

**WKGC AM/FM Radio Station
A Public Telecommunications Entity
Operated by Gulf Coast State College**

Financial Statements

June 30, 2015 and 2014



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Report on the Financial Statements

We have audited the accompanying financial statements of WKGC AM/FM Radio Station (the Station), a public telecommunications entity operated by Gulf Coast State College (the College) as of and for the year ended June 30, 2015, and the related notes to the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

The financial statements of the Station as of June 30, 2014, were audited by other auditors whose report dated November 25, 2014, expressed an unmodified opinion on those financial statements. As discussed in note 9 to the financial statements, the Station has adjusted its 2014 financial statements to retrospectively apply the change in accounting principle related to recognition of net pension liability in accordance with GASB Statement 68. The other auditors reported on the financial statements before the retrospective adjustment.

As part of our audit of the 2015 financial statements, we also audited the adjustments to the 2014 financial statements to retrospectively apply the change in accounting principle as described in note 9. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the Station's 2014 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2014 financial statements as a whole.

Emphasis of Matter

As discussed in note 1, the financial statements present only the Station, a department of Gulf Coast State College, and do not purport to, and do not present fairly the financial position of Gulf Coast State College, as of June 30, 2015 and 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 and 8, the schedule of funding progress for the retirees' health insurance other postemployment benefits plan on page 30, the schedule of employer contributions for the retirees' health insurance other postemployment benefits plan on page 30, the schedule of the Station's proportionate share of the net pension liability – Florida Retirement System on page 31. the schedule of the Station's contributions – Florida Retirement System on page

the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
February 12, 2016

Management's Discussion & Analysis

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 financial statements include a statement of net position and a statement of revenues, expenses, and changes in net position that are designed to provide financial information about the activities of the Station presented on the accrual basis of accounting. The statement of net position provides information about the Station's financial position, its assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using an economic resources measurement focus. The difference between those components, the net position, is one way to measure the Station's financial health. The statement of revenues, expenses, and changes in net position presents information about the change in the Station's net position, the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the Station's financial health is improving or deteriorating.

- Total assets and deferred outflows of resources of the Station exceeded total liabilities and deferred inflows of the Station by \$416,559 (net position). Of this amount, \$(73,646) is a deficit of unrestricted net position, \$9,500 is restricted net position, and \$480,705 is net investment in capital assets.
- Total net position decreased from June 30, 2014 by \$249,503 due to a net operating loss of \$126,222 and a prior period adjustment for \$123,281 to recognize the net pension liability and related deferred outflows of resources as of June 30, 2014.
- Operating revenues consisted of 80% of the total revenues of the Station.
- A loss of \$237,017 from operations, offset by \$110,795 of nonoperating revenues, resulted in a decrease in net position of \$126,222 for the 2014-15 fiscal year. Nonoperating revenues are from general allocations from the College.

OVERVIEW OF THE FINANCIAL STATEMENTS

operating results.

These two statements report the Station's net position and change in them. You can think of the Station's net position, 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 position is 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 position for the respective fiscal years ended is presented in the following table:

Net Position: Station

<i>June 30,</i>	2015	2014	2013
Current assets	\$ 66,741	\$ 73,458	\$ 50,889
Capital assets, net	507,940	624,697	765,950
Total assets	574,681	698,155	816,839
Deferred outflows of resources	29,015	13,293	-
Current liabilities	17,412	14,127	4,007
Noncurrent liabilities	116,715	154,540	17,052
Total liabilities	134,127	168,667	21,059
Deferred inflows of resources	53,010	-	-
Net position			

Corporation for Public Broadcasting	140,202	150,311	156,171
Florida Department of Education	105,193	85,307	-
Gulf Coast Foundation grant	-	-	26,563
Total operating revenues	438,907	414,055	369,505
Less: operating expenses	675,924	696,814	680,948
Operating loss	(237,017)	(282,759)	(311,443)
Nonoperating revenues			
General allocations from Gulf Coast State College	110,795	153,041	163,895
Decrease in net position	\$ (126,222)	\$ (129,718)	\$ (147,548)

The Station's primary sources of funding were general allocations from Gulf Coast State College, Corporation for Public Broadcasting grants, Florida Department of Education Community Service grants, Gulf Coast Foundation Grant, and donations. Station operating revenues for the fiscal years ended June 30, 2015, 2014, and 2013, were \$438,907, \$414,055, and \$369,505 respectively, and primarily consisted of:

- Donated facilities and support totaled \$166,492 for the 2014-15 fiscal year compared to \$166,727 for the 2013-14 fiscal year, representing a \$235 decrease due to decreased donations from Gulf Coast State College. Donated facilities and support totaled \$166,727 for the 2013-14 fiscal year compared to \$150,249 for the 2012-13 fiscal year, representing a \$16,478 increase due to increased donations from Gulf Coast State College.
- Contributions and membership income totaled \$27,020 for the 2014-15 fiscal year compared to \$11,710 for the 2013-14 fiscal year, representing a \$15,310 increase due to increases in underwriting and membership revenue. Contributions and membership income totaled \$11,710 for the 2013-14 fiscal year compared to \$26,563 for the 2012-13 fiscal year, representing a \$14,853 decrease due to a decrease in membership income.

Program information	22,429	16,721	310,263
Fundraising and membership development	17,916	4,098	7,779
Underwriting	2,563	387	49,050
Management and general	226,218	253,446	2,339
Total operating expenses	\$ 675,924	\$ 696,814	\$ 680,948

For the 2014-15 fiscal year, fundraising and membership development expenses increased as a result of a vacant position being filled.

For the 2013-14 fiscal year, fundraising and membership development expenses decreased as a result of a vacant position and management and general expenses increased due to increased 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 user's assess:

- An entity's ability to generate future net cash flows.
- Its ability to meets 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: Station

<i>Year ended June 30,</i>	2015	2014	2013
Cash provided (used) by			
Operating activities	\$ (61,885)	\$ (117,100)	\$ (117,100)

financing activities, and are used by the Station to finance normal operating activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Station is required, pursuant to GASB Statement 35, to depreciate capital assets. As a result, the Station recognized \$156,837 of depreciation expense for the year ended June 30, 2015 and \$148,812 for the year ended June 30, 2014. Refer to the notes to the basic financial statements for additional information on capital asset activity.

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

Capital Assets: Station

<i>June 30,</i>	2015	2014	2013
Buildings	\$ 68,727	\$ 77,206	\$ 85,685
Radio tower	384,460	514,199	643,938
Furniture, machinery, and equipment	54,753	33,292	36,327
Total capital assets, net	\$ 507,940	\$ 624,697	\$ 765,950

The Station had no long-term debt outstanding at June 30, 2015, 2014, or 2013.

REQUESTS FOR INFORMATION

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

Due from Department of Education	3,437	3,820
Prepaid expenses	-	10,307
	14,220	18,937
Total current assets	66,741	73,458
Capital assets, net	507,940	624,697
Deferred outflows of resources	29,015	13,293
Total assets and deferred outflows of resources	603,696	711,448
Current liabilities		
Accounts payable	7,912	14,127
Unearned revenue	9,500	-
Total current liabilities	17,412	14,127
Compensated absences payable	18,237	14,114
Other postemployment benefits payable	5,238	3,852
Net pension liability	93,240	136,574
Total liabilities	134,127	168,667
Deferred inflows of resources	53,010	-
Total liabilities and deferred inflows of resources	187,137	168,667
Net position		
Net investment in capital assets	480,705	624,697
Restricted	9,500	-
Unrestricted		

Corporation for Public Broadcasting	140,202	150,311
Florida Department of Education	105,193	85,307
Total operating revenues	438,907	414,055
Expenses		
Program services		
Programming and production	97,521	100,005
Broadcasting	309,277	322,157
Program information	22,429	16,721
Total program services	429,227	438,883
Support services		
Management and general	226,218	253,446
Fundraising and membership development	17,916	4,098
Underwriting	2,563	387
Total support services	246,697	257,931
Total operating expenses	675,924	696,814
Operating loss	(237,017)	(282,759)
Nonoperating revenues		
General allocations from Gulf Coast State College	110,795	153,041
Net income (loss)	(126,222)	(129,718)
Net position, beginning (as originally stated)	542,781	795,780
Restatement adjustment	-	(123,281)
Net position, beginning (restated)	542,781	672,499

Cash paid to employees	(217,131)	(203,912)
Net cash used by operating activities	(61,885)	(147,462)
Cash flows from noncapital financing activities		
General allocations from Gulf Coast State College	110,795	153,041
Cash flows from capital and related financing activities		
Purchases of equipment	(40,080)	(7,559)
Net increase (decrease) in cash and cash equivalents	8,830	(1,980)
Cash and cash equivalents, beginning	40,394	42,374
Cash and cash equivalents, ending	\$ 49,224	\$ 40,394
Cash and cash equivalents shown as		
Cash and cash equivalents	\$ 39,724	\$ 40,394
Restricted cash and cash equivalents	9,500	-
Cash and cash equivalents, ending	\$ 49,224	\$ 40,394
Noncash financing activities		
Donated facilities and administrative support	\$ 166,492	\$ 166,727

(Continued)

operating activities		
Depreciation	156,837	148,812
(Increase) decrease in assets and deferred outflows of resources		
Due from Gulf Coast State College, net	523	(3,320)
Due from Department of Education	10,307	(10,307)
Prepaid expenses	4,717	(10,922)
Deferred outflows of resources	(15,722)	-
Increase (decrease) in liabilities and deferred inflows of resources		
Accounts payable	(6,215)	13,627
Unearned revenue	9,500	(3,507)
Compensated absences	4,123	(83)
Other postemployment benefits payable	1,386	997
Net pension liability	(43,334)	-
Deferred inflows of resources	53,010	-
Total adjustments	175,132	135,297
Net cash used by operating activities	\$ (61,885)	\$ (147,462)

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 years ended June 30, 2015 and 2014. The Station's financial statements as of and for the years ended June 30, 2015 and 2014 are intended to present that portion of the College's financial positions, and the changes in financial positions and cash flows, that are 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 entity-wide reporting including the following components:

- Management's Discussion & Analysis
- Basic Financial Statements
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows (presented using the direct method in compliance with GASB Statement 9)
 - Notes to the Basic Financial Statements
- Other Required Supplementary Information

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

Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities – an amendment to GASB Statement 34, and GASB Statement 37, Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments: Omnibus. Statement 34 establishes standards for external financial reporting for all state and local governmental entities.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Station considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

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

Restricted Cash

Restricted cash consists of grant money received from the Corporation for Public Broadcasting (CPB).

Prepaid Expenses

property at the date of the donation. The Station has a capitalization threshold of \$5,000 for individual 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. The following is a summary of the estimated useful life by asset category:

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 of \$172,500 at the date donated. The value assigned was amortized using the straight-line method over a period of 10 years. The license is fully amortized.

Unearned Revenue

Unearned revenue includes amounts received from certain grants that will not be recognized until the subsequent year when the time restriction passes or purpose restriction is achieved.

Deferred Inflows of Resources, Deferred Outflows of Resources, and Net Position

GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and this standard renames the components of net position which

- use of net position by either external parties and/or enabling legislation.
- Unrestricted assets – The difference between the assets and liabilities that is not reported in net investment in capital assets or restricted assets.

It is the Station's policy to expend restricted resources first and to use unrestricted resources when the restricted resources have been depleted.

GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Grant Reporting

Community service grants from the Florida Department of Education (FDOE) and the 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 statements of revenues, expenses, and changes in net position when received. Cash advances received through community service grants from the FDOE, and other restricted grants, are recorded as unearned revenue when received. Revenues for these grants are recognized to the extent that eligibility requirements are met.

General allocations from the College are recorded as nonoperating revenue when received. The balance of unexpected allocations reverts to the College's unrestricted net position at the end of each fiscal year.

and expenses in accordance with valuation guidelines prescribed by the CPB. Revenues and expenses for administrative support totaling \$166,492 and \$166,727 were reported for the fiscal years ended June 30, 2015 and 2014, respectively.

Functional Allocation of Expenses

The costs of providing the various programs, support services and other activities have been allocated among the programs and support services benefited.

In-Kind Contributions

In-kind contributions generally consist of donated services and support from the FDOE and other telecommunication activities. There were no revenue or expenses from in-kind contributions for the fiscal years ended June 30, 2015 and 2014.

Compensated Absences

The Station follows GASB 16 entitled, *Accounting for Compensated Absences*. Enterprise funds accrue sick leave and vacation benefits in the period in which they are earned.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) Pension Plan and the Retiree Health Insurance Subsidy (HIS) Program and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by FRS and HIS. The financial statements for FRS and HIS are prepared using the flow of economic resources measurement focus and the accrual basis of accounting and are prepared in accordance with accounting principles generally

Depreciable capital assets				
Buildings	\$ 357,016	\$ -	\$ -	\$ 357,016
Radio tower	1,278,580	-	-	1,278,580
Furniture, machinery, and equipment	460,233	40,080	-	500,313
Total depreciable capital assets	2,095,829	40,080	-	2,135,909
Less: accumulated depreciation				
Buildings	279,810	8,479	-	288,289
Radio tower	764,381	129,739	-	894,120
Furniture, machinery, and equipment	426,941	18,619	-	445,560
Total accumulated depreciation	1,471,132	156,837	-	1,627,969
Total depreciable capital assets, net	\$ 624,697	\$ (116,757)	\$ -	\$ 507,940

Capital asset activity for the year ended June 30, 2014, was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Depreciable capital assets				
Buildings	\$ 357,016	\$ -	\$ -	\$ 357,016
Radio tower	1,278,580	-	-	1,278,580
Furniture, machinery, and equipment	452,674	7,559	-	460,233
Total depreciable capital assets	2,088,270	7,559	-	2,095,829
Less: accumulated depreciation				

Broadcasting	151,749	143,724
Mangement and general	1,696	1,696
Total	\$ 156,837	\$ 148,812

For capital assets partially financed with United States Department of Commerce National Telecommunications and Information Administration (NTIA)/Public Telecommunications Facilities Program (PTFP) grants, the federal government requires a 10-year lien establishing it as the priority secured creditor. This is to enforce its reversionary interest in the fixed asset for a 10-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
Radio tower	12-01-N06013	\$ 438,387	2019

NOTE 3: COMPENSATED ABSENCES

Employees earn the right to be compensated during absence for annual leave (vacation) and sick leave pursuant to the College's policies. 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, 2015 and 2014, the estimated liability for compensated absences, which includes the employer's share of the Florida Retirement System and FICA contributions, totaled \$18,237 and \$14,114, respectively. The current portion, if any, 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 next fiscal year.

NOTE 4: OTHER POSTEMPLOYMENT BENEFITS

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 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 Plan and the Plan is not included in the annual report of a public employee retirement system or another entity.

Funding Policy: Plan benefits are pursuant to provisions of Section 112.0801, Florida Statutes, and the College Board of Trustees can amend plan 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 Plan is financed on a pay-as-you-go basis. For the years ended June 30, 2015 and 2014, 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 GASB Statement 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:

Description	2015	2014
Annual required contribution	\$ 864	\$ 629
Amortization of unfunded actuarial accrued liability	504	359
Annual required contribution		

Fiscal Year	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
2012-13	1,211	0.0%	2,855
2013-14	997	0.0%	3,852
2014-15	1,386	0.0%	5,238

Funded Status and Funding Progress: As of July 1, 2013, the most recent valuation date, the Station's actuarial accrued liability for benefits was \$14,213 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$14,213 and a funded ratio 0%. The covered payroll (annual payroll of active participating employees) was \$170,092 and \$188,839 for the years ended June 30, 2015 and 2014 respectively, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.4% and 5.2% as of June 30, 2015 and 2014 respectively.

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 for the retirees' health insurance other postemployment benefit plan, 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.

The 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 4 percent rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 4 percent per year, an inflation rate of 3 percent per year, and an annual healthcare cost trend rate of 8.5 percent pre-medicare and 6.25 percent medicare, respectively for the 2013-14 fiscal year, reduced by decrements to an ultimate rate of 5 percent after 5 years for pre-medicare and 4 years for medicare. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll amortized over 30 years on an open basis. The remaining amortization period at June 30, 2015, was 22 years.

NOTE 5: DEFINED BENEFITS PENSION PLAN

Plan Description

Essentially all regular employees of the Station are eligible to enroll as members of the State-administered Florida Retirement System (FRS) with a Deferred Retirement Option Program (DROP) for eligible employees and the State-administered Retiree Health Insurance Subsidy (HIS) Program. FRS is a multiple-employer, cost sharing defined benefit pension plan established by Chapter 121, Florida Statutes. HIS is a multiple-employer, cost sharing defined benefit pension plan established by section 112.363, Florida Statutes.

Benefits Provided

Through FRS, retirees receive a lifetime pension benefit with joint and survivor payment options. Employees enrolled in FRS prior to July 1, 2011, vest at six years of creditable service and employees enrolled in FRS on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal benefits at age 55 or at any age after 25 years of service. All members enrolled in FRS on or after July 1, 2011,

eligible to receive a HIS benefit, a retiree under FRS must provide proof of eligible health insurance coverage, which can include medicare.

Contributions

Contribution requirements are defined by Chapter 121, Florida Statutes. Generally membership is compulsory for all full-time and part-time employees. The employees contribute 3%. The rates, as a percentage of gross earnings, are as follows:

	July 1, 2013 through June 30, 2014	July 1, 2014 through June 30, 2015
Regular employees	5.75%	6.11%
DROP	11.64%	11.02%
Health insurance supplement	1.20%	1.26%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2015, the Station reported a liability of \$30,640 for its proportionate share of the net pension liability for FRS and \$62,600 for its proportionate share of the net pension liability for HIS. The net pension liabilities were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Station's proportion of the net pension liabilities were based on historical employer contributions to FRS relative to the historical employer contributions of all participating entities, actuarially determined. For FRS, at June 30, 2014, the Station's proportion was 0.0005022 percent, which was an increase of 0.000044495 percent from its proportion measured as of June 30, 2013. For HIS, at June 30, 2014, the Station's proportion was .0006694 percent, which was an increase of 0.000000059 percent from its proportion measured as of June 30, 2013.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Effect of economic/demographic gains or losses (difference between expected and actual experience)	\$ -	\$ 1,896
Effect of assumptions changes or inputs	5,306	-
Net difference between projected and actual investment earnings	-	51,114
Changes in proportion and differences between contributions and proportionate share of contributions	6,444	-
Station contributions subsequent to the measurement date	12,071	-
Total	\$ 23,821	\$ 53,010

For the year ended June 30, 2015, the Station recognized pension expense of \$2,163 for HIS. At June 30, 2015, the Station reported deferred outflows of resources and deferred inflows of resources related to HIS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Effect of assumptions changes or inputs	\$ 2,228	\$ -
Net difference between projected and actual investment earnings	30	-
Changes in proportion and differences between contributions and proportionate share of contributions	434	-
Station contributions subsequent to the measurement date	2,502	-

Total

	HIS EXPENSE	HIS EXPENSE
2016	\$ (12,135)	\$ 367
2017	(12,135)	367
2018	(12,135)	367
2019	(12,135)	367
2020	643	359
Thereafter	193	431
Totals	\$ (47,704)	\$ 2,258

Actuarial Assumptions

Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2014, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.65%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 4.29% was used to determine the total pension liability for the program. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)	Long-term Expected Real Rate of Return (Geometric)
Cash	1.0%	3.11%	3.10%
Intermediate - term bonds	18.0%	4.18%	4.05%
High yield bonds	3.0%	6.79%	6.25%
Broad U.S. equities	26.5%	8.51%	6.95%
Developed foreign equities	21.2%	8.66%	6.85%
Emerging market equities	5.3%	11.58%	7.60%
Private equity	6.0%	11.80%	8.11%
Hedge funds/absolute return	7.0%	5.81%	5.35%
Real estate (property)	12.0%	7.11%	6.35%
	<u>100.0%</u>		

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

30, 2013, and in the Florida Retirement System Pension Plan and Other State-Administered Systems CAFR for the fiscal year ended June 30, 2014. The Florida CAFR is available on line at: <http://www.myfloridacfo.com/Division/AA/Reports/default.htm>.

The system’s CAFR and the actuarial valuation reports as of July 1, 2014, are available online at: http://www.dms.myflorida.com/workforce_operations/retirement/publications.

The system’s CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services
 Division of Retirement
 Bureau of Research and Member Communications
 P. O. Box 9000
 Tallahassee, FL 32315-9000

Payables to the Pension Plan

As of June 30, 2015, the Station reported no liability to either pension plan.

NOTE 6: LONG-TERM LIABILITIES

Long-term liabilities of the Station at June 30, 2015 and 2014, include compensated absences payable, other postemployment benefits payable, and net pension liability. The following summarizes long-term liabilities activity for the fiscal year ended June 30, 2015:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long Term Portion
Compensation absences						

Compensation absences payable	\$ 14,197	\$ -	\$ 83	\$ 14,114	\$ -	\$ 14,114
Other postemployment benefits payable	2,855	997	-	3,852	-	3,852
Net pension liability	-	136,574	-	136,574	-	136,574
Total long-term liabilities	\$ 17,052	\$ 137,571	\$ 83	\$ 154,540	\$ -	\$ 154,540

NOTE 7: 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. The College provided coverage to the Station for these risks through the Florida College System Risk Management Consortium (the 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 \$150 million. Insurance coverage obtained through the Consortium included health and hospitalization, life, dental, fire, extended property, general and automotive liability, workers' compensation, and other liability coverage. For the years ended June 30, 2015 and 2014, claims against the policy did not exceed coverage.

NOTE 8: RELATED PARTY TRANSACTIONS

The Station receives administrative and monetary support from the College. However, the Station reimburses the College for all expenses in excess of appropriations. Administrative support provided by the College is valued based on the salaries of the College's staff and their proportionate amount of time spent working on the Station's behalf.

end of its prior fiscal year. GASB Statement 71 allows an entity to only report a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability but before the state of the government's fiscal year, if it is not practical for the government to determine the amounts of all applicable deferred inflows of resources and deferred outflows of resources related to pensions. Net position as of July 1, 2013, has been restated as follows for the implementation of GASB Statement 68, as amended by GASB Statement 71.

Net position, as previously reported at June 30, 2013	\$ 795,780
Restatement adjustment	
Net pension liability (measurement date of June 30, 2013)	(136,574)
Deferred outflow - contributions made during fiscal year 2014	13,293
Total restatement adjustment	(123,281)
Net position, as restated at June 30, 2013	\$ 672,499

Required Supplementary Information

Date	Assets	(AAL)	(UAAL)	Ratio	Payroll	Payroll
July 1, 2009	\$ 0	\$ 7,403	\$ 7,403	0.0%	\$ 208,850	3.5%
July 1, 2011	0	9,778	9,778	0.0%	224,568	4.4%
July 1, 2013	0	14,213	14,213	0.0%	192,068	7.4%

Schedule of Employer Contributions for the Retirees' Health Insurance Other Postemployment Benefits Plan:

Fiscal Year Ended September 30,	Actual Contribution	Annual Required Contribution	Percentage Contributed
2013	\$ 0	\$ 1,211	0%
2014	0	997	0%
2015	0	1,386	0%

**WKGC AM/FM Radio Station – a Public Telecommunications Entity
Operated by Gulf Coast State College**

Schedule of the Station's Proportionate Share of the Net Pension Liability – Florida Retirement System

Last 10 Fiscal Years

June 30,	2014	2013 *	2012 *	2011 *	2010 *	2009 *	2008 *	2007 *	2006 *	2005 *
Station's proportion of the net pension liability (assets)	0.00050222%	N/A								
Station's proportionate share of the net pension liability (assets)	\$ 30,640	N/A								
Station's covered-employee payroll	\$ 188,839	N/A								
Station's proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	16.23%	N/A								
Plan fiduciary net position as a percentage of the total pension liability	96.09%	N/A								

* Disclosures for 2005 through 2013 are N/A because comparable information is not available at this time.

**WKGC AM/FM Radio Station – a Public Telecommunications Entity
 Operated by Gulf Coast State College
 Schedule of the Station’s Contributions – Florida Retirement System
 Last 10 Fiscal Years**

<u>June 30,</u>	<u>2014</u>	<u>2013 *</u>	<u>2012 *</u>	<u>2011 *</u>	<u>2010 *</u>	<u>2009 *</u>	<u>2008 *</u>	<u>2007 *</u>	<u>2006 *</u>	<u>2005 *</u>
Contractually required contribution	\$ 11,000	N/A								
Contributions in relation to the contractually required contribution	(11,000)	N/A								
<u>Contribution deficiency (excess)</u>	<u>\$ -</u>	<u>N/A</u>								
Station’s covered-employee payroll	\$ 188,839									
Contributions as a percentage of covered-employee payroll	5.83%	N/A								

* Disclosures for 2005 through 2013 are N/A because comparable information is not available at this time.

**WKGC AM/FM Radio Station – a Public Telecommunications Entity
Operated by Gulf Coast State College**

**Schedule of the Station’s Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Plan
Last 10 Fiscal Years**

June 30,	2014	2013 *	2012 *	2011 *	2010 *	2009 *	2008 *	2007 *	2006 *	2005 *
Station's proportion of the net pension liability (assets)	0.0006694%	N/A								
Station's proportionate share of the net pension liability (assets)	\$ 62,600	N/A								
Station's covered-employee payroll	\$ 188,839	N/A								
Station's proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	33.15%	N/A								
Plan fiduciary net position as a percentage of the total pension liability	0.99%	N/A								

* Disclosures for 2005 through 2013 are N/A because comparable information is not available at this time.

**WKGC AM/FM Radio Station – a Public Telecommunications Entity
 Operated by Gulf Coast State College
 Schedule of the Station’s Contributions – Health Insurance Subsidy Plan
 Last 10 Fiscal Years**

June 30,	2014	2013 *	2012 *	2011 *	2010 *	2009 *	2008 *	2007 *	2006 *	2005 *
Contractually required contribution	\$ 2,293	N/A								
Contributions in relation to the contractually required contribution	(2,293)	N/A								
Contribution deficiency (excess)	\$ -	N/A								
School's covered-employee payroll	\$ 188,839									
Contributions as a percentage of covered-employee payroll	1.21%	N/A								

* Disclosures for 2005 through 2013 are N/A because comparable information is not available at this time.

Compliance Section

Board of Trustees
WKGC AM/FM Radio Station
A Public Telecommunications Entity
Operated by Gulf Coast State College
Panama City, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WKGC AM/FM Radio Station (the Station), a public telecommunications entity operating by Gulf Coast State College (the College), as of and for the year ended June 30, 2015, and the related notes to the basic financial statements, which collectively comprise the Station 's basic financial statements and have issued our report thereon dated February 12, 2016.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow

expenditures. As of February 22, 2019, these issues have been addressed and will not be factors in subsequent years. Accounting treatment for pensions has been addressed by the state of Florida, and training has been provided to those involved in the expenditure of funds to ensure general ledger balances used for the financial statements are correct.

Gulf Coast State College looks forward to next year's audit as an opportunity to demonstrate the progress that staff has made in the area of internal controls over accounting and financial statements preparation and reporting.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

The Station's Response to Findings

Management of the Station's response to the finding identified in our audit is included above. The response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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