



OHIO AUDITOR OF STATE
KEITH FABER



**WAPS-FM AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY
JUNE 30, 2021**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Notes to the Basic Financial Statements	22
Required Supplementary Information:	
Schedule of the School District's Proportionate Share for the Station of the Net Pension Liability.....	48
Schedule of School District Contributions for the Station - Pension	50
Schedule of the School District's Proportionate Share for the Station of the Net OPEB Liability.....	52
Schedule of School District Contributions for the Station - OPEB	54
Notes to Required Supplementary Information	56
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	57

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INDEPENDENT AUDITOR'S REPORT

WAPS-FM Akron City School District
Summit County
10 N Main Street
Akron, Ohio 44308

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the WAPS-FM Akron City School District Summit County, Ohio (the Station), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Station's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Station's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Station, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

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 the remaining fund activity 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 of the Akron City School District as of June 30, 2021 and the changes in its financial for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter. Additionally, discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Station. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2022, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 7, 2022

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WAPS-FM Akron City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
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, 2021. 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, 2021 are as follows:

- Total net position decreased \$107,366. This is a 21.0 percent decrease from fiscal year 2020.
- Total revenues were \$1,143,760, which is an increase of \$135,887 compared to the previous year.
- Total program expenses were \$1,251,126. Total program expenses increased from \$1,230,955 from fiscal year 2020. This is an increase of \$20,171 or 1.6 percent.
- The fund balance in the general fund decreased \$142,833. This is a 59.1 percent decrease from fiscal year 2020.

Key financial highlights for the fiscal year ended June 30, 2020 are as follows:

- Total net position decreased \$223,082. This is a 77.7 percent decrease from fiscal year 2019.
- Total revenues were \$1,007,873, which is a decrease of \$64,999 compared to the previous year.
- Total program expenses were \$1,230,955. Total program expenses decreased from \$1,322,674 from fiscal year 2019. This is a decrease of \$91,719 or 6.9 percent.
- The fund balance in the general fund decreased \$53,437. This is an 18.1 percent decrease from fiscal year 2019.

Station Highlights

Significant Station highlights for the fiscal year ended June 30, 2021 are as follows:

- Membership contributions revenue was \$336,369 in fiscal year 2021. This is an increase of \$58,438 or 21.0 percent from the previous year amount of \$277,931.
- Underwriting revenue was \$274,576 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.

WAPS-FM Akron City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Significant Station highlights for the fiscal year ended June 30, 2020 are as follows:

- Membership contributions revenue was \$277,931 in fiscal year 2020. This is a decrease of \$61,986 or 18.2 percent from the previous year amount of \$339,917.
- Underwriting revenue was \$352,345 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 Position 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.

Reporting the Station as a Whole – Statement of Net Position 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 2021?" The Statement of Net Position and the Statement of Activities answer this question. These two statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources 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.

WAPS-FM Akron City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

These two statements report the Station's net position and changes in that position. This change in net position 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 Position 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 12. 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 Position 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 Position provides the perspective of the Station as a whole. Over time, net position can serve as a useful indicator of a government's financial position. During fiscal year 2021, the Station had a decrease in net position of \$107,366.

Net investment in capital assets reported on the government-wide statements represents a large component of net position. Capital assets include furniture and fixtures, office equipment and broadcasting equipment which are used to provide services its members and listening audience and are not available for future spending. Although the Station's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Station's net position, \$261,812, represents resources that are subject to external restrictions on how the funds may be used. Restricted primarily include amounts generated by resources restricted for public broadcasting. The remaining significant balance of government-wide unrestricted net position happens to be a deficit of (\$1,039,065).

WAPS-FM Akron City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 1 provides a summary of the Station's net position for fiscal years 2021, 2020 and 2019 as follows:

Table 1
Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets			
Current and other assets	\$ 475,693	\$ 484,355	\$ 590,275
Capital assets, net	<u>159,630</u>	<u>157,288</u>	<u>158,844</u>
<i>Total assets</i>	<u>635,323</u>	<u>641,643</u>	<u>749,119</u>
Deferred outflows of resources			
Pension	153,012	120,469	234,977
OPEB	<u>83,775</u>	<u>52,518</u>	<u>52,537</u>
<i>Total deferred outflows of resources</i>	<u>236,787</u>	<u>172,987</u>	<u>287,514</u>
Liabilities			
Current and other liabilities	31,163	27,939	68,402
Long-term liabilities:			
Due within one year	46,595	42,983	38,430
Due in more than one year:			
Net pension liability	925,313	791,747	779,259
Net OPEB liability	277,775	301,737	343,161
Other amounts due in more than one year	<u>48,975</u>	<u>45,602</u>	<u>41,620</u>
<i>Total liabilities</i>	<u>1,329,821</u>	<u>1,210,008</u>	<u>1,270,872</u>
Deferred inflows of resources			
Pension	4,000	22,327	21,591
OPEB	<u>155,912</u>	<u>92,552</u>	<u>31,345</u>
<i>Total deferred inflows of resources</i>	<u>159,912</u>	<u>114,879</u>	<u>52,936</u>
Net position			
Net investment in capital assets	159,630	157,288	158,844
Restricted	261,812	151,532	141,276
Unrestricted	<u>(1,039,065)</u>	<u>(819,077)</u>	<u>(587,295)</u>
<i>Total net position</i>	<u>\$ (617,623)</u>	<u>\$ (510,257)</u>	<u>\$ (287,175)</u>

WAPS-FM Akron City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The net pension liability is the largest single liability reported by the Station at June 30, 2021. The net OPEB liability is the second largest liability. Users of this financial statement will gain a clearer understanding of the Station's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

As a result of implementing the accounting standard for pension and OPEB, the Station is reporting a significant net pension liability, net OPEB liability and related deferred inflows of resources for the fiscal year which have a negative effect on net position. In addition, the Station is reporting deferred outflows of resources and a decrease in expenses related to pension and OPEB, which have a positive impact on net position. The decrease in pension and OPEB expense is the difference between the contractually required contributions and the pension and OPEB expense resulting from the change in the liability that is not reported as deferred inflows or outflows. These amounts can be found in the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities. To further explain the impact of these accounting standards on the Station's net position, additional information is presented below.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Deferred outflows - pension	\$ 153,012	\$ 120,469	\$ 234,977
Deferred outflows - OPEB	83,775	52,518	52,537
Deferred inflows - pension	(4,000)	(22,327)	(21,591)
Deferred inflows - OPEB	(155,912)	(92,552)	(31,345)
Net pension liability	(925,313)	(791,747)	(779,259)
Net OPEB liability	<u>(277,775)</u>	<u>(301,737)</u>	<u>(343,161)</u>
Impact of GASB 68 and GABB 75 on net position	<u>\$ (1,126,213)</u>	<u>\$ (1,035,376)</u>	<u>\$ (887,842)</u>

The combined impact of these accounting standards resulted in an expense of \$90,837 for 2021.

WAPS-FM Akron City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 2 shows the changes in net position for fiscal years 2021, 2020 and 2019 for governmental activities as follows:

Table 2
Changes in Net Position for Governmental Activities

	2021	2020	2019
Revenues			
<i>Program revenues:</i>			
Operating grants, contributions and interest	\$ 242,282	\$ 168,213	\$ 98,985
<i>General revenues:</i>			
Membership contributions	336,369	277,931	339,917
Underwriting	274,576	352,345	406,008
In-kind contributions	61,168	65,698	50,145
Donated facilities use and administrative support	216,952	138,288	165,615
Miscellaneous	12,413	5,398	12,202
<i>Total general revenues</i>	901,478	839,660	973,887
<i>Total revenues</i>	1,143,760	1,007,873	1,072,872
Program expenses			
<i>Program services:</i>			
Programing and production	552,599	585,376	655,192
Broadcasting	65,011	68,868	78,303
Public information	32,506	34,432	38,543
<i>Support services:</i>			
Management and general	420,706	379,597	385,444
Fundraising and membership	180,304	162,682	165,192
<i>Total program expenses</i>	1,251,126	1,230,955	1,322,674
<i>(Decrease) in net position</i>	(107,366)	(223,082)	(249,802)
Net position (deficit) beginning of the year	(510,257)	(287,175)	(37,373)
Net position (deficit) end of the year	(617,623)	(510,257)	(287,175)

Governmental Activities

While program revenues increased for governmental activities by \$74,069, the vast majority of revenues supporting governmental activities are general revenues. General revenues increased from \$839,660 in fiscal year 2020 to \$901,478 in fiscal year 2021. General revenues comprised 78.8 percent of revenues supporting governmental activities. For 2021, membership contributions increased by \$58,438, while underwriting revenues decreased by \$77,769.

WAPS-FM Akron City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The increase in program expenses is primarily caused by increases in support services, such as management and general, and fundraising and membership costs.

While slight expense increases were consistent with expectations, the increase in general revenues, mainly from membership contributions, were not sufficient and resulted in a reduction of net position of \$107,366.

The dependence upon general revenues for governmental activities is apparent with only 19.4 percent of governmental expenses supported through program revenues. Underwriting, membership contributions and other general revenues; such revenues are 78.8 percent of total governmental revenues. The underwriters and members are by far the primary support for the Station's listening audience.

Most long-term liabilities have set repayment schedules, or in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension or OPEB liabilities. As explained above, changes in net pension/OPEB benefits, contribution rates, and return on investments affect the balance of the net pension and OPEB liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension and OPEB liabilities are satisfied, these liabilities are separately identified within the long-term liabilities section of the statement of net position.

Cash and cash equivalents decreased \$34,087. Cash and cash equivalents decreased in the general fund by \$139,397 and increased in the CPB grants special revenue fund by \$105,310.

Also, capital assets increased \$2,342. See below for further explanation for the increase in capital assets.

Accounts receivable increased by \$25,425 or 21.9 percent. This increase is mostly attributed to the receivables from underwriting, however there was an increase in memberships as well.

Total liabilities increased \$119,813. This increase was mainly due to the increase in net pension liability by \$133,566. See the previous discussion on how the accounting standards relate to net pension liability.

In addition, long-term compensated absences liabilities increased \$6,985. This increase is due, in part, to an increase in the vacation liability, which is classified as long-term liabilities due within one year and due to an increase in the sick leave liability, which is classified as long-term liabilities other amounts due in more than one year. The reason both the vacation and sick leave portions of long-term compensated absences liabilities increased is because the number of days the Station's employees accrued as of June 30, 2021 was larger than the number accrued as of June 30, 2020, as well as the wage increases. The Station's employees accrued 204.5 vacation days as of June 30, 2021 versus 192 vacation days accrued as of June 30, 2020, and the Station's employees accrued 993.9 sick leave days as of June 30, 2021 versus 916.71 sick leave days as of June 30, 2020.

WAPS-FM Akron City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The net impact of the asset decreases, the deferred outflows of resources increase, the liabilities increase and the deferred inflows of resources increase was a decrease of net position of \$107,366.

The Statement of Activities shows the cost of program services and the charges for 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
 Governmental Activities

	<u>2021</u>		<u>2020</u>		<u>2019</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>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
Program expenses						
<i>Program services:</i>						
Programing and production	\$ 552,599	\$ 346,659	\$ 585,376	\$ 442,395	\$ 655,192	\$ 571,055
Broadcasting	65,011	40,782	68,868	52,046	78,303	68,404
Public information	32,506	20,393	34,432	26,022	38,543	33,594
<i>Support services:</i>						
Management and general	420,706	420,706	379,597	379,597	385,444	385,444
Fundraising and membership	<u>180,304</u>	<u>180,304</u>	<u>162,682</u>	<u>162,682</u>	<u>165,192</u>	<u>165,192</u>
<i>Total program expenses</i>	<u>\$ 1,251,126</u>	<u>\$ 1,008,844</u>	<u>\$ 1,230,955</u>	<u>\$ 1,062,742</u>	<u>\$ 1,322,674</u>	<u>\$ 1,223,689</u>

The Station's Funds

Information about the Station's major funds begins on page 18. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$1,123,093 and expenditures of \$1,155,646. The net change in fund balances for the fiscal year was a decrease of \$32,553 for all governmental funds. The general fund's net change in fund balance for fiscal year 2021 was a decrease of \$142,833 and the CPB grants fund's net change in fund balance for fiscal year 2021 was an increase of \$110,280.

WAPS-FM Akron City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The general fund's net change in fund balance can be attributed to expenditures exceeding revenues. Revenues in the general fund increased slightly from \$861,936 in fiscal year 2020 to \$880,811 in fiscal year 2021 and expenditures increased from \$915,373 in fiscal year 2020 to \$1,023,644 in fiscal year 2021. However, it was the disparity between revenues of that caused the unassigned fund balance to decrease in fiscal year 2021. Also, expenditures in the general fund increased to an amount more comparable to 2019 as 2020 was an unusual year.

The CPB grants fund's net change in fund balance can be attributed to revenues exceeding expenditures. Revenues in the CPB grants fund increased from \$168,213 in fiscal year 2020 to \$242,282 in fiscal year 2021 and expenditures decreased from \$157,957 in fiscal year 2020 to \$132,002 in fiscal year 2021. However, it was the difference between revenues and expenditures of that caused the restricted fund balance to increase from \$151,532 in fiscal year 2020 to \$261,812 in fiscal year 2021.

Expenditures increased from fiscal year 2020 to fiscal year 2021 in the general fund but decreased in the CPB grants fund. The CPB grants fund reported capital outlay for 2021 from acquisitions of capital assets.

Capital Assets

At the end of fiscal year 2021, the Station had \$159,630 invested in furniture and fixtures, and equipment. Table 4 shows fiscal years 2021, 2020 and 2019 balances as follows:

Table 4
 Capital Assets, at Fiscal Year End
 (Net of Depreciation)

	<u>Governmental Activities</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 12,486	\$ 14,946	\$ 12,226
Office equipment	7,568	8,609	1,684
Broadcasting equipment	<u>139,576</u>	<u>133,733</u>	<u>144,934</u>
Total capital assets	<u>\$ 159,630</u>	<u>\$ 157,288</u>	<u>\$ 158,844</u>

This increase was mainly due to additions exceeding depreciation expense of \$20,743. The Station acquired broadcasting assets during the fiscal year for \$23,085. The Station did not have any disposals during the year for assets. For further information on capital assets, see Note 5 to the basic financial statements.

WAPS-FM Akron City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

For the Future

For more than 60 years, The Station has been an important part of the Northeast Ohio radio community. Today, The award-winning Station, known as “The Summit” offers modern, diverse, locally infused music and emerging artists for audiences throughout Ohio and beyond; both on-air and online. The Station also plays a national leadership role in public radio and digital media, and distribution of programming.

The Station is groundbreaking, people-driven and powered mostly by the community. In fact, no Station salaries or benefits were paid by the School District. The Station has remained financially independent from its owner for over a decade now. This is a rarity for many university or school-board owned radio stations.

And, in order to remain self-sustaining, the Station is determined to increase revenues, market share, and brand loyalty. Also at the forefront of the mission is maintaining its financial independence, by attracting necessary financial resources from the listeners and organizations that value the station's programming.

The Station will continue to provide broadcast and outreach services beyond the local region by distributing programming through its award-winning community service channels including The 330, KIDJAM! Radio, and Rock & Recovery™. The Station will also continue to reflect the broadest educational goals of the Akron Board of Education by serving listeners interested in contemporary music, art, culture, and recovery, and the traditions which inform them.

The Station will provide significant opportunities for Akron Public School students throughout the station enabling them to evaluate potential careers in media, the music industry, and other related occupations, and enhancing their prospects for success in these fields.

The Station will continue to utilize the experience of the volunteer advisory board, The Friends of The Summit. Since 2006, regional community leaders have raised awareness of the Station to its listening audience while increasing member and underwriting contributions.

In addition, The Friends of 91.3, a state of Ohio recognized public charity, raise funds through securing grants from local, state and national foundations.

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.

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WAPS-FM Akron City School District
Statement of Net Position
Governmental Activities

	June 30, 2021	June 30, 2020
Assets		
Cash and cash equivalents	\$ 334,102	\$ 368,189
Accounts receivable	141,591	116,166
Depreciable capital assets, net	159,630	157,288
<i>Total assets</i>	635,323	641,643
Deferred outflows of resources		
Pension	153,012	120,469
OPEB	83,775	52,518
<i>Total deferred outflows of resources</i>	236,787	172,987
Liabilities		
Accounts payable	6,897	21,199
Unearned revenue	24,266	6,740
Long-term liabilities:		
Due within one year	46,595	42,983
Due in more than one year:		
Net pension liability	925,313	791,747
Net OPEB liability	277,775	301,737
Other amounts due in more than one year	48,975	45,602
<i>Total liabilities</i>	1,329,821	1,210,008
Deferred inflows of resources		
Pension	4,000	22,327
OPEB	155,912	92,552
<i>Total deferred inflows of resources</i>	159,912	114,879
Net position		
Net investment in capital assets	159,630	157,288
Restricted	261,812	151,532
Unrestricted	(1,039,065)	(819,077)
<i>Total net position</i>	(617,623)	(510,257)

See accompanying notes to the basic financial statements

WAPS-FM Akron City School District
Statement of Activities

	<u>For the Fiscal Year Ended June 30, 2021</u>			<u>For the Fiscal Year Ended June 30, 2020</u>						
	<u>Expenses</u>	<u>Program Revenues</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental Activities										
Program services:										
Programming and production	\$ 552,599	\$ 205,940		\$ (346,659)	\$ 585,376	\$ 142,981		\$ (442,395)		
Broadcasting	65,011	24,229		(40,782)	68,868	16,822		(52,046)		
Public information	32,506	12,113		(20,393)	34,432	8,410		(26,022)		
Support services:										
Management and general	420,706	-		(420,706)	379,597	-		(379,597)		
Fundraising and membership	180,304	-		(180,304)	162,682	-		(162,682)		
<i>Total governmental activities</i>	<u>\$ 1,251,126</u>	<u>\$ 242,282</u>		<u>(1,008,844)</u>	<u>\$ 1,230,955</u>	<u>\$ 168,213</u>		<u>(1,062,742)</u>		
General Revenues										
Membership contributions				336,369				277,931		
Underwriting				274,576				352,345		
In-kind contributions				61,168				65,698		
Donated facilities use and administrative support				216,952				138,288		
Miscellaneous				12,413				5,398		
<i>Total general revenues</i>				<u>901,478</u>				<u>839,660</u>		
Change in net position				(107,366)				(223,082)		
<i>Net position at beginning of fiscal year</i>				<u>(510,257)</u>				<u>(287,175)</u>		
<i>Net position at end of fiscal year</i>				<u>\$ (617,623)</u>				<u>\$ (510,257)</u>		

See accompanying notes to the basic financial statements

WAPS-FM Akron City School District
Balance Sheet
Governmental Funds

	June 30, 2021			June 30, 2020		
	General	CPB Grants	Total Governmental Funds	General	CPB Grants	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 67,021	\$ 267,081	\$ 334,102	\$ 206,418	\$ 161,771	\$ 368,189
Accounts receivable	141,591	-	141,591	116,166	-	116,166
<i>Total assets</i>	<u>208,612</u>	<u>267,081</u>	<u>475,693</u>	<u>322,584</u>	<u>161,771</u>	<u>484,355</u>
Liabilities						
Accounts payable	1,628	5,269	6,897	10,960	10,239	21,199
Unearned revenue	24,266	-	24,266	6,740	-	6,740
<i>Total liabilities</i>	<u>25,894</u>	<u>5,269</u>	<u>31,163</u>	<u>17,700</u>	<u>10,239</u>	<u>27,939</u>
Deferred inflows of resources						
Unavailable revenue:						
Membership contributions	70,660	-	70,660	55,815	-	55,815
Underwriting	13,326	-	13,326	7,504	-	7,504
<i>Total deferred inflows of resources</i>	<u>83,986</u>	<u>-</u>	<u>83,986</u>	<u>63,319</u>	<u>-</u>	<u>63,319</u>
Fund balances						
Restricted	-	261,812	261,812	-	151,532	151,532
Assigned	7,836	-	7,836	-	-	-
Unassigned	90,896	-	90,896	241,565	-	241,565
<i>Total fund balances</i>	<u>98,732</u>	<u>261,812</u>	<u>360,544</u>	<u>241,565</u>	<u>151,532</u>	<u>393,097</u>
<i>Total liabilities, deferred inflows of resources and fund balances</i>	<u>\$ 208,612</u>	<u>\$ 267,081</u>	<u>\$ 475,693</u>	<u>\$ 322,584</u>	<u>\$ 161,771</u>	<u>\$ 484,355</u>

See accompanying notes to the basic financial statements

WAPS-FM Akron City School District
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

	June 30, 2021	June 30, 2020
Total Governmental Fund Balances	\$ 360,544	\$ 393,097
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	159,630	157,288
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Membership contributions	70,660	55,815
Underwriting	13,326	7,504
Total	83,986	63,319
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	(95,570)	(88,585)
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liability and related inflows/outflows are not reported in the funds:		
Deferred outflows - pension	153,012	120,469
Deferred outflows - OPEB	83,775	52,518
Deferred inflows - pension	(4,000)	(22,327)
Deferred inflows - OPEB	(155,912)	(92,552)
Net pension liability	(925,313)	(791,747)
Net OPEB liability	(277,775)	(301,737)
Total	(1,126,213)	(1,035,376)
<i>Net Position of Governmental Activities</i>	\$ (617,623)	\$ (510,257)

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

	<u>For the Fiscal Year Ended June 30, 2021</u>			<u>For the Fiscal Year Ended June 30, 2020</u>		
	<u>General</u>	<u>CPB Grants</u>	<u>Total Governmental Funds</u>	<u>General</u>	<u>CPB Grants</u>	<u>Total Governmental Funds</u>
Revenues						
CPB Grants	\$ -	\$ 242,282	\$ 242,282	\$ -	\$ 168,213	\$ 168,213
Membership contributions	321,524	-	321,524	298,155	-	298,155
Underwriting	268,754	-	268,754	354,397	-	354,397
In-kind contributions	61,168	-	61,168	65,698	-	65,698
Donated facilities use and administrative support	216,952	-	216,952	138,288	-	138,288
Miscellaneous	12,413	-	12,413	5,398	-	5,398
<i>Total revenues</i>	<u>880,811</u>	<u>242,282</u>	<u>1,123,093</u>	<u>861,936</u>	<u>168,213</u>	<u>1,030,149</u>
Expenditures						
Current:						
Program services:						
Programming and production	392,623	92,580	485,203	370,319	117,045	487,364
Broadcasting	46,191	10,891	57,082	43,567	13,770	57,337
Public information	23,096	5,446	28,542	21,783	6,884	28,667
Support services:						
Management and general	393,213	-	393,213	335,794	-	335,794
Fundraising and membership	168,521	-	168,521	143,910	-	143,910
Capital outlay	-	23,085	23,085	-	20,258	20,258
<i>Total expenditures</i>	<u>1,023,644</u>	<u>132,002</u>	<u>1,155,646</u>	<u>915,373</u>	<u>157,957</u>	<u>1,073,330</u>
<i>Net change in fund balances</i>	(142,833)	110,280	(32,553)	(53,437)	10,256	(43,181)
<i>Fund balances at beginning of fiscal year</i>	<u>241,565</u>	<u>151,532</u>	<u>393,097</u>	<u>295,002</u>	<u>141,276</u>	<u>436,278</u>
<i>Fund balances at end of fiscal year</i>	<u>\$ 98,732</u>	<u>\$ 261,812</u>	<u>\$ 360,544</u>	<u>\$ 241,565</u>	<u>\$ 151,532</u>	<u>\$ 393,097</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, 2021	For the Fiscal Year Ended June 30, 2020
Net Change in Fund Balances - Total Governmental Funds	(32,553)	(43,181)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 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 depreciation exceeded capital outlays in the current period:		
Capital assets additions	23,085	20,258
Current fiscal year depreciation	(20,743)	(18,306)
Total	2,342	1,952
 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.		
	-	(3,508)
 Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds:		
Membership contributions	14,845	(20,224)
Underwriting	5,822	(2,052)
Total	20,667	(22,276)
 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	(6,985)	(8,535)
 Contractually-required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
Pension	65,023	61,992
OPEB	-	-
Total	65,023	61,992
 Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(147,719)	(189,724)
OPEB	(8,141)	(19,802)
Total	(155,860)	(209,526)
 <i>Change in Net Position of Governmental Activities</i>	 \$ (107,366)	 \$ (223,082)

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, 2021

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 7 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 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 position 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, 2021

Government-wide Financial Statements. The statement of net position 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 position 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 deferred outflows of resources and liabilities and deferred inflows of resources 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.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

C. Measurement Focus

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

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, deferred outflows of resources, current liabilities and deferred inflows of resources 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 inflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange 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.

Nonexchange 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.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Unearned Revenue Unearned revenue arises when monies are received before revenue recognition criteria have been satisfied. Underwriting payments received in the current fiscal year for underwriting spots that will occur in future fiscal years are recorded as unearned revenue. Revenue is recognized when the underwriting spot takes place.

Deferred Outflows/Inflows of Resources In addition to assets, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources related to pension and other post-employment benefits (OPEB) are reported on the government-wide statement of net position (See Notes 7 and 8).

In addition to liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Station, deferred inflows of resources include unavailable revenue and pension and OPEB. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the Station, unavailable revenue includes membership contributions and underwriting. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position (See Notes 7 and 8).

Pension and other postemployment benefits (OPEB) For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

The current accounting standard requires the Station to report their proportionate share of the net pension/OPEB liability using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and postemployment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability. Under the new standards, the net pension/OPEB liability equals the Station's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. The unfunded portion of this benefit of exchange is a liability of the Station. However, the Station is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

There is no repayment schedule for the net pension liability or the net OPEB liability. The Station has no control over the changes in the benefits, contribution rates, and return on investments affecting the balance of the liabilities. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability and the OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

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 2021, the School District's investments were limited to commercial paper, Federal securities, U.S. Treasury bonds and notes, certificates of deposit and an interest in STAR Ohio, the State Treasurer's Investment Pool. 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 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.

The School District's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the School District. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2021, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice is appreciated 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 initial maturity of more than three months that are not purchased from the pool 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. In-Kind Contributions

The School District and the Struthers City School District (“SCSD”) entered into a license agreement during fiscal year 2013 that will continue for 8 years and will automatically renew for one or more additional 8-year terms, without limitation, unless either party notifies the other in writing of its intent not to renew at least 120 days before the end of any current term.

As part of this agreement, the Radio Station provides SCSD underwriting announcements, which identify SCSD events, SCSD sponsors and SCSD services to its community at an estimated value of \$30,000 per year. Also, as part of this agreement, the Radio Station provides SCSD public service announcements on behalf of nonprofit organizations located in the Struthers and Youngstown, Ohio area which provide information about the organizations and events they sponsor at an estimated value of \$15,000 per year. Revenue is reported for these announcements at the estimated present value when the announcements are broadcast.

In addition, the Radio Station has entered into barter agreements during the current fiscal year where the Radio Station has provided underwriting spots to local businesses for services. Barter transactions are reported at the estimated fair value of the services received. Revenue is reported when the underwriting spots are broadcast, and the services received are reported when received as expenditures/expenses. Barter transactions amounted to \$16,168 during fiscal year 2021.

Transactions associated with the license agreement and barter agreements are classified as in-kind contributions revenue and with a corresponding amount classified as support services expenditures/expenses. The collective total for these transactions for fiscal year 2021 was \$61,168.

H. Support and Revenue from the Akron City School District

Donated facilities from the School District consist of approximately 3,190 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 \$216,952 for fiscal year 2021, and is included in donated facilities use and administrative support revenue and support services expenditures/expenses.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

I. 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 position but are not reported in the fund financial statements.

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 acquisition 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

J. 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.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts, when applicable, are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

K. 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.

L. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws and regulations of other governments. Net position restricted for other purposes represents CPB grants.

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

M. 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 by the School District at its highest level of decision making authority, the School District’s Board of Education.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Assigned Resources that are constrained by the Station's and/or the School District's intent to be used for specific purposes but are neither restricted or committed. The School District's Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent fiscal year's appropriated budget in the general fund.

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 first 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.

N. 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 \$334,102 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.

The following information represents disclosure for the School District. 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, the School District's bank balance of \$30,944,958 was exposed to custodial credit risk. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

As of June 30, 2021, the School District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>Investment Maturities (in years)</u>		
			<u>< 1 year</u>	<u>2-4 years</u>	<u>> 4 years</u>
First American government obligation fund	\$ 5,556	0.00%	5,556	-	-
STAR Ohio	11,127,461	7.73%	11,127,461	-	-
US Treasury bill	1,134,994	0.79%	1,134,994	-	-
US Treasury notes	4,226,172	2.93%	2,228,906	1,997,266	-
Commerical paper	35,659,969	24.76%	35,659,969	-	-
Reported in the general fund:					
First American government obligation fund	1,199	0.00%	1,199	-	-
Federal National Mortgage Association bonds	5,475,440	3.80%	-	5,475,440	-
Federal Farm Credit Bank bonds	7,815,389	5.43%	3,823,929	3,991,460	-
Federal Home Loan Bank bonds	13,208,790	9.17%	-	12,649,753	559,037
Federal Home Loan Mortgage Corporation bonds	10,732,267	7.45%	-	8,042,424	2,689,843
US Treasury notes	8,990,966	6.24%	5,584,604	3,406,362	-
Ohio municipal securities	3,177,109	2.21%	-	2,986,043	191,066
Negotiable certificates of deposit	4,090,680	2.84%	751,134	3,339,546	-
Commerical paper	17,215,616	11.95%	17,215,616	-	-
	<u>70,707,456</u>		<u>27,376,482</u>	<u>39,891,028</u>	<u>3,439,946</u>
Reported in nonmajor governmental funds:					
First American government obligation fund	62,676	0.04%	62,676	-	-
Federal Farm Credit Bank bonds	1,501,855	1.04%	1,501,855	-	-
Federal Home Loan Mortgage Corporation bonds	1,000,200	0.69%	-	1,000,200	-
Commerical paper	13,558,218	9.41%	13,558,218	-	-
	<u>16,122,949</u>		<u>15,122,749</u>	<u>1,000,200</u>	<u>-</u>
Reported in an internal service fund:					
Federated government obligation fund	2,915,164	2.02%	2,915,164	-	-
Negotiable certificates of deposit	2,128,431	1.48%	2,128,431	-	-
	<u>5,043,595</u>		<u>5,043,595</u>	<u>-</u>	<u>-</u>
	<u>\$ 144,028,152</u>	<u>100.00%</u>	<u>97,699,712</u>	<u>42,888,494</u>	<u>3,439,946</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. As previously discussed Star Ohio is reported at its net asset value.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Custodial credit risk for an investment is the risk that in the event of 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. The investments in Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) are held by the counterparty's trust department or agent and not in the School District's name. The School District's negotiable certificates of deposit are registered securities and covered in full by FDIC insurance. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAR Ohio and the First American Government Obligation an AAAm rating, the FHLMC, FHLB, FFCB and FNMA bonds an AA+ rating, the U.S. Treasury notes have a AA+ rating, the U.S. Treasury bonds have a A-1+ rating and commercial paper an A-1 and A-1+ rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The School District's investment policy requires certain credit ratings for some investments as allowed by state law.

Concentration of credit risk is the possibility of loss attributed to the magnitude of the School District's investment in a single issuer. More than 5% of the School District's investments are in FHLMC bonds and FFCB bonds. These investments are presented in the table on the previous page. The investment in STAR Ohio is a pooled investment and not of a single issuer. The School District's policy does not specify stricter limits than allowed by law.

Note 4 – Receivables

Receivables at June 30, 2021, 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, 2021

Note 5 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance 7/1/2020	Addition	Deletion	Balance 6/30/2021
Governmental Activities				
<i>Capital assets, being depreciated:</i>				
Furniture and fixtures	\$ 70,222	\$ -	\$ -	\$ 70,222
Office equipment	10,411	-	-	10,411
Broadcasting equipment	392,179	23,085	-	415,264
Vehicles	-	-	-	-
Total capital assets, being depreciated	472,812	23,085	-	495,897
 <i>Less: Accumulated depreciation:</i>				
Furniture and fixtures	(55,276)	(2,460)	-	(57,736)
Office equipment	(1,802)	(1,041)	-	(2,843)
Broadcasting equipment	(258,446)	(17,242)	-	(275,688)
Vehicles	-	-	-	-
Total accumulated depreciation	(315,524)	(20,743)	-	(336,267)
 Governmental Activities Capital Assets, Net	 \$ 157,288	 \$ 2,342	 \$ -	 \$ 159,630

* Depreciation expense was charged to governmental functions as follows:

Program services:	
Programming and production	\$ 17,506
Broadcasting	2,060
Public informataion	1,030
Support services:	
Management and general	103
Fundraising and membership	44
Total depreciation expense	\$ 20,743

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 Station has insurance through the School District. The School District contracted for property, inland marine, crime, general liability, excess liability, educators legal liability, employment practices liability and automobile coverage during fiscal year 2021. 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.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 – School Employees Retirement System

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share for the Station of the pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the School District's obligation for the Station for this liability to annually required payments. The Station cannot control benefit terms or the manner in which pensions are financed; however, the Station does receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer because they benefit from employee services and State statute requires all funding to come from these employers. All contributions to date have come solely from these employers, which also includes costs paid in the form of withholdings from employees. State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the fiscal year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Plan Description – School Employees Retirement System (“SERS”)

Plan Description – Station employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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 Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before <u>August 1, 2017 *</u>	Eligible to Retire after <u>August 1, 2017</u>
Full benefits	Any age with 30 years of service credit Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution for the Station to SERS was \$65,023 for fiscal year 2020. None of this amount is reported as intergovernmental payable.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Station's proportion of the net pension liability was based on the School District's share of contributions for the Station to the pension plan relative to the contributions of all participating entities. Following is the information related to the proportionate share and pension expense:

	<u>SERS</u>
Proportion of the net pension liability - prior measurement date	0.0132329%
Proportion of the net pension liability - current measurement date	<u>0.0139898%</u>
Change in proportionate share	<u>0.0007569%</u>
Proportionate share of the net pension liability	\$925,315
Pension expense	\$147,719

At June 30, 2021, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>
Deferred outflows of resources	
Differences between expected and actual experience	\$ 1,797
Net difference between projected and actual earnings on pension plan investments	58,739
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	27,453
School District contributions subsequent to the measurement date	<u>65,023</u>
Total deferred outflows of resources	<u>\$ 153,012</u>
Deferred inflows of resources	
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>\$ 4,000</u>
Total deferred inflows of resources	<u>\$ 4,000</u>

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

\$65,023 reported as deferred outflows of resources related to pension resulting from School District contributions for the Station subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal		<u>SERS</u>
<u>Year</u>		
2022	\$	13,204
2023		27,911
2024		24,484
2025		<u>18,390</u>
Total	\$	<u>83,989</u>

Actuarial Assumptions – SERS

SERS’ total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

Wage inflation	3 percent
Future salary increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment rate of return	7.5 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset <u>class</u>	Target <u>allocation</u>	Long term expected <u>real rate of return</u>
Cash	2.00 %	1.85 %
US stocks	22.50	5.75
Non-US stocks	22.50	6.50
Fixed income	19.00	2.85
Private equity	12.00	7.60
Real assets	17.00	6.60
Multi-asset strategies	<u>5.00</u>	6.65
Total	<u>100.00</u> %	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on these assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share for the Station of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate:

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	1% Decrease <u>(6.5%)</u>	Current discount rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
School District's proportionate share of the net pension liability	\$ 1,267,568	\$925,315	\$638,158

Note 8 – Postemployment Benefits – School Employees Retirement System

Net OPEB Liability

The net OPEB liability or asset reported on the statement of net position represents a liability or asset to employees for OPEB. OPEB is a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. OPEB are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability or asset represents the School District’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB liability or asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which OPEB are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability or asset. Resulting adjustments to the net OPEB liability or asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan’s unfunded benefits is presented as a long-term net OPEB liability or asset on the accrual basis of accounting. Any liability for the contractually required OPEB contribution outstanding at the end of the year is included in pension obligation payable on both the accrual and modified accrual bases of accounting.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

A. School Employees Retirement System (“SERS”)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS’ Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS’ health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS’ health care coverage. Most retirees and dependents choosing SERS’ health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS’ website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS’ Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer’s SERS covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District’s surcharge obligation for the Station was \$0.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District’s contractually required contribution to SERS for the Station was \$0 for fiscal year 2021. Of this amount \$0 is reported as an intergovernmental payable.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

The net OPEB liability or asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability or asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability or asset was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>
Proportion of the net OPEB liability (asset) - prior measurement date	0.0119985%
Proportion of the net OPEB liability (asset) - current measurement date	<u>0.0127811%</u>
Change in proportionate share	<u>0.0007826%</u>
Proportionate share of the net OPEB liability (asset)	\$277,775
OPEB expense	\$8,141

At June 30, 2021, the Station reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>
Deferred outflows of resources	
Differences between expected and actual experience	\$ 3,648
Changes of assumptions	47,351
Net difference between projected and actual earnings on pension plan investments	3,130
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>29,646</u>
Total deferred outflows of resources	<u>\$ 83,775</u>
Deferred inflows of resources	
Differences between expected and actual experience	\$ 141,268
Changes of assumptions	6,997
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>7,647</u>
Total deferred inflows of resources	<u>\$ 155,912</u>

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

\$0 reported as deferred outflows of resources related to OPEB resulting from School District contributions for the Station subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal		
<u>Year</u>		<u>SERS</u>
2022	\$	(14,165)
2023		(13,939)
2024		(13,976)
2025		(15,390)
2026		(11,427)
2027		<u>(3,240)</u>
Total	\$	<u>(72,137)</u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Wage inflation	3 percent
Future salary increases, including inflation	3.5 percent to 18.2 percent
Investment rate of return	7.5 percent net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	2.45 percent
Prior measurement date	3.13 percent
Single equivalent interest rate, net of plan investment expense, including price inflation	
Measurement date	2.63 percent
Prior measurement date	3.22 percent
Medical trend assumption	
Pre-Medicare	7.00 to 4.75 percent
Medicare	5.25 to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 7.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability at June 30, 2019, was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease <u>(1.63%)</u>	Current discount rate <u>(2.63%)</u>	1% Increase <u>(3.63%)</u>
School District's proportionate share of the net OPEB liability	\$ 339,990	\$277,775	\$228,315
	1% Decrease <u>(6.00% decreasing to 3.75%)</u>	Current trend rate <u>(7.00% decreasing to 4.75%)</u>	1% Increase <u>(8.00% decreasing to 5.75%)</u>
School District's proportionate share of the net OPEB liability	\$ 218,727	\$277,775	\$356,738

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 (up to 37.5 days) 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.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through The Hartford. 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:

<u>Governmental Activities</u>	<u>Balance 7/1/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2021</u>	<u>Amount Due in One Year</u>
Net pension liability - SERS	\$ 791,747	\$ 133,566	\$ -	\$ 925,313	\$ -
Net OPEB liability - SERS	301,737	-	(23,962)	277,775	-
Compensated absences	<u>88,585</u>	<u>49,968</u>	<u>(42,983)</u>	<u>95,570</u>	<u>46,595</u>
Total long-term obligations	<u>\$ 1,182,069</u>	<u>\$ 183,534</u>	<u>\$ (66,945)</u>	<u>\$ 1,298,658</u>	<u>\$ 46,595</u>

The Station pays obligations related to employee compensation 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 the general fund and the CPB grants fund is presented as follows:

<u>Fund balances</u>	<u>General</u>	<u>CPB Grants</u>	<u>Total Governmental Funds</u>
Restricted for:			
CPB Grants	\$ -	\$ 261,812	\$ 261,812
Assigned to:			
Encumbrances	7,836	-	7,836
Unassigned	<u>90,896</u>	<u>-</u>	<u>90,896</u>
	<u>\$ 98,732</u>	<u>\$ 261,812</u>	<u>\$ 360,544</u>

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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, 2021.

B. Litigation

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

Note 13 – Coronavirus Pandemic 2019 (COVID-19)

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. This declaration was made just before the Station's last quarter of the fiscal year. The financial impact of COVID-19 and the ensuing emergency measures have impacted the current period and will continue to impact subsequent periods of the School District and the Station. Furthermore, due to the dynamic environment and changes in fiscal policies, the exact impact on these entities' future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be reasonably estimated.

Required Supplementary Information

WAPS-FM Akron City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share for the Station of the Net Pension Liability
Last Eight Fiscal Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School Employees Retirement System (SERS) of Ohio				
School District's proportion of the net pension liability	0.013990%	0.013233%	0.013606%	0.012863%
School District's proportionate share of the net pension liability	\$ 925,315	\$ 791,749	\$ 779,259	\$ 768,530
School District's covered payroll	\$ 442,800	\$ 460,904	\$ 414,911	\$ 328,707
School District's proportionate share of the net pension liability as a percentage of its covered payroll	208.97%	171.78%	187.81%	233.80%
Plan fiduciary net position as a percentage of total pension liability	68.55%	70.85%	71.36%	69.50%

(1) Ten years of information will be presented as information becomes available. Information prior to 2014 is not available. The amounts presented are as of the School District's measurement date which is the prior fiscal year end.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.010446%	0.008845%	0.008422%	0.008422%
\$	764,583	\$ 504,723	\$ 426,253	\$ 500,853
\$	263,057	\$ 256,813	\$ 235,310	\$ 231,019
	290.65%	196.53%	181.15%	216.80%
	62.98%	69.16%	71.70%	65.52%

WAPS-FM Akron City School District
Required Supplementary Information
Schedule of School District Contributions for the Station - Pension
Last Ten Fiscal Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School Employees Retirement System (SERS) of Ohio				
Contractually required contribution	\$ 65,023	\$ 61,992	\$ 62,222	\$ 56,013
Contributions in relation to contractually required contribution	<u>(65,023)</u>	<u>(61,992)</u>	<u>(62,222)</u>	<u>(56,013)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 464,450	\$ 442,800	\$ 460,904	\$ 414,911
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

2017	2016	2015	2014	2013	2012
\$ 46,019	\$ 36,828	\$ 33,848	\$ 32,614	\$ 31,973	\$ 30,626
(46,019)	(36,828)	(33,848)	(32,614)	(31,973)	(30,626)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 328,707	\$ 263,057	\$ 256,813	\$ 235,310	\$ 231,019	\$ 227,703
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

WAPS-FM Akron City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share for the Station of the Net OPEB Liability
Last Five Fiscal Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School Employees Retirement System (SERS) of Ohio				
School District's proportion of the net OPEB liability	0.012781%	0.011999%	0.012369%	0.011738%
School District's proportionate share of the net OPEB liability	\$ 277,775	\$ 301,737	\$ 343,161	\$ 315,004
School District's covered payroll	\$ 442,800	\$ 460,904	\$ 414,911	\$ 328,707
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	62.73%	65.47%	82.71%	95.83%
Plan fiduciary net position as a percentage of total OPEB liability	18.17%	15.57%	13.57%	12.46%

(1) Ten years of information will be presented as information becomes available. Information prior to 2017 is not available. The amounts presented are as of the School District's measurement date which is the prior fiscal year end.

2017

0.009564%

\$ 272,615

\$ 263,057

103.63%

11.49%

WAPS-FM Akron City School District
Required Supplementary Information
Schedule of School District Contributions for the Station - OPEB
Last Ten Fiscal Years

	2021	2020	2019	2018
School Employees Retirement System (SERS) of Ohio				
Contractually required contribution (1)	\$ -	\$ -	\$ 2,305	\$ 2,388
Contributions in relation to contractually required contribution	-	-	(2,305)	(2,388)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 464,450	\$ 442,800	\$ 460,904	\$ 414,911
Contributions as a percentage of covered payroll	0.00%	0.00%	0.50%	0.58%

(1) Includes surcharge, except for years 2015 through 2012 information not available.

2017	2016	2015	2014	2013	2012
\$ 313	\$ 454	\$ 2,106	\$ 329	\$ 370	\$ 1,252
(313)	(454)	(2,106)	(329)	(370)	(1,252)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 328,707	\$ 263,057	\$ 256,813	\$ 235,310	\$ 231,019	\$ 227,703
0.10%	0.17%	0.82%	0.14%	0.16%	13.45%

**WAPS-FM Akron City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021**

Net Pension Liability

School Employees Retirement System (SERS) of Ohio

Changes in benefit terms: There was no change in benefit terms for fiscal year 2021. See the notes to the basic financial for benefit terms.

Changes in assumptions: There was no change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021. See the notes to the basic financials for the methods and assumptions in this calculation.

Net OPEB Liability

School Employees Retirement System (SERS) of Ohio

Changes in benefit terms: There was no change in benefit terms for fiscal year 2021. See the notes to the basic financial for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021. See the notes to the basic financials for the methods and assumptions in this calculation.

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S 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
10 N Main Street
Akron, Ohio 44308

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and each major fund of the WAPS-FM Akron City School District, Summit County, (the Station) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements and have issued our report thereon dated February 7, 2022, wherein we noted the Station is part of the Akron City School District. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Station.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Station's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Station's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Station's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the Station's 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 financial statements. However, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Station's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Station's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 7, 2022

OHIO AUDITOR OF STATE KEITH FABER



WAPS-FM AKRON CITY SCHOOL DISTRICT

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/10/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov