ADDENDUM NO. 1
RFP#7-2014/2015 WKGC-AM/FM/HD Financial Audit Services

Addendum for WKGC Financial Audit RFP#7-2014/2015 is amended in the following particulars and in these particulars only. All provisions of the original documents shall remain in force, except as specifically modified or changed herein or by other Addenda issued by GCSC. This Addendum is hereby made part of the Contract Documents of the RFP.

RESPONSE TO WRITTEN QUESTIONS RECEIVED:

Question #1: Can the college provide the last two years of audit statements?

- **I have attached to this addendum #1 the audit information we have for the 2013 and 2014 years.**

July 06, 2015 at 4:00PM is the last date and time vendors can submit questions on this project. All vendors are responsible for receiving and reading Addendums on project. All Addendums will be post at gulfcoast.edu/procurement.

Fred Brown, Procurement Director

Brown, Fredrick
Jun 17 2015 11:40 AM

Signature

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CliftonLarsonAllen

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

We have audited the financial statements of WKGC-AM/FM Radio Station (the Station), a public telecommunications entity operated by Gulf Coast State College (the College) for the year ended June 30, 2013, and have issued our report thereon dated November 26, 2013. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Station are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2013.

We noted no transactions entered into by the Station during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of compensated absences payable is based on the number of hours earned and the pay rate of the employee.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Passed Journal Entries JE # 3
To recognize deferred revenue related to the CPB grant.

2001	Deferred Revenue	3,507.00	
4003	CPB Grant		3,507.00
Total		**3,507.00**	**3,507.00**

Passed Journal Entries JE # 5
To adjust compensated absences

2003	Compensated Absences-LT	2,254.00	
5003	Management and General: Salaries	117.00	
5004	Fund Raising: Salaries	117.00	
5000	Programming and Production: Salaries		509.00
5001	Broadcasting: Salaries		1,979.00
Total		**2,488.00**	**2,488.00**

Corrected misstatements

The following adjustment was identified by the Station's accounting personnel and our audit procedures and was recorded by management:

Adjusting Journal Entries JE # 1
PBC AJE 1 to correct prepaid expenses and adjust indirect support accordingly

5011	Programming and Production: Current Portion of Prepaid Expenses	6,003.00	
5012	Broadcasting: Current Portion of Prepaid Expenses	4,930.00	
5034	Management and General: Indirect Support	3,648.00	
1004	Prepaid Expenses		10,933.00
4000	Indirect Support-GCCC		3,648.00
Total		**14,581.00**	**14,581.00**

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated November 26, 2013.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Station's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the Station's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

The following describes findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process:

- During the year ended June 30, 2011, the Station was given a warning from the CPB regarding their Audience Service Criteria (ASC) informing Station that its listening community was less than what is required of CPB grant recipients. As a result, the Station was put under the CPB's transition plan, a 6 year program that would restrict the use of CPB grant money. During the year ended June 30, 2013, the Station began the second year of this plan, during which 25% of the CPB grant money was required to be used to fund special projects designed to help it return to compliance with the ASC. In fiscal year 2013, the CPB changed their ASC criteria to a level that the Station met, removing the Station from the transition plan.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the Board of Trustees and management of the Station and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Orlando, Florida
November 26, 2013

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

WKGC-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY GULF COAST STATE COLLEGE
YEARS ENDED JUNE 30, 2013 AND 2012

WKGC-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY GULF COAST STATE COLLEGE
BOARD OF TRUSTEES AND PRESIDENT (UNAUDITED)

Members of the Board of Trustees and President of Gulf Coast State College who served during the 2012-13 fiscal year are listed below:

CliftonLarsonAllen

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INDEPENDENT AUDITORS' 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, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Station's 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 auditors' 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, 2013 and 2012, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 through page 11 and the Schedule of Funding Progress - Other Postemployment Benefits Plan on page 28, 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 audits 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 November 26, 2013, on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Orlando, Florida
November 26, 2013

The 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, 2013 and 2012, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements–and Management's Discussion and Analysis–for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of Station management. The Station is operated by Gulf Coast State College (a component unit of the State of Florida) located in Panama City, Florida.

COLLEGE NAME CHANGE

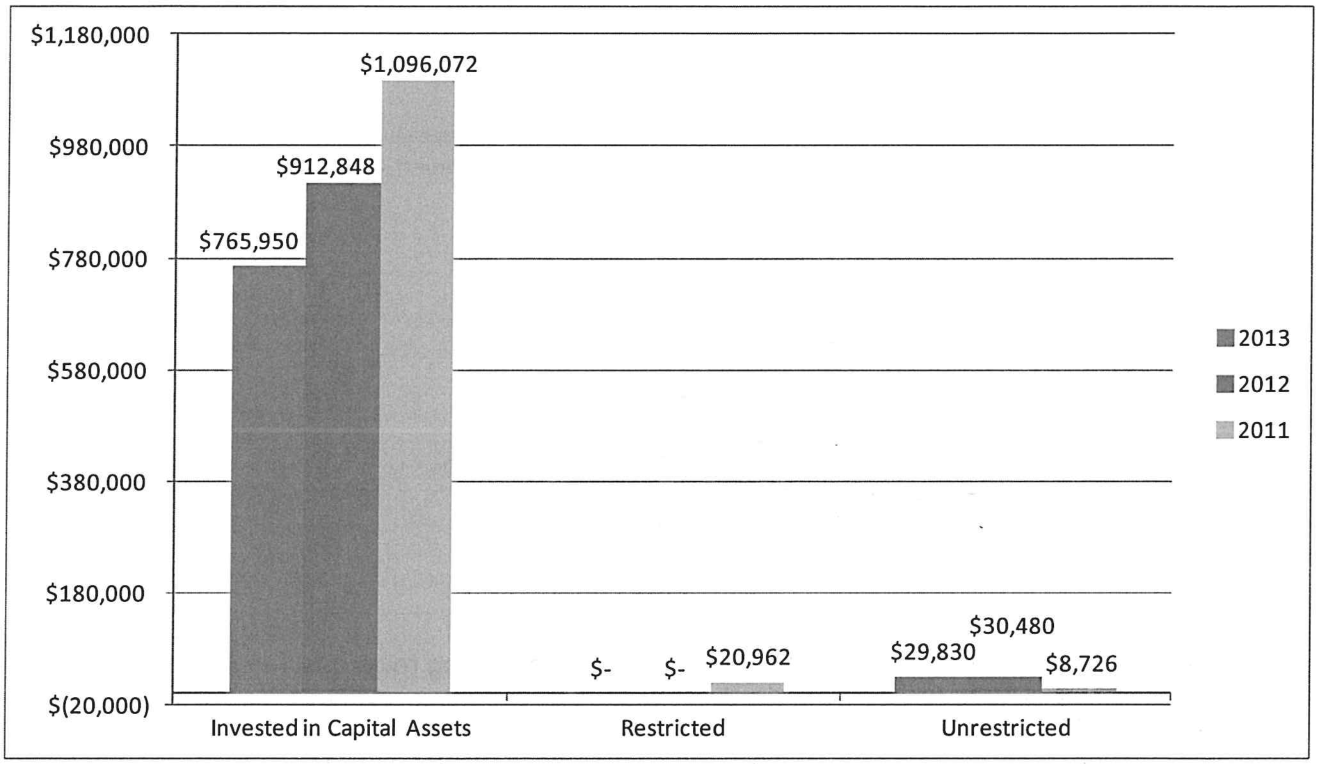
The WKGC-AM/FM Radio Station is operated by Gulf Coast State College, a component unit of the State of Florida. The College's Board of Trustees approved the name change from Gulf Coast Community College to Gulf Coast State College on January 13, 2011, pursuant to Section 1001.60(2)(b), Florida Statutes.

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 and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, 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.

Graphically displayed, the Station's net position by category for the fiscal years ended June 30, 2013, 2012, and 2011 are shown below:

Net Position: Station

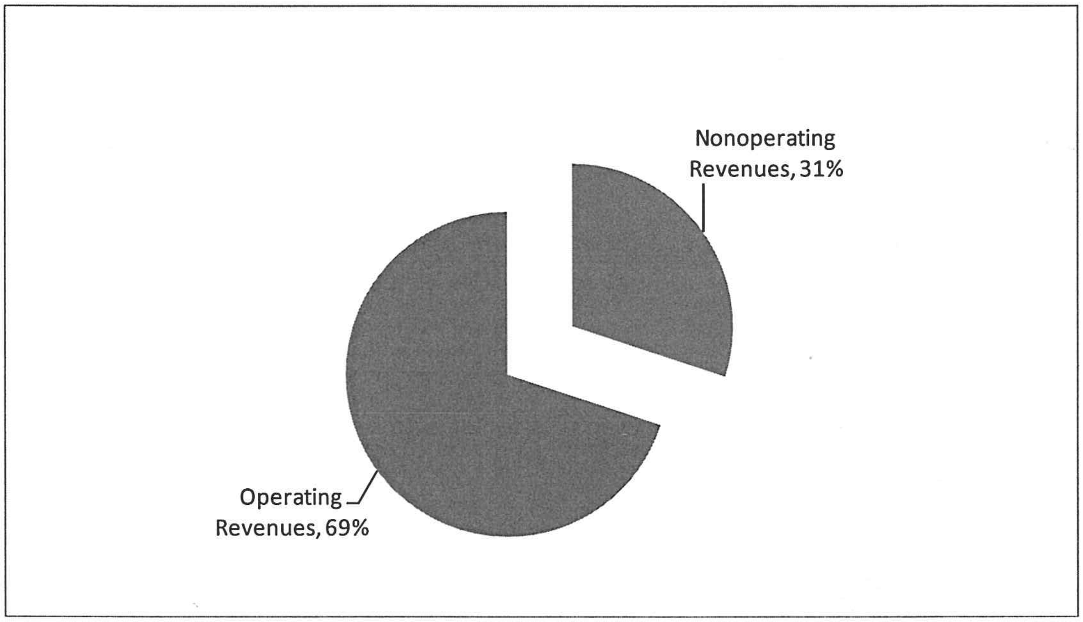


The Station's combined net position was $795,780 at June 30, 2013, as compared to $943,328 at June 30, 2012, due to a net operating loss, which was offset partially by non-operating revenues.

The Station's combined net position was $943,328 at June 30, 2012, as compared to $1,125,760 at June 30, 2011, due to a net operating loss, which was offset partially by non-operating revenues.

The following chart provides a graphical presentation of revenues by category for the 2012-13 fiscal year:

Total Revenues: Station



A $311,443 loss from operations, offset by $163,895 of non-operating revenues, resulted in a decrease in net position of $147,548 for the 2012-13 fiscal year. Non-operating revenues for the 2012-13 fiscal year consisted of $163,895 of general allocations from Gulf Coast State College. For the 2011-12 fiscal year, the Station reported a $371,230 loss from operations, offset by $188,798 of non-operating revenues, which resulted in a decrease in net position of $182,432 for the 2011-12 fiscal year. Non-operating revenues for the 2011-12 fiscal year consisted of $188,798 of general allocations from Gulf Coast State College.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 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 financial statements. In addition to the financial statements, the 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 changes in them. You can think of the Station's net position, the difference between assets and liabilities, as one way to measure the Station's financial health, or financial position. Over time, increases or decreases in the Station's net position is one indication of whether its financial health is improving or deteriorating.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

A condensed statement of assets, liabilities, and net position for the respective fiscal years ended is presented in the following table:

Assets, Liabilities, and Net Position at June 30

	Station				
	2013		2012		2011
Assets					
Current Assets	$ 50,889		$ 57,172		$ 58,380
Capital Assets, Net	765,950		912,848		1,096,072
Total Assets	816,839		970,020		1,154,452
Liabilities					
Current Liabilities	4,007		13,588		8,181
Noncurrent Liabilities	17,052		13,104		20,511
Total Liabilities	21,059		26,692		28,692
Net Position					
Invested in Capital Assets	765,950		912,848		1,096,072
Restricted	-		-		20,962
Unrestricted	29,830		30,480		8,726
Total Net Position	$ 795,780		$ 943,328		$ 1,125,760
Increase (Decrease) in Net Position	$ (147,548)	-16%	$ (182,432)	-16%	

For the 2012-13 fiscal year, current assets decreased by $6,283 primarily due to decreases in restricted cash and prepaid expenses.

Current liabilities decreased by $9,581 primarily due to decreases in unearned revenue and in the short term portion of compensated absences due to an employee leaving in July 2013.

For the 2011-12 fiscal year, current assets decreased by $1,208 primarily due to an increase in cash, offset by a decrease in due from Corporation of Public Broadcasting.

Current liabilities increased by $5,407 primarily due to increases in accounts payable and the current portion of compensated absences.

Noncurrent liabilities decreased by $7,407 primarily due to a decrease in the long term portion of compensated absences, which declined due to an employee leaving in July 2012.

For the 2010-2011 fiscal year, restricted net position decreased due to receiving in unspent moneys from the Corporation for Public Broadcasting's Community Service Grant due the previous year.

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

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the Fiscal Years

	Station		
	2012-13	2011-12	2010-11
Operating Revenues			
Donated Facilities and Administrative Support	$ 150,249	$ 199,206	$ 236,420
Contributions and Membership Income	36,522	59,378	53,461
Federal Grants	-	-	14,380
Community Service Grants:			
Corporation for Public Broadcasting	156,171	158,298	151,128
Florida Department of Education	-	-	72,907
Gulf Coast Foundation Grant	26,563	-	-
In-Kind Contributions - Services and Other Intangibles	-	8,400	30,963
Total Operating Revenues	369,505	425,282	559,259
Less: Operating Expenses	680,948	796,512	890,410
Operating Loss	(311,443)	(371,230)	(331,151)
Non-operating Revenues			
General Allocations from Gulf Coast State College	163,895	188,798	185,680
Increase (Decrease) in Net Position	(147,548)	(182,432)	(145,471)
Net Position, Beginning of Year	943,328	1,125,760	1,271,231
Net Position, End of Year	$ 795,780	$ 943,328	$ 1,125,760

The Station's primary sources of funding were general allocations from Gulf Coast State College, Corporation for Public Broadcasting grants, Florida Department of Education Community Service grants, Gulf Coast Foundation Grant, and donations. Station operating revenues for the fiscal years ending June 30, 2013, 2012, and 2011, were $369,505, $425,282, and $559,259, respectively, and primarily consisted of:

- Donated facilities and support totaled $150,249 for the 2012-13 fiscal year compared to $199,206 for the 2011-12 fiscal year, representing a $48,957 decrease due to decreased donations from Gulf Coast State College. Donated facilities and support totaled $199,206 for the 2011-12 fiscal year compared to $236,420 for the 2010-11 fiscal year, representing a $37,214 decrease due to decreased donations from Gulf Coast State College.
- Contributions and membership income totaled $36,522 for the 2012-13 fiscal year compared to $59,378 for the 2011-12 fiscal year, representing a $22,856 decrease due to decreases in underwriting and membership revenue, coupled with a $15,000 donation being received the prior year. Contributions and membership income totaled $59,378 for the 2011-12 fiscal year compared to $53,461 for the 2010-11 fiscal year, representing a $5,917 increase due to a $15,000 donation partially offset by decreases in underwriting and memberships.

For the 2012-13 fiscal year, non-operating revenues consisted primarily of general allocations from Gulf Coast State College, which decreased $24,903 compared to the 2011-12 fiscal year due primarily to a decrease in college funded salaries.

For the 2011-12 fiscal year, non-operating revenues consisted primarily of general allocations from Gulf Coast State College, which increased $3,118 compared to the 2010-11 fiscal year.

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

Operating Expenses for the Fiscal Years

	Station		
	2012-13	2011-12	2010-11
Operating Expenses			
Programming and Production	$ 105,301	$ 151,182	$ 208,422
Broadcasting	310,263	304,307	323,613
Program Information	7,779	14,182	12,458
Fund-Raising and Membership Development	49,050	61,679	40,775
Underwriting	2,339	1,862	-
Management and General	206,216	263,300	305,142
Total Operating Expenses	$ 680,948	$ 796,512	$ 890,410

For the 2012-13 fiscal year, as a result of the station continuing to broadcast more live programming, programming and production expenses decreased by $45,881, and broadcasting expenses decreased by $5,956. Fundraising and membership development expenses decreased by $12,629 as a result of a vacant position during the last four months of the 2012-2013 year. Management and general expenses decreased by $57,084 due to elimination of a position at the station.

For the 2011-12 fiscal year, as a result of the Station broadcasting more live programming, programming and production expenses decreased by $57,240 and broadcasting expenses decreased by $19,306. Fundraising and membership development expenses increased during the 2011-12 fiscal year as a result of a vacant position during the first half of 2010-11.

THE STATEMENT OF CASH FLOWS

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

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

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

Cash Flows for the Fiscal Years

	Station		
	2012-13	2011-12	2010-11
Cash Provided (Used) by:			
Operating Activities	$ (121,072)	$ (158,629)	$ (179,647)
Noncapital Financial Activities	163,895	188,798	185,680
Investing Activities	(45,409)	-	-
Net Increase (Decrease) in Cash	(2,586)	30,169	6,033
Cash, Beginning of Year	44,960	14,791	8,758
Cash, End of Year	$ 42,374	$ 44,960	$ 14,791

Net cash used by operating activities for the 2012-13 fiscal year decreased by $44,748 compared to the 2011-12 fiscal year primarily due to a decrease in payments made to employees offset by a decrease in contributions and membership revenue. For the 2011-12 fiscal year, net cash used by operating activities decreased by $21,018 compared to the 2010-11 fiscal year primarily due to a decrease in grants and contracts. For the 2012-13, 2011-12, and 2010-11 fiscal years, general allocations from Gulf Coast State College totaling $163,895, $188,798, and $185,680, 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, to depreciate capital assets. As a result, the Station recognized $192,307 of depreciation expense for the 2012-13 and $183,224 for the 2011-12 fiscal year. Refer to the notes to the financial statements for additional information on capital asset activity for the 2012-13 fiscal year.

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

Capital Assets, Net at June 30

	Station		
Capital Assets	2013	2012	2011
Buildings	$ 85,685	$ 94,163	$ 102,643
Radio Tower	643,938	773,678	903,416
Furniture, Machinery, and Equipment	36,327	45,007	90,013
Total Capital Assets, Net	$ 765,950	$ 912,848	$ 1,096,072

The Station had no long-term debt outstanding for the fiscal years ended June 30, 2013, 2012, and 2011.

CORPORATION FOR PUBLIC BROADCASTING COMMUNITY SERVICE GRANT PROGRAM

During the year ended June 30, 2011, the Station was given a warning from the CPB regarding their Audience Service Criteria (ASC) informing Station that its listening community was less than what is required of CPB grant recipients. As a result, the Station was put under the CPB's transition plan, a 6 year program that would restrict the use of CPB grant money. During the year ended June 30, 2013, the Station began the second year of this plan, during which 25% of the CPB grant money was required to be used to fund special projects designed to help it return to compliance with the ASC. In fiscal year 2013, the CPB changed their ASC criteria to a level that the Station met, removing the Station from the transition plan.

REQUESTS FOR INFORMATION

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

ATTN: Vice President of Administration and Finance
Gulf Coast State College
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
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 38,867	$ 37,769
Restricted Cash	3,507	7,191
Due from Gulf Coast State College	500	1,875
Prepaid Expenses	8,015	10,337
Total Current Assets	50,889	57,172
CAPITAL ASSETS, NET	765,950	912,848
Total Assets	$ 816,839	$ 970,020
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	$ 500	$ 1,875
Unearned Revenue	3,507	7,191
Current Portion of Compensated Absences Payable	-	4,522
Total Current Liabilities	4,007	13,588
COMPENSATED ABSENCES PAYABLE	14,197	11,460
OTHER POSTEMPLOYMENT BENEFITS PAYABLE	2,855	1,644
Total Liabilities	21,059	26,692
NET POSITION		
Invested in Capital Assets	765,950	912,848
Unrestricted	29,830	30,480
Total Net Position	795,780	943,328
Total Liabilities and Net Position	$ 816,839	$ 970,020

See accompanying Notes to Financial Statements.

WKGC-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY GULF COAST STATE COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
REVENUES		
Donated Facilities and Administrative Services	$ 150,249	$ 199,206
Contribution and Membership Income	36,522	59,378
Community Service Grants:		
Corporation for Public Broadcasting	156,171	158,298
Gulf Coast Foundation Grant	26,563	-
In-Kind Contributions - Services and Other Intangibles	-	8,400
Total Revenues	369,505	425,282
EXPENSES		
Program Services:		
Programming and Production	105,301	151,182
Broadcasting	310,263	304,307
Program Information	7,779	14,182
Total Program Services	423,343	469,671
Support Services:		
Management and General	206,216	263,300
Fundraising and Membership Development	49,050	61,679
Underwriting	2,339	1,862
Total Support Services	257,605	326,841
Total Expenses	680,948	796,512
OPERATING LOSS	(311,443)	(371,230)
NON-OPERATING REVENUES		
General Allocations from Gulf Coast State College	163,895	188,798
DECREASE IN NET POSITION	(147,548)	(182,432)
Net Position - Beginning of Year	943,328	1,125,760
NET POSITION - END OF YEAR	$ 795,780	$ 943,328

See accompanying Notes to Financial Statements.

WKGC-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY GULF COAST STATE COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Grants and Contracts	$ 186,241	$ 179,260
Cash Received from Contributions and Memberships	36,522	59,378
Cash Paid to Suppliers	(112,957)	(97,860)
Cash Paid to Employees	(230,878)	(299,407)
Net Cash Used by Operating Activities	(121,072)	(158,629)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Equipment	(45,409)	-
Net Cash Used by Investing Activities	(45,409)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
General Allocations from Gulf Coast State College	163,895	188,798
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,586)	30,169
Cash and Cash Equivalents - Beginning of Year	44,960	14,791
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 42,374	$ 44,960
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (311,443)	$ (371,230)
Adjustments to Reconcile Operating Loss to Cash Used by Operating Activities:		
Depreciation	192,307	183,224
Change in Due from Gulf Coast State College	1,375	(885)
Change in Due from Corporation for Public Broadcasting	-	20,962
Change in Prepaid Expenses	2,322	11,300
Change in Unearned Revenue	(3,684)	-
Change in Accounts Payable	(1,375)	885
Change in Compensated Absences	(1,785)	(4,099)
Change in Other Postemployment Benefits Payable	1,211	1,214
Total Adjustments	190,371	212,601
Net Cash Used by Operating Activities	$ (121,072)	$ (158,629)
Noncash Financing Activities		
Donated Facilities and Administrative Support	$ 150,249	$ 199,206
In-Kind Contributions - Services and Other Intangibles	-	8,400
Total Noncash Financing Activities	$ 150,249	$ 207,606

See accompanying Notes to 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, 2013 and 2012. The Station's financial statements as of and for the years ended June 30, 2013 and 2012 are intended to present that portion of the College's financial position, and the changes in financial position and cash flows, that is attributable to the Station's transactions.

Basis of Presentation

The Station's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public telecommunication entities operated by colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). GASB allows public colleges and universities various reporting options. The College elected to report as an entity engaged in only business-type activities. Accordingly, this election requires entity-wide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net position
  - Stations of Revenues, Expenses and Changes in Net position
  - Statement of Cash Flows (presented using the direct method in compliance with GASB Statement No. 9)
  - Notes to Financial Statements
- Other Required Supplementary Information

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

Basis of Accounting

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 provider have been met.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

The Station follows GASB pronouncements and FASB pronouncements issues on or before November 30, 1989, unless the FASB pronouncement conflicts with GASB pronouncements. Under GASB State No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Accounting,* the Station has the option to elect to apply all pronouncements of FASB issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements. The Station has elected not to apply FASB pronouncements issued after November 30, 1989.

Cash and Cash Equivalents

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

Cash deposits are held by the College and earmarked for the Station in banks qualified as 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 expense 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 pledge receivables as of June 30, 2013 and 2012.

Capital Assets

Capital assets are recorded at historical cost except in the case of donated property, which is recorded at the estimated fair market value of the property at the date of receipt. The Station has a capitalization threshold of $5,000 for 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The Station uses the straight-line method of calculating depreciation over the estimated useful life of the assets. The following is a summary of the estimated useful life by asset category:

Asset Category	Estimated Useful Life
Buildings	40 Years
Radio Tower	10 Years
Furniture, Machinery, and Equipment	3 - 7 Years

Broadcasting License

A Standard Broadcast Station license for operation on an AM frequency was donated by a commercial broadcasting company in 1981, and recorded at its appraised value of $172,500 at the date received. The value assigned was amortized using the straight-line method over a period of 10 years. The license is fully amortized.

Unearned Revenue

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

Net Position

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

- *Invested in capital assets, net of related debt* – 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 unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets. At June 30, 2013 and 2012, there is no related debt.
- *Restricted Assets* – The component of net position that reports the constraints placed on the use of net position by either external parties and/or enabling legislation.
- *Unrestricted assets* – The difference between the assets and liabilities that is not reported in invested in capital assets, net of related debt and 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 non-operating 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 and net position. 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 approximately fair value of the services rendered. An amount equal to the contribution amount is also recorded as management and general expense.

Donated Facilities and Administrative Support

Administrative support from the College consists of allocated financial costs and certain other expenses incurred by the College on behalf of the Station, and are reported as operating revenues and expenses in accordance with valuation guidelines prescribed by the CPB. Revenues and expenses for administrative support totaling $150,249 and $199,206 were reported for the fiscal years ended June 30, 2013 and 2012, 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In-Kind Contributions

In-kind contributions generally consist of donated services and support from the FDOE and other telecommunications activities. The following is a summary of in-kind contributions revenue and expenses by category for the fiscal year ended June 30, 2012:

	2012
Revenues:	
Services and Other Intangibles	$ 8,400
Expenses:	
Management and General	8,400
Total Expenses	$ 8,400

There were no in-kind contributions revenue and expenses for the fiscal year ended June 30, 2013.

Subsequent Events

In preparing these financial statements, the Station has evaluated events and transactions for potential recognition or disclosure through November 26, 2013, the date the financial statements were available to be issued.

NOTE 2 CAPITAL ASSETS

The following summarizes capital asset activity for the fiscal year ended June 30, 2013:

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	407,265	45,409	-	452,674
Total Depreciable Capital Assets	2,042,861	45,409	-	2,088,270
Less: Accumulated Depreciation:				
Buildings	262,852	8,479	-	271,331
Radio Tower	504,903	129,739	-	634,642
Furniture, Machinery, and Equipment	362,258	54,089	-	416,347
Total Accumulated Depreciation	1,130,013	192,307	-	1,322,320
Total Depreciable Capital Assets, Net	$ 912,848	$ (146,898)	$ -	$ 765,950

The following summarizes capital asset activity for the fiscal year ended June 30, 2012:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Depreciable Capital Assets:				
Buildings	$ 357,016	$ -	$ -	$ 357,016
Radio Tower	1,377,146	-	98,566	1,278,580
Furniture, Machinery, and Equipment	407,265	-	-	407,265
Total Depreciable Capital Assets	2,141,427	-	98,566	2,042,861
Less: Accumulated Depreciation:				
Buildings	254,373	8,479	-	262,852
Radio Tower	473,730	129,739	98,566	504,903
Furniture, Machinery, and Equipment	317,251	45,007	-	362,258
Total Accumulated Depreciation	1,045,354	183,225	98,566	1,130,013
Total Depreciable Capital Assets, Net	$ 1,096,073	$ (183,225)	$ -	$ 912,848

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

	2013	2012
Programming and Production	$ 3,392	$ 3,391
Broadcasting	187,219	178,137
Management and General	1,696	1,696
Total	$ 192,307	$ 183,224

NOTE 2 CAPITAL ASSETS (CONTINUED)

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 PAYABLE

Employees earn the right to be compensated during absences 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, 2013 and 2012, the estimated liability for compensated absences, which includes the employer's share of the Florida Retirement System and FICA contributions, totaled $14,197 and $15,982, respectively. The current portion, if any, of the compensated absences liability is calculated based on terminal leave pay anticipated from those employees who have expressed their intent to retire during the next fiscal year.

NOTE 4 LONG-TERM LIABILITIES

Long-term liabilities of the Station at June 30, 2013 and 2012, include compensated absences payable and other postemployment benefits payable. The following summarizes long-term liabilities activity for the fiscal year ended June 30, 2013:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long Term Portion
Compensation Absences Payable	$ 15,982	$ -	$ 1,785	$ 14,197	$ -	$ 14,197
Other Postemployment						
Benefits Payable	1,644	1,211	-	2,855	-	2,855
Total Long-Term Liabilities	$ 17,626	$ 1,211	$ 1,785	$ 17,052	$ -	$ 17,052

The following summarizes long-term liabilities activity for the fiscal year ended June 30, 2012:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long Term Portion
Compensation Absences Payable	$ 20,081	$ -	$ 4,099	$ 15,982	$ 4,522	$ 11,460
Other Postemployment						
Benefits Payable	430	1,214	-	1,644	-	1,644
Total Long-Term Liabilities	$ 20,511	$ 1,214	$ 4,099	$ 17,626	$ 4,522	$ 13,104

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS PAYABLE

The College follows GASB Statement No. 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 contributes to an agent multiple-employer defined-benefit plan administered by the Consortium for postemployment benefits. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College (including Station employees) are eligible to participate in the College's healthcare and life insurance benefits. The College subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at 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, 2013 and 2012, no Station retirees received postemployment healthcare benefits and no Station retirees received postemployment life insurance benefits.

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

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 No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the Station's estimated portion of the College's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Station's net OPEB obligation:

	2013	2012
Normal Cost (Service Cost for One Year)	$ 912	$ 885
Amortization of Unfunded Actuarial Accrued Liability	265	326
Annual Required Contributions	1,177	1,211
Interest on Net OPEB Obligation	47	19
Adjustment to Annual Required Contribution	(13)	(16)
Annual OPEB Cost (Expense)	1,211	1,214
Contribution Toward the OPEB Cost	-	-
Increase in Net OPEB Obligation	1,211	1,214
Net OPEB Obligation, Beginning of Year	1,644	430
Net OPEB Obligation, End of Year	$ 2,855	$ 1,644

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, 2013 and 2012, were as follows:

Fiscal Year	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
2010-11	$ 687	113.1%	$ 430
2011-12	$ 1,214	19.7%	$ 1,644
2012-13	$ 1,211	30.0%	$ 2,855

Funded Status and Funding Progress: As of July 1, 2011, the most recent valuation date, the Station's actuarial accrued liability for benefits was $9,778 and the actuarial value of assets was $-0-, resulting in an unfunded actuarial accrued liability of $9,778 and a funded ratio of 0%. The covered payroll (annual payroll of active participating employees) was $233,748 and $224,568 for the years ended June 30, 2013 and 2012, respectively, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 3.40% and 4.35% as of June 30, 2013 and 2012, respectively.

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The College's OPEB actuarial valuation as of July 1, 2011, used the projected unit credit actuarial method to estimate the unfunded actuarial liability as of June 30, 2011, and the College's 2011-12 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% rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 4% per year, and an annual healthcare cost trend rate of 10.5% and 8.5% for pre-Medicare and Medicare, respectively for the 2011-12 fiscal year, reduced by decrements to an ultimate rate of 5% in 2018 and 2017 for pre-Medicare and Medicare, respectively. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 30 years. The remaining amortization period at June 30, 2013, was 29 years.

NOTE 6 FLORIDA RETIREMENT SYSTEM RETIREMENT PROGRAMS

Essentially all regular employees of the Station are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the Public Employee Optional Retirement Program (PEORP).

Employees in the Plan vest at six years of service. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

The State of Florida establishes contribution rates for participating employers. Contribution rates during the 2012-13 fiscal year were as follows:

	Percent of Gross Salary	
Class	Employee	Employer (A)
Florida Retirement System, Regular	3.00	5.18
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	5.44

NOTE 6 FLORIDA RETIREMENT SYSTEM RETIREMENT PROGRAMS (CONTINUED)

Contribution rates during the 2011-12 fiscal year were as follows:

	Percent of Gross Salary	
Class	Employee	Employer (A)
Florida Retirement System, Regular	3.00	4.91
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	4.42

Notes: (A) Employer rates include 1.11% for the postemployment health insurance subsidy. Also, employer rates other than for DROP participants include 0.03% for administrative costs of the Public Employee Options Retirement Program.

The Station's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the Station. The Station's contributions for the fiscal years ended June 30, 2013 and 2012, totaled $8,323 and $9,038, respectively, which were equal to the required contributions for each fiscal year.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the PEORP in lieu of the FRS defined-benefit plan. Station employees already participating in the State College System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest at one year of service. There was one Station participant during the years ended June 30, 2013 and 2012, and required contributions made to the PEORP totaled $1,699 and $1,574, respectively.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

NOTE 7 RISK MANAGEMENT PROGRAMS

The Station is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage to the Station for these risks through the Florida College System Risk Management Consortium (the Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide College risk management program. The Consortium is self-sustaining through member assessments (premiums) and is reinsured through commercial companies for claims in excess of specified amounts. Reinsurance from commercial companies provided excess coverage of up to $125 million. Insurance coverage obtained through the Consortium included health and hospitalization, life, dental, fire and extended property, general and automobile liability, workers' compensation, and other liability coverage. For the years ended June 30, 2013 and 2012, 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 expenditures 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, 2013 and 2012, represent expenses incurred by the Station which will be reimbursed by the College. The reported amounts are considered to be fully collectible.

WKGC-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY GULF COAST STATE COLLEGE
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS -
OTHER POST EMPLOYEMENT BENEFIT PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UUAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2009	-	7,403	7,403	0%	$208,850	3.50%
July 1, 2011	-	9,778	9,778	0%	$224,568	4.35%

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 operated by Gulf Coast State College (the College), which comprise the statement of net position as of June 30, 2013, and the related statements of revenue, expenses, and change in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2013.

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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. 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 Station'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.

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Orlando, Florida
November 26, 2013

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

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

We have audited the financial statements of WKGC-AM/FM Radio Station (the Station), a public telecommunications entity operated by Gulf Coast State College (the College) for the year ended June 30, 2014, and have issued our report thereon dated November 25, 2014. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Station are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2014.

We noted no transactions entered into by the Station during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of compensated absences payable is based on the number of hours earned and the pay rate of the employee.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Corrected misstatements

The following adjustment was identified by the Station's accounting personnel and our audit procedures and was recorded by management:

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
PBC Adjustment to correct capital assets.			
1005	Capital Assets	$ 7,559.00	
5020	Management and General: General Expenses Fund 1	14,989.00	
5034	Management and General: Indirect Support	4,397.00	
5036	Broadcasting: CPB Grant Expenses	6,036.00	
1005	Capital Assets		$ 21,025.00
4000	Indirect Support-GCCC		4,397.00
5036	Broadcasting: CPB Grant Expenses		7,559.00
Total		**$ 32,981.00**	**$ 32,981.00**

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated November 25, 2014.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Station's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the Station's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * * * * *

This communication is intended solely for the information and use of the Board of Trustees and management of the Station, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Orlando, Florida
November 25, 2014

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2014 AND 2013

WKGC-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY GULF COAST STATE COLLEGE
YEARS ENDED JUNE 30, 2014 AND 2013

WKGC-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY GULF COAST STATE COLLEGE
BOARD OF TRUSTEES AND PRESIDENT (UNAUDITED)

Members of the Board of Trustees and President of Gulf Coast State College who served during the 2013-14 fiscal year are listed below:

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' 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, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Station's 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 auditors' 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.

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

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, 2014 and 2013, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and the Schedule of Funding Progress - Other Postemployment Benefits Plan on page 28, 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 audits 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 November 25, 2014, on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Orlando, Florida
November 25, 2014

The 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, 2014 and 2013, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements–and Management's Discussion and Analysis–for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of Station management. The Station is operated by Gulf Coast State College (a component unit of the State of Florida) located in Panama City, Florida.

COLLEGE NAME CHANGE

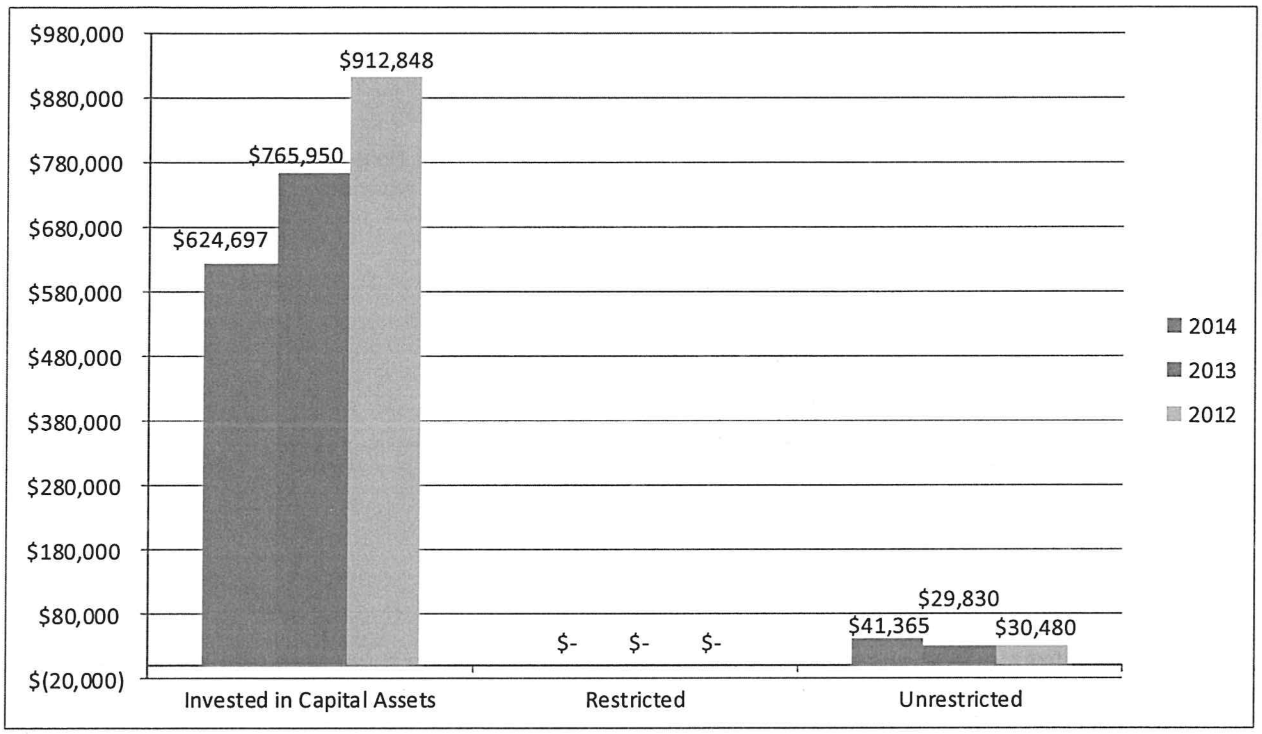
The WKGC-AM/FM Radio Station is operated by Gulf Coast State College, a component unit of the State of Florida. The College's Board of Trustees approved the name change from Gulf Coast Community College to Gulf Coast State College on January 13, 2011, pursuant to Section 1001.60(2)(b), Florida Statutes.

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 and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, 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.

Graphically displayed, the Station's net position by category for the fiscal years ended June 30, 2014, 2013, and 2012 are shown below:

Net Position: Station

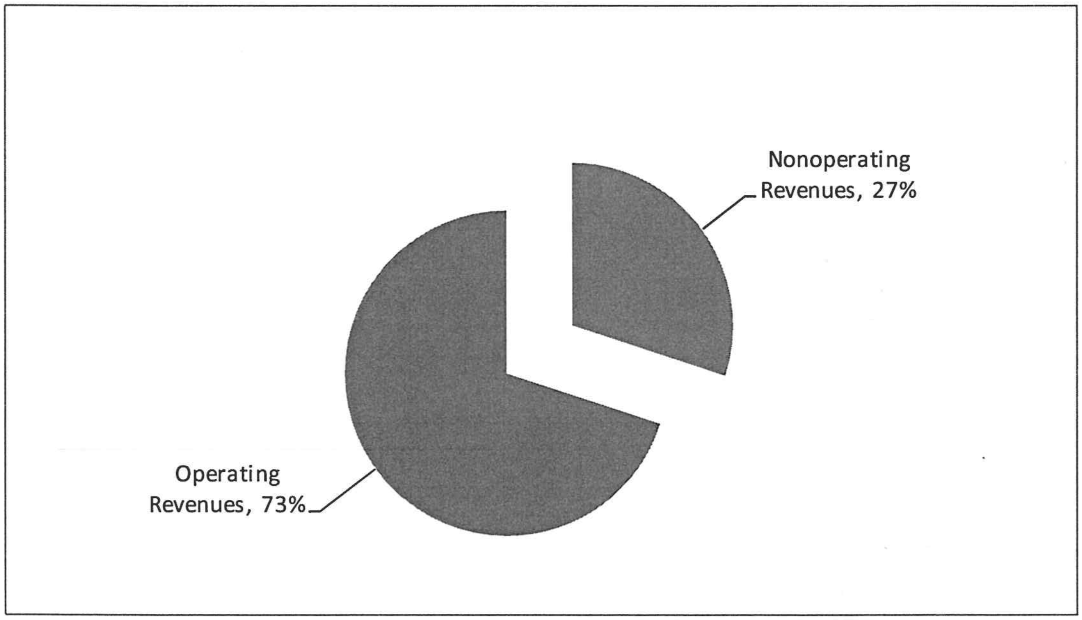


The Station's combined net position was $662,062 at June 30, 2014, as compared to $795,780 at June 30, 2013, due to a net operating loss, which was offset partially by non-operating revenues.

The Station's combined net position was $795,780 at June 30, 2013, as compared to $943,328 at June 30, 2012, due to a net operating loss, which was offset partially by non-operating revenues.

The following chart provides a graphical presentation of revenues by category for the 2013-14 fiscal year:

Total Revenues: Station



A $282,759 loss from operations, offset by $153,041 of non-operating revenues, resulted in a decrease in net position of $129,718 for the 2013-14 fiscal year. Non-operating revenues for the 2013-14 fiscal year consisted of $153,041 of general allocations from Gulf Coast State College. For the 2012-13 fiscal year, the Station reported a $311,443 loss from operations, offset by $163,895 of non-operating revenues, which resulted in a decrease in net position of $147,548 for the 2012-13 fiscal year. Non-operating revenues for the 2013-13 fiscal year consisted of $163,895 of general allocations from Gulf Coast State College.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 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 financial statements. In addition to the financial statements, the 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 changes in them. You can think of the Station's net position, the difference between assets and liabilities, as one way to measure the Station's financial health, or financial position. Over time, increases or decreases in the Station's net position is one indication of whether its financial health is improving or deteriorating.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

A condensed statement of assets, liabilities, and net position for the respective fiscal years ended is presented in the following table:

Assets, Liabilities, and Net Position at June 30

	Station				
	2014		2013		2012
Assets					
Current Assets	$ 73,458		$ 50,889		$ 57,172
Capital Assets, Net	624,697		765,950		912,848
Total Assets	698,155		816,839		970,020
Liabilities					
Current Liabilities	14,127		4,007		13,588
Noncurrent Liabilities	17,966		17,052		13,104
Total Liabilities	32,093		21,059		26,692
Net Position					
Invested in Capital Assets	624,697		765,950		912,848
Unrestricted	41,365		29,830		30,480
Total Net Position	$ 666,062		$ 795,780		$ 943,328
Decrease in Net Position	$ (129,718)	-16%	$ (147,548)	-16%	

For the 2013-14 fiscal year, current assets increased by $22,569 primarily due to increases in receivables and prepaid expenses.

Current liabilities increased by $10,120 primarily due to increases in accounts payable.

For the 2012-13 fiscal year, current assets decreased by $6,283 primarily due to decreases in restricted cash and prepaid expenses.

Current liabilities decreased by $9,581 primarily due to decreases in unearned revenue and in the short term portion of compensated absences due to an employee leaving in June 2013.

Noncurrent liabilities increased by $914 primarily due to an increase in OPEB payable.

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

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the Fiscal Years

	Station		
	2013-14	2012-13	2011-12
Operating Revenues			
Donated Facilities and Administrative Support	$ 166,727	$ 150,249	$ 199,206
Contributions and Membership Income	11,710	36,522	59,378
Community Service Grants:			
Corporation for Public Broadcasting	150,311	156,171	158,298
Florida Department of Education	85,307	-	-
Gulf Coast Foundation Grant	-	26,563	-
In-Kind Contributions - Services and Other Intangibles	-	-	8,400
Total Operating Revenues	414,055	369,505	425,282
Less: Operating Expenses	696,814	680,948	796,512
Operating Loss	(282,759)	(311,443)	(371,230)
Non-operating Revenues			
General Allocations from Gulf Coast State College	153,041	163,895	188,798
Decrease in Net Position	(129,718)	(147,548)	(182,432)
Net Position, Beginning of Year	795,780	943,328	1,125,760
Net Position, End of Year	$ 666,062	$ 795,780	$ 943,328

The Station's primary sources of funding were general allocations from Gulf Coast State College, Corporation for Public Broadcasting grants, Florida Department of Education Community Service grants, Gulf Coast Foundation Grant, and donations. Station operating revenues for the fiscal years ended June 30, 2014, 2013, and 2012, were $414,055, $369,505, and $425,282, respectively, and primarily consisted of:

- Donated facilities and support totaled $166,727 for the 2013-14 fiscal year compared to $150,249 for the 2012-13 fiscal year, representing a $16,478 increase due to increased donations from Gulf Coast State College. Donated facilities and support totaled $150,249 for the 2012-13 fiscal year compared to $199,206 for the 2011-12 fiscal year, representing a $48,957 decrease due to decreased donations from Gulf Coast State College.
- Contributions and membership income totaled $11,710 for the 2013-14 fiscal year compared to $36,522 for the 2012-13 fiscal year, representing a $24,812 decrease due to decreases in underwriting and membership revenue. Contributions and membership income totaled $36,522 for the 2012-13 fiscal year compared to $59,378 for the 2011-12 fiscal year, representing a $22,856 decrease due to decreases in underwriting membership revenue, coupled with a $15,000 donation being received in the prior year.

For the 2013-14 fiscal year, non-operating revenues consisted primarily of general allocations from Gulf Coast State College, which decreased $10,854 compared to the 2012-13 fiscal year due primarily to a decrease in college funded general expenses.

For the 2012-13 fiscal year, non-operating revenues consisted primarily of general allocations from Gulf Coast State College, which decreased $24,903 compared to the 2011-12 fiscal year.

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

Operating Expenses for the Fiscal Years

	Station		
	2013-14	2012-13	2011-12
Operating Expenses			
Programming and Production	$ 100,005	$ 105,301	$ 151,182
Broadcasting	322,157	310,263	304,307
Program Information	16,721	7,779	14,182
Fund-Raising and Membership Development	4,098	49,050	61,679
Underwriting	387	2,339	1,862
Management and General	253,446	206,216	263,300
Total Operating Expenses	$ 696,814	$ 680,948	$ 796,512

For the 2013-14 fiscal year, fundraising and membership development expenses decreased as a result of a vacant position and management and general expenses increased due to increased salaries.

For the 2012-13 fiscal year, as a result of the station continuing to broadcast more live programming, programming and production expenses decreased by $45,881, and broadcasting expenses decreased by $5,956. Fundraising and membership development expenses decreased by $12,629 as a result of a vacant position during the last four months of the 2012-2013 year. Management and general expenses decreased by $57,084 due to elimination of a position at the Station.

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 asses:

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

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

Cash Flows for the Fiscal Years

	Station		
	2013-14	2012-13	2011-12
Cash Provided (Used) by:			
Operating Activities	$ (147,462)	$ (121,072)	$ (158,629)
Noncapital Financial Activities	153,041	163,895	188,798
Investing Activities	(7,559)	(45,409)	-
Net Increase (Decrease) in Cash	(1,980)	(2,586)	30,169
Cash, Beginning of Year	42,374	44,960	14,791
Cash, End of Year	$ 40,394	$ 42,374	$ 44,960

Net cash used by operating activities for the 2013-14 fiscal year increased by $26,390 compared to the 2012-13 fiscal year primarily due to an increase in payments made to suppliers, grants and contracts offset by a decrease in contributions and membership revenue. For the 2012-13 fiscal year, net cash used by operating activities decreased by $37,557 compared to the 2011-12 fiscal year primarily due to an increase in payments made to employees offset by a decrease in contribution and membership income. For the 2013-14, 2012-11, and 2011-10 fiscal years, general allocations from Gulf Coast State College totaling $153,041 $163,895, and $188,798, 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, to depreciate capital assets. As a result, the Station recognized $148,812 of depreciation expense for the 2013-14 and $192,307 for the 2012-13 fiscal year. Refer to the notes to the financial statements for additional information on capital asset activity for the 2013-14 fiscal year.

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

Capital Assets, Net at June 30

	Station		
Capital Assets	2014	2013	2012
Buildings	$ 77,206	$ 85,685	$ 94,163
Radio Tower	514,199	643,938	773,678
Furniture, Machinery, and Equipment	33,292	36,327	45,007
Total Capital Assets, Net	$ 624,697	$ 765,950	$ 912,848

The Station had no long-term debt outstanding for the fiscal years ended June 30, 2014, 2013, and 2012.

REQUESTS FOR INFORMATION

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

ATTN: Vice President of Administration and Finance
Gulf Coast State College
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
JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 40,394	$ 38,867
Restricted Cash	-	3,507
Due from Gulf Coast State College, Net	3,820	500
Due from Department of Education	10,307	-
Prepaid Expenses	18,937	8,015
Total Current Assets	73,458	50,889
CAPITAL ASSETS, NET	624,697	765,950
Total Assets	$ 698,155	$ 816,839
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	$ 14,127	$ 500
Unearned Revenue	-	3,507
Total Current Liabilities	14,127	4,007
COMPENSATED ABSENCES PAYABLE	14,114	14,197
OTHER POSTEMPLOYMENT BENEFITS PAYABLE	3,852	2,855
Total Liabilities	32,093	21,059
NET POSITION		
Invested in Capital Assets	624,697	765,950
Unrestricted	41,365	29,830
Total Net Position	666,062	795,780
Total Liabilities and Net Position	$ 698,155	$ 816,839

See accompanying Notes to Financial Statements.

WKGC-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY GULF COAST STATE COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
REVENUES		
Donated Facilities and Administrative Services	$ 166,727	$ 150,249
Contribution and Membership Income	11,710	36,522
Community Service Grants:		
Corporation for Public Broadcasting	150,311	156,171
Florida Department of Education	85,307	-
Gulf Coast Foundation Grant	-	26,563
Total Revenues	414,055	369,505
EXPENSES		
Program Services:		
Programming and Production	100,005	105,301
Broadcasting	322,157	310,263
Program Information	16,721	7,779
Total Program Services	438,883	423,343
Support Services:		
Management and General	253,446	206,216
Fundraising and Membership Development	4,098	49,050
Underwriting	387	2,339
Total Support Services	257,931	257,605
Total Expenses	696,814	680,948
OPERATING LOSS	(282,759)	(311,443)
NON-OPERATING REVENUES		
General Allocations from Gulf Coast State College	153,041	163,895
DECREASE IN NET POSITION	(129,718)	(147,548)
Net Position - Beginning of Year	795,780	943,328
NET POSITION - END OF YEAR	$ 666,062	$ 795,780

See accompanying Notes to Financial Statements.

WKGC-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY GULF COAST STATE COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Grants and Contracts	$ 228,791	$ 186,241
Cash Received from Contributions and Memberships	11,710	36,522
Cash Paid to Suppliers	(184,051)	(112,957)
Cash Paid to Employees	(203,912)	(230,878)
Net Cash Used by Operating Activities	(147,462)	(121,072)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Equipment	(7,559)	(45,409)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
General Allocations from Gulf Coast State College	153,041	163,895
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,980)	(2,586)
Cash and Cash Equivalents - Beginning of Year	42,374	44,960
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 40,394	$ 42,374
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (282,759)	$ (311,443)
Adjustments to Reconcile Operating Loss to Cash Used by Operating Activities:		
Depreciation	148,812	192,307
Change in Due from Gulf Coast State College, Net	(3,320)	1,375
Change in Due from Department of Education	(10,307)	-
Change in Prepaid Expenses	(10,922)	2,322
Change in Unearned Revenue	(3,507)	(3,684)
Change in Accounts Payable	13,627	(1,375)
Change in Compensated Absences	(83)	(1,785)
Change in Other Postemployment Benefits Payable	997	1,211
Total Adjustments	135,297	190,371
Net Cash Used by Operating Activities	$ (147,462)	$ (121,072)
NONCASH FINANCING ACTIVITIES		
Donated Facilities and Administrative Support	$ 166,727	$ 150,249

See accompanying Notes to 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, 2014 and 2013. The Station's financial statements as of and for the years ended June 30, 2014 and 2013, are intended to present that portion of the College's financial position, and the changes in financial position and cash flows, that is attributable to the Station's transactions.

Basis of Presentation

The Station's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public telecommunication entities operated by colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). GASB allows public colleges and universities various reporting options. The College elected to report as an entity engaged in only business-type activities. Accordingly, this election requires entity-wide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net position
  - Stations of Revenues, Expenses and Changes in Net position
  - Statement of Cash Flows (presented using the direct method in compliance with GASB Statement No. 9)
  - Notes to Financial Statements
- Other Required Supplementary Information

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

Basis of Accounting

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 provider have been met.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Cash deposits are held by the College and earmarked for the Station in banks qualified as 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 expense 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 pledge receivables as of June 30, 2014 and 2013.

Capital Assets

Capital assets are recorded at historical cost except in the case of donated property, which is recorded at the estimated fair market value of the property at the date of receipt. The Station has a capitalization threshold of $5,000 for individual tangible personal property and $25,000 for improvements other than buildings. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for maintenance and repairs are expensed.

The Station uses the straight-line method of calculating depreciation over the estimated useful life of the assets. The following is a summary of the estimated useful life by asset category:

Asset Category	Estimated Useful Life
Buildings	40 Years
Radio Tower	10 Years
Furniture, Machinery, and Equipment	3 - 7 Years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 received. The value assigned was amortized using the straight-line method over a period of 10 years. The license is fully amortized.

Unearned Revenue

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

Net Position

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

- *Invested in Capital Assets, Net of Related Debt* – 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 unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets. At June 30, 2014 and 2013, there is no related debt.
- *Restricted Assets* – The component of net position that reports the constraints placed on the use of net position by either external parties and/or enabling legislation.
- *Unrestricted Assets* – The difference between the assets and liabilities that is not reported in invested in capital assets, net of related debt and 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.

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.

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 are met.

General allocations from the College are recorded as non-operating 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 and net position. 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 approximately fair value of the services rendered. An amount equal to the contribution amount is also recorded as management and general expense.

Donated Facilities and Administrative Support

Administrative support from the College consists of allocated financial costs and certain other expenses incurred by the College on behalf of the Station, and are reported as operating revenues and expenses in accordance with valuation guidelines prescribed by the CPB. Revenues and expenses for administrative support totaling $166,727 and $150,249 were reported for the fiscal years ended June 30, 2014 and 2013, 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In-Kind Contributions

In-Kind Contributions generally consist of donated services and support from the FDOE and other telecommunication activities. There were no revenue and expenses from in-kind contributions for the fiscal years ended June 30, 2014 and 2013.

Subsequent Events

In preparing these financial statements, the Station has evaluated events and transactions for potential recognition or disclosure through November 25, 2014, the date the financial statements were available to be issued.

NOTE 2 CAPITAL ASSETS

The following summarizes capital asset activity for the fiscal year ended June 30, 2014:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Depreciable Capital Assets:				
Buildings	$ 357,016	$ -	$ -	$ 357,016
Radio Tower	1,278,580	-	-	1,278,580
Furniture, Machinery, and Equipment	452,674	7,559	-	460,233
Total Depreciable Capital Assets	2,088,270	7,559	-	2,095,829
Less: Accumulated Depreciation:				
Buildings	271,331	8,479	-	279,810
Radio Tower	634,642	129,739	-	764,381
Furniture, Machinery, and Equipment	416,347	10,594	-	426,941
Total Accumulated Depreciation	1,322,320	148,812	-	1,471,132
Total Depreciable Capital Assets, Net	$ 765,950	$ (141,253)	$ -	$ 624,697

NOTE 2 CAPITAL ASSETS (CONTINUED)

The following summarizes capital asset activity for the fiscal year ended June 30, 2013:

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	407,265	45,409	-	452,674
Total Depreciable Capital Assets	2,042,861	45,409	-	2,088,270
Less: Accumulated Depreciation:				
Buildings	262,852	8,479	-	271,331
Radio Tower	504,903	129,739	-	634,642
Furniture, Machinery, and Equipment	362,258	54,089	-	416,347
Total Accumulated Depreciation	1,130,013	192,307	-	1,322,320
Total Depreciable Capital Assets, Net	$ 912,848	$ (146,898)	$ -	$ 765,950

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

	2014	2013
Programming and Production	$ 3,392	$ 3,392
Broadcasting	143,724	187,219
Management and General	1,696	1,696
Total	$ 148,812	$ 192,307

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 PAYABLE

Employees earn the right to be compensated during absences 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, 2014 and 2013, the estimated liability for compensated absences, which includes the employer's share of the Florida Retirement System and FICA contributions, totaled $14,114 and $14,197, respectively. The current portion, if any, of the compensated absences liability is calculated based on terminal leave pay anticipated from those employees who have expressed their intent to retire during the next fiscal year.

NOTE 4 LONG-TERM LIABILITIES

Long-term liabilities of the Station at June 30, 2014 and 2013, include compensated absences payable and other postemployment benefits payable. The following summarizes long-term liabilities activity for the fiscal year ended June 30, 2014:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long Term Portion
Compensation Absences Payable	$ 14,197	$ -	$ 83	$ 14,114	$ -	$ 14,114
Other Postemployment Benefits Payable	2,855	997	-	3,852	-	3,852
Total Long-Term Liabilities	$ 17,052	$ 997	$ 83	$ 17,966	$ -	$ 17,966

The following summarizes long-term liabilities activity for the fiscal year ended June 30, 2013:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long Term Portion
Compensation Absences Payable	$ 15,982	$ -	$ 1,785	$ 14,197	$ -	$ 14,197
Other Postemployment Benefits Payable	1,644	1,211	-	2,855	-	2,855
Total Long-Term Liabilities	$ 17,626	$ 1,211	$ 1,785	$ 17,052	$ -	$ 17,052

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS PAYABLE

The College follows GASB Statement No. 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 contributes to an agent multiple-employer defined-benefit plan administered by the Consortium for postemployment benefits. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College (including Station employees) are eligible to participate in the College's healthcare and life insurance benefits. The College subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at 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, 2014 and 2013, no Station retirees received postemployment healthcare benefits and no Station retirees received postemployment life insurance benefits.

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

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 No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the Station's estimated portion of the College's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Station's net OPEB obligation:

	2014	2013
Normal Cost (Service Cost for One Year)	$ 629	$ 912
Amortization of Unfunded Actuarial Accrued Liability	359	265
Annual Required Contributions	988	1,177
Interest on Net OPEB Obligation	56	47
Adjustment to Annual Required Contribution	(47)	(13)
Annual OPEB Cost (Expense)	997	1,211
Contribution Toward the OPEB Cost	-	-
Increase in Net OPEB Obligation	997	1,211
Net OPEB Obligation, Beginning of Year	2,855	1,644
Net OPEB Obligation, End of Year	$ 3,852	$ 2,855

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, 2014 and 2013 were as follows:

Fiscal Year	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
2010-11	$ 687	113.1%	$ 430
2011-12	$ 1,214	19.7%	$ 1,644
2012-13	$ 1,211	30.0%	$ 2,855
2013-14	$ 997	46.0%	$ 3,852

Funded Status and Funding Progress: As of July 1, 2011, the most recent valuation date, the Station's actuarial accrued liability for benefits was $9,778 and the actuarial value of assets was $-0-, resulting in an unfunded actuarial accrued liability of $9,778 and a funded ratio of 0%. The covered payroll (annual payroll of active participating employees) was $188,839 and $233,748 for the years ended June 30, 2014 and 2013, respectively, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 3.16% and 3.40% as of June 30, 2014 and 2013, respectively.

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

Funded Status and Funding Progress (Continued): Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The College's OPEB actuarial valuation as of July 1, 2011 used the projected unit credit actuarial method to estimate the unfunded actuarial liability as of June 30, 2011, and the College's 2011-12 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% rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 4% per year, and an annual healthcare cost trend rate of 10.5% and 8.5% for pre-Medicare and Medicare, respectively for the 2011-12 fiscal year, reduced by decrements to an ultimate rate of 5% in 2018 and 2017 for pre-Medicare and Medicare, respectively. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 30 years. The remaining amortization period at June 30, 2014 was 28 years.

NOTE 6 FLORIDA RETIREMENT SYSTEM RETIREMENT PROGRAMS

All full-time employees of the Station are participants in the Florida Retirement System (the System), a multiple-employer cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers more than 623,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after 6 years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with 6 or more years of service or has 30 years of service, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after 8 years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with 8 or more years of service or has 33 years of service, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

Effective with the State fiscal year 2002, the State created a new retirement plan within the System: the Public Employee Optional Retirement Program (the FRS Investment Plan). Any regular member not in the Deferred Retirement Option Program (DROP) is eligible to participate in the FRS Investment Plan. Employer contributions are made to the FRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the investment funds available through the Plan. Investment accounts vest after 1 year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System. Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing.

The Station has no responsibility to the System other than to make the periodic contributions required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 1317 Winewood Blvd., Building 8, Tallahassee, FL 32399-1560.

NOTE 6 FLORIDA RETIREMENT SYSTEM RETIREMENT PROGRAMS (CONTINUED)

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 6.95% and 5.18%; DROP employees, 12.84% and 5.44%; for the System's years ended June 30, 2014 and 2013, respectively. Effective July 1, 2014, the rates were changed as follows: regular employees, 7.37%; DROP employees, 12.28%. In addition, all employees (except for those in DROP) were required to make contributions of 3% on a pretax basis, deductible from their gross salaries for each payroll beginning in July 2011.

The Station's contributions made during the years ended June 30, 2014 and 2013 were $13,816 and $10,022 respectively, equal to the actuarially determined contribution requirements for each year.

NOTE 7 RISK MANAGEMENT PROGRAMS

The Station is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage to the Station for these risks through the Florida College System Risk Management Consortium (the Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide College risk management program. The Consortium is self-sustaining through member assessments (premiums) and is reinsured through commercial companies for claims in excess of specified amounts. Reinsurance from commercial companies provided excess coverage of up to $150 million. Insurance coverage obtained through the Consortium included health and hospitalization, life, dental, fire and extended property, general and automobile liability, workers' compensation, and other liability coverage. For the years ended June 30, 2014 and 2013, 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 expenditures 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, 2014 and 2013 represent expenses incurred by the Station which will be reimbursed by the College. The reported amounts are considered to be fully collectible.

WKGC-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY GULF COAST STATE COLLEGE
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS -
OTHER POSTEMPLOYMENT BENEFIT PLAN
JUNE 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UUAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2009	$ -	$7,403	$7,403	0%	$ 208,850	3.50%
July 1, 2011	$ -	$9,778	$9,778	0%	$ 224,568	4.35%

INDEPENDENT AUDITORS' 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 operated by Gulf Coast State College (the College), as of and for the year ended June 30, 2014, which collectively comprise the Station's basic financial statements, and the related notes to the financial statements, and have issued our report thereon dated November 25, 2014.

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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. 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 Station'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.

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Orlando, Florida
November 25, 2014