



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

NEWS RELEASE

FOR RELEASE December 30, 2008

Contact: Andy Nielsen
515/281-5834

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

KCCCK-FM Radio's operating revenues totaled \$1,000,379 and \$1,004,964 for the years ended June 30, 2008 and 2007, respectively. For the year ended June 30, 2008, revenues included \$430,061 from the State Board and Iowa Department of Education, \$178,211 of administrative support from Kirkwood Community College, \$166,057 from CPB – Community Services grants, \$170,359 from individual contributions and \$50,891 from business and industry contributions. For the year ended June 30, 2007, revenues 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 KCCCK-FM Radio for the years ended June 30, 2008 and 2007 were as follows:

| | <u>2008</u> | <u>2007</u> |
|-------------------------------------|---------------------|------------------|
| Programming and production | \$ 477,938 | 502,639 |
| Broadcast and engineering | 72,572 | 86,099 |
| Program information and promotion | 53,494 | 34,676 |
| Management and general | 333,376 | 363,268 |
| Fund raising and member development | 41,744 | 63,833 |
| Underwriting and grant solicitation | 18,755 | 12,572 |
| Depreciation | <u>23,446</u> | <u>23,446</u> |
| Total | <u>\$ 1,021,325</u> | <u>1,086,583</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>.

###

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, 2008 and JUNE 30, 2007

Table of Contents

| | <u>Page</u> |
|--|----------------|
| Officials | 3 |
| Independent Auditor's Report | 5-6 |
| Management's Discussion and Analysis | 7-10 |
| Basic Financial Statements: | <u>Exhibit</u> |
| Statement of Net Assets | A 11 |
| Statement of Revenues, Expenses and Changes in Net Assets | B 12 |
| Statement of Cash Flows | C 13 |
| Notes to Financial Statements | 14-19 |
| 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 <u>Government Auditing Standards</u> | 21-22 |
| Staff | 23 |

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

Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|--|----------------|---------------------|
| Board of Directors (Before September 2007 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 |

Board of Directors
(After September 2007 Election)

| | | |
|-----------------------------|----------------|------|
| Lois Bartelme | President | 2010 |
| Mervin Cronbaugh | Vice President | 2008 |
| Karen Gorham | Member | 2008 |
| John Hall | Member | 2008 |
| Dr. Keith Stamp (appointed) | Member | 2008 |
| Elaine Harrington | Member | 2009 |
| Kevin King | Member | 2009 |
| Paul Glenn | Member | 2010 |
| James Mollenhauer | Member | 2010 |

Community College

| | |
|---------------------|---|
| Dr. Mick Starcevich | President |
| Bob Freeman | Director of Human Resources |
| Jim Choate | Board Treasurer, V.P. and Chief Financial/ Operating Officer |
| Sheryl Cook | Board Secretary |
| Rick Anderson | Executive Director of Business Services |
| Dennis Green | Station Manager |

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



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

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 years ended June 30, 2008 and 2007 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 audits.

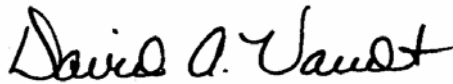
We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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 audits provide a reasonable basis for our opinions.

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, 2008 and June 30, 2007 and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

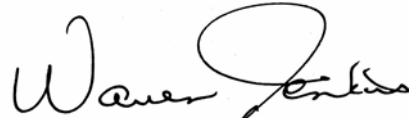
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KCKK-FM Radio at June 30, 2008 and 2007, and the respective changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2008 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

December 22, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2008 and 2007. We encourage readers to consider this information in conjunction with KCCK-FM Radio's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- ◆ KCCK-FM Radio's operating revenues decreased slightly, from \$1,004,964 in fiscal 2007 to \$1,000,379 in fiscal 2008.
- ◆ KCCK-FM Radio's operating expenses decreased 6%, or \$65,208, from fiscal 2007 to fiscal 2008.
- ◆ KCCK-FM Radio's net assets decreased 10%, or \$28,573, from June 30, 2007 to June 30, 2008.

2007 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 KCKK-FM Radio's cash and cash equivalents during the year. This information can assist readers of the report in determining how KCKK-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 KCKK-FM RADIO

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of KCKK-FM Radio's financial position. KCKK-FM Radio's net assets at the end of fiscal 2008 totaled \$245,794. This compares to \$274,367 at the end of fiscal 2007 and \$321,711 at the end of fiscal 2006. A summary of KCKK-FM Radio's net assets is presented below.

| | Net Assets | | |
|---|------------|---------|---------|
| | June 30, | | |
| | 2008 | 2007 | 2006 |
| Current assets | \$ 405,168 | 397,901 | 407,092 |
| Capital assets, net of accumulated depreciation | 65,331 | 88,777 | 100,055 |
| Total assets | 470,499 | 486,678 | 507,147 |
| Current liabilities | 188,604 | 187,754 | 163,278 |
| Noncurrent liabilities | 36,101 | 24,557 | 22,158 |
| Total liabilities | 224,705 | 212,311 | 185,436 |
| Net assets: | | | |
| Invested in capital assets | 65,331 | 88,777 | 100,055 |
| Unrestricted | 180,463 | 185,590 | 221,656 |
| Total net assets | \$ 245,794 | 274,367 | 321,711 |

At June 30, 2008, the unrestricted portion of KCKK-FM Radio's net assets (73%) may be used to meet KCKK-FM Radio's obligations as they come due. The invested in capital assets (e.g., land, buildings and equipment) portion of net assets (27%) 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, 2008, 2007 and 2006 is presented below:

| | Changes in Net Assets | | |
|---|-----------------------|------------------|------------------|
| | Year ended June 30, | | |
| | 2008 | 2007 | 2006 |
| Operating revenues: | | | |
| State Board and Iowa Department of Education allocations | \$ 430,061 | 449,300 | 480,257 |
| Administrative support from Kirkwood Community College | 178,211 | 184,444 | 189,485 |
| CPB - Community Service grants | 166,057 | 129,920 | 135,771 |
| Contributions from individuals through Kirkwood Community College Foundation | 170,359 | 190,020 | 181,322 |
| Contributions from business and industry through Kirkwood Community College Foundation | 50,891 | 36,861 | 28,845 |
| Miscellaneous | 4,800 | 14,419 | 7,309 |
| Total operating revenues | <u>1,000,379</u> | <u>1,004,964</u> | <u>1,022,989</u> |
| Operating expenses: | | | |
| Programming and production | 477,938 | 502,639 | 471,476 |
| Broadcast and engineering | 72,572 | 86,099 | 86,492 |
| Program information and promotion | 53,494 | 34,676 | 25,614 |
| Management and general | 333,376 | 363,268 | 373,395 |
| Fund raising and membership development | 41,744 | 63,833 | 73,864 |
| Underwriting and grant solicitation | 18,755 | 12,572 | 12,025 |
| Depreciation | 23,446 | 23,446 | 22,229 |
| Total operating expenses | <u>1,021,325</u> | <u>1,086,533</u> | <u>1,065,095</u> |
| Operating loss | (20,946) | (81,569) | (42,106) |
| Non-operating income: | | | |
| Interest income (loss) | (7,627) | 34,225 | 17,643 |
| Change in net assets | (28,573) | (47,344) | (24,463) |
| Net assets beginning of year | <u>274,367</u> | <u>321,711</u> | <u>346,174</u> |
| Net assets end of year | <u>\$ 245,794</u> | <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 each fiscal year.

In fiscal 2008, operating revenues decreased \$4,585. Operating expenses decreased \$65,208, or 6%. The decrease was primarily a result of fewer donations because of economic factors. Expenses were trimmed to reduce the anticipated deficit.

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.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital 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 financing activities includes the purchase of capital assets.

CAPITAL ASSETS

At June 30, 2008, KCKK-FM Radio had \$259,563 invested in capital assets, net of accumulated depreciation of \$194,232. At June 30, 2007, KCKK-FM Radio had \$259,563 invested in capital assets, net of accumulated depreciation of \$170,786. Depreciation charges for fiscal 2008 and 2007 totaled \$23,446 for each year. More detailed information about KCKK-FM Radio's capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS

KCKK-FM Radio's financial position declined during the current fiscal year due to decreases in corporate and private support, exacerbated by the economic downturn and unprecedented natural disasters experienced by our region in the closing weeks of the fiscal year. The station has also suffered from turnover in development staff, which has hurt both donor stewardship and acquisition of new donors. An experienced Development Director has been hired and, for 2009, station management has examined all expense lines and trimmed expenses. Kirkwood Community College has also increased its allocation to KCKK-FM Radio to cover increased employee benefit costs. The ability to raise 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 Radio 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, 2008 and 2007

| | June 30, | |
|---|------------|---------|
| Assets | 2008 | 2007 |
| Current assets: | | |
| Accounts receivable | \$ 23,712 | - |
| Due from Kirkwood Community College Foundation | 381,456 | 397,901 |
| Total current assets | 405,168 | 397,901 |
| Noncurrent assets: | | |
| Capital assets, net of accumulated depreciation | 65,331 | 88,777 |
| Total assets | 470,499 | 486,678 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 1,697 | 4,469 |
| Due to Kirkwood Community College | 173,814 | 147,314 |
| Deferred revenue | - | 13,633 |
| Compensated absences | 13,093 | 22,338 |
| Total current liabilities | 188,604 | 187,754 |
| Noncurrent liabilities: | | |
| Compensated absences | 36,101 | 24,557 |
| Total liabilities | 224,705 | 212,311 |
| Net assets | | |
| Invested in capital assets | 65,331 | 88,777 |
| Unrestricted | 180,463 | 185,590 |
| Total net assets | \$ 245,794 | 274,367 |

See notes to financial statements.

Exhibit B

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

Statement of Revenues, Expenses and
Changes in Net Assets

Years ended June 30, 2008 and 2007

| | <u>Year ended June 30,</u> | |
|---|----------------------------|------------------|
| | <u>2008</u> | <u>2007</u> |
| Operating revenues: | | |
| State Board and Iowa Department of Education allocations | \$ 430,061 | 449,300 |
| Administrative support from Kirkwood Community College | 178,211 | 184,444 |
| CPB - Community Service grants | 166,057 | 129,920 |
| Contributions from individuals through Kirkwood Community College Foundation | 170,359 | 190,020 |
| Contributions from business and industry through Kirkwood Community College Foundation | 50,891 | 36,861 |
| Miscellaneous | 4,800 | 14,419 |
| Total operating revenues | <u>1,000,379</u> | <u>1,004,964</u> |
| Operating expenses: | | |
| Programming and production | 477,938 | 502,639 |
| Broadcast and engineering | 72,572 | 86,099 |
| Program information and promotion | 53,494 | 34,676 |
| Management and general | 333,376 | 363,268 |
| Fund raising and membership development | 41,744 | 63,833 |
| Underwriting and grant solicitation | 18,755 | 12,572 |
| Depreciation | 23,446 | 23,446 |
| Total operating expenses | <u>1,021,325</u> | <u>1,086,533</u> |
| Operating loss | (20,946) | (81,569) |
| Non-operating income: | | |
| Interest income (loss) | <u>(7,627)</u> | <u>34,225</u> |
| Change in net assets | (28,573) | (47,344) |
| Net assets beginning of year | <u>274,367</u> | <u>321,711</u> |
| Net assets end of year | <u>\$ 245,794</u> | <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

Years ended June 30, 2008 and 2007

| | Year ended June 30, | |
|--|---------------------|-----------|
| | 2008 | 2007 |
| Cash flows from operating activities: | | |
| Cash received from State Board and Iowa Department of Education allocations | \$ 456,560 | 457,786 |
| Cash received for administrative support | 178,211 | 184,444 |
| Cash received from CPB - Community Service grants | 128,712 | 196,453 |
| Cash received from Kirkwood Community College Foundation contributors, underwriting and other | 4,800 | 183,172 |
| Other operating revenues | 237,696 | 14,419 |
| Cash paid to employees | (604,759) | (619,802) |
| Cash paid to vendors and suppliers | (393,593) | (438,528) |
| Net cash provided (used) by operating activities | 7,627 | (22,056) |
| Cash flows from capital financing activities: | | |
| Acquisition of capital assets | - | (12,169) |
| Cash flows from investing activities: | | |
| Interest on investments | (7,627) | 34,225 |
| Net increase in cash and cash equivalents | - | - |
| Cash and cash equivalents beginning of year | - | - |
| Cash and cash equivalents end of year | \$ - | - |
| Reconciliation of operating loss to net cash provided (used) by operating activities: | | |
| Operating loss | \$ (20,946) | (81,569) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | |
| Depreciation | 23,446 | 23,446 |
| (Increase) decrease in accounts receivable | (23,712) | 52,901 |
| (Increase) decrease in due from Kirkwood Community College Foundation | 16,445 | (43,709) |
| (Decrease) in accounts payable | (2,772) | (4,866) |
| Increase in due to Kirkwood Community College | 26,500 | 8,486 |
| Increase (decrease) in deferred income | (13,633) | 13,633 |
| Increase in compensated absences | 2,299 | 9,622 |
| Total adjustments | 28,573 | 59,513 |
| Net cash provided (used) by operating activities | \$ 7,627 | (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, 2008 and 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, 2008 and 2007, respectively.

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, 2008 and 2007, respectively, 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.

At June 30, 2008 and 2007, 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 amounts reported as Due from Kirkwood Community College Foundation represents cash and investments held by the Foundation restricted for the benefit of KCCK-FM Radio. KCCK-FM Radio reported interest income (loss) of \$7,627 for the year ended June 30, 2008, due primarily to the pass-through of an unrealized loss recorded by the Foundation.

(4) Capital Assets

Capital assets activity for the years ended June 30, 2008 and 2007 is as follows:

| | July 1, 2007 Balance Beginning of Year | Additions | Deletions | June 30, 2008 Balance End of Year |
|------------------------------------|---|-----------------|-----------|--|
| Capital assets being depreciated: | | | | |
| Equipment | \$ 259,563 | - | - | 259,563 |
| Less accumulated depreciation for: | | | | |
| Equipment | 170,786 | 23,446 | - | 194,232 |
| Capital assets, net | <u>\$ 88,777</u> | <u>(23,446)</u> | <u>-</u> | <u>65,331</u> |

| | July 1, 2006 Balance Beginning of Year | Additions | Deletions | June 30, 2007 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 | <u>\$ 88,777</u> | <u>(11,277)</u> | <u>-</u> | <u>88,777</u> |

(5) Related Party Organization

The Kirkwood Community College Foundation is considered a related party organization of KCCCK-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 years ended June 30, 2008 and 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 years ended June 30, 2008 and 2007 follows.

| | 2008 | 2007 |
|-------------------|---------------|------------|
| Total assets | \$ 17,807,315 | 18,077,421 |
| Total liabilities | 644,386 | 750,847 |
| Total equity | 17,162,929 | 17,326,580 |
| Total revenues | 2,787,607 | 6,578,994 |
| Total expenses | 2,951,258 | 2,827,333 |

(6) Iowa Public Employees Retirement System (IPERS)

KCCCK-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.

For the year ended June 30, 2008, plan members were required to contribute 3.90% of their annual covered salary and KCCCK-FM Radio is required to contribute 6.05% of annual covered payroll. For the year ended June 30, 2007, plan members were required to contribute 3.70% of their annual covered salary and KCCCK-FM Radio was required to contribute 5.75% of their annual covered payroll. Contribution requirements are established by state statute. KCCCK-FM Radio's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$11,557, \$13,527 and \$11,788, respectively, equal to the required contributions for each year.

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

KCCCK-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 KCCCK-FM Radio employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. For the year ended June 30, 2008, each employee was required to contribute 3.90% of their annual covered salary and KCCCK-FM Radio is required to contribute 6.05% of annual covered payroll. For the year ended June 30, 2007, each employee was required to contribute 3.70% of their annual covered salary and KCCCK-FM

Radio was required to contribute 5.75% of annual covered payroll. Contribution requirements are specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa. KCKK-FM Radio's required and actual contributions to TIAA-CREF for the years ended June 30, 2008 and 2007 were \$8,250 and \$8753, respectively. The employees' required contributions to TIAA-CREF for the years ended June 30, 2008 and 2007 were \$5,318 and \$5,632 respectively.

(8) Risk Pool

KCKK-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 \$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, 2008 and 2007, no liability has been recorded in the Community College's financial statements. As of June 30, 2008 and 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.

(9) Early Retirement and Contingent Liability

Full-time certified staff who will be at least 55 years of age and who have at least 10 years of service with Kirkwood Community College are eligible for early retirement remuneration. Retirement will begin at the end of the employee's contract. A staff member who accepts early retirement will receive cash benefits on July 1 and January 1 of the following fiscal year.

The potential liability if all eligible employees accepted early retirement is approximately \$200,600 for the year ended June 30, 2008. No employees were eligible for early retirement for the year ended June 30, 2007.

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



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, 2008, and have issued our report thereon dated December 22, 2008. 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.

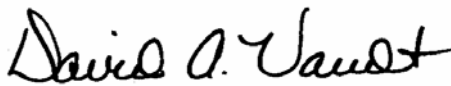
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify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

Compliance

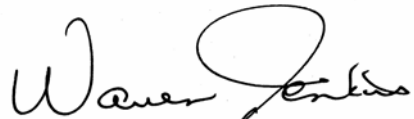
As part of obtaining reasonable assurance about whether KCCK-FM Radio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, non-compliance with which could have a direct 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

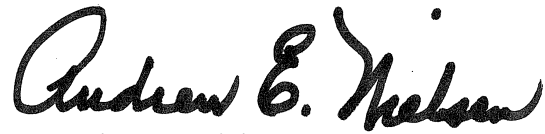
December 22, 2008

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

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
Brian P. Schenkelberg, CPA, Staff Auditor
Tiffany M. Ainger, 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 a distinct dot over the 'i' in Nielsen.

Andrew E. Nielsen, CPA
Deputy Auditor of State