



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE December 24, 2007

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on KCCK-FM Radio, a public telecommunications entity operated by Kirkwood Community College in Cedar Rapids, Iowa.

KCCK-FM Radio's operating revenues totaled \$1,004,964 for the year ended June 30, 2007, which included \$449,300 from the State Board and Iowa Department of Education, \$184,444 of administrative support from Kirkwood Community College, \$129,920 from CPB – Community Services grants, \$190,020 from individual contributions and \$36,861 from business and industry contributions.

Operating expenses of KCCK-FM Radio for the year ended June 30, 2007 were as follows:

Programming and production	\$ 502,639
Broadcast and engineering	86,099
Program information and promotion	34,676
Management and general	363,268
Fund raising and member development	63,833
Underwriting and grant solicitation	12,572
Depreciation	<u>23,446</u>
Total	<u>\$ 1,086,533</u>

A copy of the audit report is available for review in the Board Secretary's office at Kirkwood Community College, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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**KCCK-FM RADIO**

**A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY KIRKWOOD COMMUNITY COLLEGE**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2007**

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**KCKK-FM Radio**  
**A Public Telecommunications Entity**  
**Operated by Kirkwood Community College**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Directors</b> <b>(Before September 2006 Election)</b>		
Lois Bartelme	President	2007
Mervin Cronbaugh	Vice President	2008
Gregg Bosch	Member	2006
Elaine Harrington	Member	2006
Stacey Iben	Member	2006
Paul Glenn	Member	2007
James Mollenhauer	Member	2007
Karen Gorham	Member	2008
John Hall	Member	2008

**Board of Directors**  
**(After September 2006 Election)**

Lois Bartelme	President	2007
Mervin Cronbaugh	Vice President	2008
Paul Glenn	Member	2007
James Mollenhauer	Member	2007
Karen Gorham	Member	2008
John Hall	Member	2008
Elaine Harrington	Member	2009
Stacey Iben	Member	2009
Kevin King	Member	2009

**Community College**

Mick Starcevich	President
Bob Freeman	Director of Human Resources
Jim Choate	Vice President, Chief Financial/Operations Officer
Cheryle Mitvalsky	Vice President, Resource Development
Dennis Green	Station Manager

**KCCK-FM Radio**  
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Independent Auditor's Report

To the Board of Directors of  
Kirkwood Community College:

We have audited the accompanying basic financial statements of KCKK-FM Radio, a public telecommunications entity operated by Kirkwood Community College, Cedar Rapids, Iowa, as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of KCKK-FM Radio's management. Our responsibility is to express an opinion on these financial statements based on our audit.

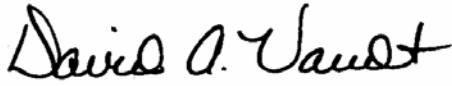
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of KCKK-FM Radio are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the financial reporting entity of Kirkwood Community College that is attributable to the transactions of KCKK-FM Radio. They do not purport to, and do not, present fairly the financial position of Kirkwood Community College as of June 30, 2007 and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

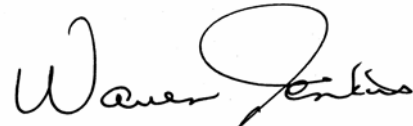
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KCKK-FM Radio at June 30, 2007, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2007 on our consideration of KCKK-FM Radio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financing reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 7 through 10 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 16, 2007



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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KCCK-FM Radio provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30 2007. We encourage readers to consider this information in conjunction with KCCK-FM Radio's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

- ◆ KCCK-FM Radio's operating revenues decreased 2%, or \$18,025, from fiscal 2006 to fiscal 2007.
- ◆ KCCK-FM Radio's operating expenses were 2%, or \$21,438, more in fiscal 2007 than in fiscal 2006.
- ◆ KCCK-FM Radio's net assets decreased 15%, or \$47,344, from June 30, 2006 to June 30, 2007.

### USING THIS ANNUAL REPORT

KCCK-FM Radio is a single Enterprise Fund and presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to KCCK-FM Radio's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of KCCK-FM Radio's financial activities.

The Statement of Net Assets presents information on KCCK-FM Radio's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of KCCK-FM Radio is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets is the basic statement of activities for proprietary funds. This statement presents information on KCCK-FM Radio's operating revenues and expenses, non-operating revenues and expenses and whether KCCK-FM Radio's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in KCCK-FM Radio's cash and cash equivalents during the year. This information can assist readers of the report in determining how KCCK-FM Radio financed its activities and how it met its cash requirements.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

## FINANCIAL ANALYSIS OF KCCK-FM RADIO

### Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of KCCK-FM Radio's financial position. KCCK-FM Radio's net assets at the end of fiscal 2007 totaled \$274,367. This compares to \$321,711 at the end of fiscal 2006. A summary of KCCK-FM Radio's net assets is presented below.

	Net Assets	
	Year ended June 30,	
	2007	2006
Current assets	\$ 397,901	407,092
Capital assets, net of accumulated depreciation	88,777	100,055
Total assets	486,678	507,147
Current liabilities	187,754	163,278
Noncurrent liabilities	24,557	22,158
Total liabilities	212,311	185,436
Net assets:		
Invested in capital assets	88,777	100,055
Unrestricted	185,590	221,656
Total net assets	\$ 274,367	321,711

The unrestricted portion of KCCK-FM Radio's net assets (68%) may be used to meet KCCK-FM Radio's obligations as they come due. The invested in capital assets (e.g., land, buildings and equipment) portion of net assets (32%) are resources allocated to capital assets.

*Statement of Revenues, Expenses and Changes in Net Assets*

Operating revenues are received from State Board and Iowa Department of Education allocations, administrative support and contributions from Kirkwood Community College and from CPB – Community Service grants. Operating expenses are expenses paid to operate KCCK-FM Radio, including programming and production, and administrative expenses. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net assets for the years ended June 30, 2007 and 2006 is presented below:

	Changes in Net Assets	
	Year ended June 30,	
	2007	2006
Operating revenues:		
State Board and Iowa Department of Education allocations	\$ 449,300	480,257
Administrative support from Kirkwood Community College	184,444	189,485
CPB - Community Service grants	129,920	135,771
Contributions from individuals through Kirkwood Community College Foundation	190,020	181,322
Contributions from business and industry through Kirkwood Community College Foundation	36,861	28,845
Miscellaneous	14,419	7,309
Total operating revenues	<u>1,004,964</u>	<u>1,022,989</u>
Operating expenses:		
Programming and production	502,639	471,476
Broadcast and engineering	86,099	86,492
Program information and promotion	34,676	25,614
Management and general	363,268	373,395
Fund raising and membership development	63,833	73,864
Underwriting and grant solicitation	12,572	12,025
Depreciation	23,446	22,229
Total operating expenses	<u>1,086,533</u>	<u>1,065,095</u>
Operating loss	(81,569)	(42,106)
Non-operating income:		
Interest income	34,225	17,643
Change in net assets	(47,344)	(24,463)
Net assets beginning of year	<u>321,711</u>	<u>346,174</u>
Net assets end of year	<u>\$ 274,367</u>	<u>321,711</u>

The Statement of Revenues, Expenses and Changes in Net Assets reflects a decrease in net assets at the end of the fiscal year.

In fiscal 2007, operating revenues decreased \$18,025, or 2%. Operating expenses increased \$21,438, or 2%. The increase was primarily a result of increases in salary expense for programming and production and management and general operating expenses.

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes State Board and Iowa Department of Education allocations, and funds received from Kirkwood Community College and others for the underwriting of programs. Cash used from capital and related financing activities includes the purchase of capital assets.

## **CAPITAL ASSETS**

At June 30, 2007, KCKK-FM Radio had \$259,563 invested in capital assets, net of accumulated depreciation of \$170,786. Depreciation charges totaled \$23,446 for fiscal 2007. More detailed information about KCKK-FM Radio's capital assets is presented in Note 4 to the financial statements.

## **ECONOMIC FACTORS**

KCKK-FM's financial position did not improve during the current fiscal year due to continued fallout from turnover in Development directors and increases in costs of employee benefits passed along by Kirkwood Community College, over which the station has no control. For the 2008 fiscal year, station management has examined all expense lines and trimmed costs. The Kirkwood Foundation, which oversees KCKK's Development Director, has been providing more training and oversight. This effort is showing increased revenues as of this writing. Kirkwood Community College has also increased its allocation to KCKK-FM to cover the increased benefit costs. Ability to increase donations is affected by many economic factors out of the station's control, so the current state of the economy continues to be a concern for KCKK-FM officials.

## **CONTACTING KCKK-FM RADIO'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of KCKK-FM Radio's finances and to show KCKK-FM Radio's accountability for the money it receives. If you have questions about this report or need additional financial information, contact KCKK-FM Radio, Dennis Green, General Manager, KCKK-FM Radio, 6301 Kirkwood Blvd. SW, Cedar Rapids, Iowa 52404.

KCKK-FM Radio  
A Public Telecommunications Entity  
Operated by Kirkwood Community College

Statement of Net Assets

June 30, 2007

**Assets**

Current assets:	
Due from Kirkwood Community College Foundation	\$ 397,901
Noncurrent assets:	
Capital assets, net of accumulated depreciation	88,777
<b>Total assets</b>	486,678

**Liabilities**

Current liabilities:	
Accounts payable	4,469
Due to Kirkwood Community College	147,314
Deferred revenue	13,633
Compensated absences	22,338
Total current liabilities	187,754
Noncurrent liabilities:	
Compensated absences	24,557
<b>Total liabilities</b>	212,311

**Net assets**

Invested in capital assets	88,777
Unrestricted	185,590
<b>Total net assets</b>	\$ 274,367

See notes to financial statements.

**Exhibit B**

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KCKK-FM Radio  
A Public Telecommunications Entity  
Operated by Kirkwood Community College

Statement of Revenues, Expenses and  
Changes in Net Assets

Year ended June 30, 2007

Operating revenues:	
State Board and Iowa Department of Education allocations	\$ 449,300
Administrative support from Kirkwood Community College	184,444
CPB - Community Service grants	129,920
Contributions from individuals through Kirkwood Community College Foundation	190,020
Contributions from business and industry through Kirkwood Community College Foundation	36,861
Miscellaneous	14,419
Total operating revenues	<u>1,004,964</u>
Operating expenses:	
Programming and production	502,639
Broadcast and engineering	86,099
Program information and promotion	34,676
Management and general	363,268
Fund raising and membership development	63,833
Underwriting and grant solicitation	12,572
Depreciation	23,446
Total operating expenses	<u>1,086,533</u>
Operating loss	(81,569)
Non-operating income:	
Interest income	<u>34,225</u>
Change in net assets	(47,344)
Net assets beginning of year	<u>321,711</u>
Net assets end of year	<u>\$ 274,367</u>

See notes to financial statements.

KCKK-FM Radio  
A Public Telecommunications Entity  
Operated by Kirkwood Community College

Statement of Cash Flows

Year ended June 30, 2007

Cash flows used by operating activities:	
Cash received from State Board and Iowa Department of Education allocations	\$ 457,786
Cash received for administrative support	184,444
Cash received from CPB - Community Service grants	196,453
Cash received from Kirkwood Community College Foundation contributors, underwriting and other	183,172
Other operating revenues	14,419
Cash paid to employees	(619,802)
Cash paid to vendors and suppliers	(438,528)
Net cash used by operating activities	(22,056)
Cash flows from capital financing activities:	
Acquisition of capital assets	(12,169)
Cash flows from investing activities:	
Interest on investments	34,225
Net increase in cash and cash equivalents	-
Cash and cash equivalents beginning of year	-
Cash and cash equivalents end of year	\$ -
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (81,569)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	23,446
Decrease in accounts receivable	52,901
(Increase) in due from Kirkwood Community College Foundation	(43,709)
(Decrease) in accounts payable	(4,866)
Increase in due to Kirkwood Community College	8,486
Increase in deferred income	13,633
Increase in compensated absences	9,622
Total adjustments	59,513
Net cash used by operating activities	\$ (22,056)

See notes to financial statements.

KCCCK-FM Radio  
A Public Telecommunications Entity  
Operated by Kirkwood Community College

Notes to Financial Statements

June 30, 2007

**(1) Summary of Significant Accounting Policies**

KCCCK-FM Radio is a non-profit, non-commercial radio station and an affiliate of the National Public Radio Network operating with a power of 10,000 watts. Emphasis is placed on service to a seven county area in East Central Iowa. KCCCK-FM Radio is operated by Kirkwood Community College.

KCCCK-FM Radio's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

For financial reporting purposes, KCCCK-FM Radio has included all funds, organizations, boards, commissions and authorities. It has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with KCCCK-FM Radio are such that exclusion would cause KCCCK-FM Radio's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of KCCCK-FM Radio to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on KCCCK-FM Radio. KCCCK-FM Radio has no component units which meet the Governmental Accounting Standards Board criteria.

KCCCK-FM Radio participates in the Kirkwood Community College Foundation, which is a related organization for which KCCCK-FM Radio is not financially accountable and its relationship with KCCCK-FM Radio is such that exclusion does not cause KCCCK-FM Radio's financial statements to be misleading.

B. Financial Statement Presentation

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following net asset categories:

*Invested in capital assets* consists of capital assets, net of accumulated depreciation.

*Unrestricted net assets* consist of net assets not subject to externally imposed stipulations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties.



C. Measurement Focus and Basis of Accounting

The financial statements of KCKK-FM Radio have been prepared on 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.

D. Assets, Liabilities and Net Assets

Cash and Cash Equivalents – KCKK-FM Radio makes deposits with Kirkwood Community College and with the Kirkwood Community College Foundation. For purposes of the statement of cash flows, KCKK-FM Radio considers cash and all short-term cash investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the date of purchase, have a maturity date no longer than three months.

Capital Assets – Capital assets are valued at historical cost if purchased. Donated capital assets are stated at fair market value at date of donation.

The cost of repair and maintenance is charged to expense when incurred, while the cost of renewals or substantial betterments is capitalized. No interest costs were capitalized since there were no qualifying assets.

Capital assets are defined by KCKK-FM Radio as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years:

<u>Assets</u>	<u>Amount</u>
Equipment	\$ 5,000

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	10

Compensated Absences – KCKK-FM Radio employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as current or noncurrent liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2007.

Operating Activities – Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Assets, are transactions resulting from exchange transactions, such as payments received for providing services and payments made for services or goods received.

**(2) Deposits and Investments**

KCCK-FM Radio has commingled its deposits and investments with Kirkwood Community College and the Kirkwood Community College Foundation to obtain greater flexibility and efficiency.

KCCK-FM Radio's deposits at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

KCCK-FM Radio had no investments subject to the disclosure requirements of GASB Statement No. 3, as amended by Statement No. 40.

**(3) Due from Kirkwood Community College Foundation**

The Kirkwood Community College Foundation collects contributions from individuals, business and industry for the benefit of KCCK-FM Radio. The amount reported as Due from Kirkwood Community College Foundation represents cash and investments held by the Foundation restricted for the benefit of KCCK-FM Radio.

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets being depreciated:				
Equipment	\$ 247,394	12,169	-	259,563
Less accumulated depreciation for:				
Equipment	147,340	23,446	-	170,786
Capital assets, net	\$ 100,055	(11,277)	-	88,777

**(5) Related Party Organization**

The Kirkwood Community College Foundation is considered a related party organization of KCCK-FM Radio.

The Kirkwood Community College Foundation provides services for the benefit of Kirkwood Community College. In return, Kirkwood Community College has provided the Foundation with certain staff, facilities and insurance coverage for its operations without charge. A value of the services provided to the Foundation has not been determined for the year ended June 30, 2007. The governing board of the Foundation has members who are also officers of the Community College. However, these members do not comprise a majority of the Foundation's board.

Funding for the Foundation is obtained primarily through donations. Significant financial data of the Foundation for the year ended June 30, 2007 follows.

Total assets	\$18,077,427
Total liabilities	750,847
Total equity	17,326,580
Total revenues	6,578,994
Total expenses	2,827,333

**(6) Iowa Public Employees Retirement System (IPERS)**

KCCK-FM Radio, through Kirkwood Community College, contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and KCCK-FM Radio is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by state statute. KCCK-FM Radio's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$13,527, \$11,788 and \$7,998, respectively, equal to the required contributions for each year.

**(7) Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF)**

KCCK-FM Radio, through Kirkwood Community College, contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible KCCK-FM Radio employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 3.70% of their annual covered salary and KCCK-FM Radio is required to contribute 5.75% of annual covered payroll. KCCK-FM Radio's and its employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2007 were \$8,753 and \$5,632, respectively.

**(8) Risk Pool**

KCCK-FM Radio is operated by Kirkwood Community College. The Community College is a member in the Insurance Management Program for Area Community Colleges (IMPACC), as allowed by Chapter 504A of the Code of Iowa. IMPACC (Program) is a risk-sharing pool whose six members are Iowa Community Colleges. The Program was incorporated in May 1988 for the purpose of managing and funding insurance for its members. The Program provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials bonds, property and inland marine, errors and omission and College Board legal liability, workers compensation and employers liability, crime insurance and fiduciary bonds and boiler and machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual contributions to the Program fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Program's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year.

The Community College's contributions to the risk pool are recorded as prepaid expense from its operating funds at the time of payment to the risk pool. The Community College amortizes the expense over the periods for which the pool is expected to provide coverage.

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self insured retention of \$200,000 per claim, except for errors and omissions which has a retention of \$100,000. Excess insurance for all lines is \$900,000 per occurrence, except workers compensation which is \$150,000. There is additional excess coverage above that for another \$9,000,000 per member. Property is insured with excess coverage over the self insured retention of up to \$250,000,000. Stop gap loss protection is provided above the member's loss fund.

The Program's intergovernmental contract with its members provides that in the event any claim or series of claims exceeds the amount of aggregate excess insurance, then payment of such claims shall be the obligation of the respective individual member. The Community College does not report a liability for losses in excess of reinsurance unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2007, no liability has been recorded in the Community College's financial statements. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance coverage in any of the past three fiscal years.

Members agree to continue membership in the Program for a period of not less than three full years. After such period, a member who has given sufficient notice, in compliance with the By-laws, may withdraw from the Program. Upon withdrawal, payments for all claims and claims expenses for the years of membership continue until all claims for those years are settled.

The Community College also carries commercial insurance purchased from other insurers for coverage associated with catastrophic, accidental death and dismemberment. The Community College assumes liability for any deductibles and claims in excess of coverage limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Directors of  
Kirkwood Community College:

We have audited the financial statements of KCKK-FM Radio, a public telecommunications entity operated by Kirkwood Community College, as of and for the year ended June 30, 2007, and have issued our report thereon dated November 16, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered KCKK-FM Radio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of KCKK-FM Radio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of KCKK-FM Radio's internal control over financial reporting.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects KCKK-FM Radio's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of KCKK-FM Radio's financial statements that is more than inconsequential will not be prevented or detected by KCKK-FM Radio's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by KCKK-FM Radio's internal control.

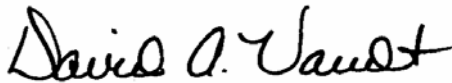
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance

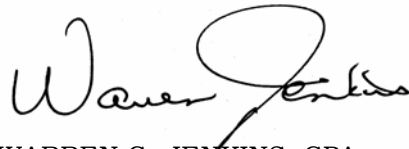
As part of obtaining reasonable assurance about whether KCCK-FM Radio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, non-compliance with which could have a direct 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 non-compliance or other matters that are required to be reported under Government Auditing Standards.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Kirkwood Community College and KCCK-FM Radio, citizens of the State of Iowa and other parties to whom KCCK-FM Radio may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of KCCK-FM Radio during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 16, 2007

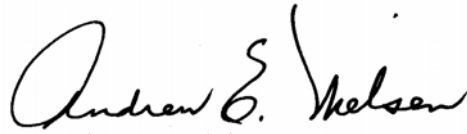
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KCCK-FM Radio  
A Public Telecommunications Entity  
Operated by Kirkwood Community College

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager  
Donald J. Lewis, CPA, Staff Auditor  
Chad D. Lehman, Staff Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA  
Deputy Auditor of State