



Dave Yost • Auditor of State

**WAPS-FM
AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

WAPS-FM
Akron City School District
Summit County
65 Steiner Avenue
Akron, Ohio 44301

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities and each major fund of WAPS-FM, Akron City School District, Summit County, Ohio, (the Station), as of and for the year ended June 30, 2012, which collectively comprise the Station's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Station's management. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 opinions.

As discussed in Note 1, the financial statements of WAPS-FM, Akron City School District, Summit County, Ohio are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and each major fund of the Akron City School District that is attributable to the transactions of the Station. They do not purport to, and do not present fairly the financial position the Akron City School District as of June 30, 2012, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

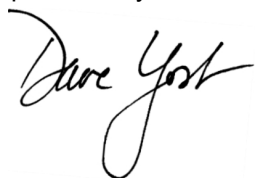
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of WAPS-FM, Akron City School District, Summit County, Ohio as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2012, on our consideration of the Station'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential 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 other assurance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

December 10, 2012

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

The discussion and analysis of WAPS-FM's (the "Station") financial performance provides an overall review of the Station's financial activities for the fiscal year ended June 30, 2012. The Station is a segment of the Akron City School District (the "School District"). The intent of this discussion and analysis is to look at the Station's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Station's financial performance.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2012 are as follows:

- Total net assets decreased \$56,778. This is a 4.7 percent decrease from fiscal year 2011.
- Total revenues decreased to \$652,033 from \$687,412. This is a decrease of \$35,379 or 5.1 percent.
- Total program expenses were \$708,811. Total program expenses increased from \$629,263 from fiscal year 2011. This is an increase of \$79,548 or 12.6 percent.
- The fund balance in the general fund decreased \$71,226. This is a 7.6 percent decrease from fiscal year 2011.

Station Highlights

Significant Station highlights for the fiscal year ended June 30, 2012 are as follows:

- Membership contributions revenue was \$188,966 in fiscal year 2012 and continues to be a major source of revenue for the Station. This increased \$36,429 or 23.9% from \$152,537 from fiscal year 2011. The Station began simulcasting at 90.7 FM throughout Youngstown, Warren and western Pennsylvania in fiscal year 2011. The increased coverage area has led to additional listeners and Station supporters in fiscal year 2012.
- Underwriting revenue was \$296,943 and continues to be a major source of revenue. The Station continues to attract a highly desirable, intensely loyal listening audience. Businesses are continuing to put a value in reaching these potential new customers through supporting the Station.

Using this Annual Report

This annual report consists of the basic financial statements and the notes to the basic financial statements. The basic financial statements are organized so the reader can understand the Station as a financial whole, an entire operating entity. The fund financial statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the whole Station, presenting both an aggregate view of the Station's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, the fund financial statements tell how services were financed in the short-term and what remains for future spending. Also, the fund financial statements look at each of the Station's funds.

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Reporting the Station as a Whole – Statement of Net Assets and Statement of Activities

While the basic financial statements contain the funds used by the Station to provide programs and activities, the view of the Station as a whole looks at all financial transactions and asks the question, “How did we do financially during fiscal year 2012?” The Statement of Net Assets and the Statement of Activities answer this question. These two statements include all assets and liabilities using the accrual basis of accounting similar to the basis of accounting used by most companies in the private sector. This basis of accounting takes into account all of the current fiscal year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the Station’s net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Station as a whole, the financial position of the Station has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the Station’s popularity, listening area, listening audience, number of members, and other factors.

In the Statement of Net Assets and the Statement of Activities, the activities of the Station’s programs and services are accounted for in the following activity:

Governmental Activities – All of the Station’s programs and services are reported here including program services and support services.

Reporting the Station’s Most Significant Funds – Fund Financial Statements

The analysis of the Station’s major funds begins on page 9. Fund financial reports provide detailed information about the Station’s major funds. The Station uses funds to account for a multitude of financial transactions, and the fund financial statements focus on the Station’s funds. The Station’s major governmental funds are the general fund and the Corporation for Public Broadcasting (CPB) grants fund.

Governmental Funds – All of the Station’s activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future fiscal years. These funds are reported using a basis of accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the Station’s general government operations and the basic services it provides. Governmental fund information helps a reader determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationships or differences between governmental activities reported in the Statement of Net Assets and Statement of Activities and governmental fund financial statements are reconciled in the basic financial statements.

The Station as a Whole

Recall that the Statement of Net Assets provides the perspective of the Station as a whole.

Table 1 provides a summary of the Station’s net assets for fiscal year 2012 compared to fiscal year 2011 as follows:

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Table 1
Net Assets at June 30,

	Governmental Activities	
	2012	2011
Assets		
Current and Other Assets	\$938,972	\$1,024,889
Capital Assets, Net	295,525	263,350
<i>Total Assets</i>	1,234,497	1,288,239
Liabilities		
Current and Other Liabilities	44,841	45,280
Long-Term Liabilities:		
Due Within One Year	10,890	8,568
Due in More than One Year	18,235	17,082
<i>Total Liabilities</i>	73,966	70,930
Net Assets		
Invested in Capital Assets	295,525	263,350
Restricted:		
Other Purposes	11,611	43,810
Unrestricted	853,395	910,149
<i>Total Net Assets</i>	\$1,160,531	\$1,217,309

Total assets decreased \$53,742.

Cash and cash equivalents decreased \$70,789.

Cash and cash equivalents decreased in the general fund by \$79,705. This decrease is due to program expenses increasing by \$79,548. Program expenses in the following categories increased: wages, fringe benefits, health insurance, sales commissions, supplies and materials, and equipment. Wages, fringe benefits and health insurance all increased because the Station hired a new, additional employee on July 26, 2011. Sales commissions increased due to Station's employees spending more time on securing national, regional and local grants. To compensate for this, several high-end underwriting business clients previously managed by Station employees were delegated to contract sales executives. As a result, the sales executives made more in commissions during fiscal year 2012. The majority of the supplies and materials expenses increase is attributed to a purchase of compact discs for promotional purposes that were not purchased in the prior fiscal year. Equipment purchases, such as a digital encoder/decoder, a digital audio processor and a workstation were purchased in the current fiscal year as compared to no equipment purchases being made last fiscal year.

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
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The cash and cash equivalents decrease in the general fund was offset by an increase in cash and cash equivalents in the CPB grants fund of \$8,916. Cash and cash equivalents increased in the CPB grants fund because the Station received more program revenue in cash in fiscal year 2012 than in fiscal year 2011. The Station received a one-time, \$34,012 grant from the CPB for a high definition transmission upgrade in the current fiscal year. The Station did not receive a grant in cash in the prior fiscal year over and beyond the annual, regular CPB grant.

In addition, CPB grants receivable decreased \$39,759. The Station was awarded a one-time grant from the CPB for a high definition transmission upgrade in the amount of \$39,759 during the prior fiscal year. The Station did not receive any monies from this new grant as of June 30, 2011; therefore, the entire award amount of \$39,759 was recorded as a receivable at June 30, 2011. The Station was not awarded such grant in the current fiscal year over and beyond the annual, regular CPB grant.

The decreases in cash and cash equivalents and CPB grants receivable were offset by increases in accounts receivable and capital assets.

Accounts receivable increased \$24,631. The majority of this increase was due to an increase in the receivable for membership pledges of \$21,118. The increase in the receivable for membership pledges occurred because the Station began simulcasting at 90.7 FM throughout Youngstown, Warren and western Pennsylvania in fiscal year 2011. The increased coverage area has led to additional listeners and Station supporters in fiscal year 2012, and therefore, more pledges in fiscal year 2012.

Also, capital assets increased \$32,175. See below for further explanation for the increase in capital assets.

Total liabilities increased \$3,036.

For the most part, the increase in accounts payable of \$4,435 caused the increase in liabilities. The majority of the increase in accounts payable is due to a \$2,304 liability to Spectrasite Communications for tower rent as of June 30, 2012. A liability for tower rent did not exist as of June 30, 2011.

The net impact of the assets decrease and the liabilities increase was a decrease of net assets of \$56,778.

Table 2 shows the changes in net assets for fiscal years 2012 and 2011 for governmental activities as follows:

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Table 2
Change in Net Assets for Governmental Activities

	2012	2011
Revenues		
<i>Program Revenues:</i>		
Operating Grants, Contributions and Interest	\$84,487	\$133,131
<i>General Revenues:</i>		
Membership Contributions	188,966	152,537
Underwriting	296,943	316,442
Donated Facilities and Administrative Support	76,918	74,811
Miscellaneous	4,719	10,491
<i>Total General Revenues</i>	567,546	554,281
Total Revenues	652,033	687,412
Program Expenses		
<i>Program Services:</i>		
Programming and Production	353,661	333,674
Broadcasting	41,607	39,257
Public Information	20,803	19,628
<i>Support Services:</i>		
Management and General	204,918	165,692
Fundraising and Membership	87,822	71,012
Total Program Expenses	708,811	629,263
Increase (Decrease) in Net Assets	(\$56,778)	\$58,149

While program revenues decreased for governmental activities from \$133,131 to \$84,487, the vast majority of revenues supporting governmental activities are general revenues. General revenues increased from \$554,281 in fiscal year 2011 to \$567,546 in fiscal year 2012. General revenues comprised 87.0 percent of revenues supporting governmental activities. The primary source of the increase was membership contributions revenue which increased \$36,429.

The increase in membership contributions revenue was due to the Station simulcasting at 90.7 FM throughout Youngstown, Warren and western Pennsylvania during fiscal year 2011. The increased coverage area has led to additional listeners and Station supporters in the form of members in fiscal year 2012, as previously discussed.

The increase in membership contributions revenue was offset by a decrease in underwriting revenue in the amount of \$19,499. The decrease in underwriting revenue occurred because of the discontinuation of the ethnic and specialty programming. These programs ended June 30, 2011. The 18 ethnic and specialty program producers paid hourly fees that equaled close to \$20,000 in fiscal year 2011.

Program revenues decreased \$48,644. This decrease is attributed to the Station being awarded a one-time grant from the CPB for a high definition transmission upgrade in the amount of \$39,759 during the previous fiscal year, as previously discussed. The Station was not awarded a grant in fiscal year 2012 over and beyond the annual, regular CPB grant.

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Program expenses increased from \$629,263 in fiscal year 2011 to \$708,811, a \$79,548 or 12.6 percent increase. Management and general expenses had the largest increase in terms of dollars (\$39,226). Programming and production had the largest amount of expenses, comprising 49.9 percent of expenses. Management and general and fundraising and membership expenses, which are classified as support services expenses, all had increases of 23.7 percent.

The increase in program services expenses can be attributed to increases in wages, fringe benefits, health insurance, supplies and materials, and equipment, as previously discussed. The increase in support services expenses is due to increases in wages, fringe benefits, health insurance and sales commissions expenses, as previously discussed. Wages, fringe benefits and health insurance all increased because the Station hired a new, additional employee on July 26, 2011. Sales commissions increased due to Station's employees spending more time on securing national, regional and local grants. To compensate for this, several high-end underwriting business clients previously managed by Station employees were delegated to contract sales executives. As a result, the sales executives made more in commissions during fiscal year 2012. The majority of the supplies and materials expenses increase is attributed to a purchase of compact discs for promotional purposes that were not purchased in the prior fiscal year. Equipment purchases, such as a digital encoder/decoder, a digital audio processor and a workstation were purchased in the current fiscal year as compared to no equipment purchases being made last fiscal year.

While expense increases were consistent with expectations, the increase in membership contributions revenue, the decrease in underwriting revenue and the decrease in program revenue resulted in a reduction of net assets of \$56,778.

The Statement of Activities shows the cost of program services and the charges of services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported mainly by membership contributions and underwriting revenue.

Table 3

	<u>2012</u>		<u>2011</u>	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
Program Expenses				
Program Services:				
Programming and Production	\$353,661	\$281,847	\$333,674	\$220,513
Broadcasting	41,607	33,158	39,257	25,944
Public Information	20,803	16,579	19,628	12,971
Support Services:				
Management and General	204,918	204,918	165,692	165,692
Fundraising and Membership	87,822	87,822	71,012	71,012
Total	<u>\$708,811</u>	<u>\$624,324</u>	<u>\$629,263</u>	<u>\$496,132</u>

The dependence upon general revenues for governmental activities is apparent. 88.1 percent of governmental activities are supported through underwriting and other general revenues; such revenues are 87.0 percent of total governmental revenues. The underwriters and members are by far the primary support for the Station's listening audience.

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

The Station's Funds

Information about the Station's major funds begins on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$673,845 and expenditures of \$737,511. The net change in fund balances for the fiscal year was a decrease of \$63,666 for all governmental funds. The general fund's net change in fund balance for fiscal year 2012 was a decrease of \$71,226 and the CPB grants fund's net change in fund balance for fiscal year 2012 was an increase of \$7,560. This played a significant part in causing the unassigned fund balance in the general fund to decrease from \$928,226 in fiscal year 2011 to \$857,674 in fiscal year 2012 and the restricted fund balance in the CPB grants fund to increase from \$4,051 in fiscal year 2011 to \$11,611 in fiscal year 2012.

The general fund's net change in fund balance can be attributed to increases in expenditures. As previously discussed, the following expenditures categories increased: wages, fringe benefits, health insurance, sales commissions, supplies and materials, and equipment. Wages, fringe benefits and health insurance all increased because the Station hired a new, additional employee on July 26, 2011. Sales commissions increased due to Station's employees spending more time on securing national, regional and local grants. To compensate for this, several high-end underwriting business clients previously managed by Station employees were delegated to contract sales executives. As a result, the sales executives made more in commissions during fiscal year 2012. The majority of the supplies and materials expenditures increase is attributed to a purchase of compact discs for promotional purposes that were not purchased in the prior fiscal year. Equipment purchases, such as a digital encoder/decoder, a digital audio processor and a workstation were purchased in the current fiscal year as compared to no equipment purchases being made last fiscal year.

The CPB grants fund's net change in fund balance is due to an increase in CPB grants revenue on the modified accrual basis of accounting. As previously discussed, the Station received more CPB grants revenue in fiscal year 2012 than in fiscal year 2011. The Station received a one-time, \$34,012 grant from the CPB for a high definition transmission upgrade in the current fiscal year. The Station did not receive a grant in the prior fiscal year over and beyond the annual, regular CPB grant

Capital Assets

At the end of fiscal year 2012, the Station had \$295,525 invested in furniture and fixtures, and equipment. Table 4 shows fiscal year 2012 balances compared to fiscal year 2011 as follows:

Table 4
 Capital Assets at June 30,
 (Net of Depreciation)

	Governmental Activities	
	2012	2011
Furniture and Fixtures	\$19,183	\$8,933
Office Equipment	0	2,249
Broadcasting Equipment	276,342	252,168
Totals	\$295,525	\$263,350

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

This increase is from the Station purchasing a FM transmitter, an exporter, dummy load resister, a digital sound card, an equipment rack, a digital encoder/decoder, a digital audio processor and a workstation during fiscal year 2012. These purchases totaled \$55,894. They were offset by depreciation expense in the amount of \$21,122. For further information on capital assets, see Note 5 to the basic financial statements.

For the Future

The Station management, staff and volunteers are extremely motivated with the implementation of a new five-year strategic plan.

The Station has worked diligently to not be financially dependent on the School District. In fact, the basic financial statements reflect that no Station salaries or health benefits are paid by the School District.

And, in order to remain self-sustaining, the Station is determined to increase revenues, market share, and brand loyalty.

The revenue goals include modestly increasing membership contributions and incrementally adding to business support. The Station anticipates an increase in underwriting revenue with a recent rate increase and the reconfiguration of sponsorship packages.

Also, the goal for the future is to retain current Station members and market to potential new members. Once again, the economic slowdown has a direct impact on philanthropic giving to public radio. The Station is determined to see double-digit percentage growth in business support.

The Station's volunteer program is expected to grow in future fiscal years. This program was first introduced in fiscal year 2004 with nearly 200 active people giving their time at the Station and charitable events.

The Station will continue to use an advisory board. The Station's general manager created an advisory board in fiscal year 2006. The advisory board's purpose is to raise awareness of the Station to its listening audience and to increase member and underwriting contributions.

Contacting the Station's Management

This financial report is designed to provide our audience, advisory board, members, underwriters, investors, creditors, and CPB with a general overview of the Station's finances and to show the Station's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Tommy Bruno, General Manager, at WAPS, 91.3 FM, 65 Steiner Avenue, Akron, Ohio 44301 or email at tbruno@akron.k12.oh.us.

WAPS-FM Akron City School District

Statement of Net Assets

June 30, 2012

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$891,724
Accounts Receivable	47,248
Depreciable Capital Assets, Net	<u>295,525</u>
<i>Total Assets</i>	<u>1,234,497</u>
Liabilities	
Accounts Payable	5,886
Intergovernmental Payable	79
Deferred Revenue	38,876
Long-Term Liabilities:	
Due Within One Year	10,890
Due In More Than One Year	<u>18,235</u>
<i>Total Liabilities</i>	<u>73,966</u>
Net Assets	
Invested in Capital Assets	295,525
Restricted for:	
Other Purposes	11,611
Unrestricted	<u>853,395</u>
<i>Total Net Assets</i>	<u><u>\$1,160,531</u></u>

See accompanying notes to the basic financial statements

WAPS-FM Akron City School District

Statement of Activities

For the Fiscal Year Ended June 30, 2012

	Expenses	Program Revenues Operating Grants, Contributions and Interest	Net (Expenses) and Changes in Net Assets Governmental Activities
Governmental Activities			
Program Services:			
Programming and Production	\$353,661	\$71,814	(\$281,847)
Broadcasting	41,607	8,449	(33,158)
Public Information	20,803	4,224	(16,579)
Support Services:			
Management and General	204,918	0	(204,918)
Fundraising and Membership	87,822	0	(87,822)
<i>Total Governmental Activities</i>	<u>\$708,811</u>	<u>\$84,487</u>	<u>(\$624,324)</u>
General Revenues			
Membership Contributions			188,966
Underwriting			296,943
Donated Facilities Use and Administrative Support			76,918
Miscellaneous			4,719
<i>Total General Revenues</i>			<u>567,546</u>
Change in Net Assets			(56,778)
<i>Net Assets at Beginning of Fiscal Year</i>			<u>1,217,309</u>
<i>Net Assets at End of Fiscal Year</i>			<u><u>\$1,160,531</u></u>

See accompanying notes to the basic financial statements

WAPS-FM Akron City School District

*Balance Sheet
Governmental Funds
June 30, 2012*

	General	CPB Grants	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$878,757	\$12,967	\$891,724
Accounts Receivable	47,248	0	47,248
<i>Total Assets</i>	<u>\$926,005</u>	<u>\$12,967</u>	<u>\$938,972</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$4,530	\$1,356	\$5,886
Intergovernmental Payable	79	0	79
Deferred Revenue	59,698	0	59,698
<i>Total Liabilities</i>	<u>64,307</u>	<u>1,356</u>	<u>65,663</u>
Fund Balances			
Restricted	0	11,611	11,611
Assigned	4,024	0	4,024
Unassigned	857,674	0	857,674
<i>Total Fund Balances</i>	<u>861,698</u>	<u>11,611</u>	<u>873,309</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$926,005</u>	<u>\$12,967</u>	<u>\$938,972</u>

See accompanying notes to the basic financial statements

WAPS-FM Akron City School District
*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2012*

Total Governmental Fund Balances \$873,309

*Amounts reported for governmental activities in the
statement of net assets are different because:*

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. 295,525

Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds:

Membership Contributions	20,272	
Underwriting	550	
Total	<u>20,822</u>	20,822

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds:

Compensated Absences	<u>(29,125)</u>
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Net Assets of Governmental Activities \$1,160,531

See accompanying notes to the basic financial statements

WAPS-FM Akron City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012

	General	CPB Grants	Total Governmental Funds
Revenues			
CPB Grants	\$0	\$124,246	\$124,246
Membership Contributions	171,044	0	171,044
Underwriting	296,918	0	296,918
Donated Facilities Use and Administrative Support	76,918	0	76,918
Miscellaneous	4,719	0	4,719
<i>Total Revenues</i>	<u>549,599</u>	<u>124,246</u>	<u>673,845</u>
Expenditures			
Current:			
Program Services:			
Programming and Production	280,197	99,183	379,380
Broadcasting	32,965	11,669	44,634
Public Information	16,481	5,834	22,315
Support Services:			
Management and General	203,827	0	203,827
Fundraising and Membership	87,355	0	87,355
<i>Total Expenditures</i>	<u>620,825</u>	<u>116,686</u>	<u>737,511</u>
<i>Net Change in Fund Balances</i>	(71,226)	7,560	(63,666)
<i>Fund Balances at Beginning of Fiscal Year</i>	<u>932,924</u>	<u>4,051</u>	<u>936,975</u>
<i>Fund Balances at End of Fiscal Year</i>	<u><u>\$861,698</u></u>	<u><u>\$11,611</u></u>	<u><u>\$873,309</u></u>

See accompanying notes to the basic financial statements

WAPS-FM Akron City School District
*Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2012*

Net Change in Fund Balances - Total Governmental Funds (\$63,666)

*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Asset Additions	55,894	
Current Year Depreciation	(21,122)	
Total	34,772	34,772

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (2,597)

Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds:

Membership Contributions	17,922	
Underwriting	25	
CPB Grants	(39,759)	
Total	(21,812)	(21,812)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences		(3,475)
		(3,475)

Change in Net Assets of Governmental Activities (\$56,778)

See accompanying notes to the basic financial statements

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 1 – Description of the Station and Reporting Entity

WAPS-FM (the "Station") is a non-profit, public telecommunications radio station operated by the Akron City School District (the "School District"). The Station does not have a separate governing board and the School District provides funds for the Station to the extent necessary. Portions of one of the School District's special revenue funds comprise the operations of the Station.

The Station is staffed by 5 employees. All of the Station employees are employees of the School District. The School District has provided space for the Station in one of its administrative buildings. The Station's mission is to provide the highest quality information and music programming, both national and local, to its listeners in northeast Ohio and western Pennsylvania.

Reporting Entity

A reporting entity is comprised of the primary government, segments, component units, and other organizations that are included to ensure that the basic financial statements are not misleading. The Station is a segment of the School District. The segment consists of all funds, departments and programs that are not legally separate from the Station. For the Station, this includes general operations of the Station. Budgetary statements are not required since the budgetary level of control is the responsibility of the School District and not with the Station.

Component units are legally separate organizations for which the Station is financially accountable. The Station is financially accountable for an organization if the Station appoints a voting majority of the organization's governing board and (1) the Station is able to significantly influence the programs or services performed or provided by the organization; or (2) the Station is legally entitled to or can otherwise access the organization's resources; the Station is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Station is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Station in that the Station approves the budget, the issuance of debt, or the levying of taxes. The Station does not have any component units.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the Station have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Station also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the Station's accounting policies are described below.

A. Basis of Presentation

The Station's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements which provide a more detailed level of financial information.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Government-wide Financial Statements. The statement of net assets and the statement of activities display information about the Station as a whole. These statements include the financial activities of the Station.

The statement of net assets presents the financial condition of the governmental activities of the Station at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Station's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Station with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity is self-financing or draws from the general revenues of the Station.

Fund Financial Statements During the fiscal year, the Station segregates transactions related to certain Station functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Station at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The Station uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Station only has governmental funds.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balances. The following are the Station's major governmental funds:

General Fund The general fund is the operating fund of the Station and is used to account for all financial resources except those required to be accounted for in another fund.

CPB Grants Fund The Corporation for Public Broadcasting (CPB) Grants fund accounts for CPB grants revenue whose use is restricted by the CPB to particular purposes.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Station are included on the statement of net assets. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Station, available means expected to be received within 60 days of fiscal year end.

Non-exchange transactions, in which the Station receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Station must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Station on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: underwriting and membership contributions.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents of the Station consist of monies held in the School District's cash management pool. Monies for all of the Station's funds are maintained in this pool. Individual fund integrity is maintained through School District records.

During fiscal year 2012, the School District's investments were limited to overnight repurchase agreements, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, United States Treasury Bills, United States Treasury Notes, Federal National Mortgage Association Notes, Federal Farm Credit Bank Notes, a First American Treasury Money Market Fund, a Fifth Third United States Treasury Money Market Fund and certificates of deposit. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at a fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the basic financial statements as cash equivalents. Investments with an original maturity of more than three months are presented on the basic financial statements as investments.

F. Donated Inventory of Music

During the ordinary course of business, the Station receives free compact discs from record companies for promotional purposes. From the compact discs received, the Station selects music to be played on the air and compact discs to be used as incentives for membership pledges. The Station does not include the library of compact discs as an asset nor as a promotional expenditure/expense on its books and records.

G. Support and Revenue from the Akron City School District

Donated facilities from the School District consist of approximately 2,000 square feet of office and studio space in an administrative building to which the School District holds title. Indirect administrative support from the School District consists of allocated costs based on a formula developed by CPB. The collective total of this space and indirect administrative support was \$76,918 for fiscal year 2012, and is included in donated facilities use and administrative support revenue and support services expenditures/expenses.

H. Capital Assets

All capital assets of the Station are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The Station maintains a capitalization threshold of \$1,000. The Station does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture and Fixtures	10 - 30 years
Office Equipment	10 years
Broadcasting Equipment	10 - 30 years
Vehicles	5 years

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Station has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and the employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The Station records a liability for accumulated unused sick leave for employees after 15 years of service at any age and at age 50 with any amount of service, based on historical employment trends.

The entire compensated absence liability is reported on the government-wide financial statements.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Station or through external restrictions imposed by creditors, grantors or laws and regulations of other governments. Net assets restricted for other purposes represent CPB grants.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

The Station applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

L. Fund Balances

In accordance with GASB Statement No, 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”, the Station classifies its fund balances based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories can be used:

Nonspendable Resources that are not in spendable form (inventories and prepaid amounts) or have legal or contractual requirements to maintain the balance intact.

Restricted Resources that have external constraints imposed on them by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through enabling legislation.

Committed Resources that are constrained for specific purposes that are internally imposed by formal action (resolution) by the School District at its highest level of decision making authority, the School District’s Board of Education.

Assigned Resources that are constrained by the Station’s and/or the School District’s intent to be used specific purposes but are neither restricted or committed.

Unassigned The residual fund balance with the general fund. This classification represents fund balances that have not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

The Station considers restricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned and unassigned) fund balances are available. Similarly, within unrestricted fund balances, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

M. Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3 - Deposits and Investments

The Station’s cash and cash equivalents of \$891,724 consist of monies held in the School District’s cash management pool. Thus, a determination of the breakdown of the Station’s cash and cash equivalents between deposits and investments is not practically determinable.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$13,362,169 was covered by Federal Deposit Insurance Corporation, and \$22,196,808 of the School District's bank balance of \$35,558,977 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

The School District has no deposit policy for custodial risk beyond the requirements of State statute.

As of June 30, 2012, the School District had the following investments, which all had maturities of less than 1 year:

	Carrying Value	% to Total
Overnight Repurchase Agreements	\$82,871,621	84.42%
Federal Home Loan Bank Notes	2,499,840	2.55
Federal Home Loan Mortgage Corporation Notes	5,200,154	5.30
Federal National Mortgage Association Notes	1,999,980	2.04
United States Treasury Bills	998,660	1.02
Fifth Third U.S. Treasury Money Market Fund	2,947,039	3.00
First American Treasury Money Market Fund	1,648,607	1.68
 Total Investments	 \$98,165,901	 100.00%

The overnight repurchase agreements, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, United States Treasury Bills and Federal National Mortgage Association Notes carry a rating of AA+ by Standard and Poor's and Aaa by Moody's Investors Service. The First American Treasury Money Market Fund and the Fifth Third United States Treasury Money Market Fund carry a rating of AAAM by Standard and Poor's and Aaa-mf by Moody's Investors Service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District's investments are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirements of Ohio Revised Code Section 135.14(M)(2).

The School District places no limit on the amount that may be invested in any one issuer.

Note 4 – Receivables

Receivables at June 30, 2012, consisted of accounts (membership contributions and underwriting). All receivables are considered collectible in full due to the ability to collect all of the pledges from members and underwriters based on historical trends. All receivables are expected to be collected within one fiscal year.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 5 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance 6/30/2011	Additions	Deletions	Balance 6/30/2012
Governmental Activities				
<i>Capital Assets, being depreciated:</i>				
Furniture and Fixtures	\$15,085	\$11,123	\$0	\$26,208
Office Equipment	11,612	0	(10,137)	1,475
Broadcasting Equipment	424,053	44,771	(16,335)	452,489
Vehicles	5,000	0	0	5,000
<i>Total Capital Assets, being depreciated</i>	<u>455,750</u>	<u>55,894</u>	<u>(26,472)</u>	<u>485,172</u>
Less Accumulated Depreciation:				
Furniture and Fixtures	(6,152)	(873)	0	(7,025)
Office Equipment	(9,363)	0	7,888	(1,475)
Broadcasting Equipment	(171,885)	(20,249)	15,987	(176,147)
Vehicles	(5,000)	0	0	(5,000)
Total Accumulated Depreciation	<u>(192,400)</u>	<u>(21,122)</u> *	<u>23,875</u>	<u>(189,647)</u>
Governmental Activities Capital Assets, Net	<u>\$263,350</u>	<u>\$34,772</u>	<u>(\$2,597)</u>	<u>\$295,525</u>

* Depreciation expense was charged to governmental functions as follows:

Program Services:	
Programming and Production	\$17,811
Broadcasting	2,095
Public Information	1,048
Support Services:	
Management and General	118
Fundraising and Membership	50
Total Depreciation Expense	<u>\$21,122</u>

Note 6 - Risk Management

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 School District contracted for property, inland marine, crime, general liability, educators legal liability, employment practices liability and automobile coverage during fiscal year 2012. Coverage provided is as follows:

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Type of Coverage	Coverage Amount
Commercial Property (\$50,000 deductible)	
Building and Contents	\$795,510,656
Earthquake	5,000,000
Flood	5,000,000
Commercial Inland Marine (\$5,000 deductible)	250,000
Commercial Crime (\$5,000 deductible)	200,000
Commercial General Liability (\$25,000 deductible)	
General Aggregate Limit	3,000,000
Each Occurrence Limit	1,000,000
Employers Liability	1,000,000
Educators Legal Liability (\$25,000 deductible)	2,000,000
Employment Practices Liability (\$25,000 deductible)	
Annual Aggregate	3,000,000
Each Wrongful Act	1,000,000
Automobile (\$25,000 deductible)	
Liability	1,000,000
Uninsured Motorists	1,000,000

Settled claims have not exceeded commercial coverage in any of the past three fiscal years, and there has not been a significant reduction in coverage from the prior fiscal year.

The School District began participating in the Ohio Bureau of Workers' Compensation Retrospective Rating Plan (the "Plan") for calendar year 2004. This Plan involves the payment of: (1) a minimum premium to cover safety and hygiene costs, surplus costs, premium payment security costs, and the costs of losses exceeding the per claim and the maximum premium limitations; (2) a premium based on covered claims for up to ten years; and, (3) a premium based on reserves for evaluated claims at the end of the tenth year.

Note 7 – Defined Benefit Pension Plan

A. Plan Description

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly-available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Employers/Audit Resources.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

B. Funding Policy

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension and death benefits with the remainder being used to fund health care benefits and Medicare Part B benefits; for fiscal year 2012, 12.70 percent of annual covered salary was the portion used to fund pension and death benefits. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for the Station's pension and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$28,918, \$22,694 and \$23,840, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

Note 8 - Postemployment Benefits Other Than Pension

A. Plan Description

In addition to a cost-sharing, multiple-employer defined benefit pension plan, SERS administers two postemployment benefit plans for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage and traditional indemnity plans as well as a prescription drug program. The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both plans are included in the SERS Comprehensive Annual Financial Report. That report may be obtained by writing to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Employers/Audit Resources.

B. Funding Policy

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the SERS Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code Section 105(e). For fiscal year 2012, 0.55 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2012, this amount was \$35,800.

Active employee members do not contribute to the Health Care Fund. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The Station's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$1,331, \$2,869 and \$1,708, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

The SERS Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2012, the actuarially required allocation was 0.75 percent of covered payroll. The Station's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011 and 2010 were \$1,708, \$1,460 and \$1,418, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

Note 9 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Employees working 52 weeks per year earn 1 day to 25 days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid upon termination of employment. Employees working less than 52 weeks per year do not earn vacation. Employees earn sick leave at the rate of one and one-fourth days per month or the equivalent in hours per month. Sick leave may be accumulated up to a maximum of 425 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation. Employees receive 1) two additional days for each year of perfect attendance commencing July 1, 1976 through June 30, 1981; and 2) one additional day for each year of perfect attendance commencing July 1, 1981.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Aetna Life Insurance Company. Also, the School District offers medical/surgical, prescription, dental and vision insurance to its employees through several different providers.

Note 10 - Long-Term Obligations

The changes in the Station's long-term obligations during the fiscal year consist of the following:

Governmental Activities:	Principal Outstanding <u>6/30/2011</u>	<u>Additions</u>	<u>Reductions</u>	Principal Outstanding <u>6/30/2012</u>	Amount Due in <u>One Year</u>
Compensated Absences	\$25,650	\$12,043	(\$8,568)	\$29,125	\$10,890

Compensated absences will be paid from the general fund.

Note 11 – Fund Balances

Fund balances are classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Station is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balances for the governmental funds are presented below:

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Fund Balances	General Fund	CPB Grants	Total
<u>Restricted for:</u>			
National Public Radio programming	\$0	\$3,839	\$3,839
Production services and on-air talent	0	5,180	5,180
Tower rent	0	1,570	1,570
Office supplies	0	717	717
Audit costs	0	305	305
<i>Total Restricted</i>	<u>0</u>	<u>11,611</u>	<u>11,611</u>
<u>Assigned to:</u>			
Employer contributions to SERS	3,532	0	3,532
Unemployment compensation	492	0	492
<i>Total Assigned</i>	<u>4,024</u>	<u>0</u>	<u>4,024</u>
Unassigned (Deficits)	<u>857,674</u>	<u>0</u>	<u>857,674</u>
Total Fund Balances	<u><u>\$861,698</u></u>	<u><u>\$11,611</u></u>	<u><u>\$873,309</u></u>

The School District's Treasurer authorized the assignment of fund balances to SERS employer contributions and unemployment compensation.

Note 12 - Contingencies

A. Grants

The Station received financial assistance from grantor agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any disallowed claims will not have a material adverse effect on the overall financial position of the Station at June 30, 2012.

B. Litigation

The Station is not currently a party to any legal proceedings.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

WAPS-FM
Akron City School District
Summit County
65 Steiner Avenue
Akron, Ohio 44301

To the Board of Education:

We have audited the financial statements of the governmental activities and each major fund of WAPS-FM, Akron City School District, Summit County, Ohio, (the Station) as of and for the year ended June 30, 2012 which collectively comprise the Station's basic financial statements and have issued our report thereon dated December 10, 2012. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Station's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Station's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Station's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the Station's management in a separate letter dated December 10, 2012.

We intend this report solely for the information and use of the Akron City School District Board of Education, management, Advisory Council, the Corporation for Public Broadcasting, and others within the Station. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

December 10, 2012



Dave Yost • Auditor of State

WAPS-FM AKRON CITY SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 20, 2012