



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

**FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**FINANCIAL SECTION**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Gulf Coast State College  
Panama City, Florida

### **Opinion**

We have audited the accompanying financial statements of the business-type activities of WKGK FM Radio Station (Station), a public telecommunications entity operated by Gulf Coast State College (College), as of and for the years ended June 30, 2022 and 2021, and the related notes to the basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Station as of June 30, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter**

As discussed in note 1, these financial statements are intended to present the financial position, changes in financial position and cash flows of only the Station's portion of Gulf Coast State College's financial statements. They do not purport to, and do not, present fairly the financial position of Gulf Coast State College, a component unit of the State of Florida, as of June 30, 2022 and 2021, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 8, the schedule of the other postemployment benefits on page 33, and the schedules of the defined benefit pension plans on pages 34 through 38 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 January 11, 2023, 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 solely 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 the effectiveness of the Station's 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.

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

Certified Public Accountants  
Panama City Beach, Florida  
January 11, 2023

## **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 FM Radio Station (Station) for the years ended June 30, 2022 and 2021, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities, as amended by GASB Statement Nos. 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, 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 changes 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 \$126,654 (net position). Of this amount, \$73,374 is a deficit of unrestricted net position, there is no restricted net position, and \$200,028 is net investment in capital assets.
- Total net position decreased from June 30, 2021 by \$11,172 due to a net operating loss.
- Operating revenues were 64% of the total revenues of the Station.
- A loss of \$323,698 from operations, offset by \$312,526 of nonoperating revenues, resulted in a decrease in net position of \$11,172 for the 2021-2022 fiscal year. Nonoperating revenues are general allocations from the College.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

Pursuant to GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities, as amended by GASB Statement Nos. 37 and 38*, 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 net position. You can think of the Station's net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 on 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>	2022	2021	2020
Current assets	\$ 395,675	\$ 424,192	\$ 237,881
Capital assets, net	200,028	221,959	195,464
<b>Total assets</b>	<b>595,703</b>	<b>646,151</b>	<b>433,345</b>
Deferred outflows of resources	99,116	80,568	71,340
Current liabilities	249,925	323,260	127,489
Noncurrent liabilities	159,515	248,767	222,430
<b>Total liabilities</b>	<b>409,440</b>	<b>572,027</b>	<b>349,919</b>
Deferred inflows of resources	158,725	16,866	23,831
<b>Net position</b>			
Net investment in capital assets	200,028	221,959	195,464
Restricted	-	-	6,964
Unrestricted	(73,374)	(84,133)	(71,493)
<b>Total net position</b>	<b>\$ 126,654</b>	<b>\$ 137,826</b>	<b>\$ 130,935</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>	2022	2021	2020
<b>Operating revenues</b>			
Donated facilities and administrative support	\$ 166,022	\$ 157,345	\$ 232,658
Contribution and membership income	34,302	25,478	29,684
Community service grants			
Corporation for Public Broadcasting	273,927	144,624	146,346
Florida Department of Education	40,140	100,000	100,000
Relocation grant	26,844	-	-
Gulf Coast Foundation grant	15,000	15,000	15,000
Total operating revenues	556,235	442,447	523,688
Less: operating expenses	879,933	743,583	840,645
Operating loss	(323,698)	(301,136)	(316,957)
<b>Nonoperating revenues (expenses)</b>			
General allocations from Gulf Coast			
State College	312,526	298,023	314,559
Gain (loss) on disposal of assets	-	10,004	-
Total nonoperating revenues (expenses)	312,526	308,027	314,559
<b>Net gain (loss)</b>	<b>\$ (11,172)</b>	<b>\$ 6,891</b>	<b>\$ (2,398)</b>

The Station's primary sources of funding are general allocations from Gulf Coast State College, Corporation for Public Broadcasting grants, Florida Department of Education Community Service grants, and donations. The Station's operating loss for the fiscal years ended June 30, 2022, 2021, and 2020, were \$323,698, \$301,136, and \$316,957 respectively, and primarily consisted of:

- Donated facilities and support totaled \$166,022 for the 2021-2022 fiscal year compared to \$157,345 for the 2020-2021 fiscal year, representing a \$8,677 increase due to increasing costs taking into consideration in the indirect cost calculation. Donated facilities and support totaled \$157,345 for the 2020-2021 fiscal year compared to \$232,658 for the 2019-2020 fiscal year, representing a \$75,313 decrease due to a decrease in the indirect cost rate calculated based on the process determined by Corporation for Public Broadcasting (CPB).
- Community service grants totaled \$329,067, \$259,624, and \$261,346 for fiscal years 2021-2022, 2020-2021, and 2019-2020, respectively. Grant revenues have remained fairly consistent each year except from fiscal year 2020-2021 to 2021-2022 which reported an increase due to the spending of additional funding received from CPB through the CARES act.
- Contributions and membership income totaled \$34,302 for the 2021-2022 fiscal year compared to \$25,478 for the 2020-2021 fiscal year, representing a \$8,824 increase due to increases in underwriting. Contributions and membership income totaled \$25,478 for the 2020-2021 fiscal year compared to \$29,684 for the 2019-2020 fiscal year, representing a \$4,206 decrease due to decreases in underwriting.

For the 2021-2022 fiscal year, general allocations from Gulf Coast State College increased \$14,503 compared to the 2020-2021 fiscal year due primarily to an increase in college funded general expenses particularly related to salaries. General allocations from Gulf Coast State College for the 2020-2021 fiscal year decreased \$16,536 compared to the 2019-2020 fiscal year due primarily to a decrease 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>	2022	2021	2020
<b>Operating expenses</b>			
Programming and production	\$ 168,892	\$ 177,500	\$ 171,347
Broadcasting	402,944	313,840	349,865
Program information	13,462	10,128	6,761
Fundraising and membership development	10,256	8,644	8,335
Management and general	284,379	233,471	304,337
<b>Total operating expenses</b>	<b>\$ 879,933</b>	<b>\$ 743,583</b>	<b>\$ 840,645</b>

For the 2021-2022 fiscal year, broadcasting and management and general increased as a result of an increase in noncapital expenses and indirect costs, respectively. Programming and production, Program information, and fundraising and membership development remained consistent with small changes.

For the 2020-2021 fiscal year, broadcasting and management and general decreased as a result of a decrease in noncapital expenses and indirect costs, respectively. Programming and production, Program information, and fundraising and membership development remained consistent with small increases.

#### 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 meet its obligations as they come due
- Its need for external financing

A summary of the Station's cash flows for the respective fiscal years is presented in the following table.

#### Cash Flows

<i>Year ended June 30,</i>	2022	2021	2020
<b>Net cash provided (used) by</b>			
Operating activities	\$ (269,311)	\$ 7,042	\$ (60,328)
Noncapital financing activities	312,526	298,023	314,559
Capital and related financing activities	(58,406)	(112,911)	(119,190)

(Continued)

<i>Year ended June 30,</i>	2022	2021	2020
<b>Net increase (decrease) in cash</b>	\$ (15,191)	\$ 192,154	\$ 135,041
Cash and cash equivalents, beginning of year	398,585	206,431	71,390
<b>Cash and cash equivalents, end of year</b>	<b>\$ 383,394</b>	<b>\$ 398,585</b>	<b>\$ 206,431</b>

Net cash provided (used) by operating activities for the 2021-2022 fiscal year decreased by \$276,353 compared to the 2020-2021 fiscal year primarily due to additional funds received in the prior year from their grantor through the CARES act which was spent during the year. Net cash used by operating activities for the 2020-2021 fiscal year increased by \$67,370 compared to the 2019-2020 fiscal year primarily due to additional funds received in the current year from their grantor through the CARES act which was not spent as of year-end.

For the 2021-2022, 2020-2021, and 2019-2020 fiscal years, general allocations from Gulf Coast State College totaling \$312,526, \$298,023, and \$314,559, 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 No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities, as amended by GASB Statement Nos. 37 and 38*, to depreciate capital assets. As a result, the Station recognized \$80,337 of depreciation expense for the year ended June 30, 2022, \$96,420 for the year ended June 30, 2021 and \$97,853 for the year ended June 30, 2020. Refer to the notes to the basic financial statements for additional information on capital assets activity.

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

#### **Capital Assets**

<i>June 30,</i>	2022	2021	2020
Furniture, machinery, and equipment	\$ 200,028	\$ 221,959	\$ 195,464
<b>Total capital assets, net</b>	<b>\$ 200,028</b>	<b>\$ 221,959</b>	<b>\$ 195,464</b>

The Station had no long-term debt outstanding at June 30, 2022, 2021, or 2020.

#### **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 FM Radio Station – a Public Telecommunications Entity  
Operated by Gulf Coast State College  
Statement of Net Position**

<i>June 30,</i>	<b>2022</b>	2021
<b>Current assets</b>		
Cash and cash equivalents	\$ 271,397	\$ 170,965
Restricted cash and cash equivalents	111,997	227,620
Due from Gulf Coast State College, net	-	47
Due from Department of Education	-	6,000
Prepaid expenses	12,281	19,560
<b>Total current assets</b>	<b>395,675</b>	424,192
<b>Capital assets, net</b>	<b>200,028</b>	221,959
<b>Deferred outflows of resources</b>	<b>99,116</b>	80,568
<b>Total assets and deferred outflows of resources</b>	<b>694,819</b>	726,719
<b>Current liabilities</b>		
Accounts payable	-	5,004
Unearned revenue	249,925	318,256
<b>Total current liabilities</b>	<b>249,925</b>	323,260
Accrued compensated absences	4,389	5,314
Other postemployment benefits liability	34,515	26,374
Net pension liability	120,611	217,079
<b>Total liabilities</b>	<b>409,440</b>	572,027
<b>Deferred inflows of resources</b>	<b>158,725</b>	16,866
<b>Total liabilities and deferred inflows of resources</b>	<b>568,165</b>	588,893
<b>Net position</b>		
Net investment in capital assets	200,028	221,959
Unrestricted	(73,374)	(84,133)
<b>Total net position</b>	<b>\$ 126,654</b>	\$ 137,826

*See accompanying notes.*

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

<i>Year ended June 30,</i>	<b>2022</b>	2021
<b>Revenues</b>		
Donated facilities and administrative services	\$ 166,022	\$ 157,345
Contribution and membership income	34,302	25,478
Community service grants		
Corporation for Public Broadcasting	273,927	144,624
Florida Department of Education	40,140	100,000
Relocation grant	26,844	-
Gulf Coast Foundation grant	15,000	15,000
Total operating revenues	<b>556,235</b>	442,447
<b>Expenses</b>		
Program services		
Programming and production	168,892	177,500
Broadcasting	402,944	313,840
Program information	13,462	10,128
Total program services	<b>585,298</b>	501,468
Support services		
Management and general	284,379	233,471
Fundraising and membership development	10,256	8,644
Total support services	<b>294,635</b>	242,115
Total operating expenses	<b>879,933</b>	743,583
Operating loss	<b>(323,698)</b>	(301,136)
<b>Nonoperating revenues (expenses)</b>		
General allocations from Gulf Coast State College	312,526	298,023
Gain on disposal of assets	-	10,004
Total nonoperating revenues (expenses)	<b>312,526</b>	308,027
<b>Net gain (loss)</b>	<b>(11,172)</b>	6,891
Net position, beginning	137,826	130,935
<b>Net position, ending</b>	<b>\$ 126,654</b>	<b>\$ 137,826</b>

*See accompanying notes.*

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

<i>Year ended June 30,</i>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Cash received from grants and contracts	\$ 293,627	\$ 467,423
Cash received from contributions and memberships	34,302	25,478
Cash paid to suppliers	(302,576)	(198,689)
Cash paid to employees	(294,664)	(287,170)
Net cash provided (used) by operating activities	(269,311)	7,042
<b>Cash flows from noncapital financing activities</b>		
General allocations from Gulf Coast State College	312,526	298,023
<b>Cash flows from capital and related financing activities</b>		
Proceeds from asset disposals	-	10,004
Purchases of equipment	(58,406)	(122,915)
Net cash used by capital and related financing activities	(58,406)	(112,911)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(15,191)</b>	<b>192,154</b>
<b>Cash and cash equivalents, beginning</b>	<b>398,585</b>	<b>206,431</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 383,394</b>	<b>\$ 398,585</b>
<b>Cash and cash equivalents shown as</b>		
Cash and cash equivalents	\$ 271,397	\$ 170,965
Restricted cash and cash equivalents	111,997	227,620
<b>Cash and cash equivalents, ending</b>	<b>\$ 383,394</b>	<b>\$ 398,585</b>
<b>Noncash financing activities</b>		
Donated facilities and administrative services	\$ 166,022	\$ 157,345

(Continued)

*See accompanying notes.*

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

<i>Year ended June 30,</i>	<b>2022</b>	2021
<b>Reconciliation of operating loss to net cash provided (used) by operating activities</b>		
Operating loss	<b>\$ (323,698)</b>	\$ (301,136)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation	<b>80,337</b>	96,420
(Increase) decrease in assets		
Due from Gulf Coast State College, net	<b>47</b>	14,645
Due from Department of Education	<b>6,000</b>	(6,000)
Prepaid expenses	<b>7,279</b>	(2,802)
(Increase) decrease in deferred outflows of resources	<b>(18,548)</b>	(9,228)
Increase (decrease) in liabilities		
Accounts payable	<b>(5,004)</b>	(3,383)
Unearned revenue	<b>(68,331)</b>	199,154
Accrued compensated absences	<b>(925)</b>	(1,820)
Other postemployment benefits liability	<b>8,141</b>	6,231
Net pension liability	<b>(96,468)</b>	21,926
Increase (decrease) in deferred inflows of resources	<b>141,859</b>	(6,965)
Total adjustments	<b>54,387</b>	308,178
Net cash provided (used) by operating activities	<b>\$ (269,311)</b>	\$ 7,042

*See accompanying notes.*

**WKGC 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**

***Reporting Entity***

WKGC 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, 2022 and 2021. The Station's financial statements as of and for the years ended June 30, 2022 and 2021 are intended to present only the Station's portion of the College's financial position, changes in financial position and cash flows.

The Station's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) applicable to public telecommunication entities operated by colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB).

In evaluating the Station as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification. Management determined no component units required disclosure with the Station's financial statements.

***Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of revenues, expenses, and changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities are reported separately from business-type activities. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of revenues, expenses, and changes in net position demonstrates the degree to which the direct expenses of a given function are offset by operating revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Operating revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds, proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**WKGC 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)**

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide 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 provider have been met.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

GASB allows public colleges and universities various reporting options. The College has elected to report as an entity engaged in only business-type activities. 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). 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
  - Notes to the Basic Financial Statements
- Required Supplementary Information

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity***

***Cash and cash equivalents***

The Station’s cash and cash equivalents include cash on hand, demand deposits, and all short-term highly liquid debt instruments with original maturities of three months or less.

**WKGC 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)**

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 and Cash Equivalents***

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

***Prepaid Expenses***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid expenses is recorded as expenses when consumed rather than when purchased.

***Pledges Receivable***

Contribution revenue is recognized when pledges are received. There were no pledges receivable as of June 30, 2022 or 2021.

***Unearned Revenue***

Unearned revenue consists of grant revenue received but not spent as of year-end.

***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 lives of the assets. The following are generally the estimated useful lives by asset category:

Buildings	40 Years
Radio tower	10 Years
Furniture, machinery, and equipment	3 – 7 Years

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then.

The Station has two items that qualify for reporting as deferred outflows of resources, the *deferred outflows related to other postemployment benefits* and the *deferred outflows related to pensions*. The deferred outflows related to other postemployment benefits are an aggregate of items related to other postemployments as calculated in accordance with GASB Codification Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria – Defined Benefit*. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to other postemployment benefits and pensions will be recognized as either postemployment benefit and pension expense or a reduction in the postemployment benefit or net pension liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Station has two items that qualify for reporting as deferred inflows of resources, the *deferred inflows related to other postemployment benefits* and the *deferred inflows related to pensions*. The deferred inflows related to other postemployment benefits are an aggregate of items related to other postemployments as calculated in accordance with GASB Codification Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria – Defined Benefit*. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to other postemployment benefits and pensions will be recognized as either a reduction in postemployment benefits and pension expense or an increase in the postemployment benefit or net pension liability in future reporting years.

***Compensated Absences***

The College's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. The

**WKGC 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)**

liability for compensated absences includes salary-related benefits, where applicable. The Station accrues a liability for employees directly associated with the Station but does not accrue compensated absences for employees whose salaries are allocated to the Station because the College is responsible for future retirement payments.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Other Postemployment Benefits (OPEB) Liability***

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The Station's proportionate share of OPEB amounts are based on an allocation from the College's single employer plan based on the percentage of employees at the Station. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

***Categories and Classification of Fund Equity***

*Net position flow assumption* – Sometimes the Station will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Station's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

***Revenues and Expenses***

***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.

**WKGC 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)**

***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 have been 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 facilities and administrative services are comprised principally of contributed services and contributed space by the College and are valued at fair value. An amount equal to the contribution is also recorded as management and general expense for donated administrative services and allocated between programming and production, broadcasting, and management and general for donated facilities.

***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 \$168,003 and \$157,345 were reported for the fiscal years ended June 30, 2022 and 2021, 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 generally based on hours worked on programs.

***In-kind Contributions***

Other in-kind contributions generally consist of donated services and support from the FDOE and other telecommunication activities. There were no other in-kind contribution revenues or expenses for the fiscal years ended June 30, 2022 and 2021.

**WKGC 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)**

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

***Subsequent Events***

Management has evaluated subsequent events through January 11, 2023, the date that the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

***Recently Issued and Implemented Accounting Pronouncements***

GASB Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, GASB Statement No. 92, *Omnibus 2020*, and GASB Statement No. 93, *Replacement of Interbank Offered Rates*, became effective this year but had no effect on the Station's financial statements.

GASB has issued the following statement that will become effective in future years.

In May 2020, GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements* (SBITA). The objectives of this statement (1) define a SBITA; (2) establish that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) require note disclosures regarding a SBITA. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

The Station is evaluating the requirements of the above statement and its impact on reporting.

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**Note 2: DETAILED NOTES ON ALL FUNDS**

***Capital Assets***

Capital assets activity for the year ended June 30, 2022, was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance
<b>Depreciable capital assets</b>				
Radio tower	\$ 1,278,580	\$ -	\$ -	\$ 1,278,580
Furniture, machinery, and equipment	779,381	58,406	-	837,787
<b>Total depreciable capital assets</b>	<b>2,057,961</b>	<b>58,406</b>	<b>-</b>	<b>2,116,367</b>
<b>Less: accumulated depreciation</b>				
Radio tower	1,278,580	-	-	1,278,580
Furniture, machinery, and equipment	557,422	80,337	-	637,759
<b>Total accumulated depreciation</b>	<b>1,836,002</b>	<b>80,337</b>	<b>-</b>	<b>1,916,339</b>
<b>Total depreciable capital assets, net</b>	<b>\$ 221,959</b>	<b>\$ (21,931)</b>	<b>\$ -</b>	<b>\$ 200,028</b>

Capital assets activity for the year ended June 30, 2021, was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance
<b>Depreciable capital assets</b>				
Radio tower	\$ 1,278,580	\$ -	\$ -	\$ 1,278,580
Furniture, machinery, and equipment	920,808	122,915	264,342	779,381
<b>Total depreciable capital assets</b>	<b>2,199,388</b>	<b>122,915</b>	<b>264,342</b>	<b>2,057,961</b>
<b>Less: accumulated depreciation</b>				
Radio tower	1,278,580	-	-	1,278,580
Furniture, machinery, and equipment	725,344	96,420	264,342	557,422
<b>Total accumulated depreciation</b>	<b>2,003,924</b>	<b>96,420</b>	<b>264,342</b>	<b>1,836,002</b>
<b>Total depreciable capital assets, net</b>	<b>\$ 195,464</b>	<b>\$ 26,495</b>	<b>\$ -</b>	<b>\$ 221,959</b>

All depreciation expense for June 30, 2022 and June 30, 2021 was allocated to broadcasting for \$80,337 and 96,420, respectively.

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Accrued 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, 2022 and 2021, the estimated liability for accrued compensated absences, which includes the employer’s share of the Florida Retirement System and FICA contributions, totaled \$4,389 and \$5,314, respectively.

***Change in Long-term Liabilities***

Long-term liabilities of the Station at June 30, 2022 and 2021, include accrued compensated absences, other postemployment benefits payable, and net pension liability. The following summarizes long-term liabilities activity for the fiscal year ended June 30, 2022:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Long-term Portion	Current Portion
Accrued compensated absences	\$ 5,314	\$ -	\$ 925	\$ 4,389	\$ 4,389	\$ -
Other postemployment benefits liability	26,374	8,141	-	34,515	34,515	-
Net pension liability	217,079	-	96,468	120,611	120,611	-
<b>Total long-term liabilities</b>	<b>\$ 248,767</b>	<b>\$ 8,141</b>	<b>\$ 97,393</b>	<b>\$ 159,515</b>	<b>\$ 159,515</b>	<b>\$ -</b>

The following summarizes long-term liabilities activity for the fiscal year ended June 30, 2021:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Long-term Portion	Current Portion
Accrued compensated absences	\$ 7,134	\$ -	\$ 1,820	\$ 5,314	\$ 5,314	\$ -
Other postemployment benefits liability	20,143	6,231	-	26,374	26,374	-
Net pension liability	195,153	21,926	-	217,079	217,079	-
<b>Total long-term liabilities</b>	<b>\$ 222,430</b>	<b>\$ 28,157</b>	<b>\$ 1,820</b>	<b>\$ 248,767</b>	<b>\$ 248,767</b>	<b>\$ -</b>

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

**Note 3: OTHER POSTEMPLOYMENT BENEFITS**

The Station follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for other postemployment benefits (OPEB) administered by the Florida College System Risk Management Consortium (Consortium).

*General Information about the OPEB Plan*

*Plan Description.* The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan, administered by the Consortium that provides OPEB for all employees who satisfy the College’s retirement eligibility provisions. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College’s healthcare benefits. The College subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB 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 OPEB 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 (Medicare) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the College and the OPEB Plan members are established and may be amended by action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75. At June 30, 2022 the Station’s proportionate share of the College’s OPEB liability was 1.3 percent.

*Benefits Provided.* The OPEB Plan provides healthcare benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

*Employees Covered by Benefit Terms.* At June 30, 2022, the following employees were covered by the benefit terms:

	College	Station
Inactive employees or beneficiaries currently receiving benefits	57	0
DROP members	14	0
Active employees	354	4.25
<b>Total</b>	<b>425</b>	<b>4.25</b>

*Total OPEB Liability*

The College’s total OPEB liability of \$2,615,043 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021. The proportionate share for the Station’s total OPEB liability was \$34,515 at June 30, 2022.

**WKGC FM Radio Station – a Public Telecommunications Entity  
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**Note 3: OTHER POSTEMPLOYMENT BENEFITS (Continued)**

*Actuarial Assumptions and Other Inputs.* The total OPEB liability measure as of June 30, 2022, based on the actuarial valuation as of June 30, 2021, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40 percent at June 30, 2022 measurement date 2.40 percent at June 30, 2020 measurement date
Real wage growth	0.85 percent at June 30, 2022 measurement date 0.85 percent at June 30, 2020 measurement date
Wage inflation	3.25 percent at June 30, 2022 measurement date 3.25 percent at June 30, 2020 measurement date
Salary increases	
Regular employees	3.40 – 7.80 percent at June 30, 2022 measurement date 3.40 – 7.80 percent at June 30, 2020 measurement date
Senior management	4.10 – 8.20 percent at June 30, 2022 measurement date 4.10 – 8.20 percent at June 30, 2020 measurement date
Discount rate	2.16 percent at June 30, 2022 measurement date 2.21 percent at June 30, 2020 measurement date
Healthcare cost trend rates	
Pre-medicare	7.00 percent for 2021, decreasing to an ultimate rate of 4.40 percent for 2032 at June 30, 2022 measurement date 7.00 percent for 2019, decreasing to an ultimate rate of 4.60 percent for 2026 at June 30, 2020 measurement date
Medicare	5.13 percent for 2021, decreasing to an ultimate rate of 4.40 percent for 2025 at June 30, 2022 measurement date 5.00 percent for 2019, decreasing to an ultimate rate of 4.60 percent for 2021 at June 30, 2020 measurement date

The discount rates were based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the last Thursday of the month before the measurement date.

Mortality rates for the June 30, 2022 measurement date were based on the PUB-2010 mortality tables, with adjustments for FRS experience and generational mortality improvements using Scale MP-2018.

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**Note 3: OTHER POSTEMPLOYMENT BENEFITS (Continued)**

The demographic actuarial assumptions for mortality retirement, disability incidence, and withdrawal used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2013, through June 30, 2018, adopted by FRS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

***Changes in the Total OPEB Liability***

Year ended June 30,	2022	2021
Changes for the year:		
Service cost	\$ 2,048	\$ 1,059
Interest	792	737
Changes in assumptions or other inputs	5,723	4,713
Benefit payments	(422)	(278)
Net changes	8,141	6,231
Net OPEB obligation, beginning of year	26,374	20,143
Net OPEB obligation, end of year	\$ 34,515	\$ 26,374

Changes of assumptions and other inputs since prior measurement date were changes in discount rate, changes in salary increases, and changes in mortality rates, retirement rates, and termination rates which are summarized above.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following table presents the total OPEB liability of the Station, as well as what the Station's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate:

	1 % Decrease (1.16%)	Current Discount Rate (2.16%)	1 % Increase (3.16%)
Total OPEB liability	\$ 43,051	\$ 34,515	\$ 27,996

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following table presents the total OPEB liability of the Station, as well as what the Station's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1 % Decrease	Healthcare Cost Trend Rates	1 % Increase
Total OPEB liability	\$ 27,224	\$ 34,515	\$ 44,585

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Notes to the Basic Financial Statements**

**Note 3: OTHER POSTEMPLOYMENT BENEFITS (Continued)**

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2022, the Station recognized an OPEB benefit of \$9,396. At June 30, 2022, the Station reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,692	\$ -
Change of assumptions or other inputs	7,857	7,284
Station contributions subsequent to the measurement date	574	-
<b>Total</b>	<b>\$ 12,123</b>	<b>\$ 7,284</b>

Of the total amount reported as deferred outflows of resources related to OPEB, \$574 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement period ending June 30,	
2022	\$ 514
2023	514
2024	514
2025	671
2026	930
Thereafter	1,122
<b>Total</b>	<b>\$ 4,265</b>

**Note 4: 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,

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**Note 4: DEFINED BENEFIT PENSION PLANS (Continued)**

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 (Plan) is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. 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 an HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

***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.

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**Note 4: DEFINED BENEFIT PENSION PLANS (Continued)**

***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 FRS. The Station's contribution rates for the years ended June 30, 2022 and 2021 were as follows:

	<b>July 1, 2020 Through June 30, 2021</b>		<b>July 1, 2021 Through June 30, 2022</b>	
	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>
Regular class	8.34%	1.66%	9.16%	1.66%
DROP plan participants	15.32%	1.66%	16.68%	1.66%

The Station's contributions for the year ended June 30, 2022, were \$22,091 to FRS and \$3,937 to HIS.

***Pension Liabilities and Pension Expense***

In its financial statements for the year ended June 30, 2022, the Station reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2021, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2021. 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	\$ 39,476	\$ 81,135
Proportion at:		
Current measurement date	0.0005226%	0.0006614%
Prior measurement date	0.0003553%	0.0005167%
Pension expense (benefit)	\$ 30,093	\$ 21,316

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

**Note 4: DEFINED BENEFIT PENSION PLANS (Continued)**

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

At June 30, 2022, 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)	\$ 6,766	\$ -
Effect of assumptions changes or inputs	27,012	-
Net difference between projected and actual investment earnings	-	137,723
Changes in proportion and differences between contributions and proportionate share of contributions	17,153	4,786
Station contributions subsequent to the measurement date	22,091	-
<b>Total</b>	<b>\$ 73,022</b>	<b>\$ 142,509</b>

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Effect of economic/demographic gains or losses (difference between expected and actual experience)	\$ 2,715	\$ 34
Effect of assumptions changes or inputs	6,375	3,343
Net difference between projected and actual investment earnings	85	-
Changes in proportion and differences between contributions and proportionate share of contributions	859	5,555
Station contributions subsequent to the measurement date	3,937	-
<b>Total</b>	<b>\$ 13,971</b>	<b>\$ 8,932</b>

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, 2022. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

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**Note 4: DEFINED BENEFIT PENSION PLANS (Continued)**

Measurement period ending June 30,	FRS Expense	HIS Expense
2022	\$ (16,696)	\$ 302
2023	(18,905)	(618)
2024	(25,423)	93
2025	(33,251)	844
2026	2,697	422
Thereafter	-	59
<b>Total</b>	<b>\$ (91,578)</b>	<b>\$ 1,102</b>

***Actuarial Assumptions***

The total pension liability for each of the defined benefit plans was measured as of June 30, 2021. The total pension liability for FRS was determined by an actuarial valuation dated July 1, 2021. The total pension liability for HIS was determined by an actuarial valuation dated July 1, 2020. The total pension liability for each of the plans was determined using the individual entry-age normal actuarial cost method and the following significant actuarial assumptions:

	<b>FRS</b>	<b>HIS</b>
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.16%

Mortality assumptions for both plans were based on the PUB-2010 based table projected generationally with Scale MP-2018. The actuarial assumptions used in the FRS valuation dated July 1, 2021 were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018. No experience study has been completed for the HIS valuation, as it is on a pay-as-you-go basis, but the actuarial assumptions used for the valuation were based on certain results from the most recent experience study for FRS.

The following changes in key actuarial assumptions occurred in 20120:

- FRS: Decreasing the maximum amortization period to 20 years for all current and future amortization bases.
- HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 2.21% to 2.16%.

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

**Note 4: 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	Annual Arithmetic Return	Annual Geometric Return	Standard Deviation
Cash	1%	2.1%	2.1%	1.1%
Fixed income	20%	3.8%	3.7%	3.3%
Global equity	54%	8.2%	6.7%	17.8%
Real estate (property)	10%	7.1%	6.2%	13.8%
Private equity	11%	11.7%	8.5%	26.4%
Strategic investments	4%	5.7%	5.4%	8.4%
	<u>100%</u>			

***Discount Rate***

The discount rate used to measure the total pension liability for FRS was 6.8%. 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 2.16% 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
5.80%	6.80%	7.80%	1.16%	2.16%	3.16%
129,049	39,476	(54,893)	80,600	81,135	60,802

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

**Note 4: 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 5: 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.

The Station's Investment Plan pension expense for the year ended June 30, 2022 totaled \$2,072.

**Note 6: 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 (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, 2022 and 2021, claims against the policy did not exceed coverage.

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

**Note 7: COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the Station expects such amounts not recorded, if any, to be immaterial.

**Note 8: RELATED PARTY TRANSACTIONS**

The Station receives administrative and monetary support from the College. However, the Station reimburses the College for 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, 2022 and 2021 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 FM Radio Station – a Public Telecommunications Entity  
 Operated by Gulf Coast State College  
 Schedule of Changes in the Station’s Total  
 Other Postemployment Benefits Liability and Related Ratios**

<i>Year ended June 30,</i>	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>					
Service cost	\$ 2,048	\$ 1,059	\$ 659	\$ 890	\$ 1,057
Interest	792	737	576	676	619
Changes of assumptions or other inputs	5,723	4,713	587	(1,417)	(2,677)
Benefits payments	(422)	(278)	(461)	(724)	(385)
<b>Net change in total OPEB liability</b>	8,141	6,231	1,361	(575)	(1,386)
Total OPEB liability - beginning	26,374	20,143	18,782	19,357	20,743
Total OPEB liability - ending	\$ 34,515	\$ 26,374	\$ 20,143	\$ 18,782	\$ 19,357
Station's covered employee payroll	\$ 179,207	\$ 173,467	\$ 219,877	\$ 256,978	\$ 301,585
Total OPEB liability as a percentage of the Station's covered employee payroll	19%	15%	9%	7%	6%

*Notes to Schedule*

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

(Continued)

*See independent auditors' report.*

**WKGC FM Radio Station – a Public Telecommunications Entity  
 Operated by Gulf Coast State College  
 Schedule of Changes in the Station’s Total  
 Other Postemployment Benefits Liability and Related Ratios (Continued)**

*Changes of Assumptions.* The following changes in assumptions occurred between the two most recent measurement dates:

	Measurement Date: June 30, 2020	Measurement Date: June 30, 2022
Inflation:	2.40%	2.40%
Real wage growth:	0.85%	0.85%
Salary increases-regular employees:	3.40% to 7.80%	3.40% to 7.80%
Salary increase-senior management:	4.10% to 8.20%	4.10% to 8.20%
Discount rate:	2.21%	2.21%
Healthcare cost trend rates- premedicare:	7.00% for 2019, decreasing to an ultimately rate of 4.60% for 2026	7.00% for 2021, decreasing to an ultimately rate of 4.40% for 2032
Healthcare cost trend rates- medicare:	5.00% for 2019, decreasing to an ultimately rate of 4.60% for 2021	5.00% for 2021, decreasing to an ultimately rate of 4.40% for 2025
Mortality rates:	PUB-2010 mortality rates with adjustments using the Scale MP- 2018	PUB-2010 mortality rates with adjustments using the Scale MP- 2018

Disclosures for the previous five years has not been included because comparable information is not available at this time.

*See independent auditors’ report.*

**WKGC 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>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>
Station's proportion of the net pension liability	0.0005226%	0.0003553%	0.0003820%	0.0004307%	0.0004440%	0.0004601%	0.0005205%	0.0005022%	N/A	N/A
Station's proportionate share of the net pension liability	\$ 39,476	\$ 153,990	\$ 131,560	\$ 129,730	\$ 131,385	\$ 116,182	\$ 67,224	\$ 30,640	N/A	N/A
Station's covered payroll	173,467	219,877	256,978	301,585	248,779	277,289	170,091	188,839	N/A	N/A
Station's proportionate share of the net pension liability as a percentage of its covered payroll	22.76%	70.03%	51.20%	43.02%	52.81%	41.90%	39.52%	16.23%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	N/A	N/A

\* Information for 2012 and 2013 is N/A because comparable information is not available at this time.

*See independent auditors' report.*

**WKGC 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>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>
Contractually required contribution	\$ 22,091	\$ 16,341	\$ 12,272	\$ 13,505	\$ 12,275	\$ 11,559	\$ 11,221	\$ 12,071	\$ 11,000	N/A
Contributions in relation to the contractually required contribution	(22,091)	(16,341)	(12,272)	(13,505)	(12,275)	(11,559)	(11,221)	(12,071)	(11,000)	N/A
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Station's covered payroll	\$ 179,207	\$ 173,467	\$ 219,877	\$ 256,978	\$ 301,585	\$ 248,779	\$ 277,289	\$ 170,091	\$ 188,839	
Contributions as a percentage of covered payroll	12.33%	9.42%	5.58%	5.26%	4.07%	4.65%	4.05%	7.10%	5.83%	N/A

\* Information for 2013 is N/A because comparable information is not available at this time.

*See independent auditors' report.*

**WKGC 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 Program  
 Last 10 Fiscal Years**

<b>June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>
Station's proportion of the net pension liability	0.0006614%	0.0005167%	0.0005684%	0.0006350%	0.0006654%	0.0006771%	0.0006881%	0.0006694%	N/A	N/A
Station's proportionate share of the net pension liability	\$ 81,135	\$ 63,089	\$ 63,593	\$ 67,204	\$ 71,145	\$ 78,911	\$ 70,171	\$ 62,600	N/A	N/A
Station's covered payroll	173,467	219,877	256,978	301,585	248,779	277,289	170,091	188,839	N/A	N/A
Station's proportionate share of the net pension liability as a percentage of its covered payroll	46.77%	28.69%	24.75%	22.28%	28.60%	28.46%	41.25%	33.15%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	N/A	N/A

\* Information for 2012 and 2013 is N/A because comparable information is not available at this time.

*See independent auditors' report.*

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

<b>Year ended June 30,</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>
Contractually required contribution	\$ 3,937	\$ 3,026	\$ 3,095	\$ 3,598	\$ 3,443	\$ 3,521	\$ 3,470	\$ 2,502	\$ 2,293	N/A
Contributions in relation to the contractually required contribution	(3,937)	(3,026)	(3,095)	(3,598)	(3,443)	(3,521)	(3,470)	(2,502)	(2,293)	N/A
<b>Contribution deficiency/(excess)</b>	<b>\$ -</b>	<b>N/A</b>								
Station's covered payroll	\$ 179,207	\$ 173,467	\$ 219,877	\$ 256,978	\$ 301,585	\$ 248,779	\$ 277,289	\$ 170,091	\$ 188,839	
Contributions as a percentage of covered payroll	2.20%	1.74%	1.41%	1.40%	1.14%	1.42%	1.25%	1.47%	1.21%	N/A

\* Information for 2013 is N/A because comparable information is not available at this time.

*See independent auditors' report.*

## **Report on Internal Control and Compliance Matters**

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

To the Board of Trustees  
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 the business-type activities of WKGC FM Radio Station (Station), a public telecommunications entity operated by Gulf Coast State College (College), as of and for the year ended June 30, 2022, 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 January 11, 2023.

**Report on 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 as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described below that we consider to be a significant deficiency.

#### **2022-001 Understated Depreciation Expense**

Condition: The Station's depreciation expense and related accumulated depreciation were understated in the current year by approximately \$8,000.

Criteria: The Station is required to be able to provide materially correct financial information.

Effect: The Station's depreciation expense and related accumulated depreciation were understated in the current year prior to proposed audit adjustment.

Cause: The Station has a process in place to review the property and equipment depreciation schedule being reported but that review focuses mainly on ending balances. In the current year, the beginning balance and current year activity were transposed leaving the ending balance accurate in their reports but the entries made to the financial statements were inaccurate by the difference.

Recommendation: We recommend the Station add to their review process a reconciliation of the depreciation schedule to the final balances in the trial balance which would have identified the error.

Views of Responsible Officials and Planned Corrective Action: We will do as recommended. As noted, we have a review process in place that generally would catch most errors related to property and equipment. It just so happened that the error was hidden in the ending balance in this situation.

#### **Report on 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 financial statements. 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*.

#### **Station's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Station's response to the finding identified above. The Station's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## 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 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  
January 11, 2023