



Dave Yost • Auditor of State



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

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities and each major fund of WAPS-FM, Akron City School District, Summit County, Ohio, (the Station), as of and for the year ended June 30, 2011, which collectively comprise the Station's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Station's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements of WAPS-FM, Akron City School District, Summit County, Ohio are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and each major fund of the Akron City School District that is attributable to the transactions of the Station. They do not purport to, and do not present fairly the financial position the Akron City School District as of June 30, 2011, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of WAPS-FM, Akron City School District, Summit County, Ohio as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2011, on our consideration of the Station's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.



**Dave Yost**  
Auditor of State

December 16, 2011

**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2011*  
*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, 2011. 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, 2011 are as follows:

- Total net assets increased \$58,149. This is a 5.0 percent increase from fiscal year 2010.
- Total revenues increased to \$687,412 from \$619,086. This is an increase of \$68,326 or 11.0 percent.
- Total program expenses were \$629,263. Total program expenses increased from \$619,005 from fiscal year 2010. This is an increase of \$10,258 or 1.7 percent.
- The fund balance in the general fund increased \$46,860. This is a 5.3 percent increase from fiscal year 2010.

**Station Highlights**

Significant Station highlights for the fiscal year ended June 30, 2011 are as follows:

- Membership contributions revenue was \$152,537 in fiscal year 2011 and continues to be a major source of revenue for the Station. This increased \$16,849 or 12.4% from \$135,688 from fiscal year 2010. The Station is now simulcasting at 90.7 FM throughout Youngstown, Warren and western Pennsylvania. The increased coverage area has led to additional listeners and Station supporters.
- Underwriting revenue was \$316,442 and continues to be a major source of revenue. This increased \$23,373 or 8.0% from \$293,069 from fiscal year 2010. The Station continues to attract a highly desirable, intensely loyal listening audience. Businesses are beginning to put a value in reaching these potential new customers through supporting the Station.
- The Station has produced 2 new radio stations: KIDJAM! Radio™ and Rock and Recovery™. These award-winning, high-definition radio stations are available as smart phone "APPS" or via streaming audio online.

**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.

**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2011*  
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The Statement of Net Assets and the Statement of Activities provide information about the activities of the whole Station, presenting both an aggregate view of the Station's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, the fund financial statements tell how services were financed in the short-term and what remains for future spending. Also, the fund financial statements look at each of the Station's funds.

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

While the basic financial statements contain the funds used by the Station to provide programs and activities, the view of the Station as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These two statements include all assets and liabilities using the accrual basis of accounting similar to the basis of accounting used by most companies in the private sector. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

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

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

*Reporting the Station's Most Significant Funds – Fund Financial Statements*

The analysis of the Station's major funds begins on page 8. Fund financial reports provide detailed information about the Station's major funds. The Station uses funds to account for a multitude of financial transactions, and the fund financial statements focus on the Station's funds. The Station's major governmental funds are the general fund and the Corporation for Public Broadcasting (CPB) grants fund.

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



**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
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**The Station as a Whole**

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

Table 1 provides a summary of the Station's net assets for fiscal year 2011 compared to fiscal year 2010 as follows:

Table 1  
Net Assets at June 30,

	Governmental Activities	
	2011	2010
<b>Assets</b>		
Current and Other Assets	\$1,024,889	\$956,734
Capital Assets, Net	263,350	283,929
<i>Total Assets</i>	1,288,239	1,240,663
<b>Liabilities</b>		
Current and Other Liabilities	45,280	59,599
Long-Term Liabilities:		
Due Within One Year	8,568	5,470
Due in More than One Year	17,082	16,434
<i>Total Liabilities</i>	70,930	81,503
<b>Net Assets</b>		
Invested in Capital Assets	263,350	283,929
Restricted:		
Other Purposes	43,810	3,738
Unrestricted	910,149	871,493
<i>Total Net Assets</i>	\$1,217,309	\$1,159,160

Total assets increased \$47,576.

CPB grants receivable increased \$36,846. The Station was awarded a grant from the CPB for a high definition transmission upgrade in the amount of \$39,759 during the current fiscal year. The Radio Station did not receive any monies from this new grant as of June 30, 2011; therefore, the entire award amount of \$39,759 is recorded as a receivable at fiscal year end.

In addition, accounts receivable increased \$9,589. This increase can be attributed to the recording of a receivable for underwriting sales for the first time as of June 30, 2011. The Station did not record a receivable for underwriting sales in fiscal years prior to the current fiscal year.

**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
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Total liabilities decreased \$10,573.

Intergovernmental payable decreased \$14,433. This decrease is due to the elimination of recording a liability for employer contributions to the School Employees Retirement System of Ohio (SERS) at June 30, 2011. Beginning in fiscal year 2011, employer contributions made by the School District for Station employees to SERS were required to be made within the fiscal year. In the past, employer contributions to SERS were made 6 months in arrears. As a result, the Station recorded a liability for employer contributions to SERS amounting to 6 months worth of contributions in prior fiscal years. This liability is no longer necessary beginning in fiscal year 2011.

Plus, accounts payable decreased \$5,532. The majority of this decrease is due to a \$3,495 liability for commissions of underwriting sales as of June 30, 2010 and a \$1,990 liability to Spectrasite Communications for tower rent as of June 30, 2010. Liabilities for commissions of underwriting sales and tower rent did not exist as of June 30, 2011.

The decreases in intergovernmental payable and accounts payable were offset by increases in deferred revenue and long-term liabilities. Deferred revenue increased \$5,646. Deferred revenue arises from underwriting payments received in one fiscal year but are for underwriting spots that will take place in the next fiscal year. As of June 30, 2010, the Station received \$38,062 in underwriting revenue where the underwriting spots occurred in fiscal year 2010. On the other hand, the Station received \$43,708 in underwriting revenue as of June 30, 2011 for underwriting spots that will air in fiscal year 2012.

Long-term liabilities increased \$3,746. Compensated absences, such as sick leave and vacation benefits, which are not due for payment in the current fiscal year, are recorded as long-term liabilities. This increase is mostly due to an increase in the accrual for vacation benefits. The number of vacation days accrued as of June 30, 2011 was 48.5 as opposed to the number of vacation days accrued at June 30, 2010 of 32.5. This increase in the number of vacation days accrued caused the accrual for vacation benefits to increase from \$5,470 in the prior fiscal year to \$8,568 in the current fiscal year.

The net impact of the assets increase and the liabilities decrease was an increase of net assets of \$58,149.

Table 2 shows the changes in net assets for fiscal years 2011 and 2010 for governmental activities as follows:

Table 2		
Change in Net Assets for Governmental Activities		
	2011	2010
<b>Revenues</b>		
<i>Program Revenues:</i>		
Operating Grants, Contributions and Interest	\$133,131	\$116,152
<i>General Revenues:</i>		
Membership Contributions	152,537	135,688
Underwriting	316,442	293,069
Donated Facilities and Administrative Support	74,811	72,531
Miscellaneous	10,491	1,646
<i>Total General Revenues</i>	554,281	502,934
<b>Total Revenues</b>	687,412	619,086

**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
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**Program Expenses**

Program Services:		
Programming and Production	333,674	299,843
Broadcasting	39,257	35,275
Public Information	19,628	17,641
Support Services:		
Management and General	165,692	186,373
Fundraising and Membership	71,012	79,873
<b>Total Program Expenses</b>	<u>629,263</u>	<u>619,005</u>
<b>Increase in Net Assets</b>	<u>\$58,149</u>	<u>\$81</u>

While program revenues increased for governmental activities from \$116,152 to \$133,131, the vast majority of revenues supporting governmental activities are general revenues. General revenues increased from \$502,934 in fiscal year 2010 to \$554,281 in fiscal year 2011. General revenues comprised 80.6 percent of revenues supporting governmental activities. The primary sources of the increase were underwriting revenue (\$23,373), membership contributions revenue (\$16,849) and miscellaneous revenue (\$8,845).

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

The increase in miscellaneous revenue is due the Station's participation in a program with Center for Car Donations, LLC. This company collects and sells donated cars, and the Station receives 80 percent of the sales price. The Station has participated in this program for over 2 years, but the Station made a concerted effort to promote this program during the current fiscal year on air, online and through direct mail. This concerted effort led to \$9,237 in revenue in fiscal year 2011 as compared to \$895 in fiscal year 2010, an increase of \$8,342.

Program revenues increased \$16,979. This increase is attributed to the Station being awarding a grant from the CPB for a high definition transmission upgrade in the amount of \$39,759 during the current fiscal year, as previously discussed. This new \$39,759 grant in fiscal year 2011 is offset by the lack of a one-time stimulus payment from CPB to help the Station cope with the poor economy and a lack of a digital radio grant from CPB. The Station received a stimulus payment in fiscal year 2010 in the amount of \$9,263 and a digital radio grant in fiscal year 2010 in the amount of \$12,013.

Program expenses increased from \$619,005 in fiscal year 2010 to \$629,263, a \$10,258 or 1.7 percent increase. Programming and production expenses had the largest increase in terms of dollars (\$33,831) and the largest amount of expenses, comprising 53.0 percent of expenses. Programming and production, broadcasting, and public information expenses, which are classified as program services expenses, all had increases of 11.3 percent. The increases in programming and production, broadcasting and public information expenses were offset by decreases in management and general expenses (\$20,681 or 11.1 percent) and fundraising and membership expenses (\$8,861 or 11.1 percent), which are classified as support services expenses.

**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
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The increase in program services expense can be attributed to an increase in technical services expenses. Technical services expenses increased because of the creation of 2 new radio stations, KIDJAM! Radio™ and Rock and Recovery™, as previously discussed. The decrease in support services expenses is due to a decrease in sales commissions expenses. Sales commissions expenses decreased because the Station's general manager handled more underwriting clients than in the past. The Station's general manager does not receive commissions on clients that he handles.

While expense increases were consistent with expectations, the increase in underwriting revenue, the increase in membership contributions revenue, the increase in miscellaneous revenue, and the increase in program revenue resulted in a rise of net assets of \$58,149.

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

Table 3

	<u>2011</u>		<u>2010</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>
<b>Program Expenses</b>				
Program Services:				
Programming and Production	\$333,674	\$220,513	\$299,843	\$201,113
Broadcasting	39,257	25,944	35,275	23,660
Public Information	19,628	12,971	17,641	11,834
Support Services:				
Management and General	165,692	165,692	186,373	186,373
Fundraising and Membership	71,012	71,012	79,873	79,873
<b>Total</b>	<u>\$629,263</u>	<u>\$496,132</u>	<u>\$619,005</u>	<u>\$502,853</u>

The dependence upon general revenues for governmental activities is apparent. 78.8 percent of governmental activities are supported through underwriting and other general revenues; such revenues are 80.6 percent of total governmental revenues. The underwriters and members are by far the primary support for the Station's listening audience.

**The Station's Funds**

Information about the Station's major funds begins on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$652,111 and expenditures of \$604,938. The net change in fund balances for the fiscal year was an increase of \$47,173 for all governmental funds. The general fund's net change in fund balance for fiscal year 2011 was an increase of \$46,860 and the CPB grants fund's net change in fund balance for fiscal year 2011 was an increase of \$313. This played a significant part in causing the unassigned fund balances in the general fund to increase from \$881,905 in fiscal year 2010 to \$928,226 in fiscal year 2011 and the restricted fund balance in the CPB grants fund to increase from \$3,738 in fiscal year 2010 to \$4,051 in fiscal year 2011.

**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
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The general fund's net change in fund balance can be attributed to increases in underwriting revenue of \$22,848, membership contributions revenue of \$13,649 and miscellaneous revenue of \$8,845. The increases in both underwriting revenue and membership contributions revenue can be attributed to the Station simulcasting at 90.7 FM throughout Youngstown, Warren and western Pennsylvania during fiscal year 2011, as previously discussed. The increase in miscellaneous revenue is because of the Station's increased participation in a program with Center for Car Donations, LLC during the current fiscal year, as previously discussed.

The CPB grants fund's net change in fund balance is due to a decrease in expenditures equaling \$23,485. The decrease in expenditures is simply attributed to the Station having less CPB grants funds to spend in fiscal year 2011 than it had in fiscal year 2010.

**Capital Assets**

At the end of fiscal year 2011, the Station had \$263,350 invested in furniture and fixtures, and equipment. Table 4 shows fiscal year 2011 balances compared to fiscal year 2010 as follows:

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

	Governmental Activities	
	2011	2010
Furniture and Fixtures	\$8,933	\$9,554
Office Equipment	2,249	3,501
Broadcasting Equipment	252,168	270,874
Totals	\$263,350	\$283,929

The majority of this decrease is depreciation expense of \$22,173. Depreciation expense was offset by a purchase of an audio processor in the amount of \$2,336. For further information on capital assets, see Note 6 to the basic financial statements.

**For the Future**

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

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

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

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

**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2011*  
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The Station's volunteer program is expected to grow in future fiscal years. This program was first introduced in fiscal year 2004 with nearly 200 active people giving their time at the Station and charitable events.

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

**Contacting the Station's Management**

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

**WAPS-FM Akron City School District**

*Statement of Net Assets*

*June 30, 2011*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$962,513
Accounts Receivable	22,617
CPB Grants Receivable	39,759
Depreciable Capital Assets, Net	<u>263,350</u>
<i>Total Assets</i>	<u>1,288,239</u>
<b>Liabilities</b>	
Accounts Payable	1,451
Intergovernmental Payable	121
Deferred Revenue	43,708
Long-Term Liabilities:	
Due Within One Year	8,568
Due In More Than One Year	<u>17,082</u>
<i>Total Liabilities</i>	<u>70,930</u>
<b>Net Assets</b>	
Invested in Capital Assets	263,350
Restricted for:	
Other Purposes	43,810
Unrestricted	<u>910,149</u>
<i>Total Net Assets</i>	<u><u>\$1,217,309</u></u>

See accompanying notes to the basic financial statements

**WAPS-FM Akron City School District**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2011*

	Expenses	Program Revenues Operating Grants, Contributions and Interest	Net (Expenses) and Changes in Net Assets Governmental Activities
<b>Governmental Activities</b>			
Program Services:			
Programming and Production	\$333,674	\$113,161	(\$220,513)
Broadcasting	39,257	13,313	(25,944)
Public Information	19,628	6,657	(12,971)
Support Services:			
Management and General	165,692	0	(165,692)
Fundraising and Membership	71,012	0	(71,012)
<i>Total Governmental Activities</i>	<u>\$629,263</u>	<u>\$133,131</u>	<u>(\$496,132)</u>
<b>General Revenues</b>			
Membership Contributions			152,537
Underwriting			316,442
Donated Facilities Use and Administrative Support			74,811
Miscellaneous			10,491
<i>Total General Revenues</i>			<u>554,281</u>
Change in Net Assets			58,149
<i>Net Assets at Beginning of Fiscal Year</i>			<u>1,159,160</u>
<i>Net Assets at End of Fiscal Year</i>			<u><u>\$1,217,309</u></u>

See accompanying notes to the basic financial statements



**WAPS-FM Akron City School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2011*

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	General	CPB Grants	Total Governmental Funds
<b>Assets</b>			
Cash and Cash Equivalents	\$958,462	\$4,051	\$962,513
Accounts Receivable	22,617	0	22,617
CPB Grants Receivable	0	39,759	39,759
<i>Total Assets</i>	<u>\$981,079</u>	<u>\$43,810</u>	<u>\$1,024,889</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$1,451	\$0	\$1,451
Intergovernmental Payable	121	0	121
Deferred Revenue	46,583	39,759	86,342
<i>Total Liabilities</i>	<u>48,155</u>	<u>39,759</u>	<u>87,914</u>
<b>Fund Balances</b>			
Restricted	0	4,051	4,051
Assigned	4,698	0	4,698
Unassigned	928,226	0	928,226
<i>Total Fund Balances</i>	<u>932,924</u>	<u>4,051</u>	<u>936,975</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$981,079</u>	<u>\$43,810</u>	<u>\$1,024,889</u>

See accompanying notes to the basic financial statements

**WAPS-FM Akron City School District**  
*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2011*

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**Total Governmental Fund Balances** \$936,975

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

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds. 263,350

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

Membership Contributions	2,350	
Underwriting	525	
CPB Grants	39,759	
Total	<u>42,634</u>	42,634

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

Compensated Absences	<u>(25,650)</u>
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*Net Assets of Governmental Activities* \$1,217,309

See accompanying notes to the basic financial statements

**WAPS-FM Akron City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2011*

	General	CPB Grants	Total Governmental Funds
<b>Revenues</b>			
CPB Grants	\$0	\$93,372	\$93,372
Membership Contributions	157,520	0	157,520
Underwriting	315,917	0	315,917
Donated Facilities Use and Administrative Support	74,811	0	74,811
Miscellaneous	10,491	0	10,491
<i>Total Revenues</i>	<u>558,739</u>	<u>93,372</u>	<u>652,111</u>
<b>Expenditures</b>			
Current:			
Program Services:			
Programming and Production	235,401	79,100	314,501
Broadcasting	27,695	9,306	37,001
Public Information	13,847	4,653	18,500
Support Services:			
Management and General	164,455	0	164,455
Fundraising and Membership	70,481	0	70,481
<i>Total Expenditures</i>	<u>511,879</u>	<u>93,059</u>	<u>604,938</u>
<i>Net Change in Fund Balances</i>	46,860	313	47,173
<i>Fund Balances at Beginning of Fiscal Year</i>	<u>886,064</u>	<u>3,738</u>	<u>889,802</u>
<i>Fund Balances at End of Fiscal Year</i>	<u>\$932,924</u>	<u>\$4,051</u>	<u>\$936,975</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, 2011*

**Net Change in Fund Balances - Total Governmental Funds** \$47,173

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

Governmental funds report capital outlays as expenditures.

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

Capital Asset Additions	2,336	
Current Year Depreciation	(22,173)	
Total		(19,837)

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. (742)

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

Membership Contributions	(4,983)	
Underwriting	525	
CPB Grants	39,759	
Total		35,301

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

Compensated Absences		(3,746)

*Change in Net Assets of Governmental Activities* \$58,149

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, 2011*

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

*Reporting Entity*

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

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

**Note 2 – Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

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

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

**WAPS-FM Akron City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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

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

***B. Fund Accounting***

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

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

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

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

***C. Measurement Focus***

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

**WAPS-FM Akron City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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

***D. Basis of Accounting***

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

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

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

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

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

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

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

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

**WAPS-FM Akron City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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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 2011, the School District's investments were limited to overnight repurchase agreements, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, United States Treasury Bills, United States Treasury Notes, Federal Farm Credit Bank Notes, Federal National Mortgage Association Notes, a First American Treasury Money Market Fund, a Fifth Third Institutional Money Market Fund and certificates of deposit. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at a fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

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

***F. Donated Inventory of Music***

During the ordinary course of business, the Station receives free compact discs from record companies for promotional purposes. From the compact discs received, the Station selects music to be played on the air, compact discs to be used as prizes for on-air contests, 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. The Station does, however, include in "Donated Facilities Use and Administrative Support" (See Note 2G) the cost to mail the compact discs to the contest winners as well as to certain members upon payment of their membership to the Station.

***G. Support and Revenue from the Akron City School District***

Donated facilities from the School District consist of approximately 2,000 square feet of office and studio space in an administrative building to which the School District holds title. Indirect administrative support from the School District consists of allocated costs based on a formula developed by CPB. The collective total of this space and indirect administrative support was \$74,811 for fiscal year 2011, 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, 2011*

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***H. Capital Assets***

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Furniture and Fixtures	15 - 30 years
Office Equipment	10 years
Broadcasting Equipment	10 - 30 years
Vehicles	5 years

***I. Compensated Absences***

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

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

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

***J. Accrued Liabilities and Long-Term Obligations***

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

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

***K. Net Assets***

**WAPS-FM Akron City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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

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

***L. Fund Balances***

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

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

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

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

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

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

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

***M. Estimates***

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

**Note 3 - Changes in Accounting Principles**

**WAPS-FM Akron City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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For fiscal year 2011, the Station has implemented GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*” and GASB Statement No. 59, “*Financial Instruments Omnibus*”.

GASB Statement No. 54 introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of GASB Statement No. 54 classify fund balances as nonspendable, restricted, committed, assigned or unassigned. The implementation of this Statement did not result in any changes to fund balances at June 30, 2010.

GASB Statement No. 59 updated and improved existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of GASB Statement No. 59 did not affect the presentation of the basic financial statements of the Station.

**Note 4 - Deposits and Investments**

The Station’s cash and cash equivalents of \$962,513 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.

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, \$1,250,000 was covered by Federal Deposit Insurance Corporation, and \$43,266,488 of the School District’s bank balance of \$44,516,488 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the School District’s name.

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

As of June 30, 2011, the School District had the following investments:

	<u>Carrying Value</u>	<u>Maturities In Years</u>		<u>% to Total</u>
		<u>Less than 1</u>	<u>1-3</u>	
Overnight Repurchase Agreements	\$52,078,292	\$52,078,292	\$0	62.51%

**WAPS-FM Akron City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

Federal Home Loan Bank Notes	10,516,053	8,515,553	2,000,500	12.62
Federal Home Loan Mortgage Corporation Notes	7,247,385	5,247,145	2,000,240	8.70
Federal Farm Credit Bank Notes	499,691	499,691	0	0.60
Federal National Mortgage Association Notes	3,148,976	3,148,976	0	3.78
United States Treasury Bills	2,674,881	2,674,881	0	3.21
United States Treasury Notes	2,004,688	2,004,688	0	2.41
Fifth Third Institutional Money Market Fund	3,223,057	3,223,057	0	3.87
First American Treasury Money Market Fund	1,915,986	1,915,986	0	2.30
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total Investments	<u>\$83,309,009</u>	<u>\$79,308,269</u>	<u>\$4,000,740</u>	<u>100.00%</u>

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

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

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

**Note 5 – Receivables**

Receivables at June 30, 2011, consisted of accounts (membership contributions and underwriting) and CPB grants. All receivables are considered collectible in full due to the ability to collect all of the pledges from members based on historical trends and due to the stable condition of CPB grants. All receivables are expected to be collected within one fiscal year.

**Note 6 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance <u>6/30/2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2011</u>
<b>Governmental Activities</b>				

**WAPS-FM Akron City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2011

***Capital Assets, being depreciated:***

Furniture and Fixtures	\$15,085	\$0	\$0	\$15,085
Office Equipment	17,685	0	(6,073)	11,612
Broadcasting Equipment	424,190	2,336	(2,473)	424,053
Vehicles	5,000	0	0	5,000
<i>Total Capital Assets, being depreciated</i>	<u>461,960</u>	<u>2,336</u>	<u>(8,546)</u>	<u>455,750</u>
 Less Accumulated Depreciation:				
Furniture and Fixtures	(5,531)	(621)	0	(6,152)
Office Equipment	(14,184)	(510)	5,331	(9,363)
Broadcasting Equipment	(153,316)	(21,042)	2,473	(171,885)
Vehicles	(5,000)	0	0	(5,000)
Total Accumulated Depreciation	<u>(178,031)</u>	<u>(22,173)</u>	<u>* 7,804</u>	<u>(192,400)</u>
 Governmental Activities Capital Assets, Net	 <u>\$283,929</u>	 <u>(\$19,837)</u>	 <u>(\$742)</u>	 <u>\$263,350</u>

\* Depreciation expense was charged to governmental functions as follows:

Program Services:	
Programming and Production	\$18,618
Broadcasting	2,191
Public Information	1,095
Support Services:	
Management and General	188
Fundraising and Membership	<u>81</u>
Total Depreciation Expense	<u>\$22,173</u>

**Note 7 - Risk Management**

The Station is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District contracted for property, inland marine, crime, general liability, equipment breakdown, educators legal liability and automobile coverage during fiscal year 2011. Coverage provided is as follows:

Type of Coverage	Coverage Amount
Commercial Property (\$50,000 deductible)	

**WAPS-FM Akron City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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Building and Contents	\$705,381,482
Earthquake	5,000,000
Flood	5,000,000
Commercial Inland Marine (\$5,000 deductible)	250,000
Commercial Crime (\$5,000 deductible)	200,000
Commercial General Liability (\$25,000 deductible)	
General Aggregate Limit	3,000,000
Each Occurrence Limit	2,000,000
Employers Liability	1,000,000
Educators Legal Liability (\$25,000 deductible)	2,000,000
Employment Practices Liability (\$25,000 deductible)	
Annual Aggregate	3,000,000
Each Wrongful Act	2,000,000
Automobile (\$25,000 deductible)	
Liability	2,000,000
Uninsured/Underinsured Motorists	1,000,000

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

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

## **Note 8 – Defined Benefit Pension Plan**

### ***A. Plan Description***

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

### ***B. Funding Policy***

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent

**WAPS-FM Akron City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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of annual covered payroll. A portion of the School District's contribution is used to fund pension and death benefits with the remainder being used to fund health care benefits and Medicare Part B benefits; for fiscal year 2011, 11.81 percent of annual covered salary was the portion used to fund pension and death benefits. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for the Station's pension and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$22,694, \$23,840 and \$15,425, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

**Note 9 - Postemployment Benefits Other Than Pension**

***A. Plan Description***

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

***B. Funding Policy***

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the SERS Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code Section 105(e). For fiscal year 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2011, this amount was \$35,800.

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

The Station's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$2,869, \$1,708 and \$8,642, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

The SERS Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation was 0.76 percent of covered payroll. The Station's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010 and 2009 were \$1,460, \$1,418 and \$1,273, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

**WAPS-FM Akron City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 10 - Other Employee Benefits**

**A. Compensated Absences**

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

**B. Insurance Benefits**

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

**Note 11 - Long-Term Obligations**

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

Governmental Activities:	Principal Outstanding <u>6/30/2010</u>	<u>Additions</u>	<u>Reductions</u>	Principal Outstanding <u>6/30/2011</u>	Amount Due in <u>One Year</u>
Compensated Absences	\$21,904	\$9,216	(\$5,470)	\$25,650	\$8,568

Compensated absences will be paid from the general fund.

**Note 12 – Fund Balances**

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>CPB Grants</u>	<u>Total</u>
<u>Restricted for:</u>			
National Public Radio programming	\$0	\$1,080	\$1,080
Commissions for underwriting sales	0	717	717



**WAPS-FM Akron City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2011

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Production services and on-air talent	0	2,179	2,179
Office supplies	0	75	75
<i>Total Restricted</i>	0	4,051	4,051
 <i>Assigned to:</i>			
Employer contributions to SERS	4,397	0	4,397
Unemployment compensation	301	0	301
<i>Total Assigned</i>	4,698	0	4,698
 Unassigned (Deficits)	928,226	0	928,226
 Total Fund Balances	\$932,924	\$4,051	\$936,975

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

**Note 13 - 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, 2011.

***B. Litigation***

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

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# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities and each major fund of WAPS-FM, Akron City School District, Summit County, Ohio, (the Station) as of and for the year ended June 30, 2011, which collectively comprise the Station's basic financial statements and have issued our report thereon dated December 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' Government Auditing Standards.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the Station's management in a separate letter dated December 16, 2011.

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

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

**Dave Yost**  
Auditor of State

December 16, 2011



# Dave Yost • Auditor of State

WAPS-FM AKRON CITY SCHOOL DISTRICT

SUMMIT COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
DECEMBER 29, 2011