

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

Financial Statements

June 30, 2016 and 2015



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**WKGC AM/FM Radio Station – a Public Telecommunications Entity
Operated by Gulf Coast State College
Table of Contents
June 30, 2016 and 2015**

Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements	
Statements of Net Position	9
Statements of Revenues, Expenses, and Changes in Net Position	10
Statements of Cash Flows	11
Notes to the Basic Financial Statements	13
Required Supplementary Information	
Schedule of Funding Progress for the Retirees’ Health Insurance Other Postemployment Benefits Plan	29
Schedule of Employer Contributions for the Retirees’ Health Insurance Other Postemployment Benefits Plan	29
Schedule of the Station’s Proportionate Share of the Net Pension Liability – Florida Retirement System	30
Schedule of the Station’s Contributions – Florida Retirement System	31
Schedule of the Station’s Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Plan	32
Schedule of the Station’s Contributions – Health Insurance Subsidy Plan	33
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 <i>Government Auditing Standards</i>	34

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 (the Station), a public telecommunications entity operated by Gulf Coast State College (the College) as of and for the years ended June 30, 2016 and 2015, and the related notes to the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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, 2016 and 2015, 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 present only the Station, a department of Gulf Coast State College, and do not purport to, and do not present fairly the financial position of Gulf Coast State College, as of June 30, 2016 and 2015, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 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 October 10, 2016, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
October 10, 2016

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 (the Station) for the years ended June 30, 2016 and 2015, 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 \$331,401 (net position). Of this amount, \$(91,003) is a deficit of unrestricted net position, \$0 is restricted net position, and \$422,404 is net investment in capital assets.
- Total net position decreased from June 30, 2015 by \$85,158 due to a net operating loss.
- Operating revenues were 64% of the total revenues of the Station.
- A loss of \$345,180 from operations, offset by \$260,022 of nonoperating revenues, resulted in a decrease in net position of \$85,158 for the 2015-2016 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.

Net Position

<i>June 30,</i>	2016	2015	2014
Current assets	\$ 36,360	\$ 66,741	\$ 73,458
Capital assets, net	422,404	507,940	624,697
Total assets	458,764	574,681	698,155
Deferred outflows of resources	37,687	29,015	13,293
Current liabilities	900	17,412	14,127
Noncurrent liabilities	144,305	116,715	154,540
Total liabilities	145,205	134,127	168,667
Deferred inflows of resources	19,845	53,010	-
Net position			
Net investment in capital assets	422,404	507,940	624,697
Restricted	-	9,500	-
Unrestricted	(91,003)	(100,881)	(81,916)
Total net position	\$ 331,401	\$ 416,559	\$ 542,781

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

Changes in Net Position

<i>Year ended June 30,</i>	2016	2015	2014
Operating revenues			
Donated facilities and administrative support	\$ 200,005	\$ 166,492	\$ 166,727
Contribution and membership income	22,005	27,020	11,710
Community service grants			
Corporation for Public Broadcasting	126,600	140,202	150,311
Florida Department of Education	109,500	105,193	85,307
Total operating revenues	458,110	438,907	414,055
Less: operating expenses	803,290	675,924	696,814
Operating loss	(345,180)	(237,017)	(282,759)
Nonoperating revenues			
General allocations from Gulf Coast State College	260,022	110,795	153,041
Decrease in net position	\$ (85,158)	\$ (126,222)	\$ (129,718)

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, 2016, 2015, and 2014, were \$458,110, \$438,907, and \$414,055 respectively, and primarily consisted of:

- 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. Donated facilities and support totaled \$166,492 for the 2014-2015 fiscal year compared to \$166,727 for the 2013-2014 fiscal year, representing a \$235 decrease due to decreased donations from Gulf Coast State College.
- Community service grants totaled \$236,100, \$245,395, and \$235,618 for fiscal years 2015-2016, 2014-2015, and 2013-2014, respectively. Grant revenues have been fairly consistent each year.
- 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 and membership revenue. Contributions and membership income totaled \$27,020 for the 2014-2015 fiscal year compared to \$11,710 for the 2013-2014 fiscal year, representing a \$15,310 increase due to increases in underwriting membership revenue.

For the 2015-2016 fiscal year, nonoperating revenues consisted primarily of general allocations from Gulf Coast State College, which increased \$149,227 compared to the 2014-2015 fiscal year due primarily to an increase in college funded general expenses particularly related to salaries. Nonoperating revenues for the 2014-2015 fiscal year decreased \$42,246 compared to the 2013-2014 fiscal year primarily due to a decrease in college funded general expenses.

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

Operating Expenses

<i>Year ended June 30,</i>	2016	2015	2014
Operating expenses			
Programming and production	\$ 99,864	\$ 97,521	\$ 100,005
Broadcasting	349,604	309,277	322,157
Program information	15,709	22,429	16,721
Fundraising and membership development	27,839	17,916	4,098
Underwriting	3,128	2,563	387
Management and general	307,146	226,218	253,446
Total operating expenses	\$ 803,290	\$ 675,924	\$ 696,814

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.

For the 2014-2015 fiscal year, fundraising and membership development expenses increased as a result of a vacant position being filled that year.

THE STATEMENT OF CASH FLOWS

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

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

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

Cash Flows

<i>Year ended June 30,</i>	2016	2015	2014
Cash provided (used) by			
Operating activities	\$ (198,604)	\$ (61,885)	\$ (147,462)
Noncapital financial activities	260,022	110,795	153,041
Capital and related financing activities	(89,114)	(40,080)	(7,559)
Net increase (decrease) in cash	(27,696)	8,830	(1,980)
Cash, beginning of year	49,224	40,394	42,374
Cash, end of year	\$ 21,528	\$ 49,224	\$ 40,394

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. Net cash used by operating activities for the 2014-2015 fiscal year decreased by \$85,577 compared to the 2013-2014 fiscal year primarily due to a decrease in payments made to suppliers and an increase in contributions and membership revenue and cash received from grants and contracts.

For the 2015-2016, 2014-2015, and 2013-2014 fiscal years, general allocations from Gulf Coast State College totaling \$260,022, \$110,795, and \$153,041, 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 \$174,650 of depreciation expense for the year ended June 30, 2016 and \$156,837 for the year ended June 30, 2015. 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>	2016	2015	2014
Buildings	\$ 60,248	\$ 68,727	\$ 77,206
Radio tower	254,721	384,460	514,199
Furniture, machinery, and equipment	107,435	54,753	33,292
Total capital assets, net	\$ 422,404	\$ 507,940	\$ 624,697

The Station had no long-term debt outstanding at June 30, 2016, 2015, or 2014.

REQUESTS FOR INFORMATION

The MD&A is designed to provide donors, members, investment managers, foundations, and taxpayers with a general overview of the Station’s financial position and activities. Additional 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>	2016	2015
Current assets		
Cash and cash equivalents	\$ 21,528	\$ 39,724
Restricted cash and cash equivalents	-	9,500
Due from Gulf Coast State College, net	900	3,297
Prepaid expenses	13,932	14,220
Total current assets	36,360	66,741
Capital assets, net	422,404	507,940
Deferred outflows of resources	37,687	29,015
Total assets and deferred outflows of resources	496,451	603,696
Current liabilities		
Accounts payable	900	7,912
Unearned revenue	-	9,500
Total current liabilities	900	17,412
Compensated absences payable	-	18,237
Other postemployment benefits payable	6,910	5,238
Net pension liability	137,395	93,240
Total liabilities	145,205	134,127
Deferred inflows of resources	19,845	53,010
Total liabilities and deferred inflows of resources	165,050	187,137
Net position		
Net investment in capital assets	422,404	507,940
Restricted	-	9,500
Unrestricted	(91,003)	(100,881)
Total net position	\$ 331,401	\$ 416,559

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>	2016	2015
Revenues		
Donated facilities and administrative services	\$ 200,005	\$ 166,492
Contribution and membership income	22,005	27,020
Community service grants		
Corporation for Public Broadcasting	126,600	140,202
Florida Department of Education	109,500	105,193
Total operating revenues	458,110	438,907
Expenses		
Program services		
Programming and production	99,864	97,521
Broadcasting	349,604	309,277
Program information	15,709	22,429
Total program services	465,177	429,227
Support services		
Management and general	307,146	226,218
Fundraising and membership development	27,839	17,916
Underwriting	3,128	2,563
Total support services	338,113	246,697
Total operating expenses	803,290	675,924
Operating loss	(345,180)	(237,017)
Nonoperating revenues		
General allocations from Gulf Coast State College	260,022	110,795
Net income (loss)	(85,158)	(126,222)
Net position, beginning	416,559	542,781
Net position, ending	\$ 331,401	\$ 416,559

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>	2016	2015
Cash flows from operating activities		
Cash received from grants and contracts	\$ 228,997	\$ 265,725
Cash received from contributions and memberships	22,005	27,020
Cash paid to suppliers	(106,594)	(137,499)
Cash paid to employees	(343,012)	(217,131)
Net cash used by operating activities	(198,604)	(61,885)
Cash flows from noncapital financing activities		
General allocations from Gulf Coast State College	260,022	110,795
Cash flows from capital and related financing activities		
Purchases of equipment	(89,114)	(40,080)
Net increase (decrease) in cash and cash equivalents	(27,696)	8,830
Cash and cash equivalents, beginning	49,224	40,394
Cash and cash equivalents, ending	\$ 21,528	\$ 49,224
Cash and cash equivalents shown as		
Cash and cash equivalents	\$ 21,528	\$ 39,724
Restricted cash and cash equivalents	-	9,500
Cash and cash equivalents, ending	\$ 21,528	\$ 49,224
Noncash financing activities		
Donated facilities and administrative support	\$ 200,005	\$ 166,492

(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>	2016	2015
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	\$ (345,180)	\$ (237,017)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	174,650	156,837
(Increase) decrease in assets		
Due from Gulf Coast State College, net	2,397	523
Due from Department of Education	-	10,307
Prepaid expenses	288	4,717
(Increase) decrease in deferred outflows of resources	(8,672)	(15,722)
Increase (decrease) in liabilities		
Accounts payable	(7,012)	(6,215)
Unearned revenue	(9,500)	9,500
Compensated absences payable	(18,237)	4,123
Other postemployment benefits payable	1,672	1,386
Net pension liability	44,155	(43,334)
Increase (decrease) in deferred inflows of resources	(33,165)	53,010
Total adjustments	146,576	175,132
Net cash used by operating activities	\$ (198,604)	\$ (61,885)

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

The WKGC AM/FM Radio Station (the Station) is operated by Gulf Coast State College (the 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, 2016 and 2015. The Station's financial statements as of and for the years ended June 30, 2016 and 2015 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 the reporting entity, 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, 2016 and 2015.

**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.

Unearned Revenue

Unearned revenue includes amounts received from certain grants that are not recognized until the time restriction passes or purpose restriction is achieved.

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

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

**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)

attributable to the acquisition, construction or improvement of those assets. At June 30, 2016 and 2015, 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.

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.

**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)

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 \$200,005 and \$166,492 were reported for the fiscal years ended June 30, 2016 and 2015, respectively.

Functional Allocation of Expenses

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

In-Kind Contributions

In-kind contributions generally consist of donated services and support from the FDOE and other telecommunication activities. There were no revenues or expenses from in-kind contributions for the fiscal years ended June 30, 2016 and 2015.

Compensated Absences

The Station follows GASB 16 entitled, *Accounting for Compensated Absences*. Enterprise funds accrue sick leave and vacation benefits in the period in which they are earned. 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 October 10, 2016 the date the financial statements were available to be issued.

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

NOTE 2: CAPITAL ASSETS

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

Description	Beginning Balance	Additions	Reductions	Ending Balance
Depreciable capital assets				
Buildings	\$ 357,016	\$ -	\$ -	\$ 357,016
Radio tower	1,278,580	-	-	1,278,580
Furniture, machinery, and equipment	500,313	89,114	14,401	575,026
Total depreciable capital assets	2,135,909	89,114	14,401	2,210,622
Less: accumulated depreciation				
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
Total accumulated depreciation	1,627,969	174,650	14,401	1,788,218
Total depreciable capital assets, net	\$ 507,940	\$ (85,536)	\$ -	\$ 422,404

Capital asset activity for the year ended June 30, 2015, was as follows:

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

**WKGC AM/FM Radio Station – a Public Telecommunications Entity
Operated by Gulf Coast State College
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>	2016	2015
Programming and production	\$ 3,392	\$ 3,392
Broadcasting	169,563	151,749
Mangement and general	1,695	1,696
Total	\$ 174,650	\$ 156,837

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, 2016 and 2015, the estimated liability for compensated absences, which includes the employer’s share of the Florida Retirement System and FICA contributions, totaled \$0 and \$18,237, respectively. For the year ended June 30, 2016, no compensated absences were reported at year end because the College is responsible for future retirement payments.

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 (the 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

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

NOTE 4: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

employees) are eligible to participate in the College’s healthcare and life insurance benefits. The College subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. The College does not offer any explicit subsidies 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, 2016 and 2015, no Station retirees received postemployment healthcare benefits and no Station retirees received postemployment life insurance benefits.

Annual OPEB Cost and Net OPEB Obligation: The College’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the Station’s estimated portion of the College’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Station’s net OPEB obligation:

Description	2016	2015
Normal cost	\$ 944	\$ 864
Amortization of unfunded actuarial accrued liability	716	504
Annual required contribution	1,660	1,368
Interest on net OPEB obligation	150	106
Adjustment to annual required contribution	(138)	(88)
Annual OPEB cost (expense)	1,672	1,386
Contribution toward the OPEB cost	-	-
Increase in net OPEB obligation	1,672	1,386
Net OPEB obligation, beginning of year	5,238	3,852
Net OPEB obligation, end of year	\$ 6,910	\$ 5,238

**WKGC AM/FM Radio Station – a Public Telecommunications Entity
Operated by Gulf Coast State College
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, 2016 and 2015 were as follows:

Fiscal Year	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
2013-2014	\$ 997	0.0%	\$ 3,852
2014-2015	1,386	0.0%	5,238
2015-2016	1,672	0.0%	6,910

Funded Status and Funding Progress: As of July 1, 2015, the most recent valuation date, the Station’s actuarial accrued liability for benefits was \$19,381 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$19,381 and a funded ratio 0%. The covered payroll (annual payroll of active participating employees) was \$277,289 and \$170,092 for the years ended June 30, 2016 and 2015 respectively, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 7.0% and 8.4% as of June 30, 2016 and 2015 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, 2016, and the Station’s 2015-2016

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

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 2015-2016 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, 2016, was 30 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
Operated by Gulf Coast State College
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, 2016 and 2015 were as follows:

	July 1, 2014 Through June 30, 2015		July 1, 2015 Through June 30, 2016	
	FRS	HIS	FRS	HIS
Regular class	6.11%	1.26%	5.60%	1.66%
Senior management	19.88%	1.26%	19.77%	1.66%
DROP plan participants	11.22%	1.26%	11.22%	1.66%

The Station's contributions for the year ended June 30, 2016, were \$11,221 to the FRS and \$3,470 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended June 30, 2016, the Station reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. 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.

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

NOTE 5: DEFINED BENEFIT PENSION PLANS (CONTINUED)

	FRS	HIS
Net pension liability	\$ 67,224	\$ 70,171
Proportion at:		
Current measurement date	0.0005205%	0.0006881%
Prior measurement date	0.0005022%	0.0006694%
Pension expense (benefit)	\$ 8,965	\$ 8,044

Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2016, 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)	\$ 7,096	\$ 1,594
Effect of assumptions changes or inputs	4,462	-
Net difference between projected and actual investment earnings	-	16,052
Changes in proportion and differences between contributions and proportionate share of contributions	5,496	978
Station contributions subsequent to the measurement date	11,221	-
Total	\$ 28,275	\$ 18,624

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Effect of assumptions changes or inputs	\$ 5,521	\$ -
Net difference between projected and actual investment earnings	38	-
Changes in proportion and differences between contributions and proportionate share of contributions	383	1,221
Station contributions subsequent to the measurement date	3,470	-
Total	\$ 9,412	\$ 1,221

**WKGC AM/FM Radio Station – a Public Telecommunications Entity
Operated by Gulf Coast State College
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, 2017. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Reporting Year Ending June 30,	FRS Expense	HIS Expense
2017	\$ 5,903	\$ 4,431
2018	(5,318)	961
2019	7,925	953
2020	1,539	950
Thereafter	(398)	896
Totals	\$ 9,651	\$ 8,191

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	7.65%	N/A
Discount rate	7.65%	3.80%

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, 2015 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 2015:

FRS: No changes in key actuarial assumptions.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 4.29% to 3.80%.

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

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

NOTE 5: DEFINED BENEFIT PENSION PLANS (CONTINUED)

consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, 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	1.0%	3.2%	3.1%
Fixed income	18.0%	4.8%	4.7%
Global equity	53.0%	8.5%	7.2%
Real estate (property)	10.0%	6.8%	6.2%
Private equity	6.0%	11.9%	8.2%
Strategic investments	12.0%	6.7%	6.1%
	<u>100.0%</u>		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. 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 the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% 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
6.65%	7.65%	8.65%	2.80%	3.80%	4.80%
174,192	67,224	(21,791)	79,957	70,171	62,011

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

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: LONG-TERM LIABILITIES

Long-term liabilities of the Station at June 30, 2016 and 2015, 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, 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
Total long-term liabilities	\$ 116,715	\$ 45,827	\$ 18,237	\$ 144,305	\$ -	\$ 144,305

The following summarizes long-term liabilities activity for the fiscal year ended June 30, 2015:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-Term Portion
Compensated absences payable	\$ 14,114	\$ 4,123	\$ -	\$ 18,237	\$ -	\$ 18,237
Other postemployment benefits payable	3,852	1,386	-	5,238	-	5,238
Net pension liability	136,574	-	43,334	93,240	-	93,240
Total long-term liabilities	\$ 154,540	\$ 5,509	\$ 43,334	\$ 116,715	\$ -	\$ 116,715

NOTE 7: RISK MANAGEMENT PROGRAMS

The Station is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage to the Station for these risks through the Florida College System Risk Management Consortium (the Consortium) which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide College risk management program. The

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

NOTE 7: RISK MANAGEMENT PROGRAMS (CONTINUED)

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, 2016 and 2015, claims against the policy did not exceed coverage.

NOTE 8: RELATED PARTY TRANSACTIONS

The Station receives administrative and monetary support from the College. However, the Station reimburses the College for all expenses in excess of appropriations. Administrative support provided by the College is valued based on the salaries of the College's staff and their proportionate amount of time spent working on the station. The amounts reported as due from the College at June 30, 2016 and 2015 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
 Operated by Gulf Coast State College
 Required Supplementary Information
 Year Ended June 30, 2016**

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	0.0%	\$ 224,568	4.4%
July 1, 2013	0	14,213	14,213	0.0%	192,068	7.4%
July 1, 2015	0	19,381	19,381	0.0%	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
2014	\$ 0	\$ 997	0%
2015	0	1,386	0%
2016	0	1,672	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**

June 30,	2015	2014	2013 *	2012 *	2011 *	2010 *	2009 *	2008 *	2007 *	2006 *
Station's proportion of the net pension liability (assets)	0.0005205%	0.0005022%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Station's proportionate share of the net pension liability (assets)	\$ 67,224	\$ 30,640	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Station's covered-employee payroll	\$ 170,092	\$ 188,839	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Station's proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	39.52%	16.23%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Disclosures for 2006 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**

June 30,	2015	2014	2013 *	2012 *	2011 *	2010 *	2009 *	2008 *	2007 *	2006 *
Contractually required contribution	\$ 11,221	\$ 11,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(11,221)	(11,000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Station's covered-employee payroll	\$ 170,092	\$ 188,839								
Contributions as a percentage of covered-employee payroll	6.60%	5.83%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Disclosures for 2006 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**

June 30,	2015	2014	2013 *	2012 *	2011 *	2010 *	2009 *	2008 *	2007 *	2006 *
Station's proportion of the net pension liability (assets)	0.0006881%	0.0006694%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Station's proportionate share of the net pension liability (assets)	\$ 70,171	\$ 62,600	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Station's covered-employee payroll	\$ 170,092	\$ 188,839	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Station's proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	41.25%	33.15%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Disclosures for 2006 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**

June 30,	2015	2014	2013 *	2012 *	2011 *	2010 *	2009 *	2008 *	2007 *	2006 *
Contractually required contribution	\$ 3,470	\$ 2,293	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(3,470)	(2,293)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
School's covered-employee payroll	\$ 170,092	\$ 188,839								
Contributions as a percentage of covered-employee payroll	2.04%	1.21%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Disclosures for 2006 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 (the Station), a public telecommunications entity operating by Gulf Coast State College (the College), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Station’s basic financial statements, and have issued our report thereon dated October 10, 2016.

Internal Control over Financial Reporting

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

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Certified Public Accountants
Panama City Beach, Florida
October 10, 2016