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

Financial Statements

June 30, 2019 and 2018

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

We have audited the accompanying financial statements of the business-type activities of WKGC AM/FM Radio Station (Station), a public telecommunications entity operated by Gulf Coast State College (College), as of and for the years ended June 30, 2019 and 2018, and the related notes to the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Station, as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Nature of Operations

As discussed in note 1, these financial statements are intended to present the financial position, changes in financial position and cash flows of only the Station's portion of Gulf Coast State College's financial statements. They do not purport to, and do not present fairly the financial position of Gulf Coast State College, a component unit of the State of Florida, as of June 30, 2019 and 2018, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, the schedule of changes in the Station's total other postemployment benefits liability and related ratios on page 32, the schedule of the Station's proportionate share of the net pension liability – Florida Retirement System on page 33, the schedule of the Station's contributions – Florida Retirement System on page 34, the schedule of the Station's proportionate share of the net pension liability – Health Insurance Subsidy Program on page 35, and the schedule of the Station's contributions – Health Insurance Subsidy Program on page 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2020, on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

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

Certified Public Accountants
Panama City Beach, Florida
February 10, 2020

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the WKGC AM/FM Radio Station (Station) for the years ended June 30, 2019 and 2018, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities, as amended by GASB Statement Nos. 37 and 38*. The MD&A, and financial statements and notes thereto, are the responsibility of Station's management. The Station is operated by Gulf Coast State College (a component unit of the State of Florida) located in Panama City, Florida.

FINANCIAL HIGHLIGHTS

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

- Total assets and deferred outflows of resources of the Station exceeded total liabilities and deferred inflows of resources of the Station by $133,333 (net position). Of this amount, $46,808 is a deficit of unrestricted net position, $6,014 is restricted net position, and $174,127 is net investment in capital assets.
- Total net position decreased from June 30, 2018 by $30,175 due to a net operating loss.
- Operating revenues were 60% of the total revenues of the Station.
- A loss of $319,033 from operations, offset by $288,858 of nonoperating revenues and expenses, resulted in a decrease in net position of $30,175 for the 2018-2019 fiscal year. Nonoperating revenues are general allocations from the College and nonoperating expense in the current year is the loss on disposal of the Station's building.

OVERVIEW OF THE FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities, as amended by GASB Statement Nos. 37 and 38*, the Station's financial statements consist of the statement of net position; the statement of revenues, expenses, and changes in net position; the statement of cash flows; and notes to the basic financial statements. In addition to the financial statements, MD&A is included as required supplementary information.

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

One of the most important questions asked about the Station's finances is, "Is the Station as a whole, better or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and changes in net position report information on the Station as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the Station's operating results.

These two statements report the Station's net positon and change in net position. You can think of the Station's net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources as one way to measure the Station's financial health, or financial position. Over time, increases or decreases in the Station's net position is one indication of whether its financial health is improving or deteriorating.

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

A condensed statement of net position for the respective fiscal years ended is presented in the following table.

Net Position

June 30,	2019	2018	2017
Current assets	$ 138,796	$ 111,071	$ 74,606
Capital assets, net	174,127	217,245	362,570
Total assets	312,923	328,316	437,176
Deferred outflows of resources	81,423	85,850	77,987
Current liabilities	7,399	2,222	8,365
Noncurrent liabilities	219,295	224,669	207,248
Total liabilities	226,694	226,891	215,613
Deferred inflows of resources	34,319	23,767	11,138
Net position			
Net investment in capital assets	174,127	217,245	362,570
Restricted	6,014	1,750	-
Unrestricted	(46,808)	(55,487)	(74,158)
Total net position	$ 133,333	$ 163,508	$ 288,412

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

Changes in Net Position

Year ended June 30,		2019		2018		2017
Operating revenues						
Donated facilities and administrative support	$	227,959	$	260,647	$	203,051
Contribution and membership income		21,366		45,623		36,527
Community service grants						
Corporation for Public Broadcasting		138,038		132,791		125,019
Florida Department of Education		100,000		100,000		100,000
Gulf Coast Foundation grant		15,000		15,000		16,200
Total operating revenues		502,363		554,061		480,797
Less: operating expenses		821,396		1,082,215		879,315
Operating loss		(319,033)		(528,154)		(398,518)
Nonoperating revenues (expenses)						
General allocations from Gulf Coast State College		330,026		415,356		355,529
Loss on disposal of assets		(41,168)		-		-
Total nonoperating revenues (expenses)		288,858		415,356		355,529
Net loss	$	(30,175)	$	(112,798)	$	(42,989)

The Station's primary sources of funding are general allocations from Gulf Coast State College, Corporation for Public Broadcasting grants, Florida Department of Education Community Service grants, and donations. Station operating revenues for the fiscal years ended June 30, 2019, 2018, and 2017, were $319,033, $528,154, and $480,797 respectively, and primarily consisted of:

- Donated facilities and support totaled $227,959 for the 2018-2019 fiscal year compared to $260,647 for the 2017-2018 fiscal year, representing a $32,688 decrease due to decreased support from Gulf Coast State College particularly related to salaries. Donated facilities and support totaled $260,647 for the 2017-2018 fiscal year compared to $203,051 for the 2016-2017 fiscal year, representing a $57,596 increase due to increased support from Gulf Coast State College particularly related to salaries.
- Community service grants totaled $253,038, $247,791, and $241,219 for fiscal years 2018-2019, 2017-2018, and 2016-2017, respectively. Grant revenues have remained fairly consistent each year.
- Contributions and membership income totaled $21,366 for the 2018-2019 fiscal year compared to $45,623 for the 2017-2018 fiscal year, representing a $24,257 decrease due to decreases in membership income and contributions. Contributions and membership income totaled $45,623 for the 2017-2018 fiscal year compared to $36,527 for the 2016-2017 fiscal year, representing a $9,096 increase due to increases in membership income and contributions.

For the 2018-2019 fiscal year, nonoperating revenues consisted of general allocations from Gulf Coast State College, which decreased $85,330 compared to the 2017-2018 fiscal year due primarily to a decrease in college funded general expenses particularly related to salaries. Nonoperating revenues for the 2017-2018 fiscal year increased $59,827 compared to the 2016-2017 fiscal year primarily due to an increase in college funded general expenses particularly related to salaries.

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

Operating Expenses

Year ended June 30,	2019	2018	2017
Operating expenses			
Programming and production	$ 164,239	$ 152,434	$ 100,051
Broadcasting	312,749	505,909	446,825
Program information	18,568	41,381	14,516
Fundraising and membership development	11,395	12,112	9,868
Underwriting	-	-	3,825
Management and general	314,445	370,379	304,230
Total operating expenses	$ 821,396	$ 1,082,215	$ 879,315

For the 2018-2019 fiscal year, broadcasting, program information, and management and general decreased as a result of a decrease in salaries. Programming and production increased as a result of increased fees for programming.

For the 2017-2018 fiscal year, programming and production and program information expenses increased as a result of reallocation of salaries. Broadcasting expenses increased due to an increase in salaries allocated to 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 assess:

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

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

Cash Flows

Year ended June 30,	2019	2018	2017
Net cash provided (used) by			
Operating activities	$ (269,483)	$ (317,904)	$ (182,700)
Noncapital financing activities	330,026	415,356	355,529
Capital and related financing activities	(82,200)	(55,242)	(143,520)
Net increase (decrease) in cash	(21,657)	42,210	29,309
Cash and cash equivalents, beginning of year	93,047	50,837	21,528
Cash and cash equivalents, end of year	$ 71,390	$ 93,047	$ 50,837

Net cash used by operating activities for the 2018-2019 fiscal year decreased by $48,421 compared to the 2017-2018 fiscal year primarily due to an decrease in payments to employees and payments to suppliers offset by a decrease in cash received from grants and contracts. Net cash used by operating activities for the 2017-2018 fiscal year increased by $135,204 compared to the 2016-2017 fiscal year fiscal year primarily due to an increase in payments to employees and suppliers.

For the 2018-2019, 2017-2018, and 2016-2017 fiscal years, general allocations from Gulf Coast State College totaling $330,026, $415,356, and $355,529, respectively, are reported as cash flows from noncapital financing activities, and are used by the Station to finance normal operating activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Station is required, pursuant to GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities, as amended by GASB Statement Nos. 37 and 38*, to depreciate capital assets. As a result, the Station recognized $84,150 of depreciation expense for the year ended June 30, 2019, $200,567 for the year ended June 30, 2018 and $203,354 for the year ended June 30, 2017. Refer to the notes to the basic financial statements for additional information on capital assets activity.

A listing of capital assets, net of depreciation, for the respective fiscal years ended is presented in the following table. During the year ended June 30, 2019, the Station moved locations on the College's campus. As such, they considered the building they were using as transferred back to the College at a loss of $41,168.

Capital Assets

June 30,	2019	2018	2017
Buildings	$ -	$ 43,290	$ 51,769
Radio tower	-	-	124,982
Furniture, machinery, and equipment	174,127	173,955	185,819
Total capital assets, net	$ 174,127	$ 217,245	$ 362,570

The Station had no long-term debt outstanding at June 30, 2019, 2018, or 2017.

REQUESTS FOR INFORMATION

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

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

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

June 30,		**2019**		2018
Current assets				
Cash and cash equivalents	**$**	**65,376**	$	91,297
Restricted cash and cash equivalents		**6,014**		1,750
Due from Gulf Coast State College, net		**16,077**		472
Due from Department of Education		**35,597**		-
Prepaid expenses		**15,732**		17,552
Total current assets		**138,796**		111,071
Capital assets, net		**174,127**		217,245
Deferred outflows of resources		**81,423**		85,850
Total assets and deferred outflows of resources		**394,346**		414,166
Current liabilities				
Accounts payable		**1,385**		472
Unearned revenue		**6,014**		1,750
Total current liabilities		**7,399**		2,222
Accrued compensated absences		**3,579**		2,827
Other postemployment benefits payable		**18,782**		19,357
Net pension liability		**196,934**		202,485
Total liabilities		**226,694**		226,891
Deferred inflows of resources		**34,319**		23,767
Total liabilities and deferred inflows of resources		**261,013**		250,658
Net position				
Net investment in capital assets		**174,127**		217,245
Restricted		**6,014**		1,750
Unrestricted		**(46,808)**		(55,487)
Total net position	**$**	**133,333**	$	163,508

See accompanying notes.

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

Year ended June 30,	**2019**	2018
Revenues		
Donated facilities and administrative services	**$ 227,959**	$ 260,647
Contribution and membership income	**21,366**	45,623
Community service grants		
Corporation for Public Broadcasting	**138,038**	132,791
Florida Department of Education	**100,000**	100,000
Gulf Coast Foundation grant	**15,000**	15,000
Total operating revenues	**502,363**	554,061
Expenses		
Program services		
Programming and production	**164,239**	152,434
Broadcasting	**312,749**	505,909
Program information	**18,568**	41,381
Total program services	**495,556**	699,724
Support services		
Management and general	**314,445**	370,379
Fundraising and membership development	**11,395**	12,112
Total support services	**325,840**	382,491
Total operating expenses	**821,396**	1,082,215
Operating loss	**(319,033)**	(528,154)
Nonoperating revenues (expenses)		
General allocations from Gulf Coast State College	**330,026**	415,356
Loss on disposal of assets	**(41,168)**	-
Total nonoperating revenues (expenses)	**288,858**	415,356
Net loss	**(30,175)**	(112,798)
Net position, beginning (as originally reported)	**163,508**	288,412
Restatement adjustment	**-**	(12,106)
Net position, beginning (as restated)	**163,508**	276,306
Net position, ending	**$ 133,333**	$ 163,508

See accompanying notes.

Statements of Cash Flows

Year ended June 30,		**2019**		2018
Cash flows from operating activities				
Cash received from grants and contracts	**$**	**206,100**	$	257,434
Cash received from contributions and memberships		**21,366**		45,623
Cash paid to suppliers		**(184,787)**		(236,879)
Cash paid to employees		**(312,162)**		(384,082)
Net cash used by operating activities		**(269,483)**		(317,904)
Cash flows from noncapital financing activities				
General allocations from Gulf Coast State College		**330,026**		415,356
Cash flows from capital and related financing activities				
Purchases of equipment		**(82,200)**		(55,242)
Net increase (decrease) in cash and cash equivalents		**(21,657)**		42,210
Cash and cash equivalents, beginning		**93,047**		50,837
Cash and cash equivalents, ending	**$**	**71,390**	$	93,047
Cash and cash equivalents shown as				
Cash and cash equivalents	**$**	**65,376**	$	91,297
Restricted cash and cash equivalents		**6,014**		1,750
Cash and cash equivalents, ending	**$**	**71,390**	$	93,047
Noncash financing activities				
Donated facilities and administrative services	**$**	**227,959**	$	260,647

(Continued)

See accompanying notes.

Year ended June 30,	**2019**	2018
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	**$ (319,033)**	$ (528,154)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	**84,150**	200,567
(Increase) decrease in assets		
Due from Gulf Coast State College, net	**(15,605)**	7,893
Due from Department of Education	**(35,597)**	-
Prepaid expenses	**1,820**	(2,148)
(Increase) decrease in deferred outflows of resources	**4,427**	(7,863)
Increase (decrease) in liabilities		
Accounts payable	**913**	(7,893)
Unearned revenue	**4,264**	1,750
Accrued compensated absences	**752**	(691)
Other postemployment benefits payable	**(575)**	(1,386)
Net pension liability	**(5,551)**	7,392
Increase (decrease) in deferred inflows of resources	**10,552**	12,629
Total adjustments	**49,550**	210,250
Net cash used by operating activities	**$ (269,483)**	$ (317,904)

See accompanying notes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

WKGC AM/FM Radio Station (Station) is operated by Gulf Coast State College (College) (a component unit of the State of Florida), located in Panama City, Florida. The College is under the general direction and control of the Florida Department of Education, Division of Florida Colleges. The Station is operated as a separate department of the College. Accordingly, the Station's financial statements are combined and reported in the College's financial statements for the years ended June 30, 2019 and 2018. The Station's financial statements as of and for the years ended June 30, 2019 and 2018 are intended to present only the Station's portion of the College's financial position, and changes in financial position and cash flows.

Basis of Presentation

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

- Management's Discussion and Analysis
- Basic Financial Statements
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Changes in Net Position
  - Statement of Cash Flows
  - Notes to the Basic Financial Statements
- Required Supplementary Information

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board (GASB) Pronouncements

The District follows the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment to GASB Statement No. 34,* and GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*. Statement No. 34 establishes standards for external financial reporting for all state and local governmental entities.

Use of Estimates

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

Cash and Cash Equivalents

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

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

Restricted Cash and Cash Equivalents

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

Prepaid Expenses

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

Pledges Receivable

Contribution revenue is recognized when pledges are received. There were no pledges receivable as of June 30, 2019 or 2018.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

The Station uses the straight-line method of calculating depreciation over the estimated useful lives of the assets. The following are generally the estimated useful lives by asset category:

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

Unearned Revenue

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

Broadcasting License

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

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

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and this standard renames the components of net position which were previously considered net assets.

Net position in the statements of net position includes the following:

- Net investment in capital assets – This is the component of net position that reports capital assets, less accumulated depreciation and the outstanding balance of the related debt, excluding any unexpended proceeds, directly attributable to the acquisition, construction or improvement of those assets. At June 30, 2019 and 2018, there was no related debt.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Restricted net position – The component of net position that has constraints placed on its use by external parties or enabling legislation. The restricted net position as of June 30, 2019 and 2018 is $6,014 and $1,750, respectively, for unspent grant receipts. There were no amounts restricted by enabling legislation.
- Unrestricted net position – The remaining balance of net position that is not reported in net investment in capital assets or restricted net position.

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

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Grant Reporting

Community service grants from the Florida Department of Education (FDOE) and the CPB can be used to support the general operations of the Station and are, therefore, included in operating revenues.

Revenue Recognition

Contributions that are unrestricted are recorded as operating revenue in the accompanying statements of revenues, expenses, and changes in net position when received. Cash advances received through community service grants from the FDOE, and other restricted grants, are recorded as unearned revenue when received. Revenues for these grants are recognized to the extent that eligibility requirements have been met.

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

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

Donated facilities and administrative services are comprised principally of contributed services and contributed space by the College and are valued at fair value. An amount equal to the contribution

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

is also recorded as management and general expense for donated administrative services and allocated between programming and production, broadcasting, and management and general for donated facilities.

Donated Facilities and Administrative Support

Administrative support from the College consists of allocated financial costs and certain other expenses incurred by the College on behalf of the Station, and is reported as operating revenue and expense in accordance with valuation guidelines prescribed by the CPB. Revenues and expenses for administrative support totaling $227,959 and $260,647 were reported for the fiscal years ended June 30, 2019 and 2018, respectively.

Functional Allocation of Expenses

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

In-kind Contributions

Other in-kind contributions generally consist of donated services and support from the FDOE and other telecommunication activities. There were no other in-kind contribution revenues or expenses for the fiscal years ended June 30, 2019 and 2018.

Compensated Absences

The Station follows GASB Statement No. 16 *Accounting for Compensated Absences*. Enterprise funds accrue sick leave and vacation benefits in the period in which they are earned. The Station does not accrue compensated absences for employees whose salaries are allocated to the Station because the College is responsible for future retirement payments.

Pensions

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Postemployment Benefits Other Than Pensions

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, requires local and state government employers to recognize the other postemployment benefits (OPEB) liability and the OPEB expense on their financial statements along with related deferred outflows and inflows of resources.

Subsequent Events

Management of the Station has evaluated subsequent events through February 10, 2020, the date the financial statements were available to be issued.

Recently Issued Accounting Pronouncements

The following accounting standards have been issued by the Governmental Accounting Standards Board (GASB) that may have an effect on the Station. Management has not yet determined the effect these statements will have on the Station's financial statements.

> GASB Statement No. 84, *Fiduciary Activities*, was issued with the objective of improving guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.
>
> GASB Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the lease. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.
>
> GASB Statement No. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*, was issued to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simply accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

NOTE 2: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019, was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Depreciable capital assets				
Buildings	$ 357,016	$ -	$ 357,016	$ -
Radio tower	1,278,580	-	-	1,278,580
Furniture, machinery, and equipment	719,418	82,200	-	801,618
Total depreciable capital assets	2,355,014	82,200	357,016	2,080,198
Less: accumulated depreciation				
Buildings	313,726	2,122	315,848	-
Radio tower	1,278,580	-	-	1,278,580
Furniture, machinery, and equipment	545,463	82,028	-	627,491
Total accumulated depreciation	2,137,769	84,150	315,848	1,906,071
Total depreciable capital assets, net	$ 217,245	$ (1,950)	$ 41,168	$ 174,127

Capital assets activity for the year ended June 30, 2018, was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Depreciable capital assets				
Buildings	$ 357,016	$ -	$ -	$ 357,016
Radio tower	1,278,580	-	-	1,278,580
Furniture, machinery, and equipment	664,176	55,242	-	719,418
Total depreciable capital assets	2,299,772	55,242	-	2,355,014
Less: accumulated depreciation				
Buildings	305,247	8,479	-	313,726
Radio tower	1,153,598	124,982	-	1,278,580
Furniture, machinery, and equipment	478,357	67,106	-	545,463
Total accumulated depreciation	1,937,202	200,567	-	2,137,769
Total depreciable capital assets, net	$ 362,570	$ (145,325)	$ -	$ 217,245

NOTE 2: CAPITAL ASSETS (CONTINUED)

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

Year ended June 30,	2019	2018
Programming and production	$ 848	$ 3,392
Broadcasting	82,878	195,480
Management and general	424	1,695
Total	$ 84,150	$ 200,567

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 asset against which the Federal Government has a lien is:

Capital asset	DOC Grant No.	Original Cost	Lien Through
Radio tower	12-01-N06013	$ 438,387	2019

NOTE 3: ACCRUED COMPENSATED ABSENCES

Employees of the Station earn the right to be compensated during absence for annual leave (vacation) and sick leave pursuant to the College's policies. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. At June 30, 2019 and 2018, the estimated liability for accrued compensated absences, which includes the employer's share of the Florida Retirement System and FICA contributions, totaled $3,579 and $2,827, respectively.

NOTE 4: OTHER POSTEMPLOYMENT BENEFITS

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

General Information about the OPEB Plan

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan, administered by the Consortium that provides OPEB for all employees who satisfy the College's retirement eligibility provisions. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College's healthcare benefits. The College subsidizes the premium rates paid by retirees by allowing them to

NOTE 4: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The College does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the College and the OPEB Plan members are established and may be amended by action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75. At June 30, 2019 the Station's proportionate share of the College's OPEB liability was 1.24346 percent.

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

Employees Covered by Benefit Terms. At June 30, 2017, the following employees were covered by the benefit terms:

	College	Station
Inactive employees or beneficiaries currently receiving benefits	72	0
DROP members	3	0
Active employees	361	5
Total	436	5

Total OPEB Liability

The College's total OPEB liability of $1,510,392 was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2017. The proportionate share for the Station's total OPEB liability was $18,782 at June 30, 2019.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60 percent
Real wage growth	0.65 percent
Wage inflation	3.25 percent
Salary increases	
Regular employees	4.00 - 7.80 percent
Senior management	4.70 - 7.10 percent
Discount rate	3.87 percent at June 30, 2018 measurement date
	3.56 percent at June 30, 2017 measurement date
	3.01 percent at June 30, 2016 measurement date

NOTE 4: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Healthcare cost trend rates	
Pre-medicare	7.50 percent for 2017, decreasing to an ultimate rate of 5.00 percent for 2023
Medicare	5.50 percent for 2017, decreasing to an ultimate rate of 5.00 percent for 2020

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

Mortality rates were based on the Generational RP-2014 mortality tables, with adjustments for FRS experience and generational mortality improvements using Scale MP-2014.

The demographic actuarial assumptions for mortality retirement, disability incidence, and withdrawal used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2008, through June 30, 2013, adopted by FRS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

Changes in the Total OPEB Liability

Year ended June 30,	2019	2018
Changes for the year:		
Service cost	$ 890	$ 1,057
Interest	676	619
Changes in assumptions or other inputs	(1,417)	(2,677)
Benefit payments	(724)	(385)
Net changes	(575)	(1,386)
Net OPEB obligation, beginning of year	19,357	20,743
Net OPEB obligation, end of year	$ 18,782	$ 19,357

The beginning OPEB obligation as of July 1, 2017 was restated due to the implementation of GASB Statement No. 75. See note 10 for additional information about the restatement.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.56 percent in 2017 to 3.87 percent in 2018 due to a change in the Municipal Bond Rate.

NOTE 4: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the Station, as well as what the Station's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current rate:

	1 % Decrease (2.87%)	Current Discount Rate (3.87%)	1 % Increase (4.87%)
Total OPEB liability	$ 23,858	$ 18,782	$ 14,988

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

	1 % Decrease	Healthcare Cost Trend Rates	1 % Increase
Total OPEB liability	$ 14,465	$ 18,782	$ 24,798

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

For the fiscal year ended June 30, 2019, the Station recognized OPEB expense of $1,086. At June 30, 2019, the Station reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions or other inputs	$ -	$ 3,301
Station contributions subsequent to the measurement date	574	-
Total	$ 574	$ 3,301

Of the total amount reported as deferred outflows of resources related to OPEB, $574 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTE 4: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Measurement period ending June 30,		
2020	$	(480)
2021		(480)
2022		(480)
2023		(480)
2024		(480)
Thereafter		(901)
Total	$	(3,301)

NOTE 5: DEFINED BENEFIT PENSION PLANS

Plan Description

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

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

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

NOTE 5: DEFINED BENEFIT PENSION PLANS (CONTINUED)

Benefits Provided

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

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

Contributions

The contribution requirements of plan members and the Station are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The Station's contribution rates for the years ended June 30, 2019 and 2018 were as follows:

	July 1, 2017 Through June 30, 2018		July 1, 2018 Through June 30, 2019	
	FRS	**HIS**	**FRS**	**HIS**
Regular class	6.26%	1.66%	8.26%	1.66%
DROP plan participants	11.60%	1.66%	14.03%	1.66%

The Station's contributions for the year ended June 30, 2019, were $13,505 to FRS and $3,598 to HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended June 30, 2019, the Station reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2018, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2018. The Station's proportions of the net pension liabilities were based on the Station's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

NOTE 5: DEFINED BENEFIT PENSION PLANS (CONTINUED)

	FRS	HIS
Net pension liability	$ 129,730	$ 67,204
Proportion at:		
Current measurement date	0.0004307%	0.0006350%
Prior measurement date	0.0004440%	0.0006654%
Pension expense	$ 21,300	$ 4,144

Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2019, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Effect of economic/demographic gains or losses (difference between expected and actual experience)	$ 10,990	$ 399
Effect of assumptions changes or inputs	42,389	-
Net difference between projected and actual investment earnings	-	10,023
Changes in proportion and differences between contributions and proportionate share of contributions	1,662	8,659
Station contributions subsequent to the measurement date	13,505	-
Total	$ 68,546	$ 19,081

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Effect of economic/demographic gains or losses (difference between expected and actual experience)	$ 1,029	$ 114
Effect of assumptions changes or inputs	7,474	7,105
Net difference between projected and actual investment earnings	40	-
Changes in proportion and differences between contributions and proportionate share of contributions	162	4,718
Station contributions subsequent to the measurement date	3,598	-
Total	$ 12,303	$ 11,937

NOTE 5: DEFINED BENEFIT PENSION PLANS (CONTINUED)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending June 30, 2020. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement period ending June 30,	FRS Expense	HIS Expense
2020	$ 15,649	$ 70
2021	9,469	66
2022	(560)	(269)
2023	6,271	(626)
2024	4,530	(1,517)
Thereafter	601	(956)
Total	$ 35,960	$ (3,232)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2017, was determined by an actuarial valuation dated July 1, 2017, using the individual entry-age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	**HIS**
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.00%	N/A
Discount rate	7.00%	3.87%

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

For both plans, the actuarial assumptions used in the valuation dated July 1, 2017 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2018:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.10% to 7.00%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.58% to 3.87%.

NOTE 5: DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

	Target Allocation	Annual Arithmetic Return	Annual Geometric Return	Standard Deviation
Cash	1%	2.9%	2.9%	1.8%
Fixed income	18%	4.4%	4.3%	4.0%
Global equity	54%	7.6%	6.3%	17.0%
Real estate (property)	11%	6.6%	6.0%	11.3%
Private equity	10%	10.7%	7.8%	26.5%
Strategic investments	6%	6.0%	5.7%	8.6%
	100%			

Discount Rate

The discount rate used to measure the total pension liability for FRS was 7.00%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.87% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Station's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

FRS Net Pension Liability		
1 % Decrease	**Current Discount Rate**	**1 % Increase**
6.00%	7.00%	8.00%
236,763	129,730	40,833

HIS Net Pension Liability		
1 % Decrease	**Current Discount Rate**	**1 % Increase**
2.87%	3.87%	4.87%
76,541	67,204	59,421

NOTE 5: DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pension Plans' Fiduciary Net Position

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

NOTE 6: DEFINED CONTRIBUTION PLAN

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

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

The Station's contributions for the year ended June 30, 2019, were $1,925 to FRS and $965 to HIS.

NOTE 7: LONG-TERM LIABILITIES

Long-term liabilities of the Station at June 30, 2019 and 2018, include accrued compensated absences, other postemployment benefits payable, and net pension liability. The following summarizes long-term liabilities activity for the fiscal year ended June 30, 2019:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Long-term Portion	Current Portion
Accrued compensated absences	$ 2,827	$ 752	$ -	$ 3,579	$ 3,579	$ -
Other postemployment benefits payable	19,357	-	575	18,782	18,782	-
Net pension liability	202,485	-	5,551	196,934	196,934	-
Total long-term liabilities	$ 224,669	$ 752	$ 6,126	$ 219,295	$ 219,295	$ -

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

The following summarizes long-term liabilities activity for the fiscal year ended June 30, 2018:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Long-term Portion	Current Portion
Accrued compensated absences	$ 3,518	$ -	$ 691	$ 2,827	$ 2,827	$ -
Other postemployment benefits payable	8,637	10,720	-	19,357	19,357	-
Net pension liability	195,093	7,392	-	202,485	202,485	-
Total long-term liabilities	$ 207,248	$ 18,112	$ 691	$ 224,669	$ 224,669	$ -

NOTE 8: RISK MANAGEMENT PROGRAMS

The Station is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage to the Station for these risks through the Florida College System Risk Management Consortium (Consortium) which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated statewide college risk management program. The Consortium is self-sustaining through member assessments (premiums) and is reinsured through commercial companies for claims in excess of specified amounts. Reinsurance from commercial companies provide excess coverage of up to $150 million. Insurance coverage obtained through the Consortium includes health and hospitalization, life, dental, fire, extended property, general and automotive liability, workers' compensation, and other liability coverage. For the years ended June 30, 2019 and 2018, claims against the policy did not exceed coverage.

NOTE 9: RELATED PARTY TRANSACTIONS

The Station receives administrative and monetary support from the College. However, the Station reimburses the College for expenses in excess of appropriations. Administrative support provided by the College is valued based on the salaries of the College's staff and their proportionate amount of time spent working on the station. The amounts reported as due from the College at June 30, 2019 and 2018 represent expenses incurred by the Station which will be reimbursed by the College including reimbursement to the Station for a coding error during the year ended June 30, 2019 related to salaries. The reported amounts are considered to be fully collectible.

NOTE 10: CHANGE IN ACCOUNTING PRINCIPLE

The beginning net position of the Station at July 1, 2017 was decreased by $12,106 due to implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Station's total OPEB liability reported at July 1, 2017, increased by $12,106 from $8,637 to $20,743, due to the transition from GASB Statement No. 45 to GASB Statement No. 75. The July 1, 2016 net position was not restated for this implementation as comparable information was not available.

Required Supplementary Information

Schedule of Changes in the Station's Total Other Postemployment Benefits Liability and Related Ratios

Year ended June 30,	**2019**	2018
Total OPEB liability		
Service cost	$ 890	$ 1,057
Interest	676	619
Changes of assumptions or other inputs	(1,417)	(2,677)
Benefits payments	(724)	(385)
Net change in total OPEB liability	(575)	(1,386)
Total OPEB liability - beginning	19,357	20,743
Total OPEB liability - ending	$ 18,782	$ 19,357
Station's coved employee payroll	$ 198,824	$ 218,445
Total OPEB liability as a percentage of the Station's covered employee payroll	9%	9%

Notes to Schedule

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

Changes of Assumptions. The Municipal Bond Index Rate used to determine total OPEB liability (TOL) increased from 3.56 percent at the prior measurement date to 3.87 percent at the current measurement date.

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

The beginning OPEB liability as of July 1, 2017 was restated due to the implementation of GASB Statement No. 75. See note 10 for additional information about the restatement.

Schedule of the Station's Proportionate Share of the Net Pension Liability – Florida Retirement System
Last 10 Fiscal Years

June 30,	2018	2017	2016	2015	2014	2013 *	2012 *	2011 *	2010 *	2009 *
Station's proportion of the net pension liability	0.0004307%	0.0004440%	0.0004601%	0.0005205%	0.0005022%	N/A	N/A	N/A	N/A	N/A
Station's proportionate share of the net pension liability	$ 129,730	$ 131,385	$ 116,182	$ 67,224	$ 30,640	N/A	N/A	N/A	N/A	N/A
Station's covered payroll	218,445	184,360	252,429	170,092	188,839	N/A	N/A	N/A	N/A	N/A
Station's proportionate share of the net pension liability as a percentage of its covered payroll	59.39%	71.27%	46.03%	39.52%	16.23%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%	N/A	N/A	N/A	N/A	N/A

* Disclosures for 2009 through 2013 are N/A because comparable information is not available at this time.

See independent auditors' report.

Schedule of the Station's Contributions – Florida Retirement System
Last 10 Fiscal Years

Year ended June 30,	2019	2018	2017	2016	2015	2014	2013 *	2012 *	2011 *	2010 *
Contractually required contribution	$ 13,505	$ 12,275	$ 11,559	$ 11,221	$ 12,071	$ 11,000	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(13,505)	(12,275)	(11,559)	(11,221)	(12,071)	(11,000)	N/A	N/A	N/A	N/A
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	N/A	N/A	N/A	N/A
Station's covered payroll	$ 198,824	$ 218,445	$ 184,360	$ 252,429	$ 170,092	$ 188,839				
Contributions as a percentage of covered payroll	6.79%	5.62%	6.27%	4.45%	7.10%	5.83%	N/A	N/A	N/A	N/A

* Disclosures for 2010 through 2013 are N/A because comparable information is not available at this time.

Notes to schedule

Changes of Assumptions. The long-term expected rate of return was decreased from 7.10 percent to 7.00 percent, and the active member mortality assumption was updated.

See independent auditors' report.

Schedule of the Station's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Program
Last 10 Fiscal Years

June 30,	2018	2017	2016	2015	2014	2013 *	2012 *	2011 *	2010 *	2009 *
Station's proportion of the net pension liability	0.0006350%	0.0006654%	0.0006771%	0.0006881%	0.0006694%	N/A	N/A	N/A	N/A	N/A
Station's proportionate share of the net pension liability	$ 67,204	$ 71,145	$ 78,911	$ 70,171	$ 62,600	N/A	N/A	N/A	N/A	N/A
Station's covered payroll	218,445	184,360	252,429	170,092	188,839	N/A	N/A	N/A	N/A	N/A
Station's proportionate share of the net pension liability as a percentage of its covered payroll	30.76%	38.59%	31.26%	41.25%	33.15%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%	N/A	N/A	N/A	N/A	N/A

* Disclosures for 2009 through 2013 are N/A because comparable information is not available at this time.

See independent auditors' report.

Schedule of the Station's Contributions – Health Insurance Subsidy Program
Last 10 Fiscal Years

Year ended June 30,	2019	2018	2017	2016	2015	2014	2013 *	2012 *	2011 *	2010 *
Contractually required contribution	$ 3,598	$ 3,443	$ 3,521	$ 3,470	$ 2,502	$ 2,293	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(3,598)	(3,443)	(3,521)	(3,470)	(2,502)	(2,293)	N/A	N/A	N/A	N/A
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	N/A	N/A	N/A	N/A
Station's covered payroll	$ 198,824	$ 218,445	$ 184,360	$ 252,429	$ 170,092	$ 188,839				
Contributions as a percentage of covered payroll	1.81%	1.58%	1.91%	1.37%	1.47%	1.21%	N/A	N/A	N/A	N/A

* Disclosures for 2010 through 2013 are N/A because comparable information is not available at this time.

Notes to schedule

Changes of Assumptions. The municipal rate used to determine total pension liability increased from 3.58 percent to 3.87 percent.

See independent auditors' report.

Compliance Section

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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 the business-type activities of WKGC AM/FM Radio Station (Station), a public telecommunications entity operated by Gulf Coast State College (College), as of and for the year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprise the Station's basic financial statements, and have issued our report thereon dated February 10, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Certified Public Accountants
Panama City Beach, Florida
February 10, 2020