	(310)
Net OPEB Obligation, Beginning of Year	830
Net OPEB Obligation, End of Year	<u>\$ 520</u>

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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, 2010, 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
2009-10	385	180.5%	520

Funded Status and Funding Progress. As of July 1, 2009, the Station’s actuarial accrued liability for benefits was \$7,403, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$7,403 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$208,850 for the 2009-10 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 3.5 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 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. The Schedule of Funding Progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 OPEB actuarial valuation as of July 1, 2009, used the projected unit credit actuarial method to estimate the unfunded actuarial liability as of June 30, 2010, and the College’s 2009-10 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. The actuarial assumptions also included a payroll growth rate of 3 percent per year, and an annual healthcare cost trend rate of 8 percent for the 2009-10 fiscal year, reduced by 0.2 percent for the next two years, and then reducing to 0.1 percent for the next year, resuming the decrease of 0.2 percent per year thereafter, to an ultimate rate of 7.1 percent after five years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 30 years. The remaining amortization period at June 30, 2010, was 27 years.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010, AND 2009**

9. RETIREMENT PROGRAMS

Florida Retirement System. Essentially all regular employees of the Station are eligible to enroll as members of 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. 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 six 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 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 2009-10 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 0.05 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, 2008, June 30, 2009, and June 30, 2010, totaled \$24,663, \$12,612, and \$14,163, respectively, which were equal to the required contributions for each fiscal year.

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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. Station 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 Service 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 two Station participants during the 2009-10 fiscal year. Required contributions made to the PEORP totaled \$8,560.

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 College System Risk Management Consortium (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 \$175 million through February 28, 2010, and \$150 million starting March 1, 2010. Insurance coverage obtained through the Consortium included health and hospitalization, life, dental, 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 \$8,065 at June 30, 2010. The deficit resulted primarily from the recognition of compensated absences payable and other postemployment benefits payable, which are unfunded long-term liabilities. The remaining balance of unrestricted net assets \$19,539, after exclusion of \$27,084 in compensated absences payable and \$520 in other postemployment benefits payable, may be used to meet the Station's ongoing obligations.

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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 other postemployment 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 other postemployment benefits payable, may be used to meet the Station's ongoing obligations.

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 OTHER REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS -
 OTHER POSTEMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2009	\$ -	\$ 7,403	\$ 7,403	0%	\$ 208,850	3.5%



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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, 2010, and 2009, 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 *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 Station's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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,

A handwritten signature in black ink, appearing to read "David W. Martin". The signature is written in a cursive style with a large initial "D" and "M".

David W. Martin, CPA
November 15, 2010

