

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

**Financial Statements**

**June 30, 2017 and 2016**



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**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
Operated by Gulf Coast State College  
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June 30, 2017 and 2016**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of WKGC AM/FM Radio Station (Station), a public telecommunications entity operated by Gulf Coast State College (College), as of and for the years ended June 30, 2017 and 2016, 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 opinions 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Station, as of June 30, 2017 and 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in note 1, the financial statements of the Station are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only that portion of Gulf Coast State College. They do not purport to, and do not present fairly the financial position of the Gulf Coast State College, a component unit of State of Florida, as of June 30, 2017, 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 the management's discussion and analysis on pages 4 through 8, the schedule of funding progress for the retirees' health insurance other postemployment benefits plan on page 29, the schedule of employer contributions for the retirees' health insurance other postemployment benefits plan on page 29, the schedule of the Station's proportionate share of the net pension liability – Florida Retirement System on page 30, the schedule of the Station's contributions – Florida Retirement System on page 31, the schedule of the Station's proportionate share of the net pension liability – Health Insurance Subsidy Plan on page 32, and the schedule of the Station's contributions – Health Insurance Subsidy Plan on page 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017, on our consideration of 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.

*Carri Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
December 21, 2017

## **Management's Discussion and Analysis**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 years ended June 30, 2017 and 2016, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statements 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of Station's management. The Station is operated by Gulf Coast State 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 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 resources of the Station by \$288,412 (net position). Of this amount, \$(74,158) is a deficit of unrestricted net position, \$0 is restricted net position, and \$362,570 is net investment in capital assets.
- Total net position decreased from June 30, 2016 by \$42,989 due to a net operating loss.
- Operating revenues were 57% of the total revenues of the Station.
- A loss of \$398,518 from operations, offset by \$355,529 of nonoperating revenues, resulted in a decrease in net position of \$42,989 for the 2016-2017 fiscal year. Nonoperating revenues are from general allocations from the College.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

Pursuant to GASB Statement 35, the Station's financial statements consist of the statement of net position; the statement of revenues, expenses, and changes in net position; the statement of cash flows; and notes to the basic financial statements. In addition to the financial statements, MD&A is included as required supplementary information.

## THE STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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 position and the statement of revenues, expenses, and changes in net position 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 position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the Station's 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 net position for the respective fiscal years ended is presented in the following table.

<b>Net Position</b>			
<i>June 30,</i>	2017	2016	2015
Current assets	\$ 74,606	\$ 36,360	\$ 66,741
Capital assets, net	362,570	422,404	507,940
<b>Total assets</b>	<b>437,176</b>	<b>458,764</b>	<b>574,681</b>
Deferred outflows of resources	77,987	37,687	29,015
Current liabilities	8,365	900	17,412
Noncurrent liabilities	207,248	144,305	116,715
<b>Total liabilities</b>	<b>215,613</b>	<b>145,205</b>	<b>134,127</b>
Deferred inflows of resources	11,138	19,845	53,010
<b>Net position</b>			
Net investment in capital assets	362,570	422,404	507,940
Restricted	-	-	9,500
Unrestricted	(74,158)	(91,003)	(100,881)
<b>Total net position</b>	<b>\$ 288,412</b>	<b>\$ 331,401</b>	<b>\$ 416,559</b>

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

**Changes in Net Position**

<i>Year ended June 30,</i>	2017	2016	2015
<b>Operating revenues</b>			
Donated facilities and administrative support	\$ 203,051	\$ 200,005	\$ 166,492
Contribution and membership income	36,527	22,005	27,020
Community service grants			
Corporation for Public Broadcasting	125,019	126,600	140,202
Florida Department of Education	100,000	109,500	105,193
Gulf Coast Foundation grant	16,200	-	-
<b>Total operating revenues</b>	<b>480,797</b>	<b>458,110</b>	<b>438,907</b>
<b>Less: operating expenses</b>	<b>879,315</b>	<b>803,290</b>	<b>675,924</b>
Operating loss	(398,518)	(345,180)	(237,017)
<b>Nonoperating revenues</b>			
General allocations from Gulf Coast State College	355,529	260,022	110,795
<b>Decrease in net position</b>	<b>\$ (42,989)</b>	<b>\$ (85,158)</b>	<b>\$ (126,222)</b>

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, and donations. Station operating revenues for the fiscal years ended June 30, 2017, 2016, and 2015, were \$480,797, \$458,110, and \$438,907 respectively, and primarily consisted of:

- Donated facilities and support totaled \$203,051 for the 2016-2017 fiscal year compared to \$200,005 for the 2015-2016 fiscal year, representing a \$3,046 increase due to increased support from Gulf Coast State College particularly related to salaries. Donated facilities and support totaled \$200,005 for the 2015-2016 fiscal year compared to \$166,492 for the 2014-2015 fiscal year, representing a \$33,513 increase due to increased support from Gulf Coast State College particularly related to salaries.
- Community service grants totaled \$241,219, \$236,100, and \$245,395 for fiscal years 2016-2017, 2015-2016, and 2014-2015, respectively. Grant revenues have been fairly consistent each year.
- Contributions and membership income totaled \$36,527 for the 2016-2017 fiscal year compared to \$22,005 for the 2015-2016 fiscal year, representing a \$14,522 increase due to increases in underwriting revenue. Contributions and membership income totaled \$22,005 for the 2015-2016 fiscal year compared to \$27,020 for the 2014-2015 fiscal year, representing a \$5,015 decrease due to decreases in underwriting membership revenue.

For the 2016-2017 fiscal year, nonoperating revenues consisted primarily of general allocations from Gulf Coast State College, which increased \$95,507 compared to the 2015-2016 fiscal year due primarily to an increase in college funded general expenses particularly related to salaries. Nonoperating revenues for the 2015-2016 fiscal year increased \$149,227 compared to the 2014-2015 fiscal year primarily due to an increase in college funded general expenses particularly related to salaries.

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

### Operating Expenses

<i>Year ended June 30,</i>	2017	2016	2015
<b>Operating expenses</b>			
Programming and production	\$ 100,051	\$ 99,864	\$ 97,521
Broadcasting	446,825	349,604	309,277
Program information	14,516	15,709	22,429
Fundraising and membership development	9,868	27,839	17,916
Underwriting	3,825	3,128	2,563
Management and general	304,230	307,146	226,218
<b>Total operating expenses</b>	<b>\$ 879,315</b>	<b>\$ 803,290</b>	<b>\$ 675,924</b>

For the 2016-2017 fiscal year, fundraising and membership development expenses decreased as a result of a reallocation of job duties and broadcasting increased as a result of the same reallocation of job duties as well as the inclusion of the electricity bill of the Station in the current year as a direct cost and an increase in depreciation expense.

For the 2015-2016 fiscal year, fundraising and membership development expenses increased as a result of a vacant position being filled in the prior year and broadcasting and management and general increased as a result of additional salaries funded by the College.

### 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.

<b>Cash Flows</b>			
<i>Year ended June 30,</i>	2017	2016	2015
<b>Cash provided (used) by</b>			
Operating activities	\$ (182,700)	\$ (198,604)	\$ (61,885)
Noncapital financing activities	355,529	260,022	110,795
Capital and related financing activities	(143,520)	(89,114)	(40,080)
<b>Net increase (decrease) in cash</b>	<b>29,309</b>	<b>(27,696)</b>	<b>8,830</b>
Cash, beginning of year	21,528	49,224	40,394
<b>Cash, end of year</b>	<b>\$ 50,837</b>	<b>\$ 21,528</b>	<b>\$ 49,224</b>

Net cash used by operating activities for the 2016-2017 fiscal year decreased by \$15,904 compared to the 2015-2016 fiscal year primarily due to a decrease in payments to employees offset by an increase in payments to suppliers. Net cash used by operating activities for the 2015-2016 fiscal year increased by \$136,719 compared to the 2014-2015 fiscal year primarily due to an increase in payments made to employees.

For the 2016-2017, 2015-2016, and 2014-2015 fiscal years, general allocations from Gulf Coast State College totaling \$355,529, \$260,022, and \$110,795, respectively, are reported as cash flows from noncapital 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 \$203,354 of depreciation expense for the year ended June 30, 2017 and \$174,650 for the year ended June 30, 2016. Refer to the notes to the basic financial statements for additional information on capital assets activity.

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

**Capital Assets**

<i>June 30,</i>	2017	2016	2015
Buildings	\$ 51,769	\$ 60,248	\$ 68,727
Radio tower	124,982	254,721	384,460
Furniture, machinery, and equipment	185,819	107,435	54,753
<b>Total capital assets, net</b>	<b>\$ 362,570</b>	<b>\$ 422,404</b>	<b>\$ 507,940</b>

The Station had no formal long-term debt outstanding at June 30, 2017, 2016, or 2015.

**REQUESTS FOR INFORMATION**

The MD&A is designed to provide a general overview of the Station’s financial position and activities. Additional information can be requested by mail at the following address:

Gulf Coast State College  
 Attn: Vice President of Administration and Finance  
 5230 West Highway 98  
 Panama City, Florida 32401

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

<i>June 30,</i>	<b>2017</b>	2016
<b>Current assets</b>		
Cash and cash equivalents	\$ 50,837	\$ 21,528
Due from Gulf Coast State College, net	8,365	900
Prepaid expenses	15,404	13,932
Total current assets	<b>74,606</b>	36,360
<b>Capital assets, net</b>	<b>362,570</b>	422,404
<b>Deferred outflows of resources</b>	<b>77,987</b>	37,687
Total assets and deferred outflows of resources	<b>515,163</b>	496,451
<b>Current liabilities</b>		
Accounts payable	8,365	900
Total current liabilities	<b>8,365</b>	900
Compensated absences payable	3,518	-
Other postemployment benefits payable	8,637	6,910
Net pension liability	195,093	137,395
Total liabilities	<b>215,613</b>	145,205
<b>Deferred inflows of resources</b>	<b>11,138</b>	19,845
Total liabilities and deferred inflows of resources	<b>226,751</b>	165,050
<b>Net position</b>		
Net investment in capital assets	362,570	422,404
Unrestricted	<b>(74,158)</b>	(91,003)
Total net position	<b>\$ 288,412</b>	\$ 331,401

*See accompanying notes.*

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
Operated by Gulf Coast State College  
Statements of Revenues, Expenses, and Changes in Net Position**

<i>Year ended June 30,</i>	<b>2017</b>	<b>2016</b>
<b>Revenues</b>		
Donated facilities and administrative services	\$ 203,051	\$ 200,005
Contribution and membership income	36,527	22,005
Community service grants		
Corporation for Public Broadcasting	125,019	126,600
Florida Department of Education	100,000	109,500
Gulf Coast Foundation Grant	16,200	-
Total operating revenues	<b>480,797</b>	458,110
<b>Expenses</b>		
Program services		
Programming and production	100,051	99,864
Broadcasting	446,825	349,604
Program information	14,516	15,709
Total program services	<b>561,392</b>	465,177
Support services		
Management and general	304,230	307,146
Fundraising and membership development	9,868	27,839
Underwriting	3,825	3,128
Total support services	<b>317,923</b>	338,113
Total operating expenses	<b>879,315</b>	803,290
Operating loss	<b>(398,518)</b>	(345,180)
<b>Nonoperating revenues</b>		
General allocations from Gulf Coast State College	355,529	260,022
<b>Net loss</b>	<b>(42,989)</b>	(85,158)
Net position, beginning	331,401	416,559
<b>Net position, ending</b>	<b>\$ 288,412</b>	<b>\$ 331,401</b>

*See accompanying notes.*

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

<i>Year ended June 30,</i>	<b>2017</b>	2016
<b>Cash flows from operating activities</b>		
Cash received from grants and contracts	\$ 233,754	\$ 228,997
Cash received from contributions and memberships	36,527	22,005
Cash paid to suppliers	(138,015)	(106,594)
Cash paid to employees	(314,966)	(343,012)
Net cash used by operating activities	(182,700)	(198,604)
<b>Cash flows from noncapital financing activities</b>		
General allocations from Gulf Coast State College	355,529	260,022
<b>Cash flows from capital and related financing activities</b>		
Purchases of equipment	(143,520)	(89,114)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>29,309</b>	<b>(27,696)</b>
<b>Cash and cash equivalents, beginning</b>	<b>21,528</b>	<b>49,224</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 50,837</b>	<b>\$ 21,528</b>
<b>Noncash financing activities</b>		
Donated facilities and administrative support	\$ 203,051	\$ 200,005

(Continued)

*See accompanying notes.*

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
Operated by Gulf Coast State College  
Statements of Cash Flows (Continued)**

<i>Year ended June 30,</i>	<b>2017</b>	2016
<b>Reconciliation of operating loss to net cash used by operating activities</b>		
Operating loss	<b>\$ (398,518)</b>	\$ (345,180)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	<b>203,354</b>	174,650
(Increase) decrease in assets		
Due from Gulf Coast State College, net	<b>(7,465)</b>	2,397
Prepaid expenses	<b>(1,472)</b>	288
(Increase) decrease in deferred outflows of resources	<b>(40,300)</b>	(8,672)
Increase (decrease) in liabilities		
Accounts payable	<b>7,465</b>	(7,012)
Unearned revenue	-	(9,500)
Compensated absences payable	<b>3,518</b>	(18,237)
Other postemployment benefits payable	<b>1,727</b>	1,672
Net pension liability	<b>57,698</b>	44,155
Increase (decrease) in deferred inflows of resources	<b>(8,707)</b>	(33,165)
Total adjustments	<b>215,818</b>	146,576
Net cash used by operating activities	<b>\$ (182,700)</b>	\$ (198,604)

*See accompanying notes.*

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
Operated by Gulf Coast State College  
Notes to the Basic Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Operations***

WKGC AM/FM Radio Station (Station) is operated by Gulf Coast State College (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 years ended June 30, 2017 and 2016. The Station's financial statements as of and for the years ended June 30, 2017 and 2016 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 and 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
- Required Supplementary Information

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

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The Station's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
Operated by Gulf Coast State College  
Notes to the Basic Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Governmental Accounting Standards Board (GASB) Pronouncements***

The District follows the provisions of GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, GASB Statement 35, *Basic 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 debt instruments 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***

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

***Pledges Receivable***

The Station does not report pledges receivable due to the uncertainty of collectability. Contribution revenue is recognized when the pledge is collected in cash. There were no pledges receivable as of June 30, 2017 and 2016.

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
Operated by Gulf Coast State College  
Notes to the Basic Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Capital Assets***

Capital assets are recorded at historical cost except in the case of donated assets, which are recorded at the estimated fair value of the asset 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 are generally the estimated useful lives by asset category:

Buildings and improvements	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.

***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 were previously considered net assets.

In the statements of net position, net position includes the following:

- Net investment in capital assets – This is the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of the debt, excluding any unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets. At June 30, 2017 and 2016, there was no related debt.
- Restricted net position – The component of net position that reports the constraints placed on the use of net position by either external parties and/or enabling legislation. There were no amounts restricted by enabling legislation.
- Unrestricted net position – The difference between the assets and liabilities that is not reported in net investment in capital assets or restricted assets.

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
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Notes to the Basic Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 unexpended allocations reverts to the College's unrestricted net position at the end of each fiscal year.

The Station reports gifts of cash and other assets received without donor stipulations, including membership income, as unrestricted revenue. The station reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Donated administrative services are comprised principally of contributed services by the College and are valued at fair value. An amount equal to the contribution is also recorded as management and general expense.

***Donated Facilities and Administrative Support***

Administrative support from the College consists of allocated financial costs and certain other expenses incurred by the College on behalf of the Station, and is reported as operating revenue and expense in accordance with valuation guidelines prescribed by the CPB. Revenues and expenses for administrative support totaling \$203,051 and \$200,005 were reported for the fiscal years ended June 30, 2017 and 2016, respectively.

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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 revenues or expenses from in-kind contributions for the fiscal years ended June 30, 2017 and 2016.

***Compensated Absences***

The Station follows GASB Statement 16 *Accounting for Compensated Absences*. Enterprise funds accrue sick leave and vacation benefits in the period in which they are earned. The Station does not accrue compensated absences for employees whose salaries are allocated to the Station because the College is responsible for all future retirement payouts.

***Pensions***

For purposes of measuring the net pension liability and other related balances, information about the fiduciary net position of the Florida Retirement System (FRS) Pension Plan and the Retirees' 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 accepted in the United States of America. Contributions are recognized as revenues when due, pursuant to the statutory and contractual requirements.

***Subsequent Events***

Management of the Station has evaluated subsequent events through December 21, 2017 the date the financial statements were available to be issued.

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
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Notes to the Basic Financial Statements**

**NOTE 2: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2017, was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance
<b>Depreciable capital assets</b>				
Buildings	\$ 357,016	\$ -	\$ -	\$ 357,016
Radio tower	1,278,580	-	-	1,278,580
Furniture, machinery, and equipment	575,026	143,520	54,370	664,176
<b>Total depreciable capital assets</b>	<b>2,210,622</b>	<b>143,520</b>	<b>54,370</b>	<b>2,299,772</b>
<b>Less: accumulated depreciation</b>				
Buildings	296,768	8,479	-	305,247
Radio tower	1,023,859	129,739	-	1,153,598
Furniture, machinery, and equipment	467,591	65,136	54,370	478,357
<b>Total accumulated depreciation</b>	<b>1,788,218</b>	<b>203,354</b>	<b>54,370</b>	<b>1,937,202</b>
<b>Total depreciable capital assets, net</b>	<b>\$ 422,404</b>	<b>\$ (59,834)</b>	<b>\$ -</b>	<b>\$ 362,570</b>

Capital asset activity for the year ended June 30, 2016, was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance
<b>Depreciable capital assets</b>				
Buildings	\$ 357,016	\$ -	\$ -	\$ 357,016
Radio tower	1,278,580	-	-	1,278,580
Furniture, machinery, and equipment	500,313	89,114	14,401	575,026
<b>Total depreciable capital assets</b>	<b>2,135,909</b>	<b>89,114</b>	<b>14,401</b>	<b>2,210,622</b>
<b>Less: accumulated depreciation</b>				
Buildings	288,289	8,479	-	296,768
Radio tower	894,120	129,739	-	1,023,859
Furniture, machinery, and equipment	445,560	36,432	14,401	467,591
<b>Total accumulated depreciation</b>	<b>1,627,969</b>	<b>174,650</b>	<b>14,401</b>	<b>1,788,218</b>
<b>Total depreciable capital assets, net</b>	<b>\$ 507,940</b>	<b>\$ (85,536)</b>	<b>\$ -</b>	<b>\$ 422,404</b>

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
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Notes to the Basic Financial Statements**

**NOTE 2: CAPITAL ASSETS (CONTINUED)**

Depreciation expense was allocated to the various functions as follows as of June 30:

<i>Year ended June 30,</i>	2017	2016
Programming and production	\$ 3,392	\$ 3,392
Broadcasting	198,267	169,563
Mangement and general	1,695	1,695
Total	\$ 203,354	\$ 174,650

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 of the Station 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, 2017 and 2016, the estimated liability for compensated absences, which includes the employer’s share of the Florida Retirement System and FICA contributions, totaled \$3,518 and \$0, respectively.

**NOTE 4: OTHER POSTEMPLOYMENT BENEFITS**

The College follows GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for other postemployment benefits provided by the Florida College System Risk Management Consortium (Consortium).

*Plan Description:* The College contributions to an agent multiple-employer defined-benefit plan administered by the Consortium for postemployment benefits. Pursuant to the provision of Section 1123.0801, Florida Statutes, former employees who retire from the College (including Station employees) are eligible to participate in the College’s healthcare and life insurance benefits. The College subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
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**NOTE 4: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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, 2017 and 2016, 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:

Year end June 30,	2017	2016
Normal cost	\$ 967	\$ 944
Amortization of unfunded actuarial accrued liability	746	716
Annual required contribution	1,713	1,660
Interest on net OPEB obligation	189	150
Adjustment to annual required contribution	(175)	(138)
Annual OPEB cost (expense)	1,727	1,672
Contribution toward the OPEB cost	-	-
Increase in net OPEB obligation	1,727	1,672
Net OPEB obligation, beginning of year	6,910	5,238
Net OPEB obligation, end of year	\$ 8,637	\$ 6,910

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
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Notes to the Basic Financial Statements**

**NOTE 4: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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, 2017, 2016, and 2015 were as follows:

Fiscal Year	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
2014-2015	\$ 1,386	0.0%	\$ 5,238
2015-2016	1,672	0.0%	6,910
2016-2017	1,727	0.0%	8,637

*Funded Status and Funding Progress:* As of July 1, 2016, the most recent valuation date, the Station’s actuarial accrued liability for benefits was \$19,072 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$19,072 and a funded ratio 0%. The covered payroll (annual payroll of active participating employees) was \$218,147 and \$207,946 for the years ended June 30, 2017 and 2016 respectively, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.7% and 9.2% as of June 30, 2017 and 2016 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 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, 2015 used the entry age normal actuarial cost method to estimate the unfunded actuarial liability as of June 30, 2017, and the Station’s 2016-2017

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
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**NOTE 4: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

fiscal year ARC. The Station determined their proportionate liability based on the number of related employees as of that date. 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 4 percent rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 3.25 percent per year, an inflation rate of 2.6 percent per year, and an annual healthcare cost trend rate of 7.5 percent premedicare and 5.5 percent medicare, respectively for the 2016-2017 fiscal year, reduced by decrements to an ultimate rate of 5 percent after 3 years for premedicare and 1 year 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, 2017, was 20 years.

**NOTE 5: DEFINED BENEFIT PENSION PLANS**

***Plan Description***

The Station participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retirees' Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
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Notes to the Basic Financial Statements**

**NOTE 5: DEFINED BENEFIT PENSION PLANS (CONTINUED)**

***Benefits Provided***

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

***Contributions***

The contribution requirements of plan members and the Station are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to the FRS. The Station's contribution rates for the years ended June 30, 2017 and 2016 were as follows:

	<b>July 1, 2015 Through June 30, 2016</b>		<b>July 1, 2016 Through June 30, 2017</b>	
	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>
Regular class	5.60%	1.66%	5.86%	1.66%
Senior management	19.77%	1.66%	20.11%	1.66%
DROP plan participants	11.22%	1.66%	11.33%	1.66%

The Station's contributions for the year ended June 30, 2017, were \$11,559 to the FRS and \$3,521 to the HIS.

***Pension Liabilities and Pension Expense***

In its financial statements for the year ended June 30, 2017, the Station reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2016. The Station's proportions of the net pension liabilities were based on the Station's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<b>FRS</b>		<b>HIS</b>	
Net pension liability	\$	116,182	\$	78,911

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
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Notes to the Basic Financial Statements**

**NOTE 5: DEFINED BENEFIT PENSION PLANS (CONTINUED)**

	FRS	HIS
Proportion at:		
Current measurement date	0.0004601%	0.0006771%
Prior measurement date	0.0005205%	0.0006881%
 Pension expense (benefit)	 \$ 17,480	 \$ 6,291

***Deferred Outflows/Inflows of Resources Related to Pensions***

At June 30, 2017, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Effect of economic/demographic gains or losses (difference between expected and actual experience)	\$ 8,896	\$ 1,082
Effect of assumptions changes or inputs	7,029	-
Net difference between projected and actual investment earnings	30,032	-
Changes in proportion and differences between contributions and proportionate share of contributions	4,218	7,964
Station contributions subsequent to the measurement date	11,559	-
 Total	 \$ 61,734	 \$ 9,046

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Effect of economic/demographic gains or losses (difference between expected and actual experience)	\$ -	\$ 180
Effect of assumptions changes or inputs	12,383	-
Net difference between projected and actual investment earnings	40	-
Changes in proportion and differences between contributions and proportionate share of contributions	309	1,912
Station contributions subsequent to the measurement date	3,521	-
 Total	 \$ 16,253	 \$ 2,092

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
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Notes to the Basic Financial Statements**

**NOTE 5: DEFINED BENEFIT PENSION PLANS (CONTINUED)**

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending June 30, 2018. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement period ending June 30,	FRS Expense	HIS Expense
2017	\$ 5,947	\$ 1,925
2018	5,947	1,925
2019	17,655	1,918
2020	11,114	1,914
2021	418	1,562
Thereafter	48	1,396
<b>Totals</b>	<b>\$ 41,129</b>	<b>\$ 10,640</b>

***Actuarial Assumptions***

The total pension liability for each of the defined benefit plans, measured as of June 30, 2015, was determined by an actuarial valuation dated July 1, 2015, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.60%	N/A
Discount rate	7.60%	2.85%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2016 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2016:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.65% to 7.60%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.80% to 2.85%.

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
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Notes to the Basic Financial Statements**

**NOTE 5: DEFINED BENEFIT PENSION PLANS (CONTINUED)**

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For FRS, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)	Long-term Expected Real Rate of Return (Geometric)
Cash	1%	3.0%	3.0%
Fixed income	18%	4.7%	4.6%
Global equity	53%	8.1%	6.8%
Real estate (property)	10%	6.4%	5.8%
Private equity	6%	11.5%	7.8%
Strategic investments	12%	6.1%	5.6%
	<u>100%</u>		

***Discount Rate***

The discount rate used to measure the total pension liability for FRS was 7.60%. FRS' 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 HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.85% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

***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 Station's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

FRS Net Pension Liability			HIS Net Pension Liability		
Current			Current		
1 % Decrease	Discount Rate	1 % Increase	1 % Decrease	Discount Rate	1 % Increase
6.60%	7.60%	8.60%	1.85%	2.85%	3.85%
213,899	116,182	34,846	90,529	78,911	69,269

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
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**NOTE 5: DEFINED BENEFIT PENSION PLANS (CONTINUED)**

***Pension Plans' Fiduciary Net Position***

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

**NOTE 6: DEFINED CONTRIBUTION PLAN**

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan.

Changes to the law can only occur through an act of the Florida Legislature. The FRS Investment Plan is administered by the Florida State Board of Administration. Information about this plan can be obtained by writing to FRS Plan Administrator, P.O. Box 56290, Jacksonville, Florida 32241-6290 or by calling (866) 377-2121. The FRS Investment Plan is funded through employee and employer contributions. The employees contribute 3%. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended.

The Station's contributions for the year ended June 30, 2017, were \$1,663 to FRS and \$1,069 to HIS.

**NOTE 7: LONG-TERM LIABILITIES**

Long-term liabilities of the Station at June 30, 2017 and 2016, 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, 2017:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Compensated absences payable	\$ -	\$ 3,518	\$ -	\$ 3,518	\$ -	\$ 3,518
Other postemployment benefits payable	6,910	1,727	-	8,637	-	8,637
Net pension liability	137,395	57,698	-	195,093	-	195,093
<b>Total long-term liabilities</b>	<b>\$ 144,305</b>	<b>\$ 62,943</b>	<b>\$ -</b>	<b>\$ 207,248</b>	<b>\$ -</b>	<b>\$ 207,248</b>

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
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Notes to the Basic Financial Statements**

**NOTE 7: LONG-TERM LIABILITIES (CONTINUED)**

The following summarizes long-term liabilities activity for the fiscal year ended June 30, 2016:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Compensated absences payable	\$ 18,237	\$ -	\$ 18,237	\$ -	\$ -	\$ -
Other postemployment benefits payable	5,238	1,672	-	6,910	-	6,910
Net pension liability	93,240	44,155	-	137,395	-	137,395
<b>Total long-term liabilities</b>	<b>\$ 116,715</b>	<b>\$ 45,827</b>	<b>\$ 18,237</b>	<b>\$ 144,305</b>	<b>\$ -</b>	<b>\$ 144,305</b>

**NOTE 8: 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 provide excess coverage of up to \$150 million. Insurance coverage obtained through the Consortium includes health and hospitalization, life, dental, fire, extended property, general and automotive liability, workers' compensation, and other liability coverage. For the years ended June 30, 2017 and 2016, claims against the policy did not exceed coverage.

**NOTE 9: 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. The amounts reported as due from the College at June 30, 2017 and 2016 represent expenses incurred by the Station which will be reimbursed by the College. The reported amounts are considered to be fully collectible.

## **Required Supplementary Information**

**WKGC AM/FM Radio Station – a Public Telecommunications Entity  
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 Required Supplementary Information  
 Year Ended June 30, 2017**

**Schedule of Funding Progress for the Retirees’ Health Insurance Other Postemployment Benefits Plan:**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Liabilities (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2011	\$ 0	\$ 9,778	\$ 9,778	0%	\$ 224,568	4.4%
July 1, 2013	0	14,213	14,213	0%	192,068	7.4%
July 1, 2015	0	19,381	19,381	0%	207,946	9.3%

**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
2015	\$ 0	\$ 1,368	0%
2016	0	1,660	0%
2017	0	1,713	0%

*See independent auditor’s report.*

**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**

<b>June 30,</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>	<b>2011 *</b>	<b>2010 *</b>	<b>2009 *</b>	<b>2008 *</b>	<b>2007 *</b>
Station's proportion of the net pension liability/(asset)	0.0004601%	0.0005205%	0.0005022%	N/A						
Station's proportionate share of the net pension liability/(asset)	\$ 116,182	\$ 67,224	\$ 30,640	N/A						
Station's covered payroll	252,429	170,092	188,839	N/A						
Station's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	46.03%	39.52%	16.23%	N/A						
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%	N/A						

\* Disclosures for 2007 through 2013 are N/A because comparable information is not available at this time.

*See independent auditor's report.*

**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**

<b>Year ended June 30,</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>	<b>2011 *</b>	<b>2010 *</b>	<b>2009 *</b>	<b>2008 *</b>
Contractually required contribution	\$ 11,559	\$ 11,221	\$ 12,071	\$ 11,000	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(11,559)	(11,221)	(12,071)	(11,000)	N/A	N/A	N/A	N/A	N/A	N/A
<b>Contribution deficiency/(excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Station's covered payroll	\$ 184,360	\$ 252,429	\$ 170,092	\$ 188,839						
Contributions as a percentage of covered payroll	6.27%	4.45%	7.10%	5.83%	N/A	N/A	N/A	N/A	N/A	N/A

\* Disclosures for 2008 through 2013 are N/A because comparable information is not available at this time.

*See independent auditor’s report.*

**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**

<b>June 30,</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>	<b>2011 *</b>	<b>2010 *</b>	<b>2009 *</b>	<b>2008 *</b>	<b>2007 *</b>
Station's proportion of the net pension liability/(asset)	0.0006771%	0.0006881%	0.0006694%	N/A						
Station's proportionate share of the net pension liability/(asset)	\$ 78,911	\$ 70,171	\$ 62,600	N/A						
Station's covered payroll	252,429	170,092	188,839	N/A						
Station's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	31.26%	41.25%	33.15%	N/A						
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%	N/A						

\* Disclosures for 2007 through 2013 are N/A because comparable information is not available at this time.

*See independent auditor’s report.*

**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**

<b>Year ended June 30,</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>	<b>2011 *</b>	<b>2010 *</b>	<b>2009 *</b>	<b>2008 *</b>
Contractually required contribution	\$ 3,521	\$ 3,470	\$ 2,502	\$ 2,293	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(3,521)	(3,470)	(2,502)	(2,293)	N/A	N/A	N/A	N/A	N/A	N/A
<b>Contribution deficiency/(excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Station's covered payroll	\$ 184,360	\$ 252,429	\$ 170,092	\$ 188,839						
Contributions as a percentage of covered payroll	1.91%	1.37%	1.47%	1.21%	N/A	N/A	N/A	N/A	N/A	N/A

\* Disclosures for 2008 through 2013 are N/A because comparable information is not available at this time.

*See independent auditor’s report.*

## **Compliance Section**

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

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 (Station), a public telecommunications entity operated by Gulf Coast State College (College), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Station’s basic financial statements, and have issued our report thereon dated December 21, 2017.

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.

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

### 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 Station'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 Station's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
December 21, 2017